

*Why Megatrends matter ...
..... to The Next Big Thing!*

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Our everyday lives are changing because of the impact of the megatrends...



Streaming is now the most popular form of consuming music. Mercury records stopped selling CDs in 2011.



20 million guests have rented through airbnb, at \$13bn, it's now worth more than Intercontinental, Accor or Marriot hotel brands



55% of the US population are, right now, within 5 minutes of an Uber driver

The Megatrends is a way of understanding this changing world...

But what makes a megatrend?

We have identified **five global trends** that are:

- having a **major influence** on the economic and commercial landscape;
- **across all sectors** of the economy and society;
- and **fundamentally disrupt** our industry and the way we do business.

Megatrends are here to stay.....are we prepared?



Demographic and social change

Shift in global economic power

Rapid urbanisation

Climate change and resource scarcity

Technological breakthroughs

3.3 million

additional workers –
The 65+ labour force
in the US almost
doubled between
1990 and 2010

68%

of companies will
have at least one
global business
unit head based in
Asia by 2017

China's urban
population alone
has increased by

400 million people
since 1980

By 2030, the
demand for energy
will increase by

50%

The Sony
Playstation of today,
which costs

\$300

has the computing
power of a military
supercomputer
of 1997

Curiosity is at the heart of our future success



*Megatrends IQ
'True' or 'False'*

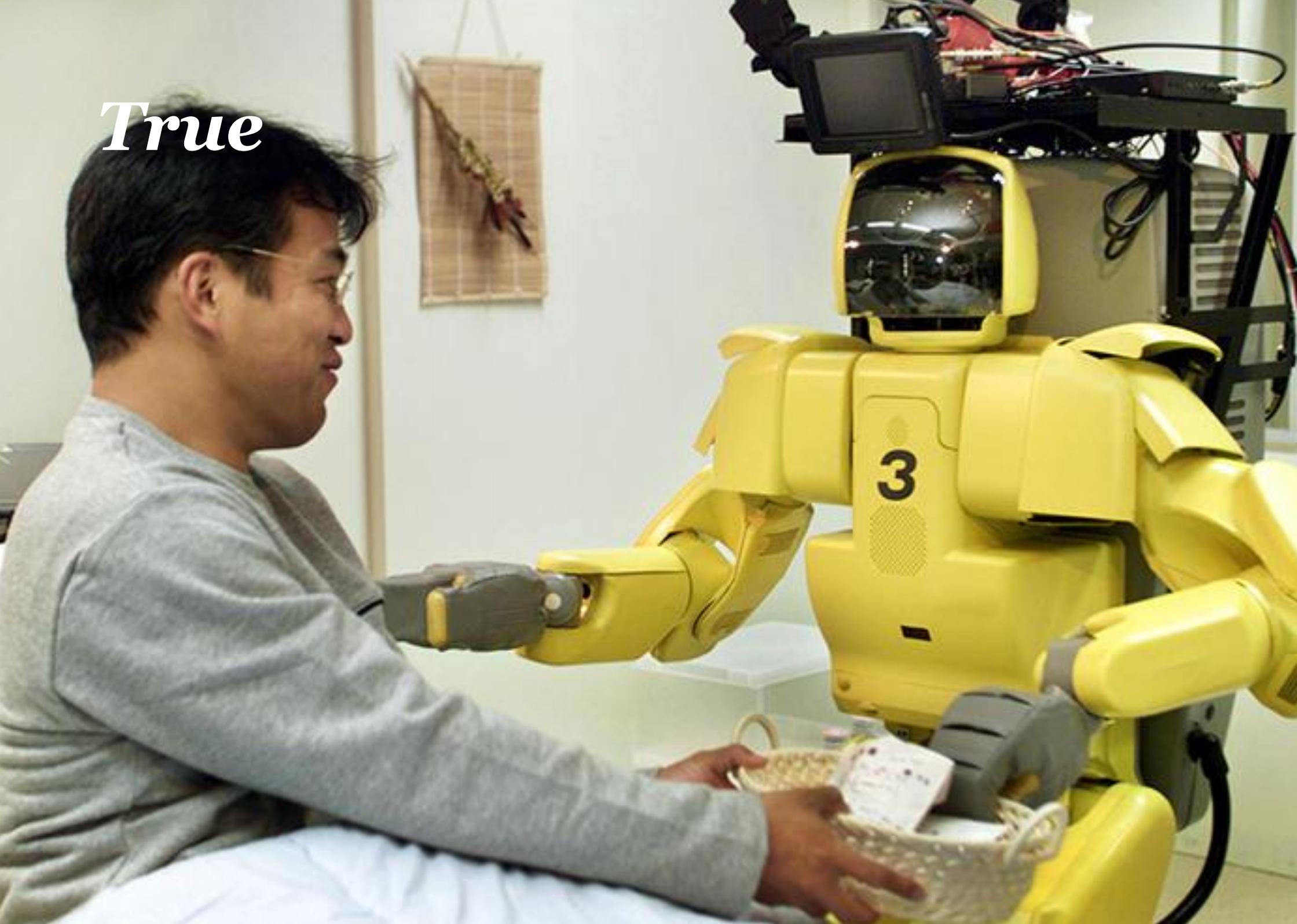


Senior citizens are being cared for by robots.

True?

False?

True



In the US, testing of driverless cars is illegal.

True?

False?

False

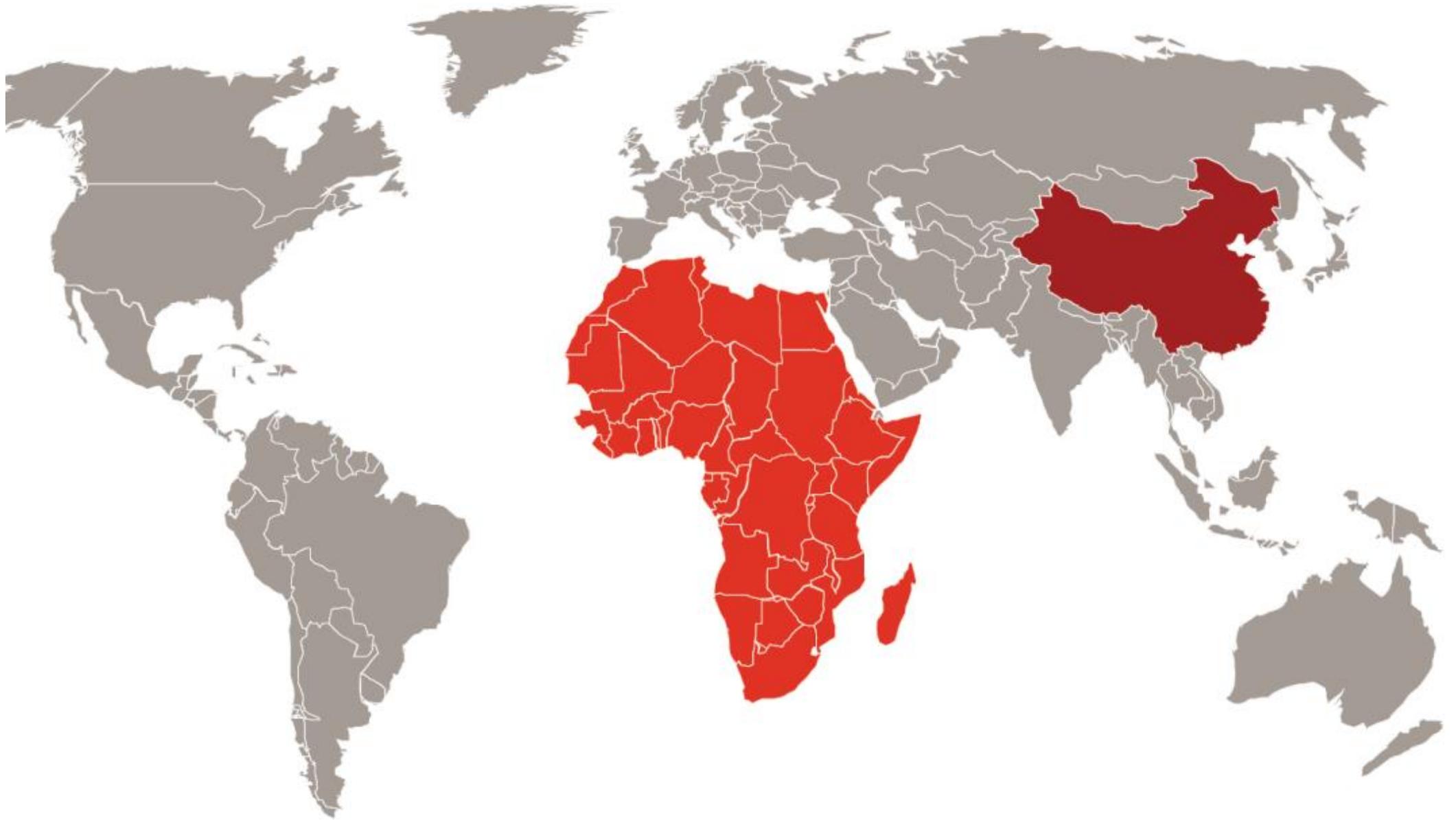


China has purchased over 12 million acres of land in Africa.

True?

False?

True



In which year did we start consuming more oil than we were discovering?

