

Eaquals Training for Excellence, 17 – 18 November 2017, Malta

Adjusting to global changes - effects at local level

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Restricted use

Disruptive and transformative scenarios

How is my business model changing?

How do I plan in a world of change?

What capabilities do I need to stay relevant?

Who are my new competitors?

How are my customers changing?

The five megatrends



*Shift in global
economic power*



*Demographic
and social
change*



*Technological
breakthrough*



*Rapid
urbanisation*



*Climate change
and resource
scarcity*

9 facts and predictions about demographic and social change

1.15 billion

increase in the world's population by 2030...

390 million

of that increase will be from those aged 65 or more

The average baby born in 2016 will live for

12 weeks

longer than one born in 2015

Half of the world's population growth between now and 2050 will come from Africa

400 schools

are shut in Japan each year due to its ageing population

The world's **85** richest individuals own as much wealth today as the poorest

3.5 billion people

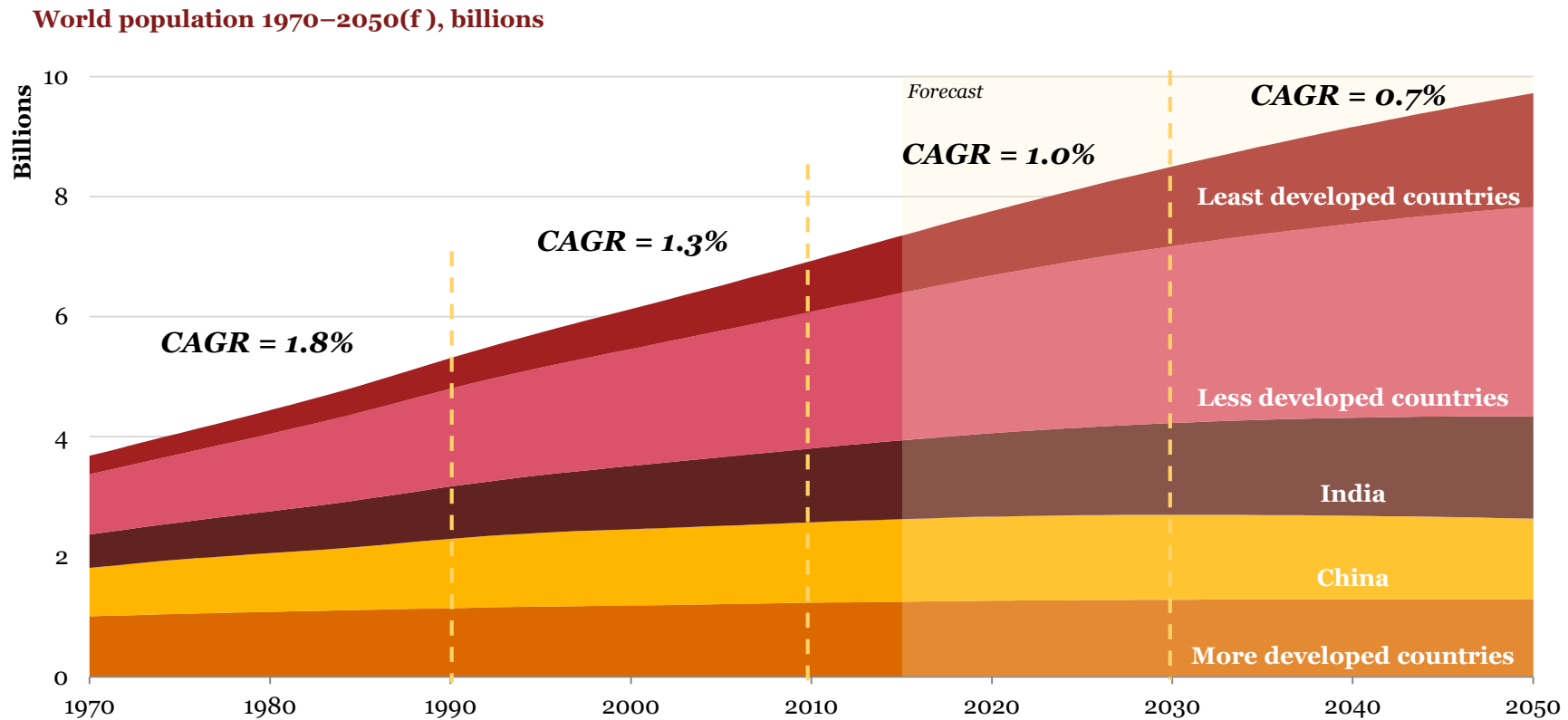
70% of household budgets in the G7 are controlled by women

In **2020** for the first time the majority of births that take place in both North America and Europe will be to a mother aged over 30

There will be a **50%** increase in global mobility by 2020

We'll add another 1.15 billion people to the world's population by 2030, making the total 8.5 billion

