McKinsey & Company

The Next Normal

The future of fashion: Sustainable brands and ‘circular’ business models

December 2020

There's no denying that the fashion industry has been a major contributor to climate change and biodiversity loss—which means the industry's sustainability efforts are critical to our planet's health. In this edition, *The Next Normal* explores the coming decade in sustainable fashion.

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The future of sustainable fashion

Consumers will increasingly expect—and demand—an emphasis on sustainability from fashion brands. Circular business models won't be optional.

Anna Granskog

Miriam Lobis

Karl-Hendrik Magnus

Sustainability and brand loyalty

Miriam Lobis: One word to describe how younger generations will change the fashion business is "sustainability." They will have completely new demands as to what it means to be an end-to-end sustainable brand.

Karl-Hendrik Magnus: This industry is about emotional attachment, loyalty, and excitement for brands. And we are very convinced that, in the future, brand love and brand loyalty will very much be dependent on the sustainability attributes that a brand enables or builds with its consumers.

Anna Granskog: There will be clear growth in different types of sustainable fashion consumption. One is obviously products that are made out of more sustainable materials: it could be recycled materials, or it could be lower-CO_2-impact materials, such as organic cotton instead of regular cotton. But it could also be what we call circular business models—basically, resale, rental, and to some extent, repair and refurbishment.

How circular business models could go mainstream

Karl-Hendrik Magnus: What will really move the needle on circular business models is the circular consumer experience. As soon as some brands enable great ways of returning your garments into a circular cycle—not having to carry them back to the store but having them picked up, without any hassle, at your doorstep—and with a brand actually knowing what you have in your wardrobe, bidding for that, and sending you reminders of what would be great to bring back into the circularity cycle, then the experience will become so pleasant that mass participation of consumers will happen.

Miriam Lobis: Imagine that your style adviser tells you, “You haven’t worn these blue shoes in a while. Don’t you want to resell them?” Then, instead of having to position them in a nice spot and having to take photos and think about the description, [an online platform] actually makes a perfect suggestion, saying, “Look, these are the shoes that you bought. These are some of the pictures of the original ones. Here’s the perfect description.” And it will just be 20 seconds, and your item is up on the platform. And once the wardrobes of millions of consumers are connected, your personal style adviser can actually find and identify the person for which these blue shoes would be the perfect addition to their wardrobe, so the reselling process will be done in a second. And that’s the moment when end of ownership really will be big scale.

Actions to take now

Karl-Hendrik Magnus: Roughly 55 percent of all levers that are in our hands to reduce emissions are actually saving money for the industry. They will, over the long term, not always be negative and only costing money but will save money. Yes, they will still require up-front investments, but they are positive in terms of payback.

Anna Granskog: Up to 40 percent of garments are not sold at full price but at some degree of discount. And some garments end up not being sold at all. Cutting overproduction in half from where it is today would make a huge contribution toward a lower carbon footprint of the industry.

Miriam Lobis: What I would ask all the CEOs in the fashion industry to do is really take that end-of-ownership thinking seriously and consider how will it disrupt their business model: How can a brand make sure that it will be well represented in that ecosystem?

Karl-Hendrik Magnus: It’s not only a need but also, I believe, a huge opportunity for this industry to reinvent itself and create things that are exciting to the consumer.

Anna Granskog: Of course, it will be interesting to see whether it will be the established players that will eventually be the winners of the circular models, or whether we will see completely new players, “born circular.” But there’s not so much time to sit and watch. Rather, it is getting to be time to take action.

Anna Granskog is a partner in McKinsey’s Helsinki office, **Miriam Lobis** is a partner in the Berlin office, and **Karl-Hendrik Magnus** is a senior partner in the Frankfurt office.

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December 2020 | Interview

For H&M, the future of fashion is both 'circular' and digital

Companies that "embrace circularity and digitization at the same time" will dominate the fashion industry, says Vanessa Rothschild, H&M Group's global sustainability steering and development manager.

Vanessa Rothschild

H&M Group, the world's second-largest clothing retailer, is betting that people will choose and buy clothes differently from the way they have in the past—and it sees itself as a potential catalyst for that change. The company, which operates some 5,000 stores in 70-plus countries, believes it has both the responsibility and a tremendous opportunity to change consumer behavior. So says Vanessa Rothschild, who has helped lead the company's sustainability efforts for more than four years. Today, as H&M Group's global sustainability steering and development manager, Rothschild and her colleagues work to define and achieve the company's sustainability goals, which include using only sustainable materials by 2030 and having a "climate positive" value chain—one that reduces more greenhouse gases than it emits—by 2040.