1948

1980

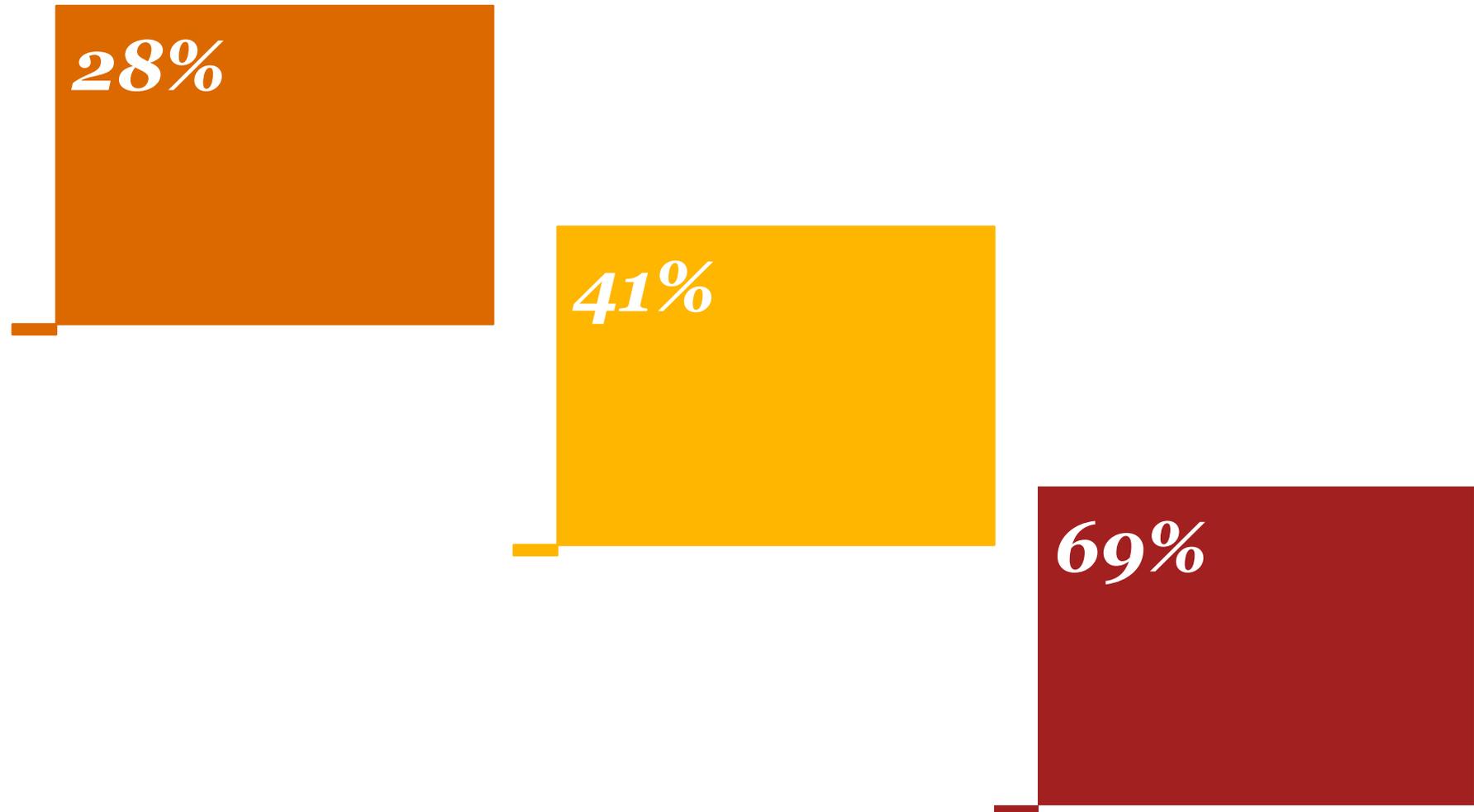
2003

*Hasn't
happened
yet*

This point was reached in **1980...**

Today we are consuming **3 times** as much oil as we are discovering...

What proportion of G7 household budgets are controlled by women?

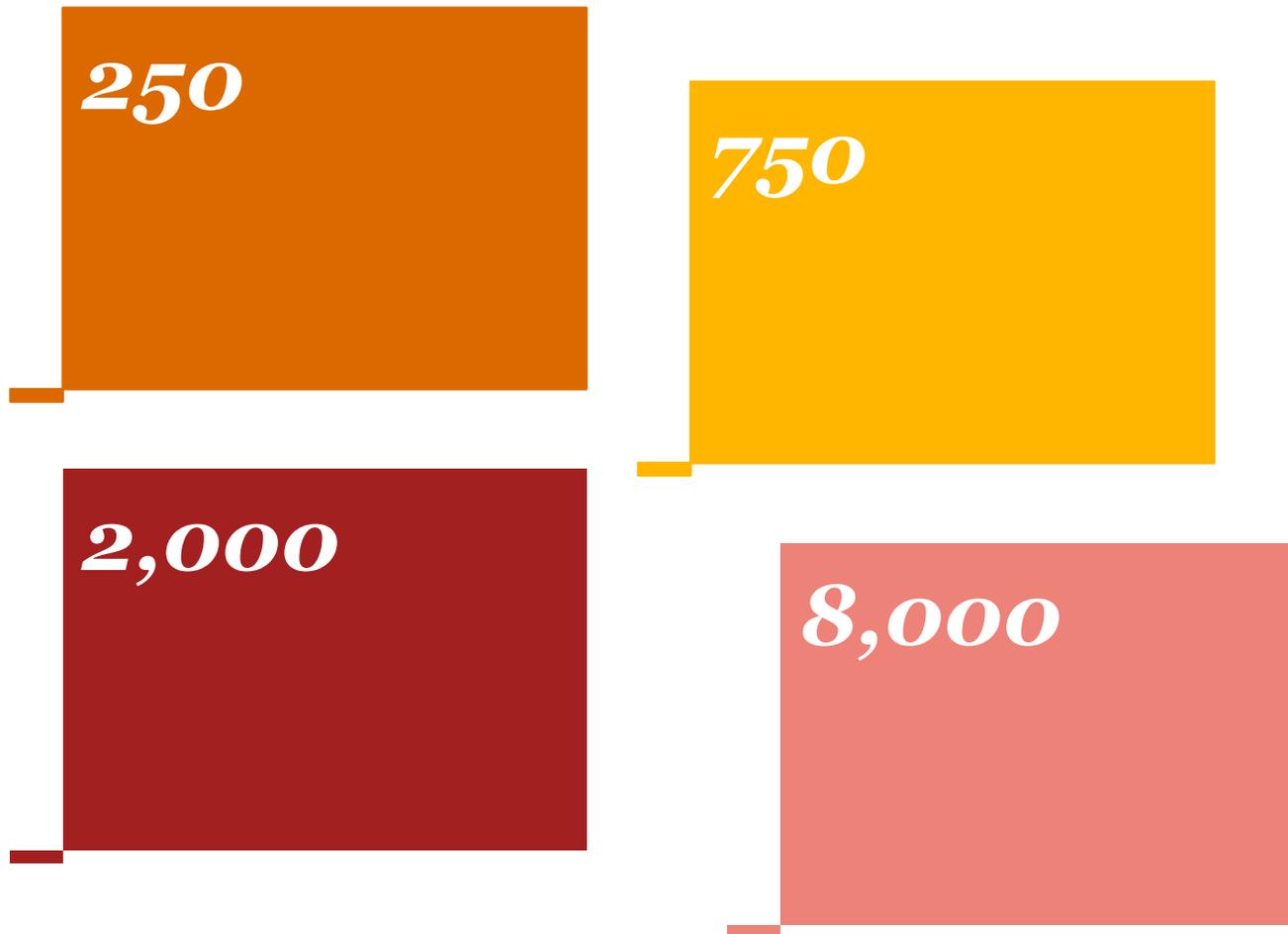


69% of the household budget in G7 countries is controlled by women...

....accounting for worldwide spending worth over **\$20 trillion**



To meet the needs of a growing population, we will have to produce as much food in the next 40 years as has been produced in the past how many years?





*“Over the next 40 years, we need to produce more food than the last **8,000** years combined”*

Josette Sheeran, Vice-Chairman of the World Economic Forum

A stylized, monochromatic cityscape in shades of brown and tan. The background features several tall buildings with grid-like window patterns, and a road with perspective lines leading towards the center. The overall aesthetic is clean and modern.

Accelerating urbanization

Accelerating urbanization

The world urban population is expected to increase by 72% by 2050



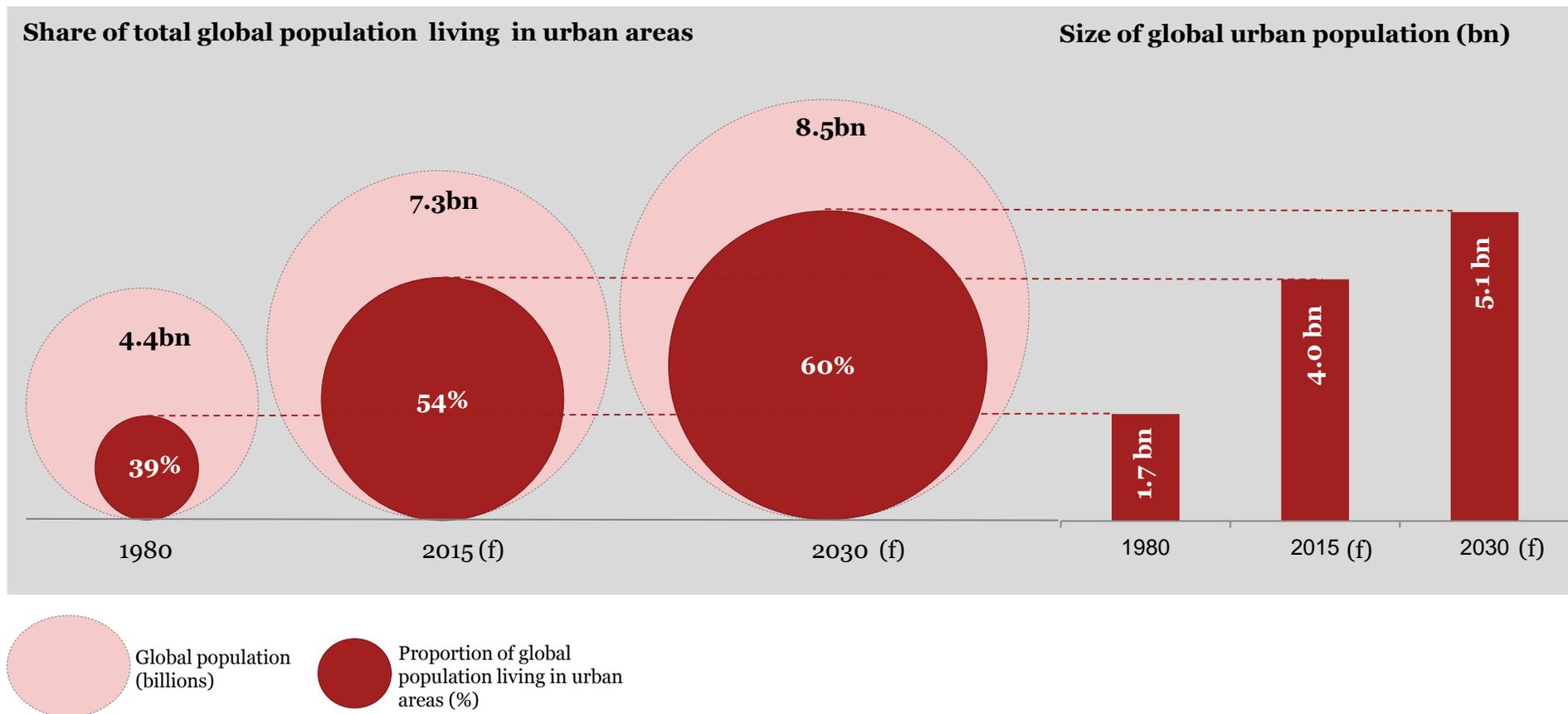
72%
increase

200,000 people enter global cities every day...