97% of this population growth will come from emerging or developing countries

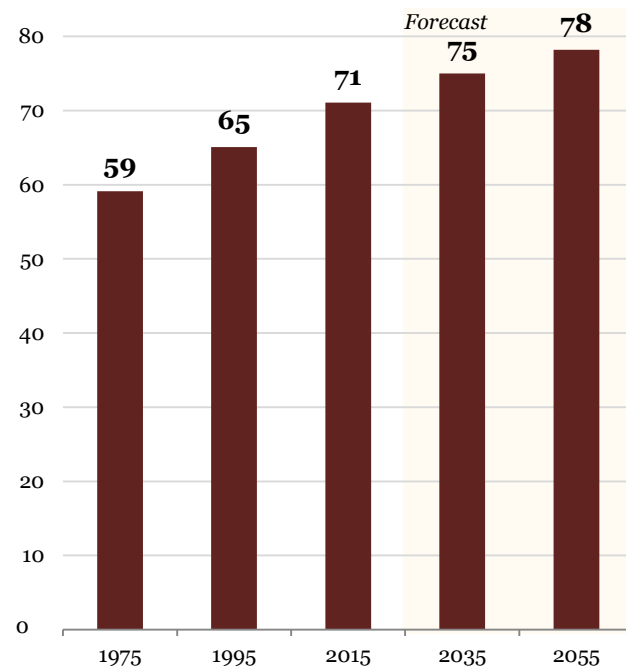


Source: UN Population Division, World Population Prospects 2015

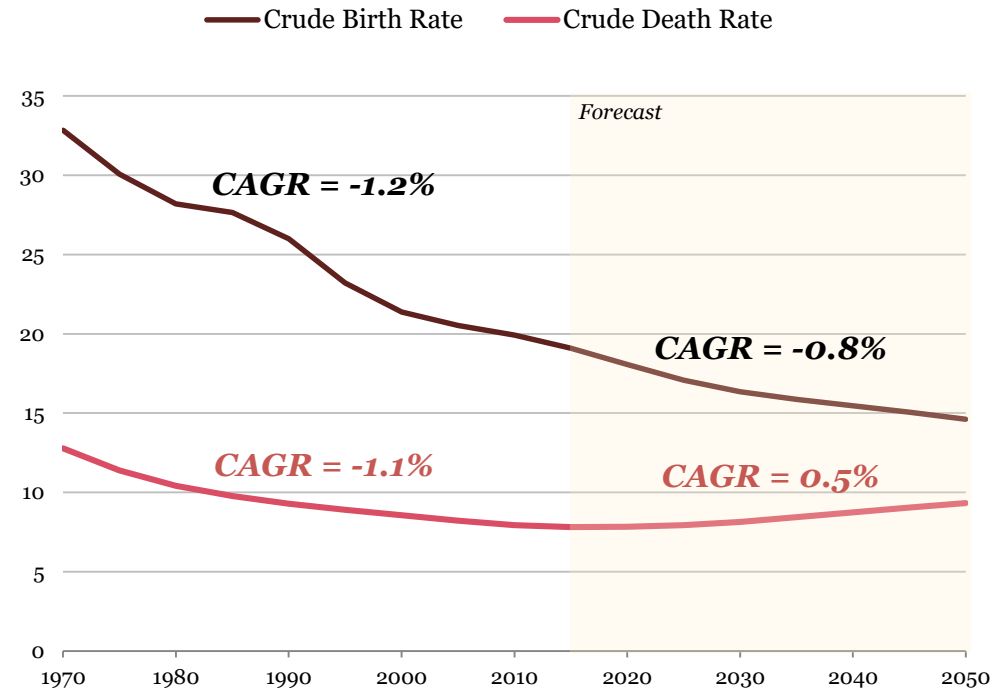
July 16

At the same time, we are living longer and having fewer children...
The average baby born in 2016 will live for 12 weeks longer than a baby born in 2015

World average life expectancy at birth



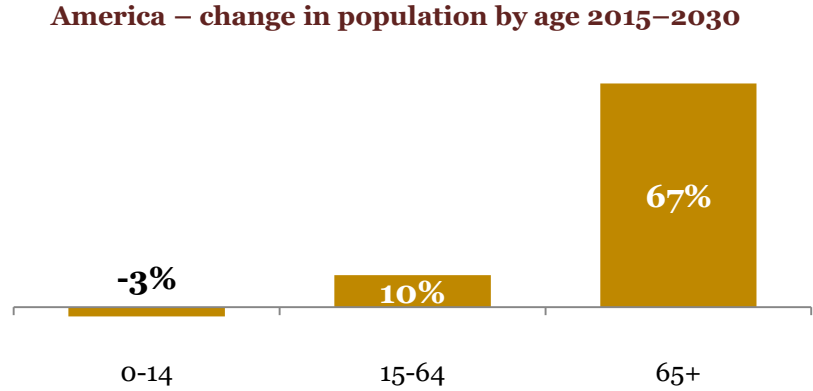
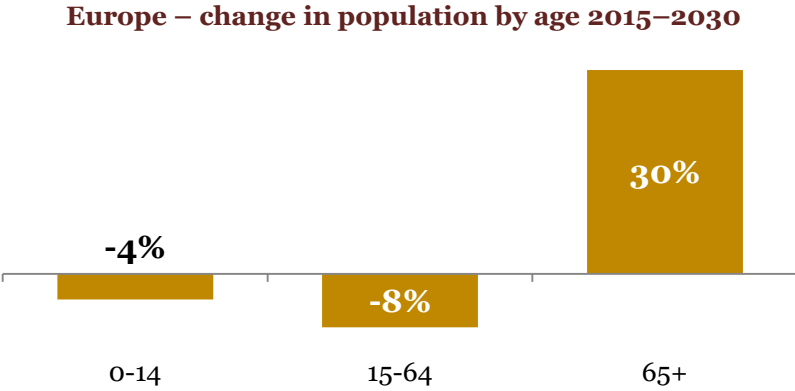
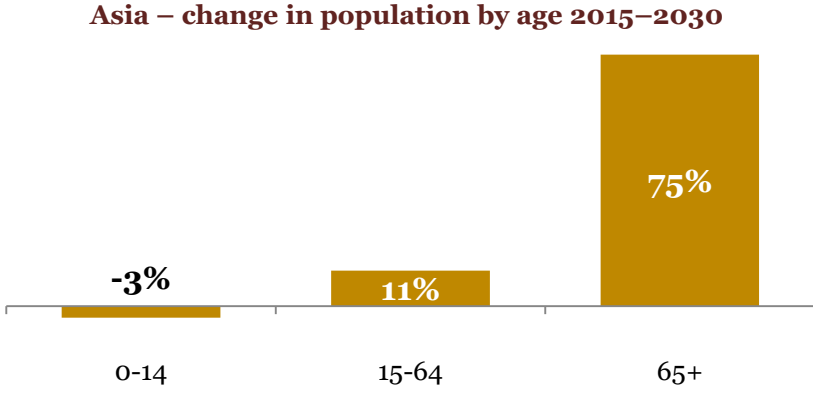
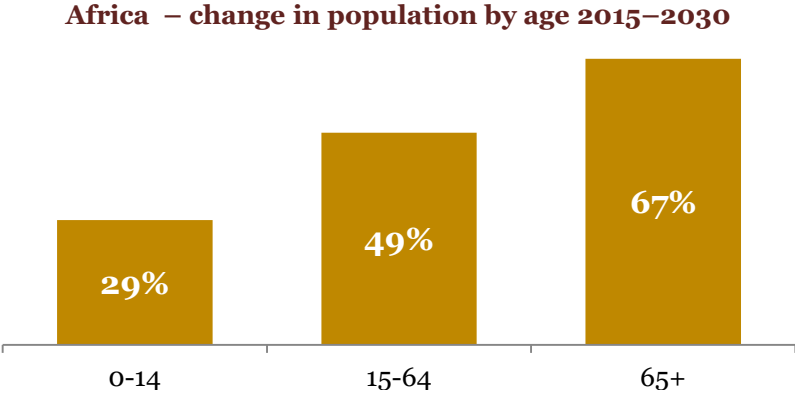
World birth and death rates per 1,000 people



