

A Business-Worthy National Pastime

By Kevin B. McLachlan

We Canadians love talking about the weather, which is probably a function of residing in this country. For instance, I live in Calgary, notorious for its volatile conditions. As the saying here goes, “Don’t like the weather? Wait five minutes and it’ll change.”

We’re also familiar with the role public weather forecasters such as Environment Canada or the US National Weather Service play. Their forecasts and reports help us plan our days and keep us safe during more extreme weather events. What can be less obvious is the weather’s intrinsic impact on business and the economy. For example, it’s estimated that nearly 20% of the US economy is directly affected by weather.¹ It’s not surprising to see there’s a growing business in the “business of weather.”

Whether it’s targeting harvest dates or analyzing the effect of a cold snap on steel production, weather information plays a role in business decision making. In 2017, the weather forecast solutions market was valued at \$1.3 billion (USD).² For the period of 2018-2026, it’s estimated to expand at a compound average growth rate of 4.6%.³ Helping shape those projections is the fact that weather forecasting precision has significantly improved over time, particularly in the last few years. Technologies such as real-time data collection, analytic tools such as artificial intelligence, and advanced satellite imaging are enabling weather forecasting companies to provide more precise and accurate predictions.⁴

Some of the most prominent private-sector weather forecast service companies include Global Weather Corporation, AccuWeather Inc., Precision Weather Service and



The Weather Company.⁵ Such businesses take raw data from government agencies or, in some cases, generate their own and tailor it to commercial customers ranging from obvious ones like aviation, agriculture, energy, construction and transportation to less obvious ones such as pigeon racing.

While forecasting for the aviation industry understandably dominates the weather market, the relationship between retail marketing and weather highlights how integral this business has become. The British Retail Consortium reports that, “the weather is the second biggest influence on consumer behavior.”⁶ Weather-triggering is part of the mix in the ongoing quest to personalize customer experiences and build sales. McDonald’s, for instance, is planning to introduce smart menu boards that will make ongoing adjustments at the grassroots level. The state of the weather will play a role in those adjustments at each of their 38,000 stores. Will their 68 million daily customers prefer a hot chocolate or an ice-cold beverage next Monday?⁷ It will partly depend on the weather.

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Clearly, the weather affects us on many fronts. And, assuming there’s continued technical improvements in weather forecasting capabilities, it’s likely we’ll see the weather business continue to grow. Maybe, it’ll even help improve weather prediction in Calgary.

1. Jim Foerster, “Weather And Business: Insights And Ideas For Weathering The Storms,” *Forbes*, January 18, 2019, <https://www.forbes.com>.

2. “Global Weather Forecasting Services Market Size, Market Share, Application Analysis, Regional Outlook, Growth Trends, Key Players, Competitive Strategies and Forecasts, 2018 To 2026,” *Research and Markets*, September 2018, <https://www.researchandmarkets.com>.

3. “Global Weather Forecasting Services Market Size, Market Share, Application Analysis, Regional Outlook, Growth Trends, Key Players, Competitive Strategies and Forecasts, 2018 To 2026.”

4. “Global Weather Forecasting Services Market Size, Market Share, Application Analysis, Regional Outlook, Growth Trends, Key Players, Competitive Strategies and Forecasts, 2018 To 2026.”

5. Dinah Wisenberg, “Weather Services Become a Big Business,” *CNBC*, August 1, 2011, <https://www.cnn.com/id/43672839>.

6. “How to Increase Advertising ROI using Weather,” *Weather Unlocked*, <http://www.weatherunlocked.com>.

7. Kaitlyn Tiffany, “McDonald’s new drive-thru menus will change based on the weather, traffic, and time of day,” *Vox*, March 27, 2019, <https://www.vox.com>.