

Business

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The ever-evolving future

Last week Walmart surprised investors when it forecast flat revenues and falling profits for years.

Some see this forecast as a tipping point away from brick-and-mortar retailers in favor of e-commerce. Further evidence: Amazon is now the world's largest retailer.



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Amazon is now the world's largest retailer.

The cost savings seen from electronic retailers is part of the third industrial revolution as

described by Professor Jeremy Rifkin, author of *The Zero Marginal Cost Society*.

Rifkin says that we're moving toward a near zero marginal cost society brought on by the digitalization of everything. Examples are easy to find.

In one year, New York City hotels lost 1 million guest nights to apartment and condo-renting sites like AIRbnb. Uber is undermining taxi franchises.

In the media world YouTube and the Internet have devastated circulations for newspapers and magazines. For news hounds, over-the-air television and radio are irrelevant as people use the Internet on their phones, tablets, laptops and watches.

People share music via file sharing, information through Wikipedia and lots more through social media. There are "robo-advisers" to replace Investment Advisors. Oh, no! And there's more.

What is called the Internet of Things will be the key to running everything more efficiently and profitably while driving the marginal cost toward zero and in some cases arriving there.

Physical products will increasingly be made cheaply on 3-D printers. Computer chips, already in many things, will monitor and control interactive activity to maximize efficiency and productivity.

The electric grid, manufacturing, transportation, power generation and consumption, every industry will benefit.

A change in energy and transportation cost is needed for the zero marginal cost society and Rifkin applauds Germany and their move toward renewable energy.

After paying the fixed installation cost of solar and wind assets, the marginal cost of harvested energy is nearly free.

These trends are disinflationary in that they'll keep prices from rising much, if at all, and in some cases they will force them down. Low inflation means low interest rates, and that makes better-yielding stocks more attractive. Good.

Jeremy Rifkin may be too optimistic with his vision of driverless all-electric cars, but his view of how the Internet and computerization of nearly everything will forever change how the economy works is spot-on.

To watch him speak, visit YouTube and search "Jeremy Rifkin Zero Marginal Costs Society." It's free.

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