Source: UN Population Division, World Population Prospects 2015

...making the fastest growing population segment the over 65s

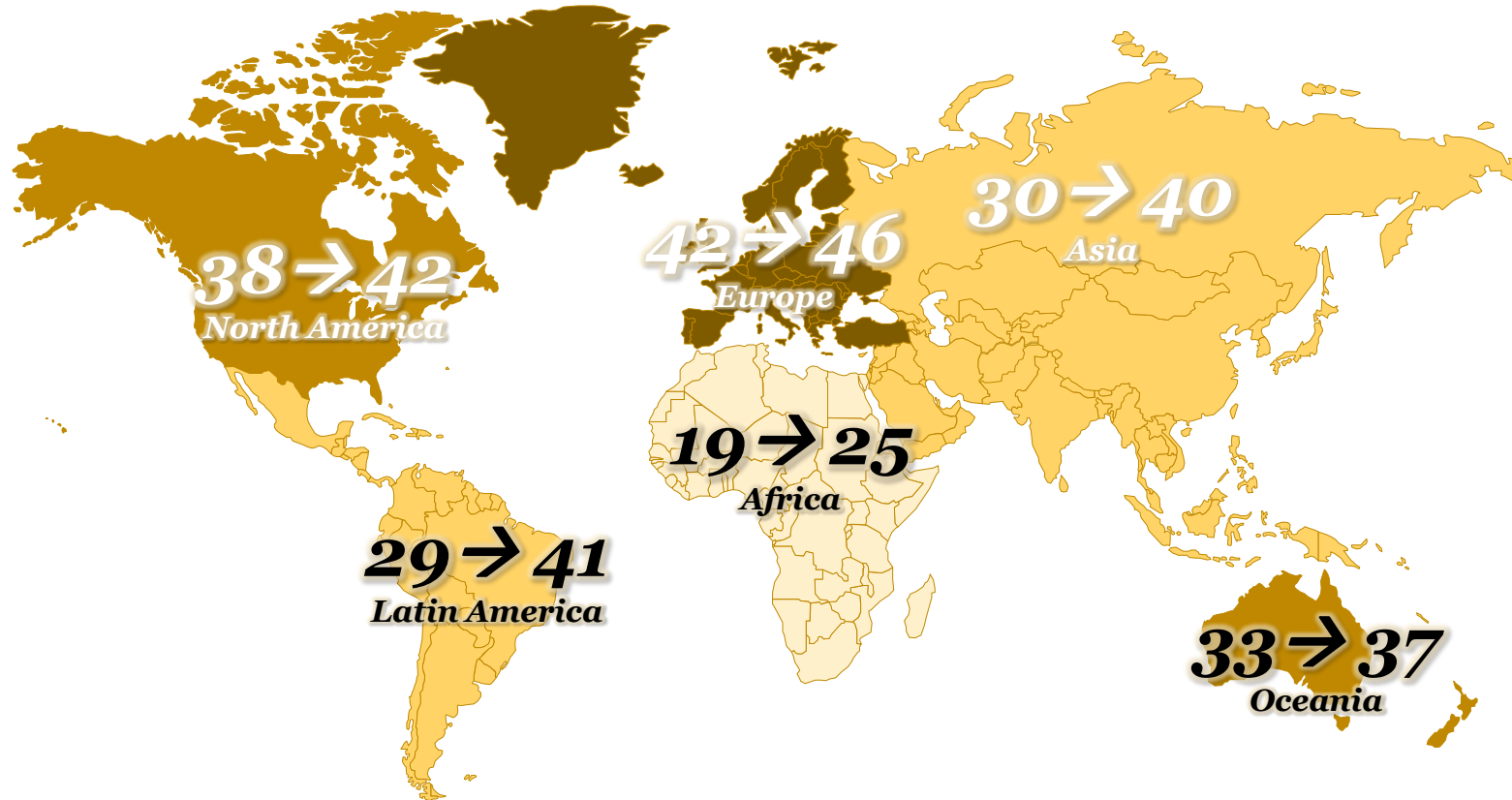
There will be 390 million more over 65s in 2030 than there were in 2015



