

On Point: CMS Scotland's Annual Business Conference 2025

Scottish business and the new world order – 2 October 2025

CMS Scotland's third annual conference, *Scottish Business and The New World Order*, examined the warp-speed changes in geopolitics, trade, social attitudes and technology that are creating uncertainty for companies the world over. Speakers took on a range of crucial issues, including what the customer of the future will look like, and how to cut through the hype of AI.

A panel of experts examined challenges to both the Scottish business community as a whole, and specific sectors – and former First Minister Nicola Sturgeon MSP gave an analysis of the shifting political sands and the existential threat to global democracy.

It's hard to capture the day and its thought-provoking content succinctly, but here are 20 top takeaways and 24 great quotes including a summary of Nicola Sturgeon's presentation...

20 Top Takeaways

1. Businesses are facing unprecedented levels of political and economic uncertainty. The landscape is oscillating constantly, not just week-by-week, but day-by-day. There are far too many obstacles in the way of business. The plea from business to Government is that stability and transparency is needed – not more heavy regulation and high taxes.
2. The UK economy is 5% bigger than pre-pandemic, and Scotland's economy is 3% bigger. The UK is grinding out about 1% of GDP growth every year, which is unlikely to make anyone feel wealthier, or more satisfied, after a five-year electoral term.
3. Scotland has a strong tech sector, which is helping the rest of the world adopt and integrate new technology into their businesses. Professional services are doing very well, and hospitality too. While hospitality has serious cost and labour challenges, it has performed strongly, with Scotland leaving the rest of the UK behind. Scotland is still very good at selling its brand on the world stage.
4. The Trump tsunami in international trade is hugely pertinent to the Scottish economy – but Scotland is unusual because it runs an overall trade surplus with the rest of the world, in terms of both goods and services. Tariff enhancements are moving faster than any economies can legislate for. Beyond that, there is a relatively healthy environment, with Scotland's largest export markets (including The Netherlands, Germany, France, United States and Ireland) continuing to grow.

5. Non-tariff barriers are also a significant threat. These include varying, and often stringent, sustainability and ethical standards in different countries – and areas like labelling, with consumers increasingly wanting QR codes on products that will give them instant information on a company's sustainability, ethics, or diversity, equity and inclusion policies.
6. The UK economy has an opportunity to unlock consumer spending. US consumers spend far more of their disposable income, whereas the UK is saving – with £170bn more sitting in UK bank accounts than it was a year ago. Anonymised financial data, showing what people are doing with their money (not just what they are saying) reveals slight dips in the number of people overdrawn, or with low emergency resilience to a financial crisis. However, the number of people living beyond their means is also up slightly, from just under 10% to just over 11.5%.
7. Shoppers are increasingly savvy, and businesses need to understand their value-seeking behaviour. There has been some shift in where people shop (notably from M&S and Waitrose to Lidl and Morrisons), but the real change is people buying lower-cost products in the shops they already use. Businesses of all kinds need to provide a range of price-points for products and services to attract and retain customers.
8. There are about 13 million people from Generation Z, born between 1997 and 2010. They make up about 17% of the UK population – and as consumers, employees, and potential business partners, they have a very different mindset. They are most different in their care for the environment, desire to do business with companies who share their values, and in terms of their willingness to embrace new technology, including AI.
9. Businesses must be purposeful, agile and tech-ready to serve Gen Z. They need to adapt their marketing channels to serve a new generation of digital native customers who are much happier using AI, and **not** dealing with a human being in a transaction. They are much more comfortable making buying decisions using chatbots, online forms or social media. 50% of Gen Z are using a chat bot every week, and 83% have used one at some point.
10. Gen Z sees good uses of AI as answering general knowledge queries, shaping replies to emails, summarising documents, and finding social recommendations. Far fewer want to use it for diagnosing medical conditions (12%) or legal advice (18%) – but this is likely to change over time as trust grows in AI.
11. Gen Z prefers dealing with businesses that take a view on wider issues in society, and have a moral message. 58% of Gen Z say they would stop buying goods from businesses they believe are acting in a way they don't like – which might include unethical supply chains, poor treatment of employees, and unsustainable use of resources. Gen Z also has a real sense of inclusion and diversity; there is much less judgement.
12. Almost 1 in 3 of Gen Z would take a pay cut to be allowed to work remotely – a significantly higher figure than previous generations. Businesses worry that some younger employees struggle with inter-personal skills and do not benefit as much from on-job learning because they spend too much time working from home, and are over-reliant on tech. Conversely, some firms find that younger workers want to spend **more** days in the office when the choice is available.
13. Great regulation can enable great innovation; they are not mutually exclusive. Almost 40 states in the US have enacted, or are enacting, AI regulations, while the UK energy sector has seen significant benefits from regulation and supportive policy (especially in terms of creating new infrastructure) that has attracted major investment.
14. Generative AI is still in the beta stage of development. It brings a range of risks around hallucination, dodgy data training, bias and fraud. Any organisation needs to understand the liability and the risks.
15. AI has not created the job apocalypse that was predicted. Although Goldman Sachs predicted 300 million jobs could be lost, many commentators say the employment impact of AI is still unknown. AI is easy to blame for job losses – but is it getting rid of tasks, or jobs? The situation is complex; job reductions are happening in areas that were not necessarily anticipated, like software engineering and project management.