Rothschild spoke with McKinsey's Karl-Hendrik Magnus and Monica Toriello about the future of sustainable fashion. The following are edited excerpts of the conversation.

McKinsey: Your job title is quite long. What does it mean? What are your primary responsibilities?

Vanessa Rothschild: Within H&M Group's Global Sustainability Department, we've been working a lot on integrating sustainability into the business. The "steering" part of my job means my team works on steering mechanisms that help make sustainability a natural part of our everyday decisions: what we are being measured on, our KPIs, and so on. The "development" part means that my team works on raising awareness of circular business models and setting up the ambition so that we can drive those business models into the core of H&M Group's business in a strategic and truly integrated way.

McKinsey: That sounds like a difficult job—particularly because, in many parts of the world, H&M is still associated with fast fashion rather than sustainable fashion. What will it take to shift consumer perception? And, more important, what will it take to shift consumer behavior?

Vanessa Rothschild: I think we can play a central role in both of those. H&M Group, and the fashion industry as a whole, has for many years excelled at making fashion desirable and attractive. Today, we have the same kind of responsibility, and also the opportunity, to make "circular fashion" just as attractive or even more attractive. My definition of circular fashion is an industry in which resources and products stay in use for as long as possible before being recycled or regenerated into new products, again and again.

Part of our role is to find the convergence between the digital shift and the circular shift—to make them come together so that it becomes very, very easy for the customer to adopt new ways of behaving and of using fashion. We have had the power to create desire; I think we also have the power to create meaning and well-being.

McKinsey: To that end, what are some of the most innovative or highest-impact circular initiatives at H&M right now? And how do you see those initiatives evolving over the next ten years?

Vanessa Rothschild: I see three main parts making up a circular ecosystem within the fashion industry: circular supply chains, circular products, and circular customer journeys. There are exciting innovations within each of those parts. For circular supply chains, at the most basic level we need to produce only what we can sell; we need to adjust supply and demand. Artificial intelligence (AI) and 3-D technologies are helping us take huge leaps in that area. For example, algorithmic commerce, or using AI to understand consumer needs in order to produce only the right products in the right amounts and allocate them to the right place, will take us far.

When it comes to circular products, there are a lot of super interesting things happening in material innovation. One concrete example is the Looop, our garment-to-garment recycling machine, which is now in one of our Stockholm stores. Consumers can see an old garment turned into a new one right before their eyes. Another example of material innovation and recycling technology is Renewcell, which is a company that H&M Group has invested in. Renewcell is developing a new material called Circulose, made by gently recovering cotton from worn-out clothes.

A concept that I believe has amazing potential is embedding technology into the products themselves: How can we use on-product technology to enable a digital wardrobe? Product ID is an important enabling technology that will take us very, very far, both in terms of consumer behavior—because it will make it simple for consumers to swap, share, and show garments—and in terms of impact follow-up. Digital enablers will make it much simpler for garments to flow through circular business models such as resale, rental, and repair.

"We have had the power to create desire; I think we also have the power to create meaning and well-being."

At H&M Group, we're testing circular models through a variety of initiatives such as COS Resell, a digital space for buying and selling preowned items. But the really exciting part is when we start to scale these business models, and when we decouple business growth from resource use. By 2030, these initiatives won't just be scattered, sporadic initiatives. They'll become interconnected initiatives that form the core of our business.

Doing business in this way, coming up with all of those innovations, requires diversity of thought. So inclusion and diversity are crucial preconditions for all of this to happen.

McKinsey: Has the COVID-19 pandemic changed the way H&M thinks about those initiatives? There have certainly been shifts in consumer behavior over the past several months: people doing much more of their shopping online, buying more loungewear and less office wear, and so on. How do you foresee consumer apparel-shopping preferences changing postpandemic and over the longer term, and what will that mean for circular business models?

Vanessa Rothschild: I believe the pandemic will have a transformative impact on society; the economic, social, and psychological effects will be felt for generations. But we're now at a point where we are at least past the shock phase and can start planning for the future. Most of the changes we're seeing right now are major transformations; they are new lifestyle behaviors rather than just short-term trends in the market.