Source: UN Population Division, World Population Prospects 2015

Median ages will also diverge: Japan's median age will reach 53 by 2050, while Nigeria's will be 23

Median ages 2015 and 2050

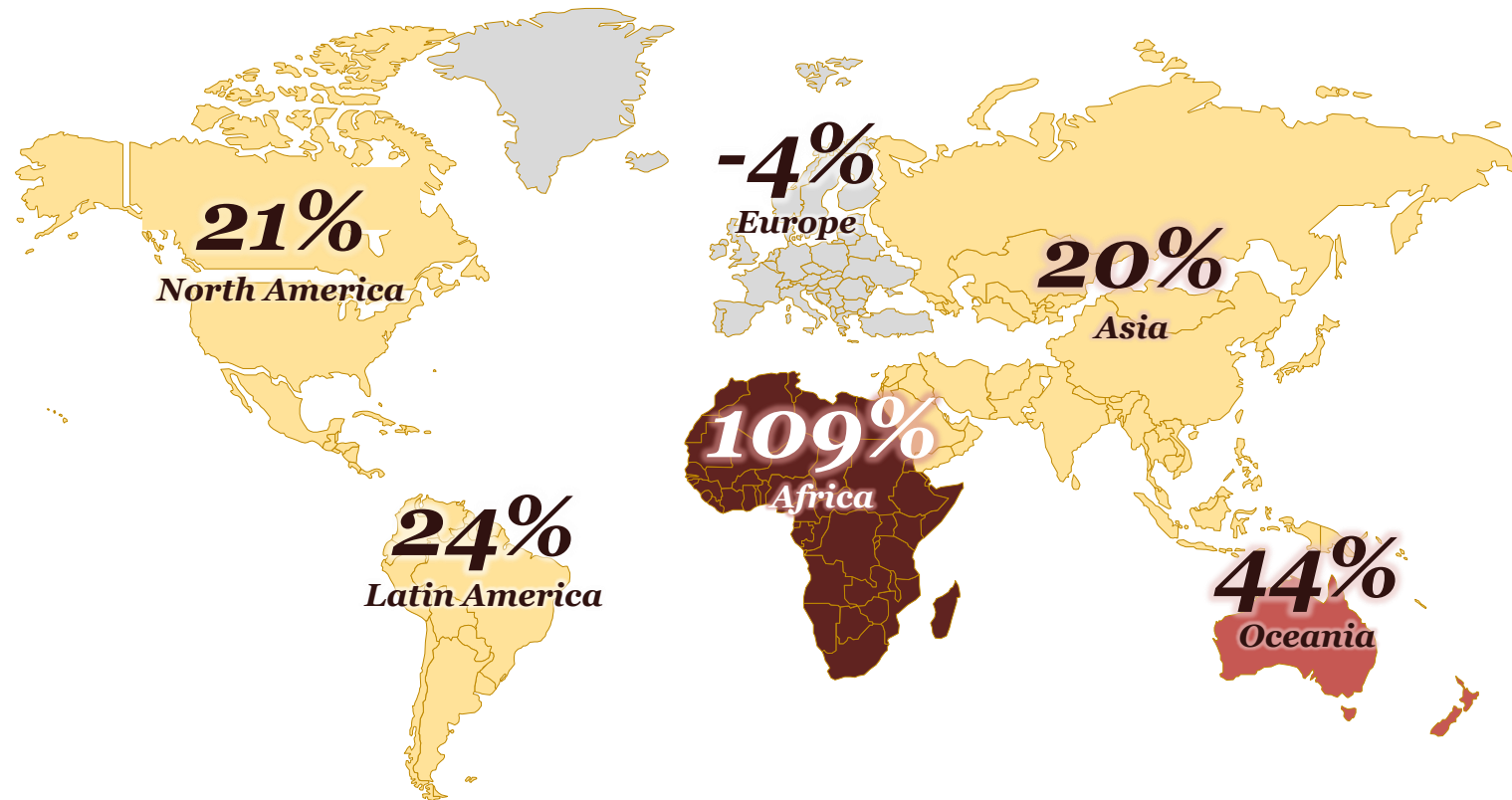


Source: UN Population Division, World Population Prospects 2015

But the pace of change will vary immensely across different regions and countries...

Africa's population will double by 2050, while Europe's will shrink...

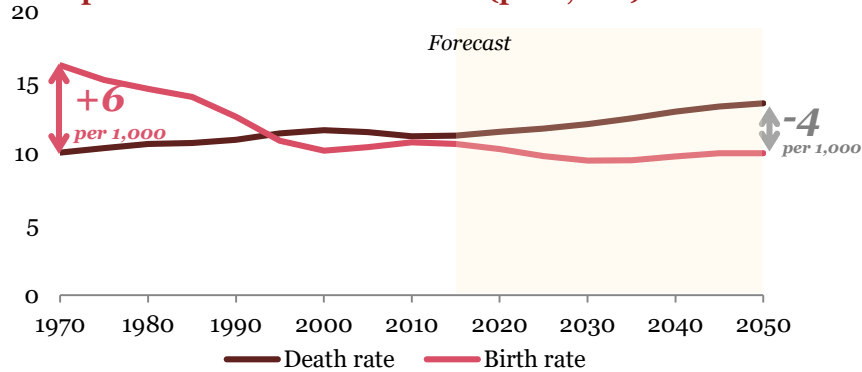
Population change 2015–2050



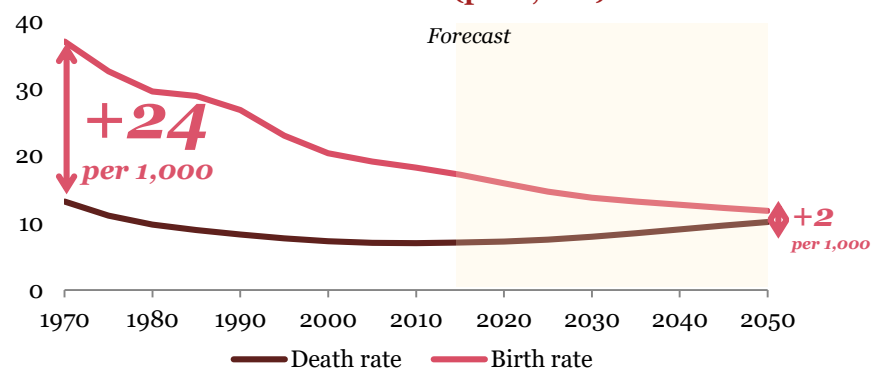
Source: UN Population Division, World Population Prospects 2015.