More than half of the global population now lives in cities, compared to 2% in 1800.

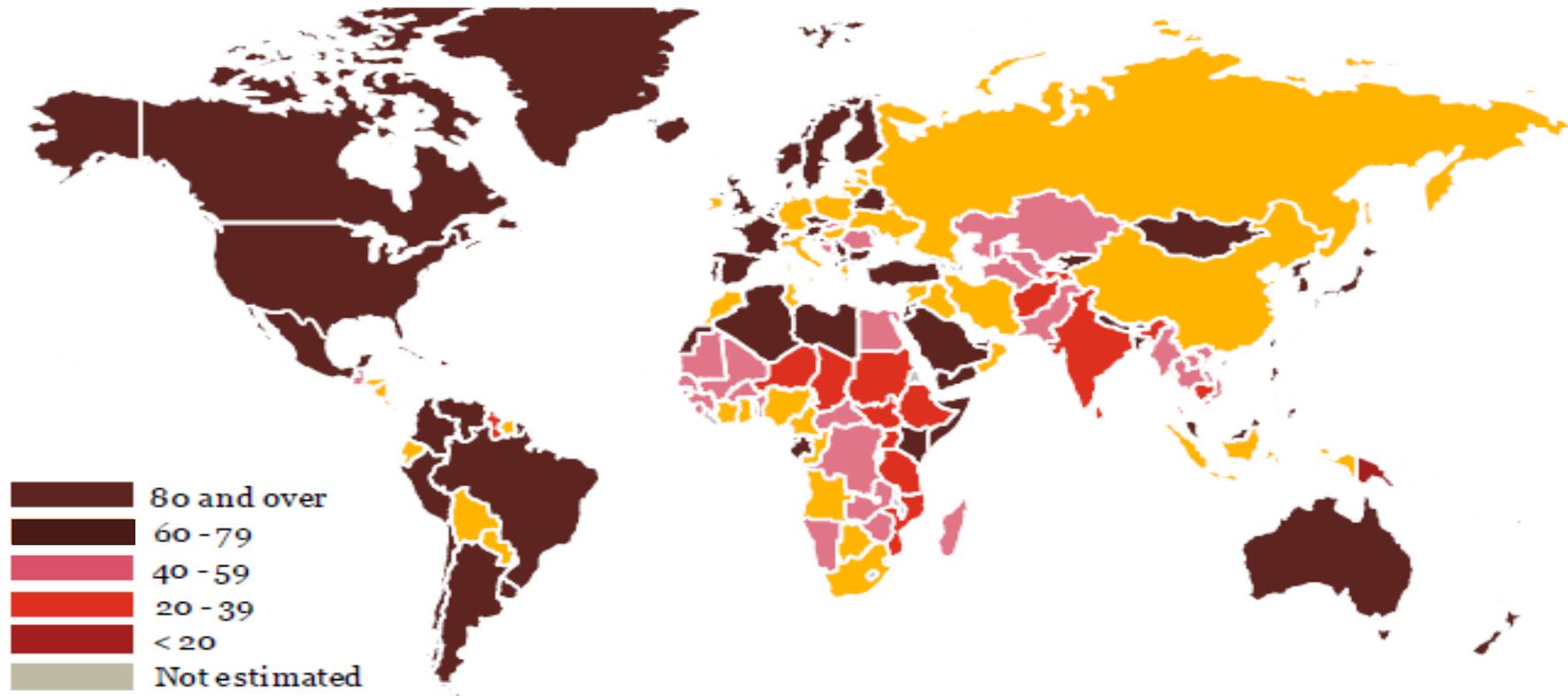
.....1.5 million people are added to this total every week.



Sources: PwC analysis of United Nations, Department of Economic and Social Affairs, Population Division

By 2030, most developed markets will have urbanisation rates of more than 80%.

Urbanisation rate, 2030 (%)



Source: PwC analysis based on data from UN Department of Economic and Social Affairs. Note: Rate of urbanisation is defined as: percentage of population in urban area (%).

The rise of the city

“The 300 largest metropolitan economies worldwide account for 19 percent of world population, but 48 percent of world GDP.”

Brookings Institution

“The real unit of the economy is the metropolitan...not countries artificial political boundaries.”

Bruce Katz, author of “The Metropolitan Revolution”

The background is a solid red color with a white, cracked, and marbled texture that resembles dried mud or a cracked surface. The cracks are irregular and form a complex, interconnected pattern across the entire image.

*Climate change &
resource scarcity*

Climate change & resource scarcity

*With a population of 8.3 billion people
by 2030, we'll need...*

50%
more energy



40%
more water



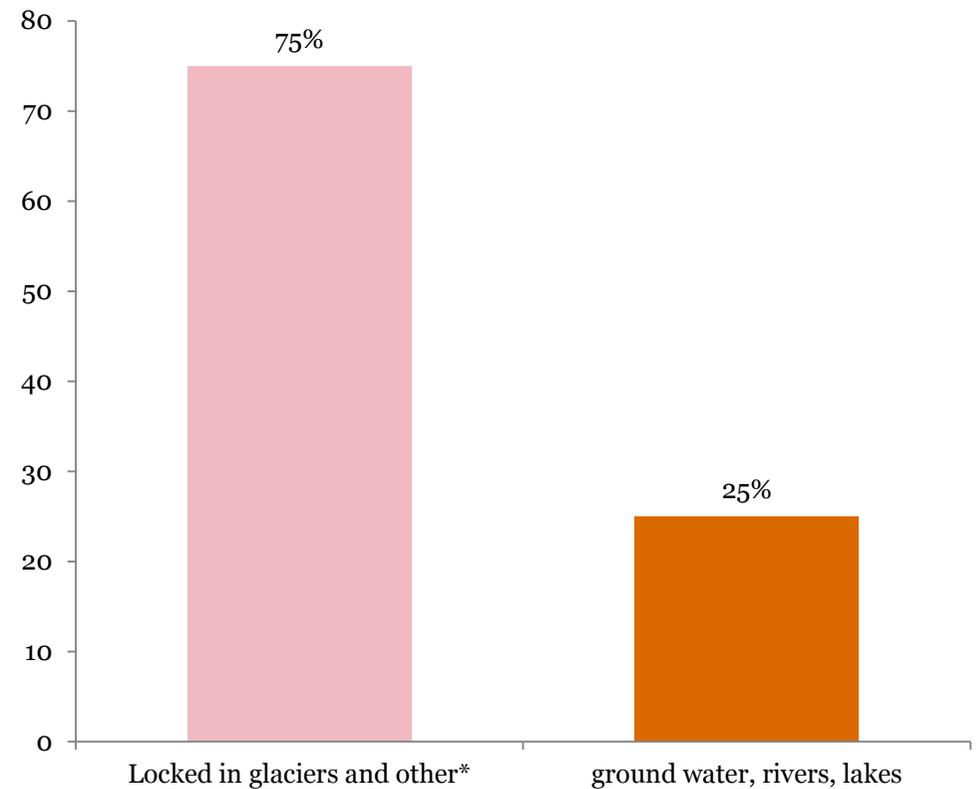
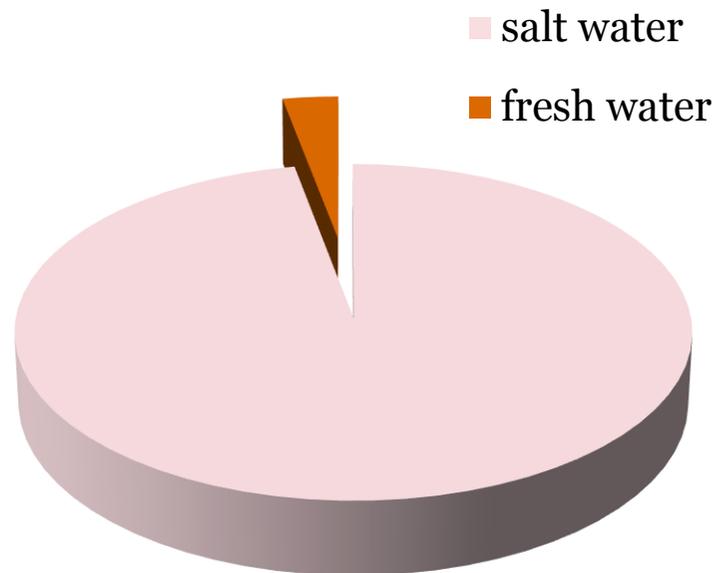
35%
more food



The Earth has a finite amount of water that can be used to satisfy this demand

Only 3% of the water in the world is fresh water.... ...and **only a quarter** of it can be accessed from rivers, lakes or the ground