The growth in online shopping, as you said, has sped up. Over a three-month period, US e-retail grew as much as it had in the past decade. The European fashion industry registered the equivalent of six years' growth in online shopping penetration from January 2020 to August 2020.

Consumer demand for comfort, in every sense of the word, is growing: both comfort in terms of styles and fashion trends, but also comfort and convenience in customer interactions. The casual workweek is here to stay. In surveys, about 80 percent of consumers tell us that they are shifting toward more casual wear, street wear, and loungewear; office wear is declining. Consumers are also expecting comfortable, friction-free shopping.

In addition, consumers are making more conscious choices about what they wear, and that's where we see them starting to embrace circular business models. I think the big winners in the future will be those fashion players that can embrace circularity and digitization at the same time. Future winners will be companies that can problem-solve for customers and create long-term relationships with customers—companies that provide solutions and services, not just products.

McKinsey: What does that look like a decade from now? How do you see the fashion retail landscape evolving between now and 2030, and what role will sustainability play in that landscape?

Vanessa Rothschild: First and foremost, fashion retail will be a very scrutinized market: consumers, stakeholders, and companies themselves will have much higher demands for transparency. Second, it will be a much more cocreated market. Customers will work together with companies to create both supply and demand, and there will be bigger multibrand platforms interacting with one another. Third, partnerships will be even more important in 2030 than they are today. Companies in the industry will need to support one another. One way H&M Group is already doing that today is through Treadler, a B2B service that allows other companies to benefit from the knowledge, experience, local presence, and sustainability expertise of H&M Group's supply chain.

McKinsey: Thanks for speaking with us today, Vanessa. One more question: What are your boldest predictions about the next decade in sustainable fashion?

Vanessa Rothschild: By 2030, it might be possible to make new products out of postconsumer waste—and maybe even out of carbon emissions! It might be possible to make new products without using any new natural resources at all. Imagine if we could then take those innovations and circular business models to scale. The sharing and resale market will become an even bigger business than the retail market. We as consumers would own a very small percentage of our wardrobe; the majority of our clothing will be shared. Fashion's next normal will be "ownershift" rather than "ownership."

Another bold prediction: through increased focus on environmental issues beyond climate change—biodiversity, for one—the fashion industry will become a force for change in other industries. For example, the fashion industry could champion regenerative farming and spearhead systemic changes within farming as a whole. In other words, the fashion industry will become a net-positive contributor to the environment and play a crucial role in the transformation of our society into a circular way of living.

Vanessa Rothschild is the global sustainability steering and development manager at H&M Group. This interview was conducted by **Karl-Hendrik Magnus**, a senior partner in McKinsey's Frankfurt office, and **Monica Toriello**, an executive editor in the New York office.

For more from Vanessa Rothschild, see the videos accompanying this article on McKinsey.com.

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September 2019 | Interview

When you pick that pre-worn jacket, the environment wins too

Andy Ruben of Trove draws on his experience in sustainability to discuss how companies can enter—and thrive in—the circular economy.

Andy Ruben

Note: This interview was first published in September 2019. In February 2020, Yerdle changed its name to Trove.

As CEO of Yerdle, Andy Ruben believes that providing companies with a platform for buying and selling used goods accomplishes several things at once. A resale platform, he says, allows brands to deepen customer engagement and increase profit while helping the environment by repurposing clothing and other items.

Ruben served as Walmart's first chief sustainability officer and led the retailer's e-commerce strategy and private-brand and omnichannel initiatives before cofounding Yerdle in 2012. He spoke with McKinsey's Simon London about what strategies companies should be pursuing to get into the resale space, and why circular-business models are good for brands and consumers alike.

McKinsey: Tell us what Yerdle's model is and how it works.

Andy Ruben: We provide brands like Patagonia, REI, and Eileen Fisher with platforms for buying and selling used goods.

In terms of our model, it's been obvious to me for some time that while retailers focus on selling new items, increasingly, as customers, we're very happy finding that used item that's still in great condition instead of buying a new one from a store. As retailers evolve, they will serve customers that way as well.

When we started Yerdle, we worked on a marketplace where people could exchange used items. And what we learned was that the friction in doing so was just too high—posting something, finding the item, trusting the seller of the item.