Europe's population will contract because death rates will rise significantly above birth rates. In Asia and Latin America birth rates will stay above death rates until around 2050

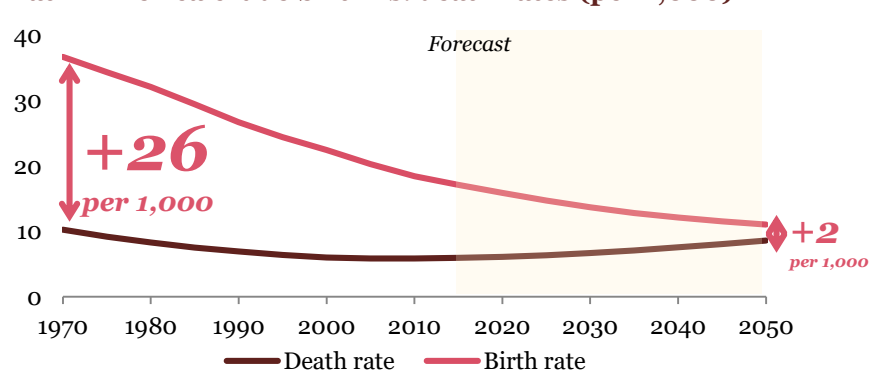
Europe crude birth vs. death rates (per 1,000)



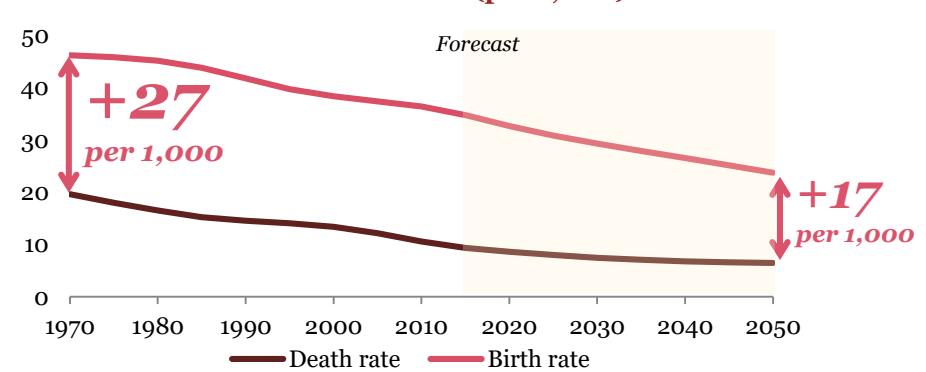
Asia crude birth vs. death rates (per 1,000)



Latin America crude birth vs. death rates (per 1,000)



Africa crude birth vs. death rates (per 1,000)