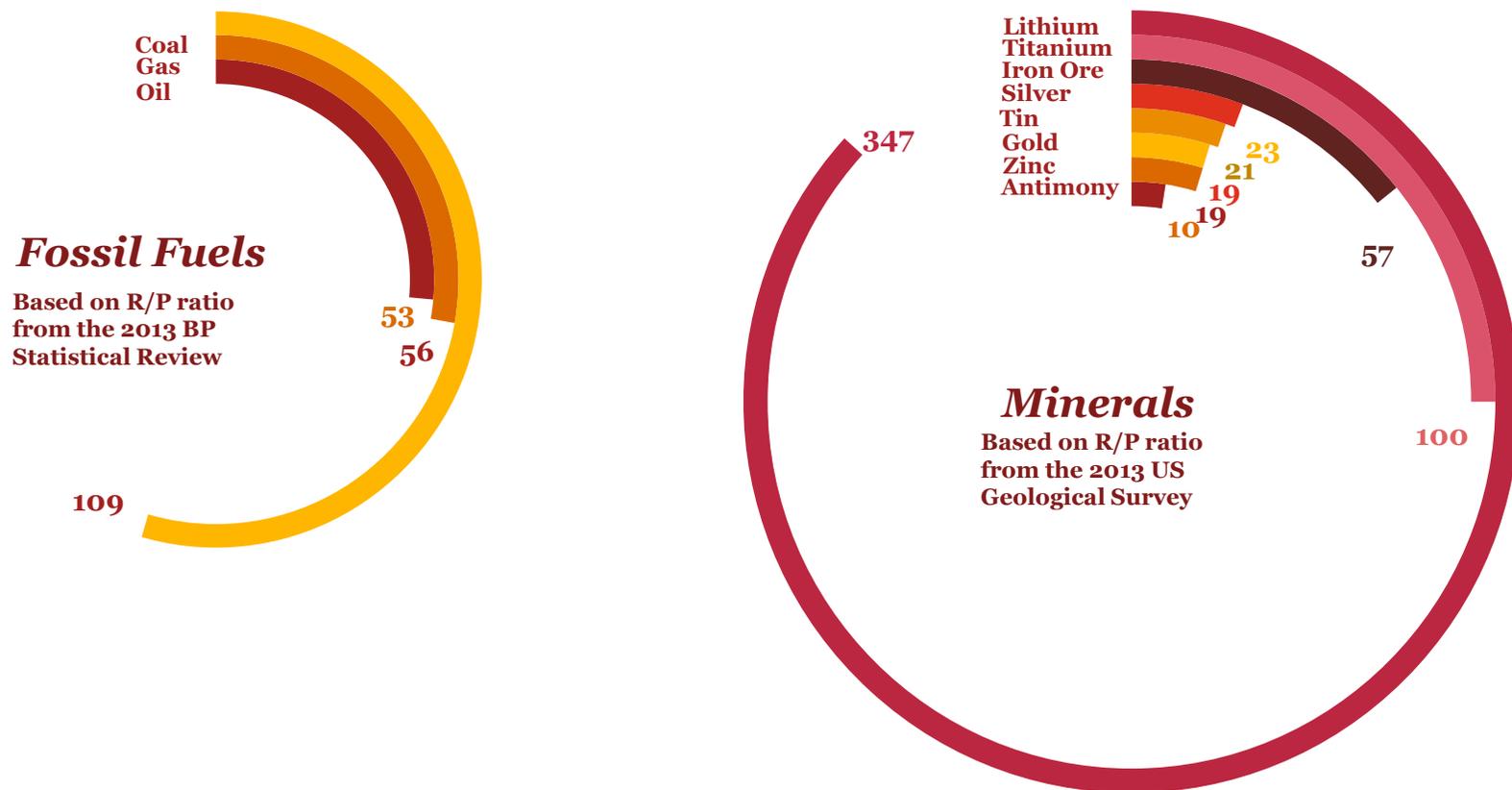
Water sources



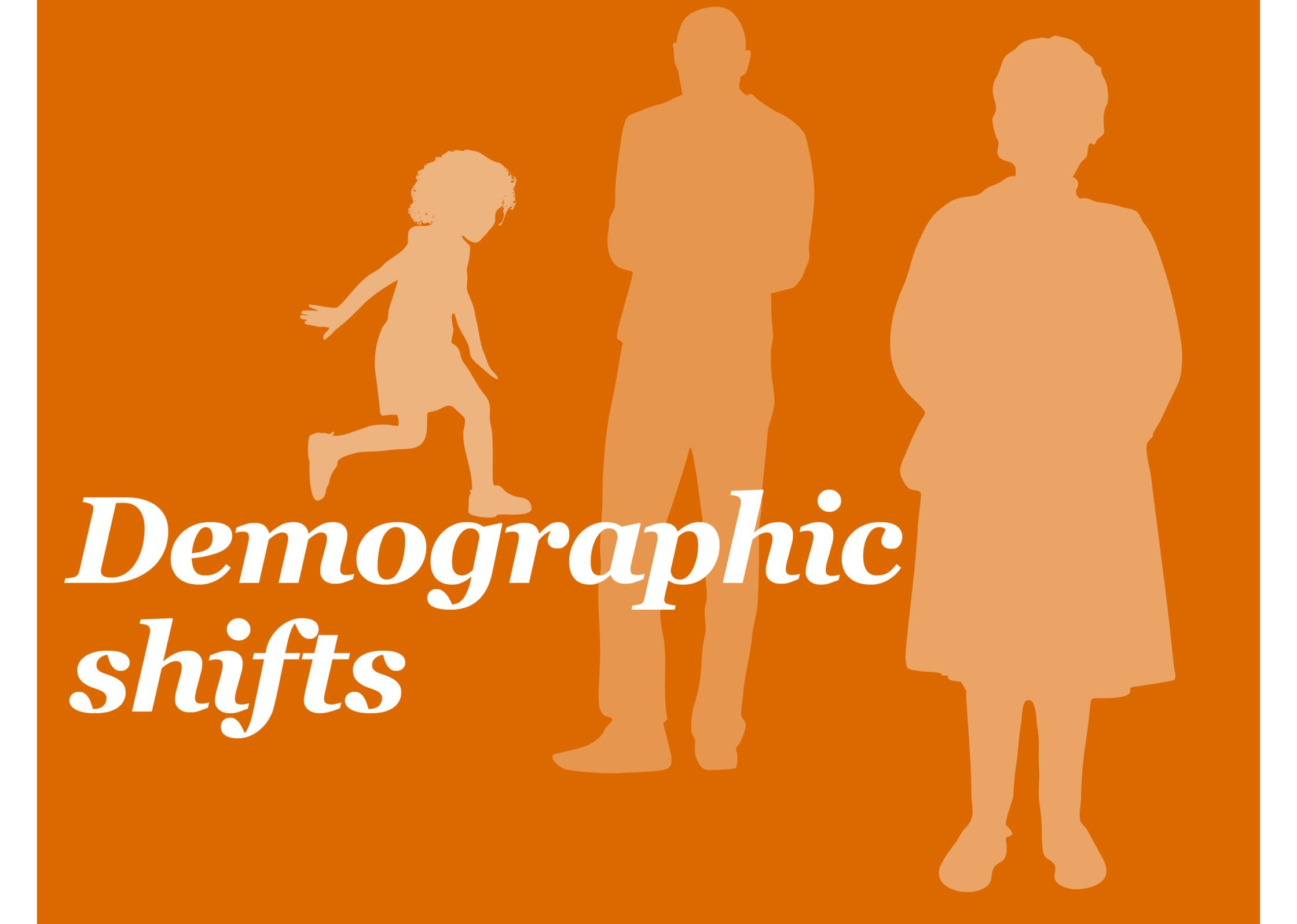
Natural resources are being put under increasing strain

At current consumption trends, technology and proven reserve levels, there could be just half a century's worth of oil and gas supply available – and much less for several types of mineral...

Estimated remaining years of world supplies of non-renewable resources based on current demand and supply conditions



Source: PwC analysis of data in BP Statistical Review of World Energy and US Geological Survey. Note: Reserves-to-production (R/P) ratio is the level of reserves remaining at the end of the year divided by the production in that year. The resulting metric gives a proxy for the length of time that those remaining reserves would last if production were to continue at that rate. The R/P ratio does not take into account assumptions about potential future changes in consumption and supply of natural resources. Reserves refers to proven reserves that with reasonable certainty can be recovered in the future from known reservoirs under existing economic and operating conditions.