All along, we were working with brands that would say, “I love this concept, but I don’t want my nice jacket next to a pair of old sneakers. I want a model that is focused on the quality of the brand.”

We pivoted the business roughly two-and-a-half years ago to focus on powering brands so that alongside the items they have always made and sold, they can buy back items that customers no longer need, and then resell them.

When you’re on Patagonia.com and you click on Worn Wear, their used brand, you’re on the brand website that is powered by Yerdle. The brand was looking to move aggressively into the pre-owned space but didn’t have the capacity to take on the work. We came alongside and integrated with them under their brand, but we do all the logistics, the technology, and the program management.

McKinsey: What are the business opportunities created by the disruption of the retail model toward used or rented goods?

Andy Ruben: Let me preface this by emphasizing the amount of disruption occurring with this model. The best estimate over the next three years is $50 billion out of existing brand and retail sales in the US if there was a one-to-one trade-off between people buying used or renting versus traditional ways of buying new items from brands and retailers.

It is a massive market shift whether or not brands and retailers take part. And when a brand is dealing with a disruption that is inherently a shift in how customers buy and what they buy, the choice of sitting this out is to walk away from the customer. I don’t know why a brand would do that.

The same concern applies to cannibalization. Brands wonder, if I promote the pre-owned business, am I going to cannibalize my new sales? My first comment to a brand would be, “Whether or not you are in this market, the customer is buying used items anyway.”

This is a great way to create relationships with customers, and I believe that is what every brand is either after or should be after in a day and age when switching costs are so low. The relationship looks a lot like certified pre-owned, in which companies buy back items, typically with gift cards, from customers who haven’t worn the brand’s jacket in two years.

By offering a gift card to bring that jacket back, you are reengaging that customer and you’re building loyalty. When that jacket then gets sold to a new customer who aspires to the brand, we typically see a marketing return twice as good as a brand benchmark, because you’ve got an item to work with right now that appeals to a group of people who aspire to the brand. This is a smart strategy to increase customer loyalty.

McKinsey: There’s obviously a shift taking place, especially among younger consumers. What’s happening from your point of view?

Andy Ruben: The reuse mentality jibes with values surrounding sustainability, especially for younger customers. The best data out there shows that 33 percent of Gen Zs and millennials did some type of resale purchase or rental in the past 12 months.

Participation in that market is growing 40 percent year over year. So we are quickly approaching the halfway point. And it stems from everything else that we see in the economy. It’s a subscription for music, where you are licensing the right to the music. It’s a subscription for other services, for applications. It's ridesharing, right? It's your phone, not your car keys, that gets you the transportation you need.

And so those shifts in how we interact, especially Gen Z and millennials, apply to product as well. And there would be no reason I could think of that brands and retailers today wouldn't be thinking about the implications of that more macro shift.

Here's an example from my own life: I've got two kids at home, a 12- and 14-year-old, and they grow out of jackets every year.

But now I can buy them a pre-owned jacket for $60, not $140. They wear the jacket for a year. When I'm done, I take that jacket right back into Patagonia, which hands me a gift card. Now the cost of a jacket for the year is $20, $25. And every year, I buy my kids the next jacket and just bring it back to the store. And what's been striking to me is how quickly I can't imagine buying them new jackets, because this model just makes so much more sense.

And as more of us start to partake in this type of service, the change happens quickly. Much like transportation or hotels and Airbnbs, it's because it makes so much sense for us as customers. We get more value, higher-quality things with less wait, more freedom.

McKinsey: Reuse is just one of the ways companies can participate in the circular economy. Recycling and repair are others. Have you looked at these practices? Why have you focused on reuse?

Andy Ruben: There are a lot of ways to do circular. The greatest opportunity I see in idle capacity—and that's idle capacity for economic value, for sustainability value across the board—is our closets.

And the vast majority of cases, items are sitting in our closets not because they need repair. They're sitting there because we bought them two years ago and we outgrew them. We got bored. We want something new. We forgot we even have them. And so the question becomes, how do we create business models to get those items out of closets and back in use creating value again for the brands and retailers?

Any brand that's going to do that, it's important that companies stand behind their items. I think repair is a prerequisite. Most brands we work with have items of a quality level that can be repaired. We can do that, or someone else can do that. But it is important.

"There is no sustainability model that does not involve a more circular model of keeping things in play."