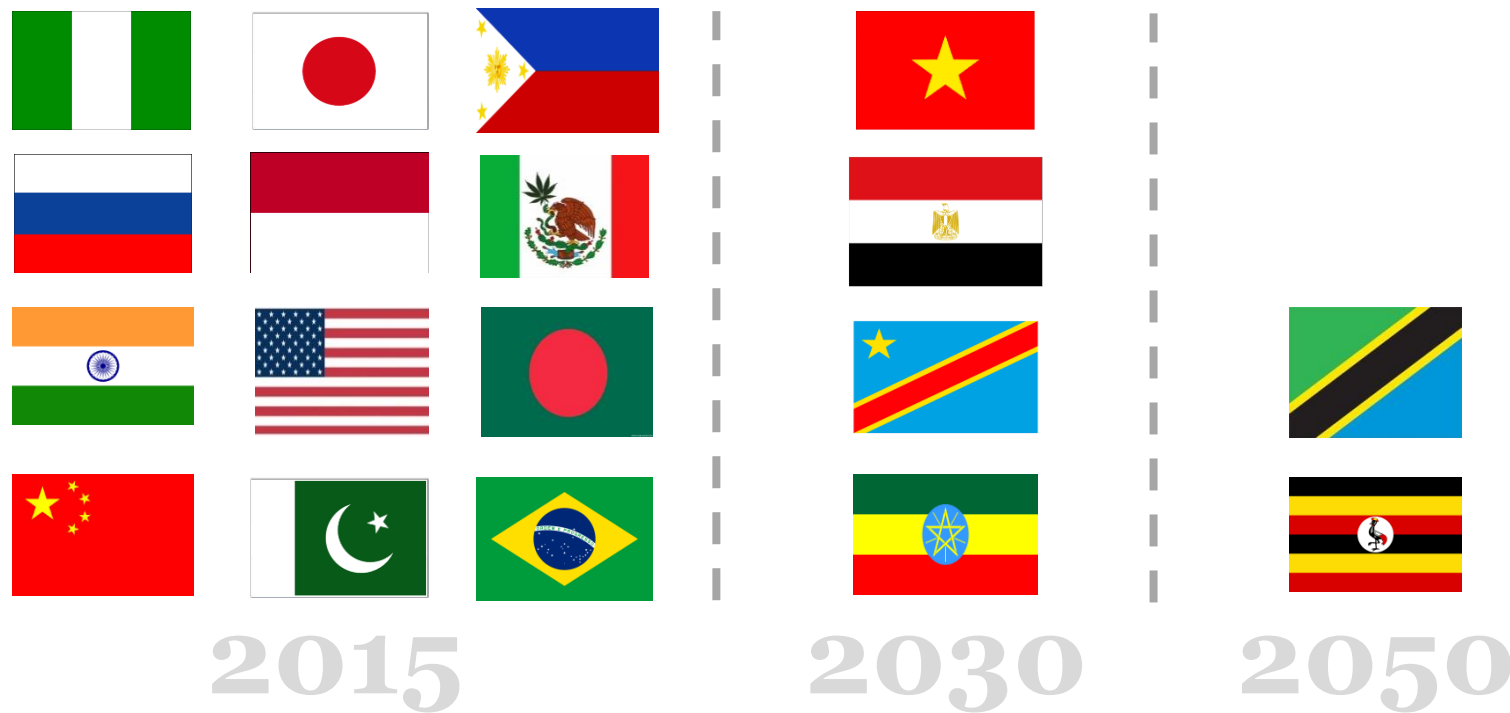


Source: UN Population Division, World Population Prospects 2015. Note: Crude birth rate is defined as the number of live births occurring in a population during a given period of time, per 1,000 mid-year total population of the given geographical area during the same period.

Some of the biggest consumer markets today will be overtaken by countries with booming populations

Nigeria's population will exceed the US' by 2050, while the '100 million' club will include six new entrants – how well positioned is your brand in these countries?

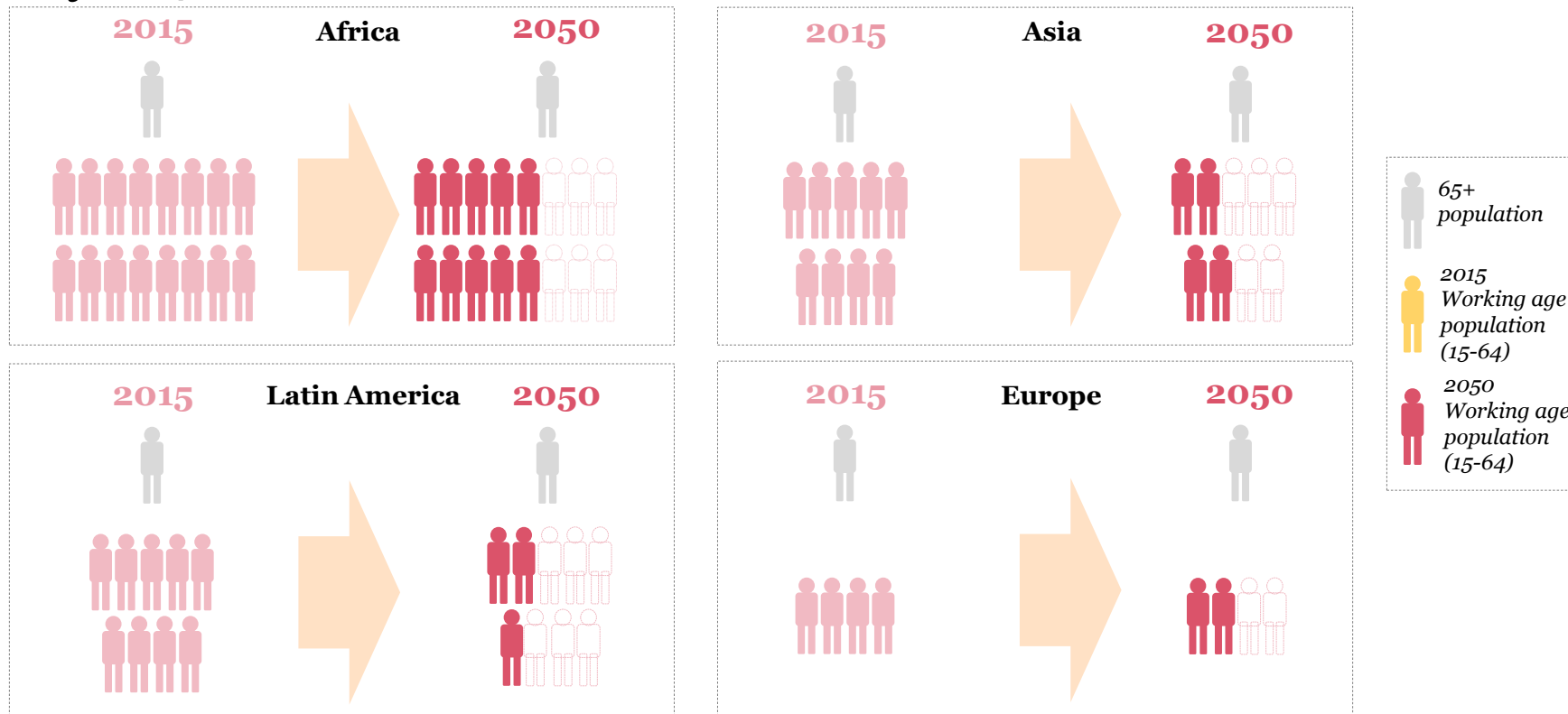
Countries with populations greater than 100 million



Source: UN Population Division, World Population Prospects 2015. Note: 2010 countries are (down and right): Nigeria, Russia, India, China, Japan, Indonesia, US, Pakistan, Philippines, Mexico, Bangladesh, Brazil. 2025 countries are: Vietnam, Egypt, the Democratic Republic of Congo and Ethiopia. 2050 countries are: Tanzania and Uganda

All countries will need to implement bold policies to cope with these demographic changes...