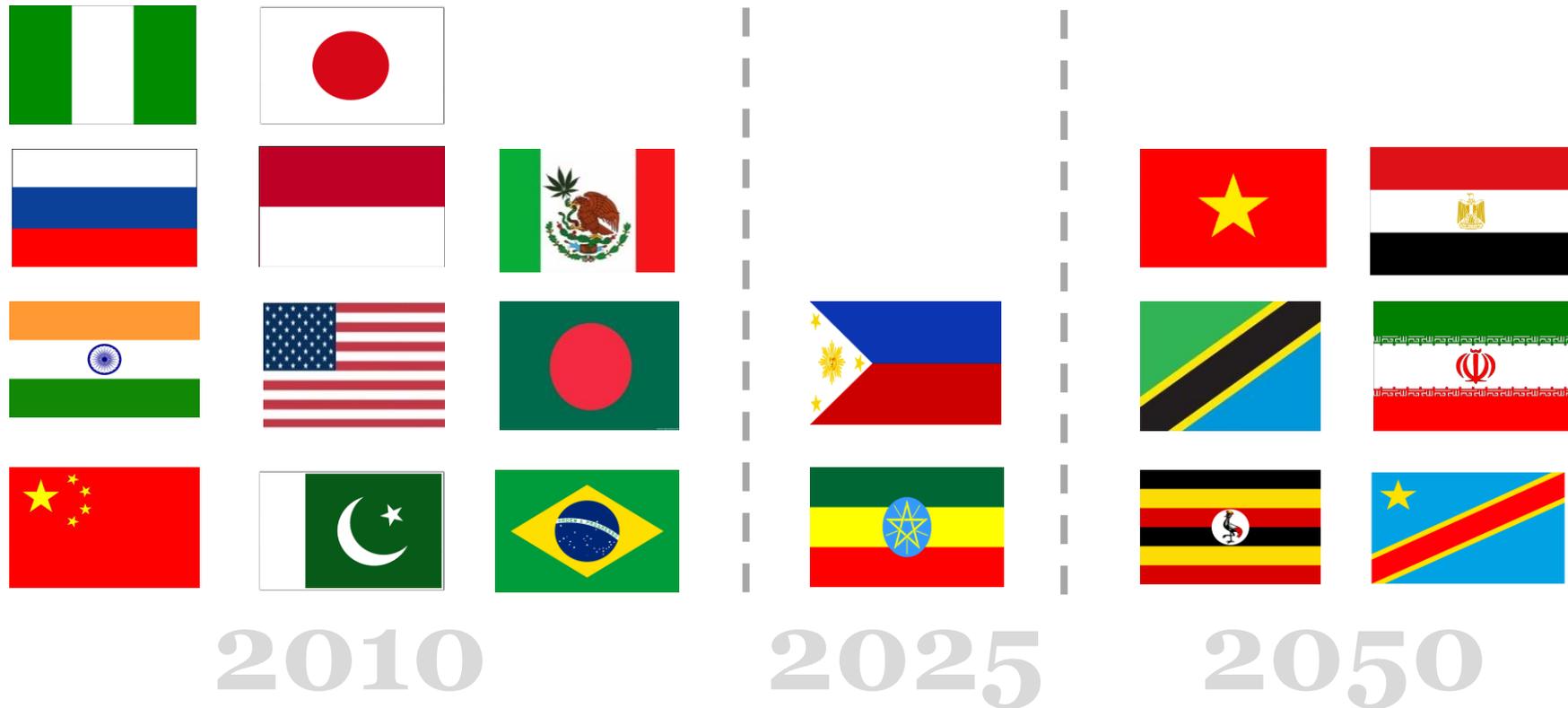
The image features three light orange silhouettes against a darker orange background. On the left, a child is shown in a running pose. In the center, a man stands with his arms crossed. On the right, a woman stands with her hands in her pockets. The text 'Demographic shifts' is written in a white, italicized serif font across the lower half of the image.

*Demographic
shifts*

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 8 new entrants – how strong are your ties in these countries?

Countries with populations greater than 100 million

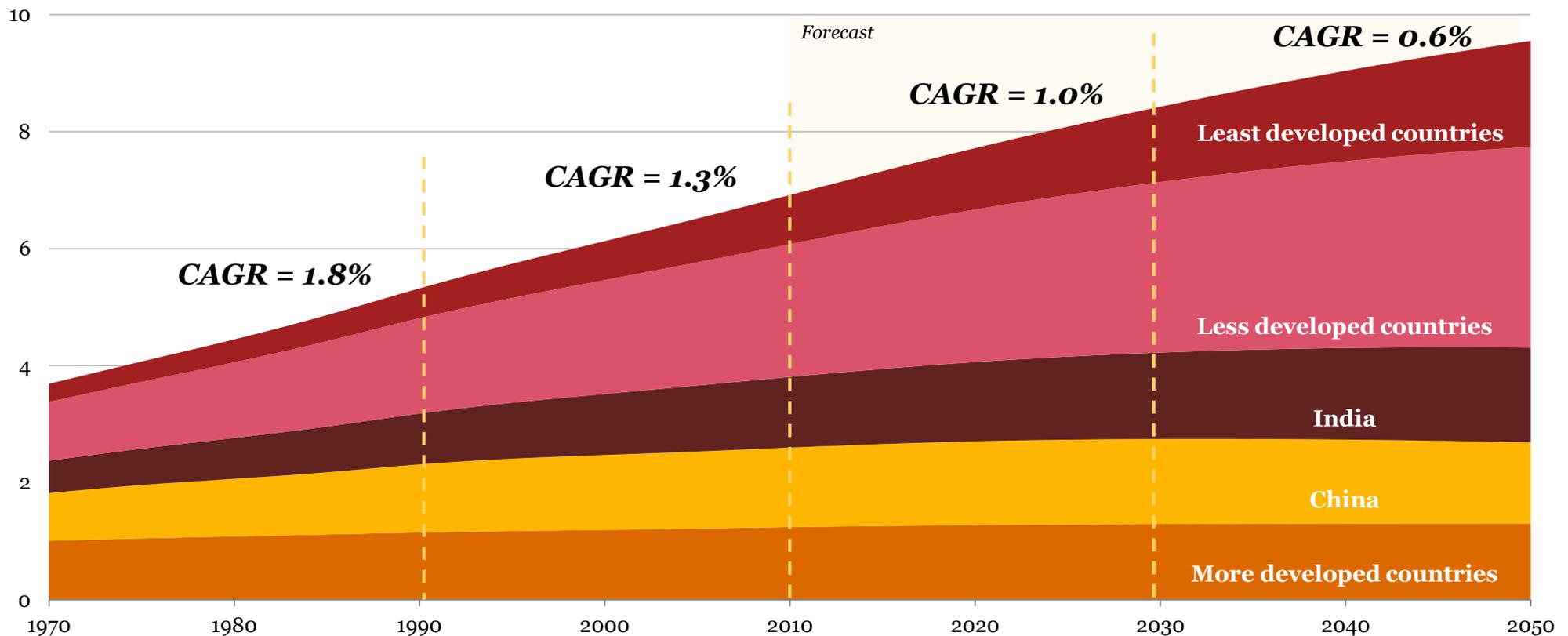


Source: UN Population Division, World Population Prospects. Note: 2010 countries are (down and right): Nigeria, Russia, India, China, Japan, Indonesia, US, Pakistan, Mexico, Bangladesh, Brazil. 2025 countries are: Philippines and Ethiopia. 2050 countries are: Vietnam, Tanzania, Uganda, Egypt, Iran and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

We'll add another billion people to the world's population by 2025, making the total 8 billion

96% of this population growth will come from emerging or developing countries, 50% from Africa

World population 1970-2050(f), billions

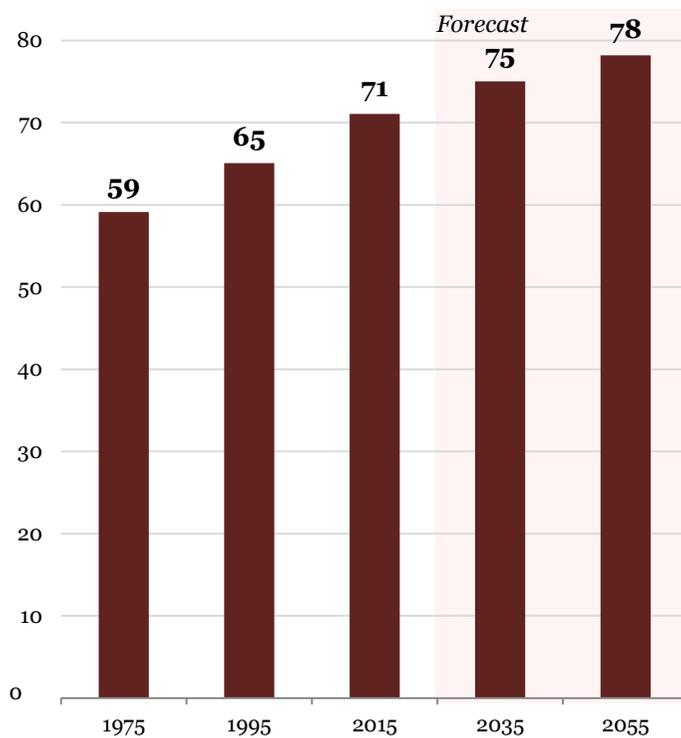


Source: UN Population Division, World Population Prospects

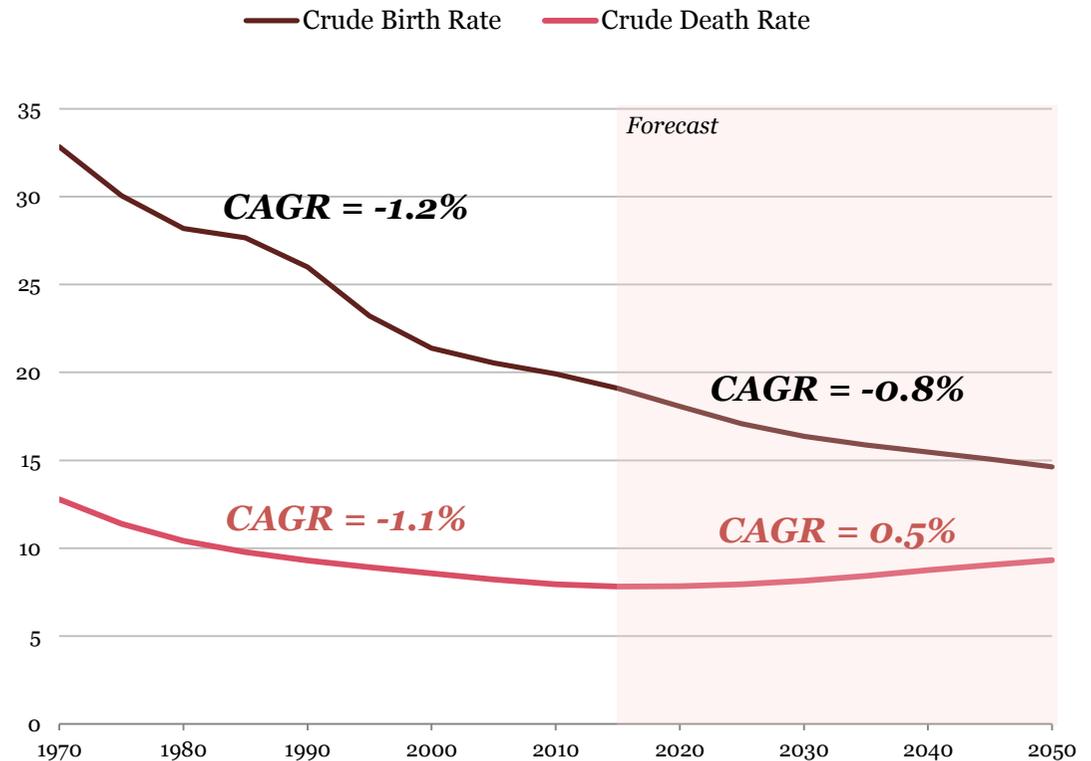
At the same time, we are living longer and having fewer children...