McKinsey: What are the resale trend's implications for sustainability and the environment?

Andy Ruben: Brands talk about how they can feel really good about sustainability reports, where they reduce the waste on how they cut a blazer, right? And they have less waste in the pattern making. And that's simply 1 percent less bad for an item, but companies still produce 100 billion items a year for seven billion humans.

There is no sustainability model that does not involve a more circular model of keeping things in play. The same holds from a supply-chain perspective.

McKinsey: Companies are paying more attention to the circular economy, believing they have the responsibility to lower the carbon imprint of their clothes. Can you describe how brands are thinking about these economic principles for the future?

Andy Ruben: There is a tension right now for fashion companies in serving customers who want to wear items fewer times but also want to shop with brands that align with their values on ethical leadership and sustainability.

Brands have this conundrum of how to do both things. And there are very few ways through that. One of the benefits we've seen in a more circular model is that by allowing customers to buy an item initially and then know that after they wear it three, four, five, six times, they can bring it back—this is just part of the way the brand works.

And then that item gets sold to a different customer, who gets to wear it four, five, six times and brings it back. That's not just having a sustainability report, focusing on your supply chain, looking at metrics—it's innovation in terms of the business model. Taking actions that are more customer centric, like these circular reuse models, pay incredible dividends for companies in terms of true sustainability and ethical leadership. That's an important way to be aligned with today's customers and their values.

Andy Ruben is the CEO of Yerdle. This interview was conducted by **Simon London**, a member of McKinsey Publishing, who is based in McKinsey's Silicon Valley office.

For more from Andy Ruben, see the video accompanying this article on McKinsey.com.

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December 2020 | Interview

Is luxury resale the future of fashion?

Consumers will increasingly shun cheap clothes and favor preowned designer goods instead, predicts Max Bittner, the CEO of resale platform Vestiaire Collective.

Max Bittner

“If a 15- or 16-year-old is doing it today, chances are pretty high that you and I will be doing the same thing in a few years.” So says Max Bittner, CEO of Paris-based Vestiaire Collective, the premium and luxury resale platform that now counts more than ten million members worldwide. In Bittner’s view, it’s only a matter of time before the rest of the world adopts a habit that many young consumers already engage in today: buying and selling preowned clothes.

Bittner is fairly new to the fashion industry—he took the top job at Vestiaire just two years ago—but he knows a thing or two about e-commerce, having founded Southeast Asian e-commerce platform Lazada in 2012 and served as its CEO for six years. Technology giant Alibaba acquired Lazada in 2016.

Bittner recently shared his thoughts on the future of secondhand fashion with McKinsey’s Miriam Lobis and Monica Toriello. The following are edited excerpts of the conversation.

McKinsey: Some industry observers predict that, in the next ten years, fashion resale will become bigger than fashion retail. What will it take to make that happen? What will be the tipping point?

Max Bittner: Overall, we see a significant trend of people becoming very focused on the sustainability aspect of the way they consume. Consumers are realizing that the fashion industry is a major contributor to many ecological issues the planet is facing right now. They’re also becoming aware that they can take concrete actions to counter the negative impact of fashion. By extending the life cycle of the products that you wear by nine months, you can help reduce the industry’s carbon emissions by 30 percent. By buying secondhand handbags instead of new ones, you can help reduce fashion’s carbon emissions by up to 90 percent. These realities are sinking in dramatically with consumers. There’s a Google Trends chart that shows a huge spike in searches for “sustainable clothing,” even just between 2018 and today.

There is somewhere between half a trillion and a trillion dollars' worth of luxury goods in people's closets, and probably half of it is unworn. Resale is a fundamental solution to the enormous environmental challenges that we face.

McKinsey: Young people today—millennials and Gen Zers—are buying and selling clothes and accessories online; it feels totally natural to them. But that's not currently the case for many older consumers. What will it take to achieve the large-scale consumer shift, such that resale becomes a natural part of the way that people think about their wardrobes?

Max Bittner: Widespread adoption of any new technology or any new way of consuming takes time. Usually, looking at the habits of teenagers or college students is a pretty good indicator of where the world is going. What we've seen since the beginning of this year with the COVID-19 outbreak is a dramatic acceleration, like one of those time-lapse films that's speeded up. So it's purely a question of time. If a 15- or 16-year-old is doing it today, chances are pretty high that you and I will be doing the same thing in a few years.