16. There are great examples of AI for good – many of them in the highly-regulated area of healthcare. In the food and drink sector, AI and robotics are doing exciting things – robotic arms are wrapping salmon, and AI is checking on the health of vines, for example. Yet these solutions are not always easily accessible or affordable to small and medium-sized businesses.
17. The return on investment is unclear for businesses when it comes to AI. It's hard to measure AI's impact on productivity. Nobel prize winner Daron Acemoglu estimates AI will add less than 0.53% to total factor productivity over the next decade. He said: "I hope I'm wrong, I hope we get some productivity growth. That would be really cool. But I don't see it yet."
18. The infrastructure to support the rapid growth of AI is not yet available, so there is major investment in data centres. They require huge amounts of power and water and while AI companies are not transparent about how much, do we have the power and water infrastructure for these data centres? Can oil and gas, and renewables (combined) power these centres, or will much more nuclear energy be needed?
19. It can still be a major challenge for businesses to get funding for growth, and it requires time, perseverance and networks. Only 2.8% of equity investment in Scotland is going to women-led companies, despite much greater publicity about the issue.
20. The education system needs to be much more proactive in terms of teaching young people how to use AI. There are strong arguments for embracing technology, rather than pushing against it amid fears of plagiarism.

24 Great Quotes

Global economic overview | Sebastian Burnside, Chief Economist, NatWest Group

"We are not bathing in growth. The latest GDP figure is 0.0% but there is much more going on beneath the averages than meets the eye."

"Has your business got a range of good-value experiences, products and services to retain customers, to stop them going elsewhere? Are you using promotions and product mix? If so, you can eke out profit in a challenging market."

The customer of the future: what your business needs to know | Will Ullstein, CEO, YouGov

"For someone who is 40 today, when they're 60, the rate of paradigm change will be 4x what it is now. They will experience a year of change (by today's standards) in 3 months. For someone who is 10 today, when they're 60, they'll experience a year of change in only 11 days." Quoting Michael Simmons (summarising Ray Kurzweil)

"Generation Z loves tech. Most will not have experienced life without more tech in their pocket than the Space Shuttle had."

"The customer and employee of the future will be the most demanding yet. They want to know if you are part of the problem – or part of the solution. Businesses who rise to this challenge will not just find customers and employees, but advocates and mobilizers who will stay with them for the long-term. They will not just buy from you, or work for you; they will believe in you."

Outlook for AI: Promises, perils and pathways | Dr Stephanie Hare, Broadcaster and Author on AI and technology, and co-presenter of BBC's AI Decoded

"AI is touching everything, and some of the 'godfathers' of AI are worrying about its direction. Yoshua Bengio said he is seeing experiments in the lab where AI is refusing to follow instructions given to it by human beings."