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

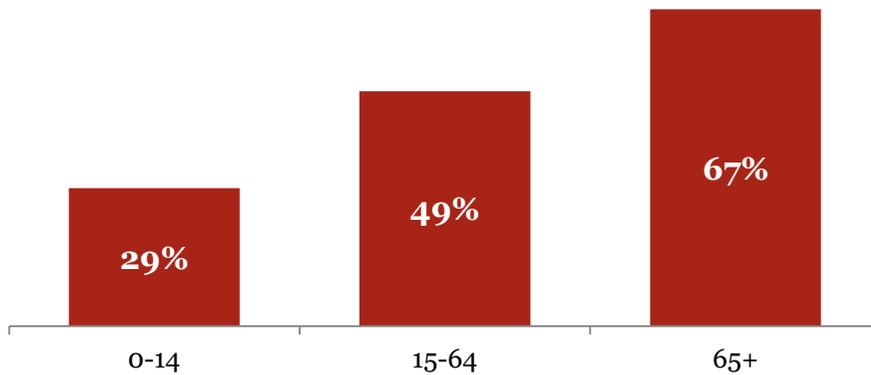


Source: UN Population Division, World Population Prospects 2015

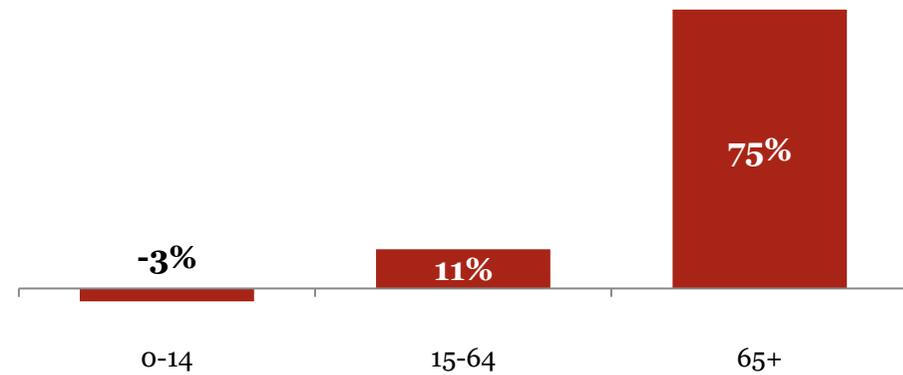
...making the fastest growing population segment the over 65s

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

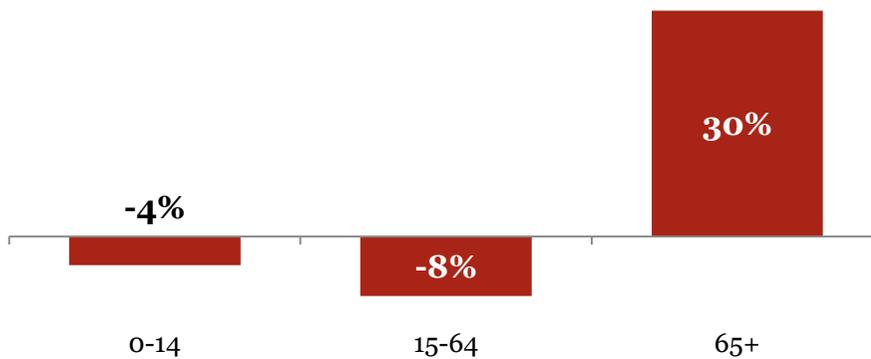
Africa – change in population by age 2015–2030



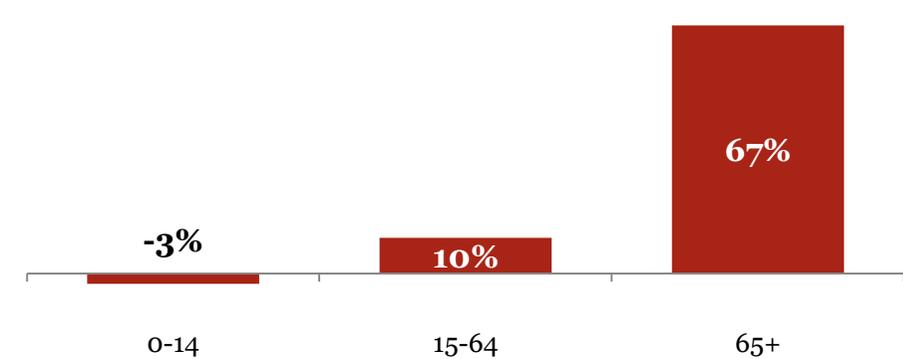
Asia – change in population by age 2015–2030



Europe – change in population by age 2015–2030



America – change in population by age 2015–2030

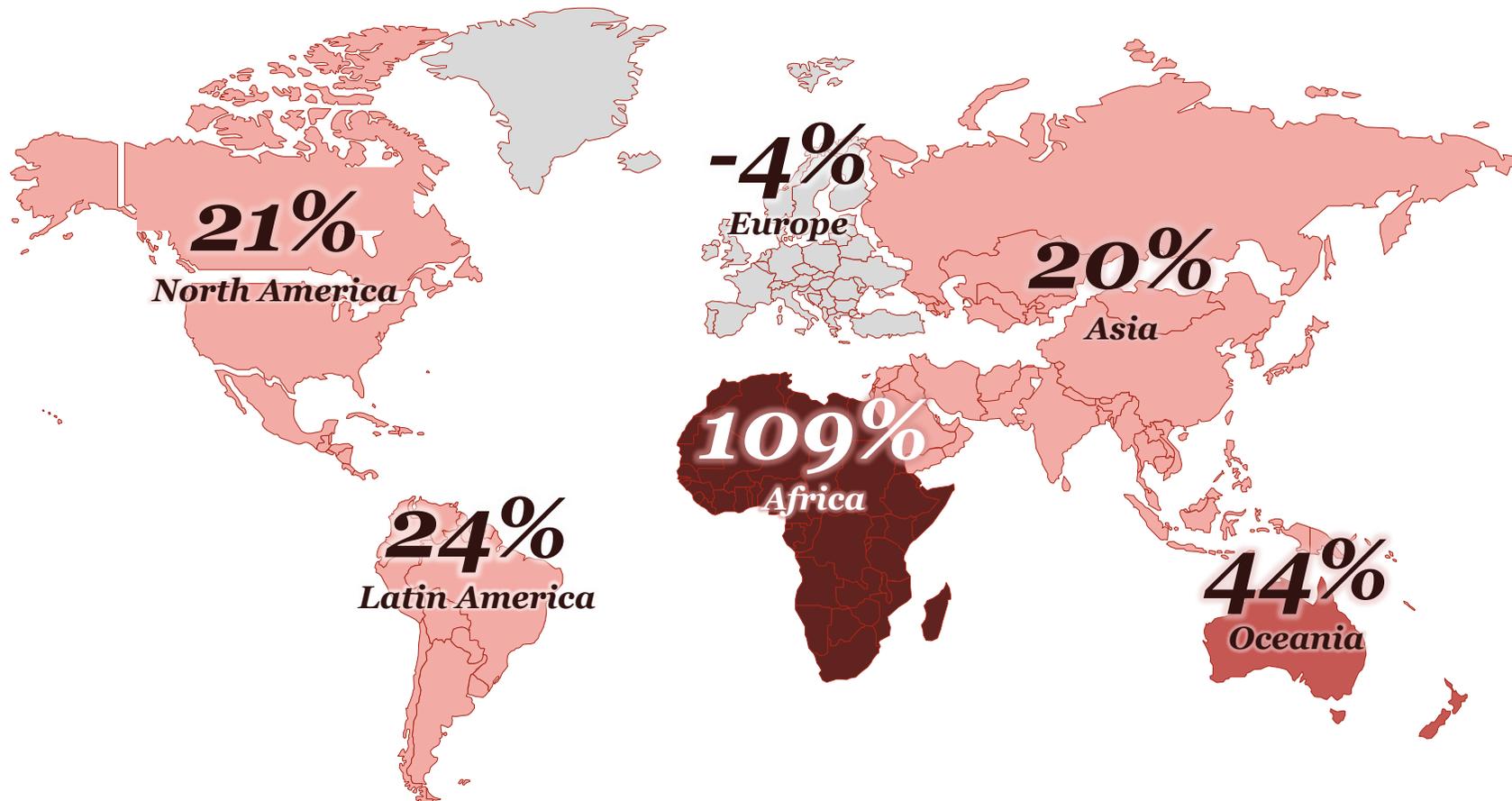


Source: UN Population Division, World Population Prospects 2015

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



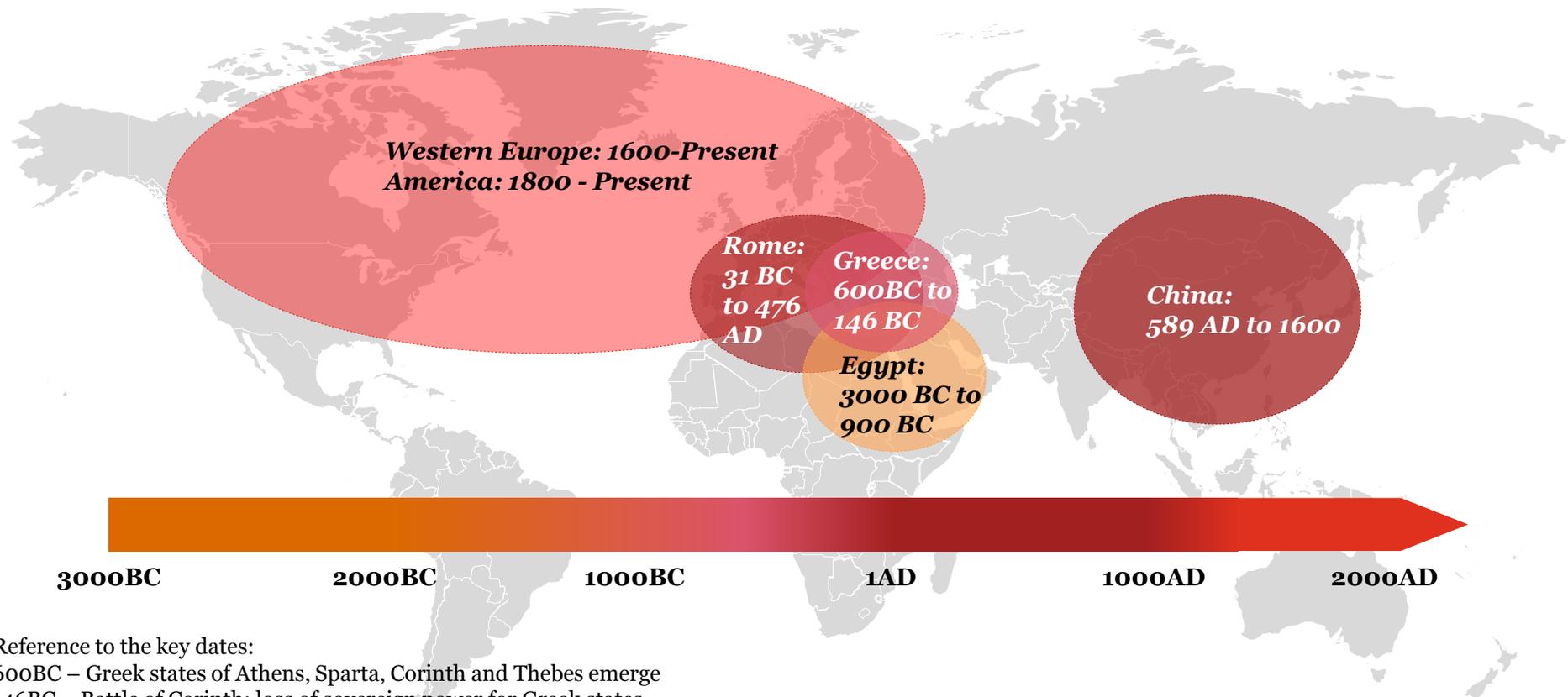
Source: UN Population Division, World Population Prospects 2015.



*Shift in global
economic power*

Western economic dominance is a relatively recent phenomenon

The Egyptians, Greeks, Romans and Chinese each dominated the global economy at one point



Reference to the key dates:

600BC – Greek states of Athens, Sparta, Corinth and Thebes emerge

146BC – Battle of Corinth: loss of sovereign power for Greek states

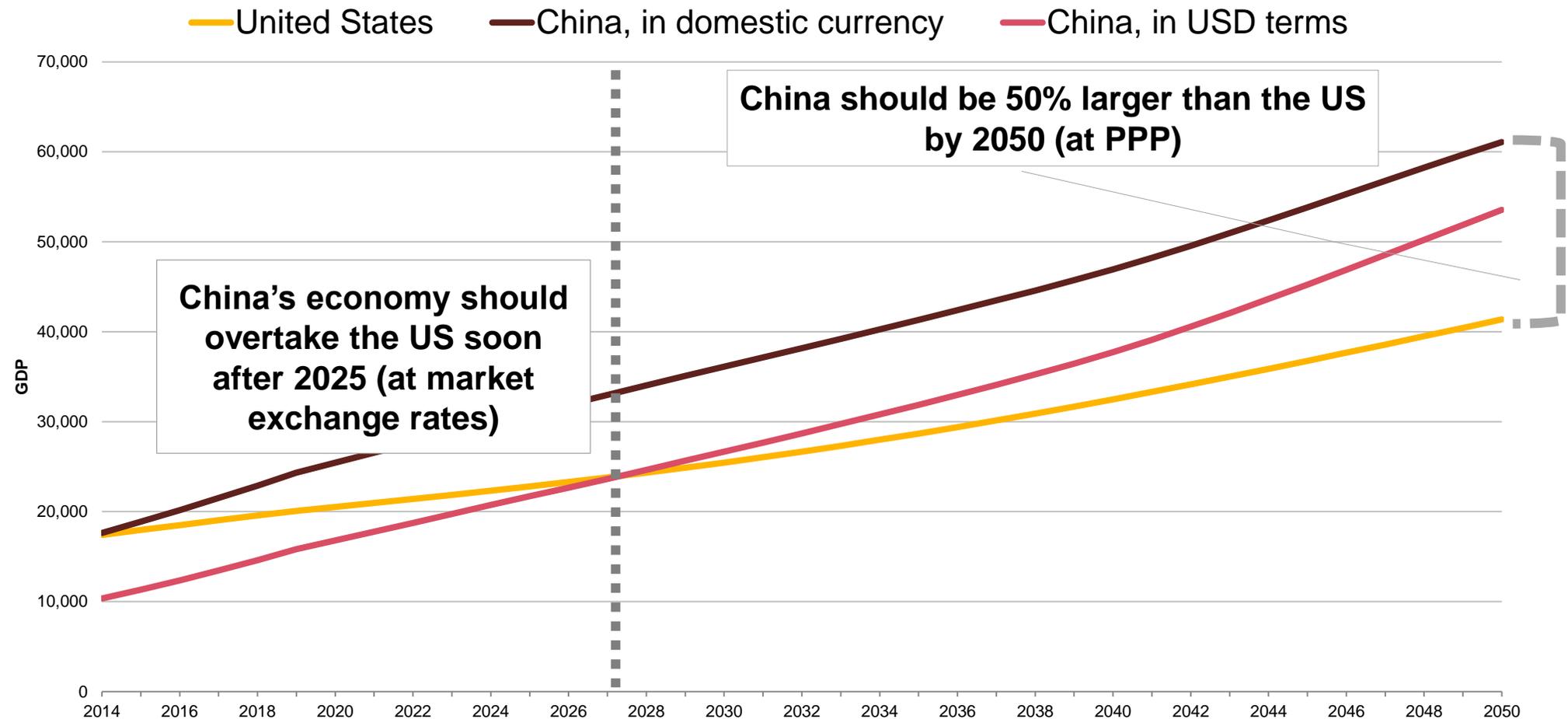
31BC – Battle of Actium: widely perceived as the end of Roman Republic and the beginning of the Roman Empire

476AD – The death of the last Roman Emperor Romulus Augustus

589AD – Reunification of China under Sui Dynasty

China has already overtaken the US as the world's largest economy in purchasing power terms. At market exchange rates, it should overtake the US soon after 2025...

US vs. China (in domestic currency/PPP and USD/MER terms)



...and the rest global economic league table will be shaken up

GDP Top 10 in 2050 (at purchasing power parities, PPPs)



Source: PwC 'World in 2050' (2015)