McKinsey: Vestiaire raised $64 million in its latest round of funding this past April—a vote of confidence from the investor community, particularly amid a global pandemic. You've said that part of the funding will be used for technology and data solutions. What new technologies or new ways to use data are you most excited about?

Max Bittner: We're incredibly excited about growing our global community of fashion activists through developing the social aspect of resale and also through gamification: making the process fun and engaging for both buyers and sellers, whether that's through chats, fan groups, online forums, and other tools that help create community and an emotional connection. We're excited about translating the traditional offline shopping experience—you and your friends going to a store or to the mall—into an online experience.

We look at the world and we see a global wardrobe. The beauty of online retail in general is the whole concept of endless aisles; we will never run out of shelf space or store space. But as we scale the assortment, of course, discoverability and findability play a bigger and bigger role. When you're shopping for secondhand fashion, it's all about individual pieces, so we want to show you only the items that are relevant to you. We think there's a tremendous opportunity to connect the right buyer with the right product at the right time in the product's life cycle. Technology, of course, powers the social-commerce part.

"There is somewhere between half a trillion and a trillion dollars' worth of luxury goods in people's closets, and probably half of it is unworn."

A second important element is data, which powers everything we do. We're learning so much about consumer behavior after the primary sale of the product. Currently, the industry has very little understanding of what happens to products after the primary sale, so there is a lot of opportunity there.

If you combine the social-commerce part with the data possibilities, what you will get is a completely new, empowering technology that doesn't exist yet and a dramatic transformation of what people think an item of clothing is. Is it a consumable? Or is it an asset? As more people get educated about the items they buy and the residual value of those pieces—and they realize that they can resell those pieces—then their whole mindset about the value of their wardrobe will change.

McKinsey: So what do you think the fashion landscape will look like in ten years? Will all the traditional players go into resale and other circular business models?

Max Bittner: Secondhand goods will definitely play a huge role in the future fashion landscape. I think that's inevitable, because we all live on this planet, and it is literally on fire or underwater, depending on where you are in the world. That trend is not reversible.

No one will want to wear new clothes if the process of making those clothes causes people to suffer or to lose their lives. Consumers are demanding action, and because of that, governments need to act. Look at the car industry, which has also faced intense pressures with regard to its impact on the environment. Resale represents 50 percent or more of all cars sold in the world. That might be one indicator of where fashion is headed. I see a significant acceleration toward sustainable clothing and sustainable behavior.

I think another thing we will see is a much deeper understanding among consumers of the asset value of the products they buy and the residual value of those products. I think we'll see a dramatic shift away from what I would call the "normal" multitrillion-dollar clothing retail market and toward the $300 billion luxury market. The growth of the luxury market will accelerate because people will realize that buying products that are durable and made with real craftsmanship will result in higher residual value, and they'll be able to resell those products.

McKinsey: You've said businesses should always seek to disrupt themselves. How do you foresee Vestiaire disrupting itself?

Max Bittner: It's absolutely true. Consumers and technologies are evolving at a crazy speed, and if you're not willing to disrupt yourself, someone else will, so we have to stay on top of our game.

What are the ways I can see us being disrupted? Well, I think there will be much more effective tracking and traceability of products through NFC [near-field communication] and RFID [radio-frequency identification] technologies; we need to stay aware of those developments. I think there will be continuous improvement in the transportation of products and the costs associated with that. I think there will be meaningful improvements in how consumers will know that a product they buy online is truly what they want: there will be new technologies that help consumers with sizing, or that let consumers see what a particular item of clothing would look like on their bodies, or that convey to consumers what a fabric feels like to the touch.

But, again, the biggest disruption is already under way. On any given day, people around the world are suffering from global warming, flooding, storms—the list goes on. We are all going to be disrupted in a way that we can't even fathom yet. What's happening now because of the pandemic, with people being asked to stay at home and sit on their couches for a few weeks or months, is nothing compared to what might happen because of climate change. That disruption is one that we should all be trying to prepare for.

Max Bittner is the CEO of Vestiaire Collective. This interview was conducted by **Miriam Lobis,** a partner in McKinsey's Berlin office, and **Monica Toriello,** an executive editor in the New York office.

For more from Max Bittner, see the videos accompanying this article on McKinsey.com.

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