"The No 1 factor that will define whether the US or China wins this race [for dominance in AI] is whose technology is most broadly adopted in the rest of the world. The lesson from Huawei and 5G is that whoever gets there first will be difficult to supplant." Quoting Brad Smith, President, Microsoft

"Everyone investing in AI is investing because of FOMO (Fear of Missing Out)."

"One of my new phrases is 'AI slop'; we are filling the internet with AI, which is then creating the data sets with which we are training new AI models."

Panel: How can Scottish business thrive in this new world order? | Kirsty Wark, Broadcaster and Journalist

— **Rachel Jones, Head of Smart Works Scotland, entrepreneur and Non-Executive Director**

— **Stephen McGee, Chief Executive Officer, Scottish Friendly**

— **Martin Pibworth, Chief Executive, SSE**

— **Julie Hesketh-Laird, Consultant and Chief Executive FIVS, Co-opted ARC member, Revenue Scotland**

"Immigration is in the top three concerns of Scots for the first time. But Scotland needs immigration to grow the economy. We have restaurants and hotels that cannot open because they do not have enough people to staff them."

"Scotland is still an entrepreneurial nation. We are full of fantastic ideas, and businesses that can take away some kind of consumer pain, and make things easier – and who have the ambition to change the world."

"Despite the uncertainty, we have seen savings rates going up, and markets have performed really well this year, with equity markets at a record level."

"The UK government has taken big strategic steps to create major energy infrastructure. There is uncertain demand for the future from data centres and AI, but policy has driven strategic energy investment, and the creation of infrastructure will drive [further] investment."

"Consumer affordability and tax are the two big things that the Government can do to make a positive difference to the food and drink industry."

"Exporting is more difficult than it was pre-Brexit and pre-tariffs, but it can deliver great rewards. I'd exported to more than 50 countries when my TotSeat product was counterfeited. I didn't want anyone else to go through what I did so I started exporting brand protection technology, and now I do 70% of my business outside the UK."

Frankly Speaking: a life in politics | Nicola Sturgeon MSP, former First Minister of Scotland

"There is a gnawing sense of anxiety that the world is teetering on the verge of global conflict, and that, in many places, democracy itself is in reverse. It's not just disillusionment with a particular crop of politicians or parties, it's faith in democracy itself – stoked by players who want to bring in more autocratic forms of government. We must not be complacent.

"When I had my first conversation with Donald Trump (in December 2016), it felt like waking from an acid dream (not that I have ever woken from an acid dream!). It was my first encounter with pure post-truth politics. He said things that were provably untrue.

"If we just laugh at Trump, we fall into the trap of distraction – and we're not paying close enough attention to seriously sinister attacks on the institutions of democracy, which his administration is launching on a daily basis.

"If you end up trusting nothing and no-one, and cannot tell what matters and what doesn't, democracy cannot thrive. This is the environment in which 'strong men' can persuade people they are the only ones who can sort things out.

"We are also in a mind-blowing communications revolution, where there is no time to think and where technology has obliterated nuance in political conversation. It has driven us all into tribes fitting our prejudices, and manipulated our emotions to make us angry. Better regulation of big tech companies is needed or democracy is imperilled.

"Politicians who believe in democracy have not done enough to fight for it. For all the disagreements between our parties, we need to work together to protect the democratic principles that unite us against those who seek to undermine democracy.

"We cannot just deride the populists; we need to address why so many people are opening their ears to listen to what they have to say. A growing number of people do not believe democracy is the best form of government, and are moving towards strong-arm politicians who can 'get things done'.

"What's missing on the centre left and centre right is hard-headed analysis of this problem, and credible solutions people can buy into and believe in.

"We're at a pivotal moment in history. If democracy is to prevail, it has to be proven, not asserted. It's on everyone who supports liberal democracy to do that. There is a big responsibility on us to work together. We need to stand up for things that we hold dear."