Shift in global economic power

G7 countries

US, Japan, Germany, UK,
France, Italy, Canada

E7 countries

China, India, Brazil, Russia,
Indonesia, Mexico, Turkey

In US\$ trillion

**2009
GDP**

\$29.0

\$20.9

**2050
GDP**

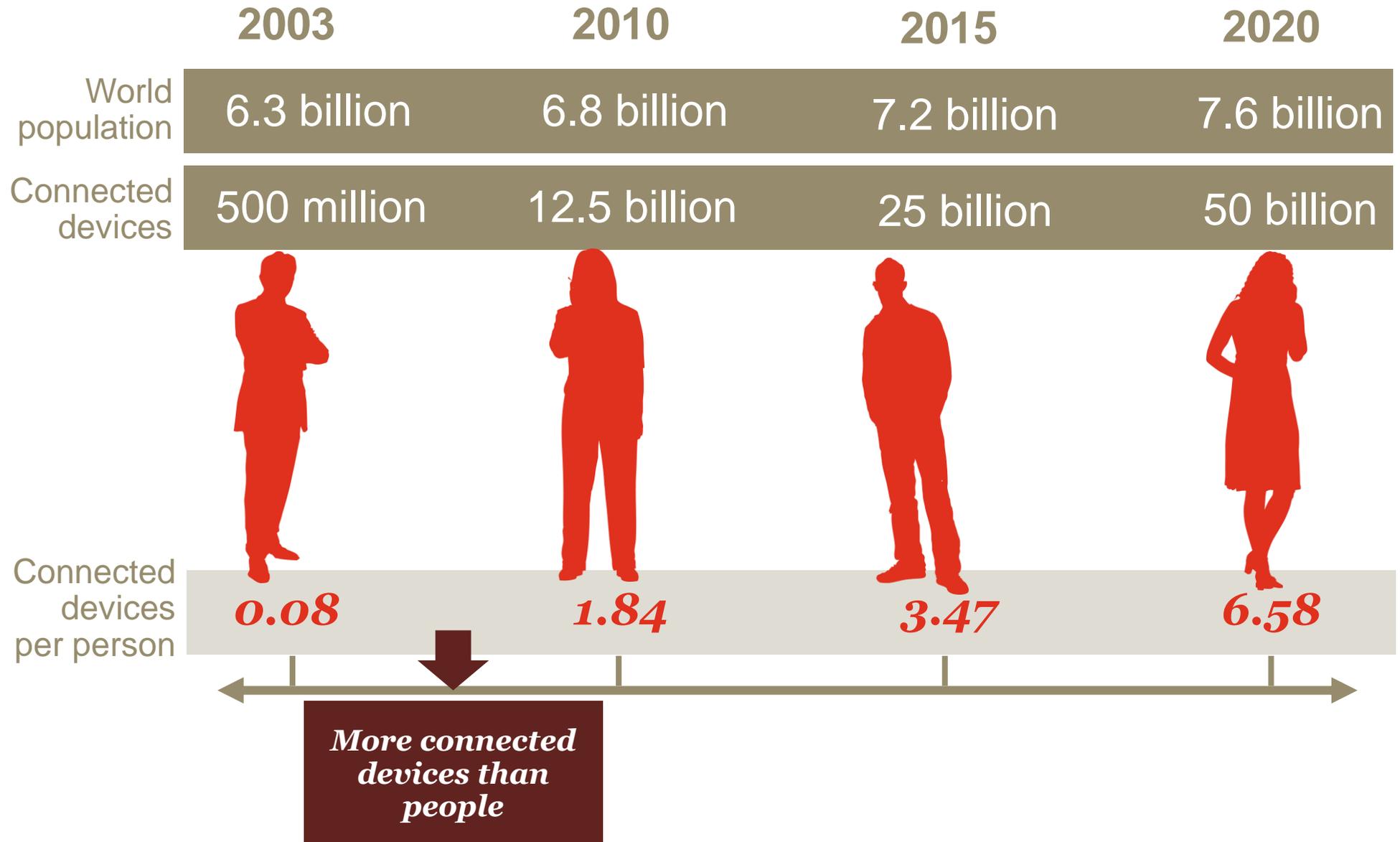
\$69.3

\$138.2



Technological breakthroughs

Technological breakthroughs

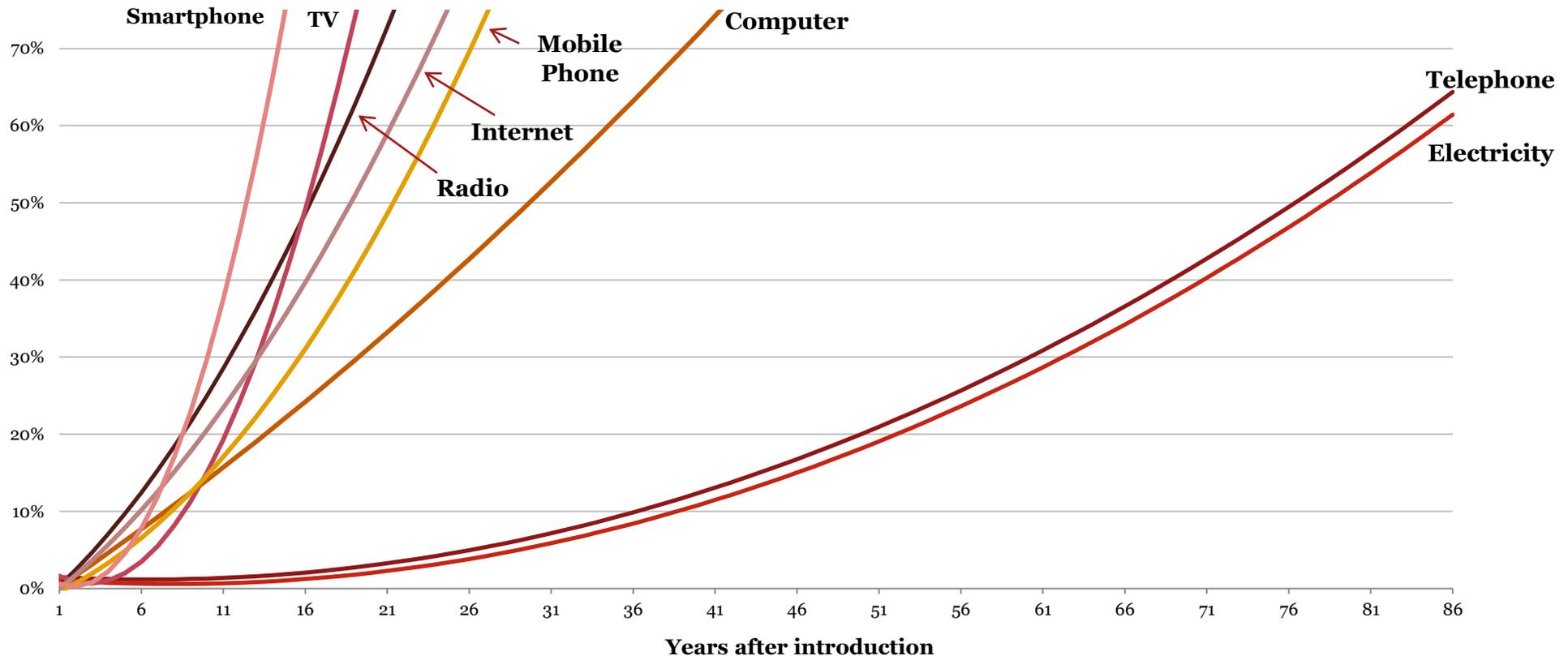


We spend more time using
technological
devices *than we do*
sleeping

Consumers are embracing these advances more rapidly...

The telephone took 76 years to reach half of all US households; the smartphone took less than a decade

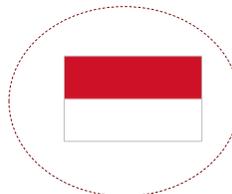
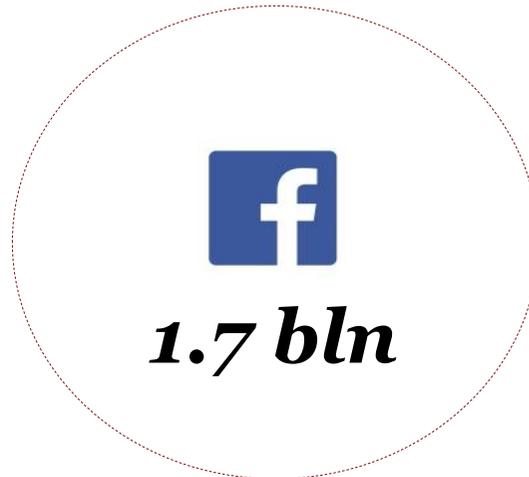
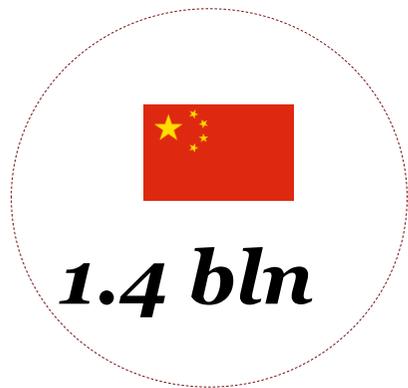
Years it takes technology to be adopted by x% of US population



Source: PwC analysis based on “Are Smart Phones Spreading Faster than Any Technology in Human History?”, MIT Technology Review (2012). Note: Market penetration is percent of US households (telephone, electricity, radio, TV, internet) or per cent of US consumers (smart phone, tablet).

What's the most populous country in the world?

Social media user base compared to population of selected countries



How will these megatrends evolve?



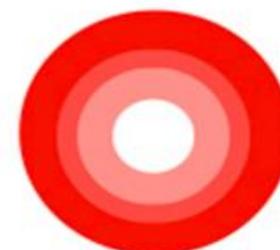
Shift in global
economic power



Demographic
and social
change



Technological
breakthroughs

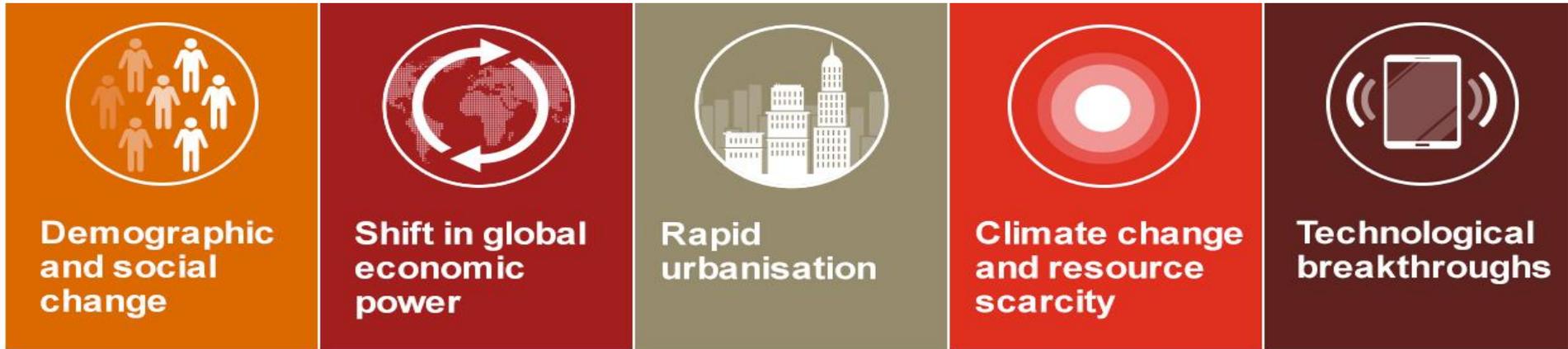


Climate change
and resource
scarcity



Rapid
urbanisation

Top issues per trend



- Changing customer needs/ behaviour
- Increasing complexity
- Increasing requirement for flexibility
- Need for compliance
- Changing working environment

- Globalization of value and supply chains/ Outsourcing
- Agrifood commodities and food security
- Increasingly intense competition
- New economic powers/ Emerging Markets
- Growing importance of the financial sector/ Volatility of financial markets

- Transport Infrastructure
- Change in mobility/ Smart Mobility
- Smart City
- Mega city development
- Rural Exodus

- Alternative Energy
- Resource scarcity
- Changing consumer preferences
- Energy Transformation
- Smart Energy

- Big data and analytics
- Digital transformation
- Boost broadband deployment
- Cloud computing
- E-Business
- IT-/ Cyber Security and Cyber War/ Crime
- Innovation management
- Knowledge systems
- E-government

So...what is the next big thing?

It may be technology enabled ...**BUT**
.....not necessarily a technology **Thing** 😊

Logic will get you from A to B. Imagination will take you everywhere.

- Albert Einstein