While ageing will be ubiquitous, old-age dependency will rise most significantly in Asia, Latin America and Europe. Today, Asia has 9 working age people to support each elderly person – by 2050, there will be just 4...



Source: UN Population Division, World Population Prospects 2015

9 facts and predictions about rapid urbanisation

60,000

people added to the Chinese urban population every day

1.5 million

people are added to the global urban population – every week

Half of global

GDP is generated by the 300 largest metropolitan areas.

\$8tr in infrastructure spending will be needed in New York, Beijing, Shanghai and London over next 10 years.

\$16bn the expected cost to develop the desert city of Masdar in the UAE

The number of people living in urban slums since 1990 has increased by

a third

Income inequality in the 50 biggest cities in the US is

20% higher than the US average

2/3 of New York City's rooftops are suitable for solar panels, which could generate **half** of the city's peak demand for electricity.

By 2025, there could be nearly 40 cities with population of

10+m

Sources: PwC analysis of multiple sources (see storyboard to follow).

9 facts and predictions about climate change and resource scarcity

The global population is expected

to demand **35%** more food by 2030

Only around **3%** of all water in the world is fresh water, and three quarters of this is locked in glaciers

53 years' supply left of proven oil reserves assuming current levels of demand continue (based on R/P ratios*)

Average temperatures are predicted to increase by over

2°C in the 21st century, a threshold beyond which scientists believe significant changes to the environment will occur

6% annual reduction in carbon intensity is required to meet the 2°C target, well above historic trends

A fifth of worldwide energy consumption could be saved through energy efficiency measures

There is almost **3** times as much carbon in known coal, oil and gas reserves than scientific evidence suggests that the climate will be able to bear without temperature increases going beyond 2°C by 2100

The global population is predicted to demand

50% more energy by 2030

It takes **7 units** of fossil fuel energy to produce one unit of food energy

9 facts and predictions about technological breakthroughs

177 min

average US smartphone or tablet user spends using their devices a day

Seven times

more connected devices than people by 2020

90% of the data

that exists today was created in the last two years

Around **half** of

US jobs are at risk of being computerised over the next two decades

Almost **7,000**

houses could be powered everyday with just the energy burned by active users of the Nike + app

By **2020** digital natives

will be the majority population segment in the UK

Only **0.5%** of data is currently analysed

76 years

Is the time it took the TV to reach half of US households; the smartphone did it in less than 10

If Facebook was a country, it would be the

most populous in the world

Sources: PwC analysis of multiple sources (see storyboard to follow)

The 'sharing economy' uses digital platforms to allow customers to have access to, rather than ownership of, tangible and intangible assets.

Financial services

Technology has connected supply and demand for funding across the globe

In 2012, crowdfunding platforms raised



Kickstarter has enabled over **6m backers** to fund over **6,000 projects**

Peer-to-peer lending platforms in the US have an estimated revenue of



Music

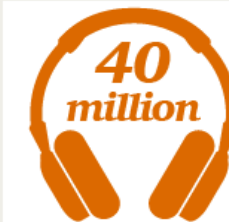
In just five years, music streaming has become the most popular form of consuming music digitally

In 2013, digital revenues accounted for



of the UK record industry trade revenues for the first time

Revenues from streaming



people use **Spotify**

Automotive

Connected devices and rising urbanisation have enabled new consumption models

On average a car is used for less than one hour a day



2010–2012 worldwide



personal car sales grew



car sharing membership grew

Hotels

The sharing model has been made possible by digital platforms and changing social norms



of travellers would be happy to rent someone else's holiday house

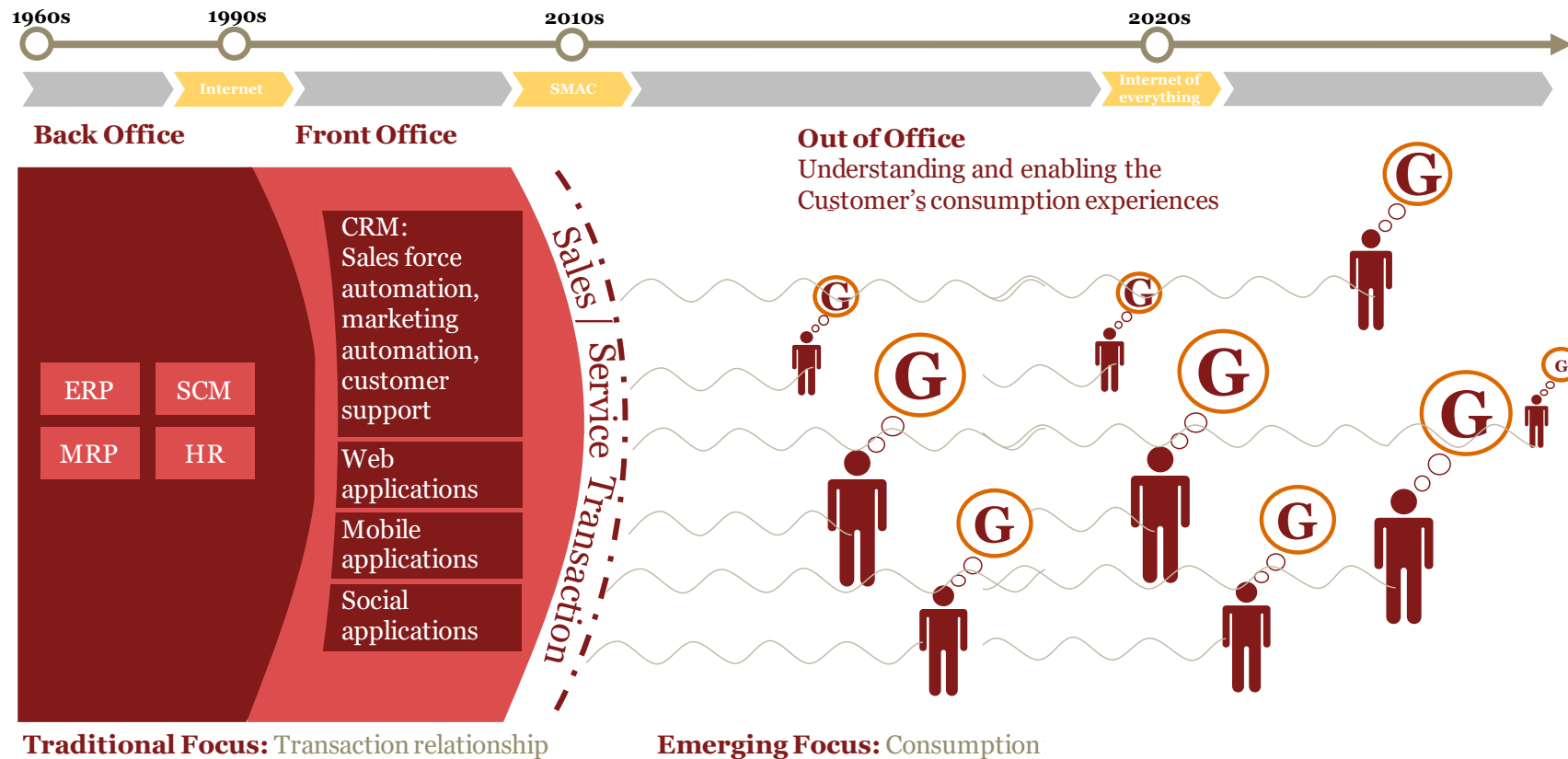
In the UK, the typical **Airbnb** host earns £2,822 renting out a room for 33 nights a year



Digital is transforming the relationship we have with our consumers

Understanding and enabling customers to engage across firms functions is key to retaining customer in a digital age

Businesses are transitioning from a transaction-based relationship with consumers to a consumption-based relationship



Digital is transforming the industries we operate in and blurring the boundaries between them

None of the five biggest global mobile handset manufacturers in 2000 featured in the same list in 2012

Disruptive innovation



Nokia, Siemens, RIM and Ericsson, once among the largest phone makers, have given way to smartphone makers such as Apple and Google.

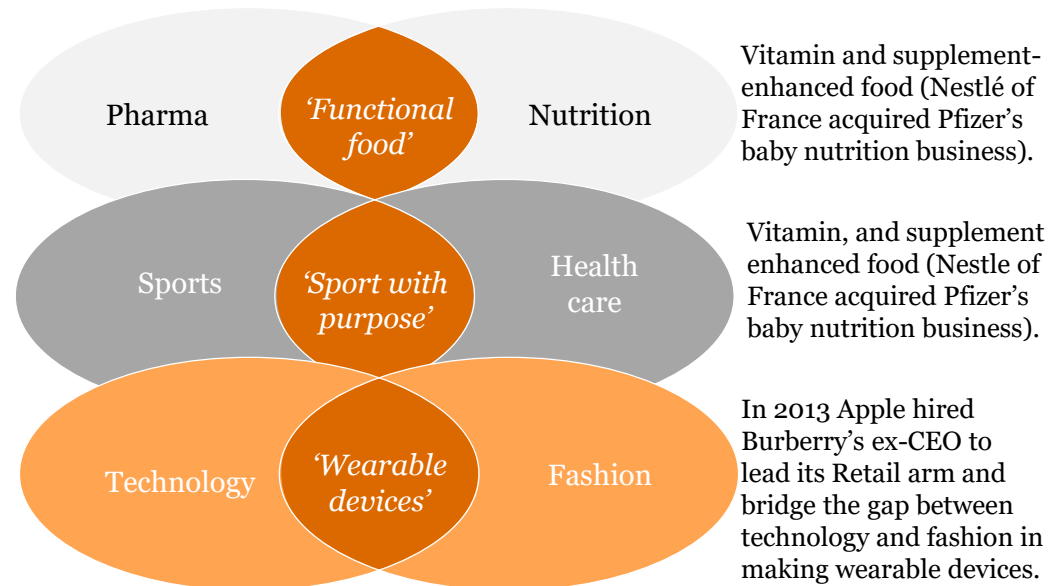


Video streaming platforms such as Netflix have made the traditional movie-renting business exemplified by Blockbuster obsolete. From a \$5bn business, Blockbuster went bankrupt in 2013.



Platforms such as iTunes online store have replaced traditional music record sellers such as HMV, which went bankrupt in 2013. iTunes sold more than 1.2 billion units of digital tracks in 2013.







Examples of sector blurring



Sources: Gartner dataquest (2012), "Strategic Choices in Converging Industries" MIT Sloan Management Review (2013). Note: based on quarterly sales figures (total units sold)

...stimulating, innovative and disruptive business models and new entrants to emerge across industries

Examples of areas where connected devices are starting to be used

					
Home	Mobility	Work	Education	Healthcare	Media
<p>Homes will become more efficient and sustainable. Citizens will generate their own energy and share any excess with the local community</p>	<p>Mobility will be seamless and integrated through common navigation and planning platforms</p>	<p>People will more likely see themselves as members of a skill or collaborative professional network</p>	<p>The curriculum and learning environments will become more customisable, personalised, collaborative & done on the go</p>	<p>Active consumer-driven management of healthcare will replace healthcare consumption</p>	<p>In music, film and TV, over-the-top services have grown rapidly as technology enables content to be aggregated and accessed rather than owned</p>
<div data-bbox="359 963 2186 1256" style="border: 2px dashed red; border-radius: 15px; padding: 10px;"> <p><i>The disruptors</i></p>  </div>					

Source: