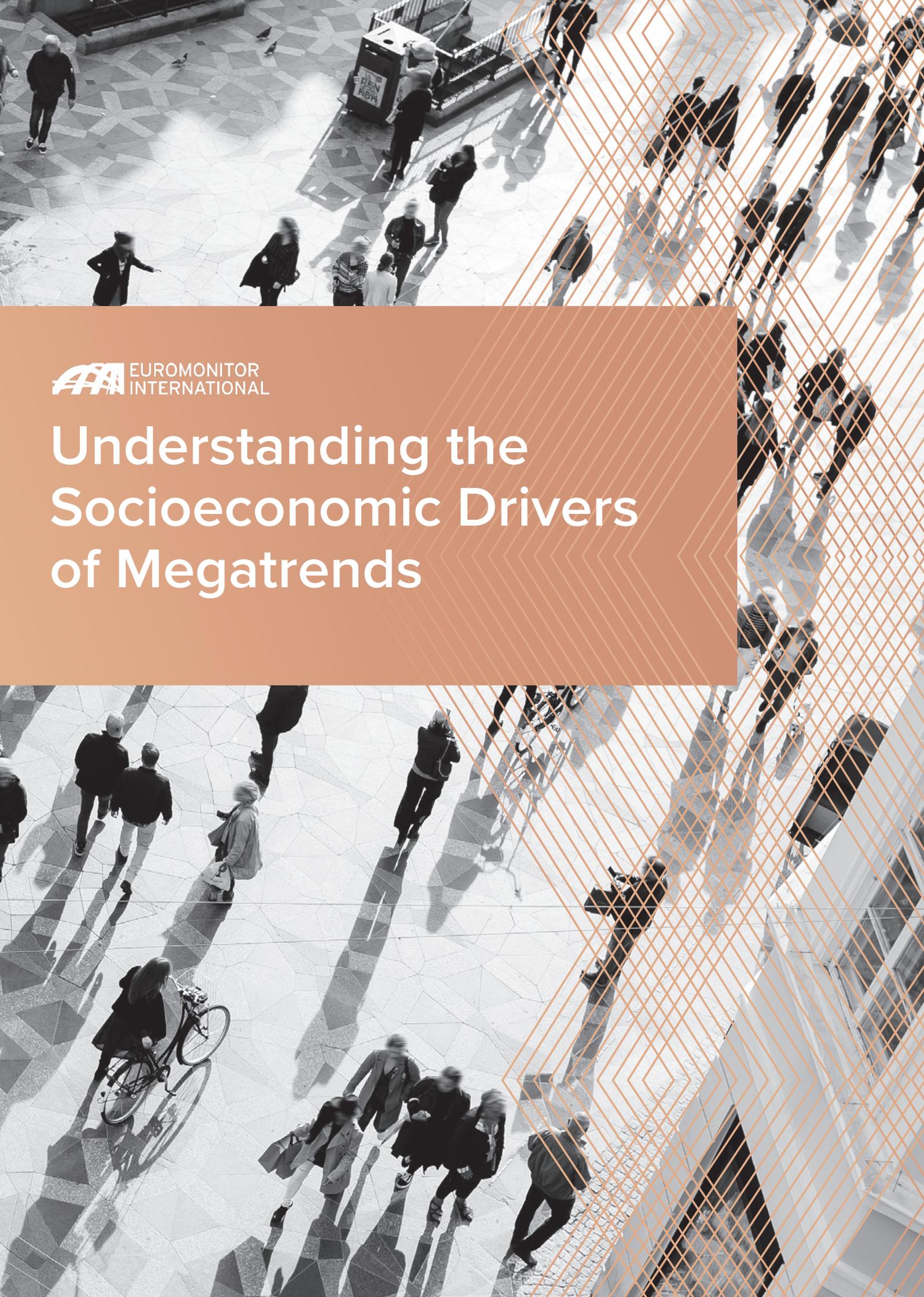
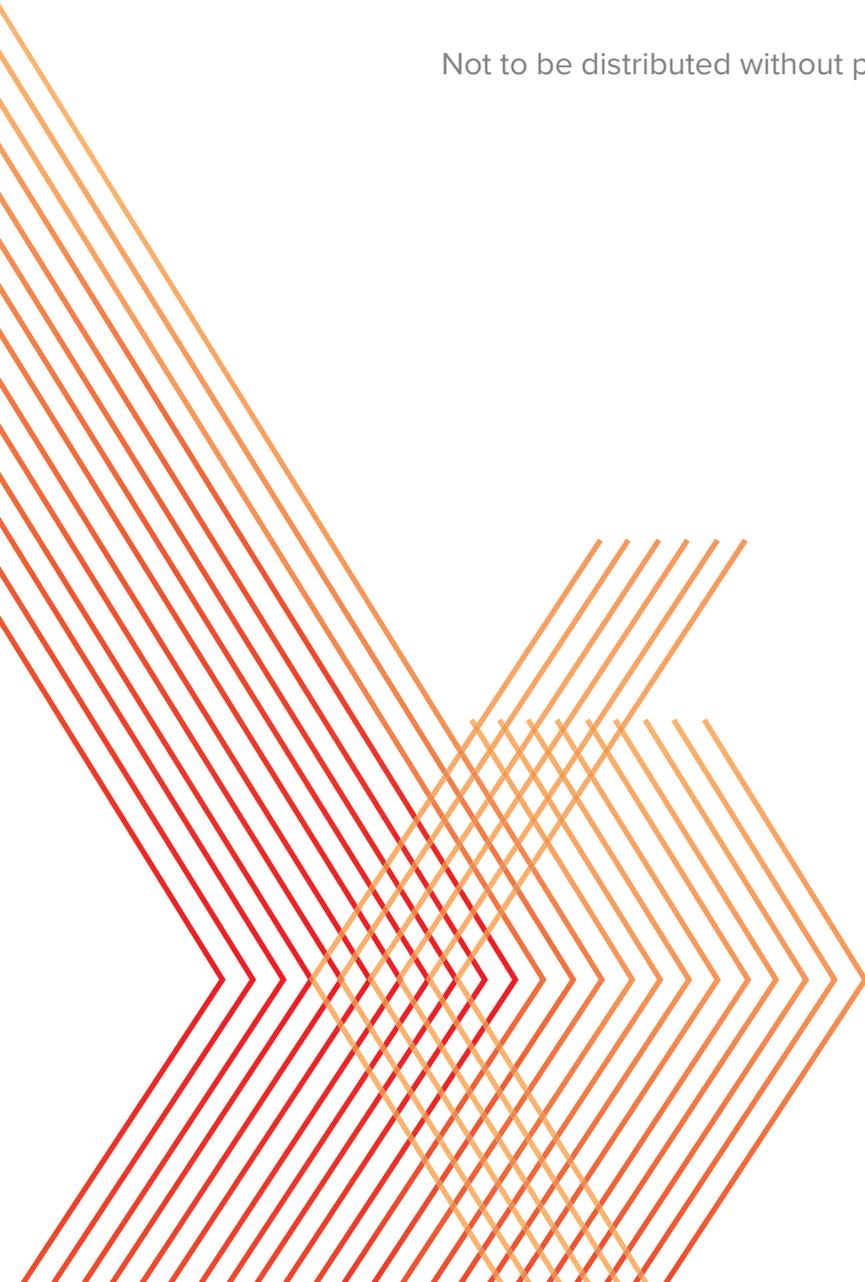




# Understanding the Socioeconomic Drivers of Megatrends



Not to be distributed without permission.



# Understanding the Socioeconomic Drivers of Megatrends

An extract of the report: [Understanding the Five Drivers Shaping Megatrends](#)

CONNECT WITH US



© 2019 Euromonitor International

# Contents

---

- 1 Introduction
- 2 Megatrends Analysis
- 4 Key Findings
- 5 Five Key Megatrends Drivers
  - Shifting Economic Power
  - Technology
  - Population
  - Environmental Shifts and Pressures
  - Changing Values
- 10 Conclusion
- 11 How Can Euromonitor International Help?

# Introduction

---



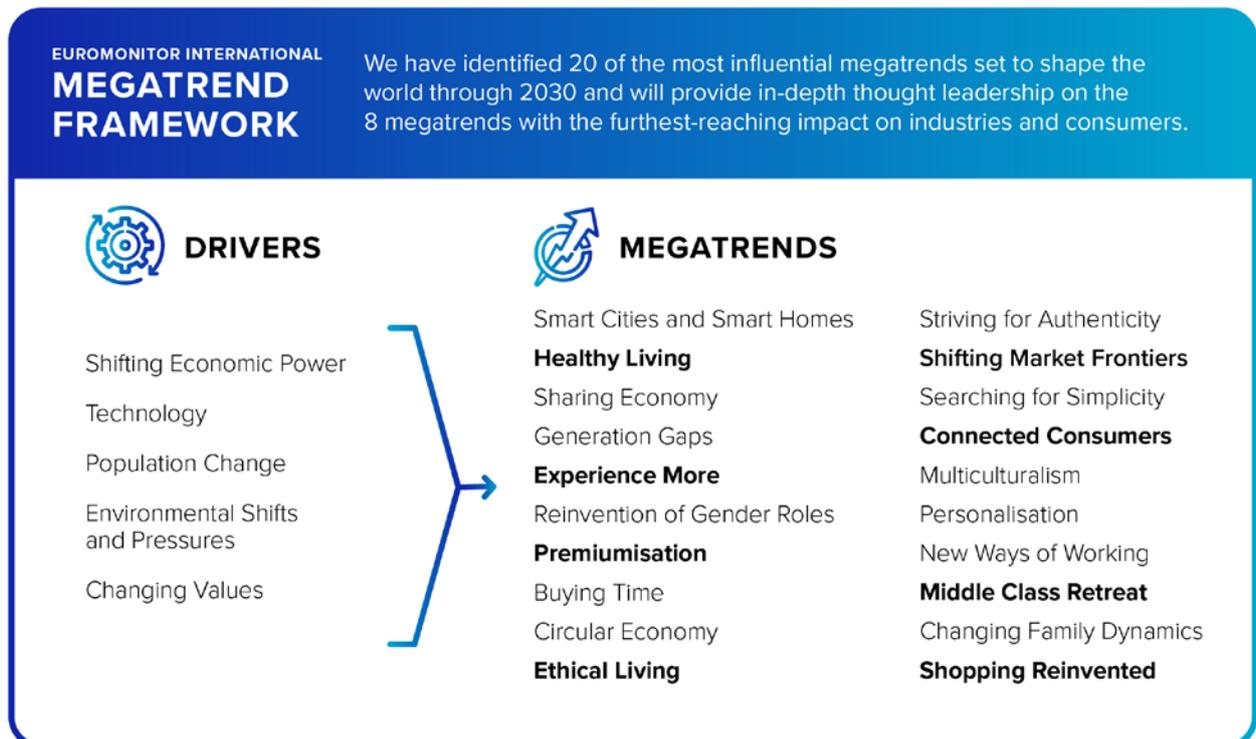
To stay ahead of changing consumer preferences and values, companies must embrace megatrend analysis. To do this accurately, it is important to recognise and have a clear understanding of the social, economic, technological and environmental factors, which form an ever-shifting backdrop to consumer behaviour.

In a rapidly changing global environment, megatrend analysis is critical for companies seeking to drive sustainable growth and remain relevant as competition increases and new ideas disrupt entire industries. A thorough understanding of the socio-economic shifts combining to drive these megatrends is an important first step.

# Megatrends Analysis

In 2017, Euromonitor International’s team of economic, consumer and industry trend experts identified 20 megatrends shaping consumer markets with the power to transform and disrupt entire categories. Our analysis also identified the underlying forces driving change and propelling long-term shifts in consumer attitudes and behaviour. These we call “Drivers”. Our launch of a megatrends framework and subsequent megatrend and driver report series, provide thought leadership on the trends with the strongest influence on the world of tomorrow.

Megatrends may evolve in different ways across industries or take different shapes across time but differ from industry trends or local instantiations in that they are solidly established, expected to endure and have common elements across multiple industries. To be considered a megatrend, it must be around for an expected five, 10 and 15 years and impact most industries. Otherwise, it is simply a powerful category or industry trend of the moment.



Successfully identifying, analysing and acting on megatrends is essential for success in consumer markets. The world is changing faster than ever, and it is becoming increasingly difficult to keep up with competitors as technology spurs both the rate of and access to innovation. Amidst this change, it is difficult for companies to understand why industries are evolving in the way they are today, much less predict how they will evolve into the future. Megatrend analysis allows companies to build a long-term strategy that is proactive, rather than reactive, making sense of where they stand today, but also ensuring they have a plan to remain relevant moving forward.

# Key Findings

---

There are five socio-economic drivers generating and shaping consumer megatrends. These long-term shifts explain the on-going changes we see in consumer behaviour, from the emphasis being placed on experience over possessions, to the interest in healthy and ethical living.

**Shifting Economic Power** — Global economic growth has seen a huge shift to emerging markets. By 2030, the Chinese economy will be 1.8 times larger than that of the USA. These economies have seen strong growth at a time when development in advanced economies has faced headwinds. With the rising importance of emerging and frontier markets and fears over advanced economy stagnation, the global economy has witnessed a paradigm shift.

**Technology** — Technology plays a pivotal role in consumer decision-making and the ability of business to meet the needs of today's consumer. It has created massive upheavals in consumer expectations, lowered the barriers of entry for fast-moving companies and inspired new digital-first business models.

**Population Change** — Population trends, such as urbanisation, migration and ageing, are combining to reshape consumer lifestyles and purchasing decisions. In 2030, 61% of the world's population will live in urban areas, 995 million will be aged 65 and over, and net migration will account for more than half of population growth to 2030 in Western Europe, Australasia and North America. As the global population approaches 8.0 billion, demographic shifts are combining to reshape consumer lifestyles and purchasing decisions.

**Environmental Shifts and Pressures** — Competition for resources and increasing awareness of environmental challenges are having a transformative effect on consumer behaviour, sometimes at a rapid pace. This brings both challenges and opportunities for business. Competing demands and supply constraints combine with economic, environmental and geo-political risks to create pressures on environmental resources.

**Changing Values** — Two-thirds of the world's households own a smartphone. Hyperconnectivity is giving individuals access to more information than ever before, educating consumers on evolving social, cultural and political landscapes. From consumers to governments, beliefs about the world are constantly evolving, shaping priorities, perceptions, attitudes and motivations.

# Five Key Megatrends Drivers

## Shifting economic power

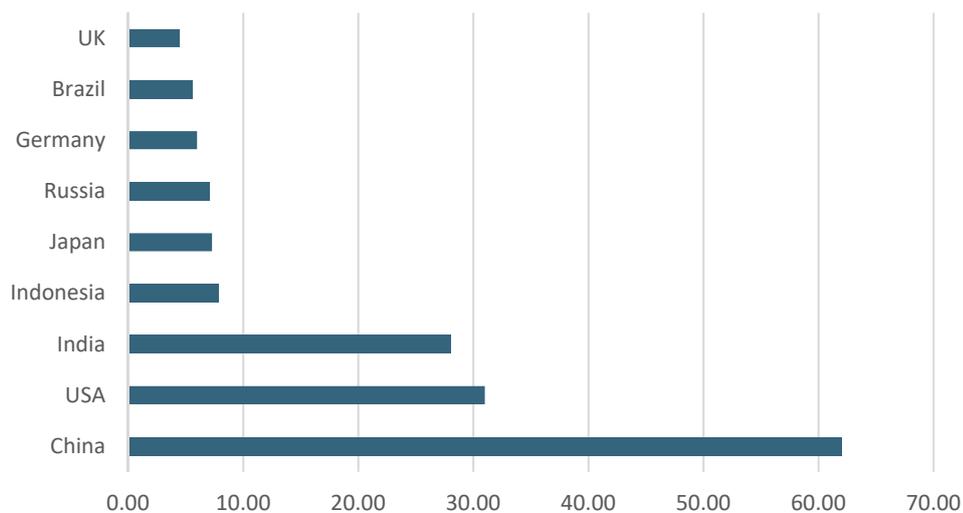
Global economic growth has seen a huge shift to emerging markets. The turning point was in 2008 when emerging markets overtook developed countries for the first time in their contribution to world GDP in PPP terms. These changing dynamics play a powerful role in driving the most influential megatrends impacting consumer markets.

## Decline of Western dominance

Developed economies are expected to grow by 20% in real terms in the 13 years between 2018 and 2030, half the rate of growth that we saw in the 13 years before the financial crisis. This loss of growth impacts their relevance in the global economy, but overlooks their advantages in terms of human capital, wealth and living standards that are still very much real. Global economy will double in size and reach 256.1 trillion in terms of gross domestic product (GDP) at purchasing power parity (PPP) in 2030.

### Top 10 Economies 2030

GDP at PPP, trillion international dollars

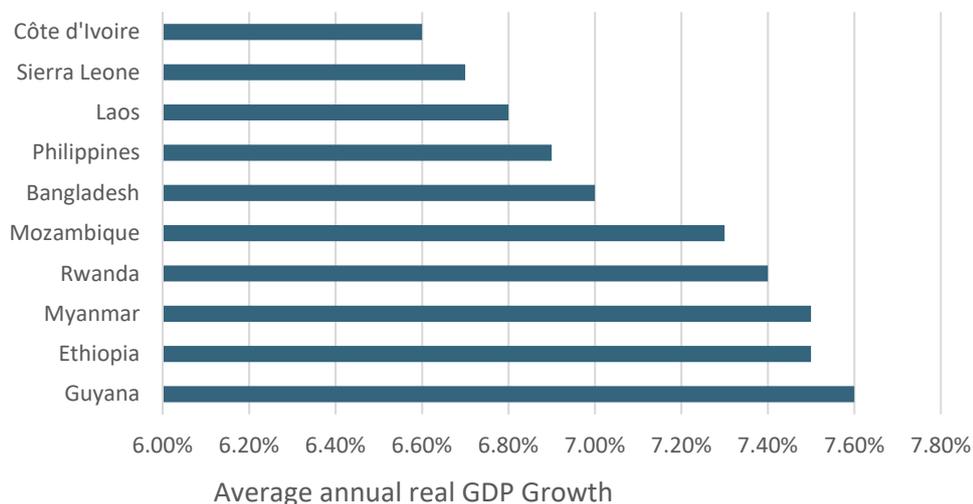


Source: Euromonitor International

## Rising importance of emerging markets

Developed economies are experiencing headwinds. At the same time emerging and developing countries are forecast to dominate economic growth in the remainder of the 21st century. There are several growing centres of economic power, such as Brazil, Russia, India and China (BRIC) and Mexico, Indonesia, Nigeria, and Turkey (MINT), that are transforming the global economy and challenging the status of developed economies. By 2030, the Chinese economy will be 1.8 times larger than that of the USA (GDP in PPP terms) and India will constitute around 85.0% of the size of the US or EU economies. By 2030, economies such as Ethiopia, Rwanda and Mozambique are anticipated to more than triple in size in GDP at PPP terms, demonstrating the rising economic importance of Africa’s emerging markets.

### 10 Fastest Growing Emerging Countries 2018–2030



Source: Euromonitor International

## Technology

Technology plays a crucial role in consumer decision-making and the ability of business to meet the needs of today’s consumer. It has created massive upheavals in consumer expectations, lowered the barriers of entry for fast-moving companies, and inspired new digital-first business models.

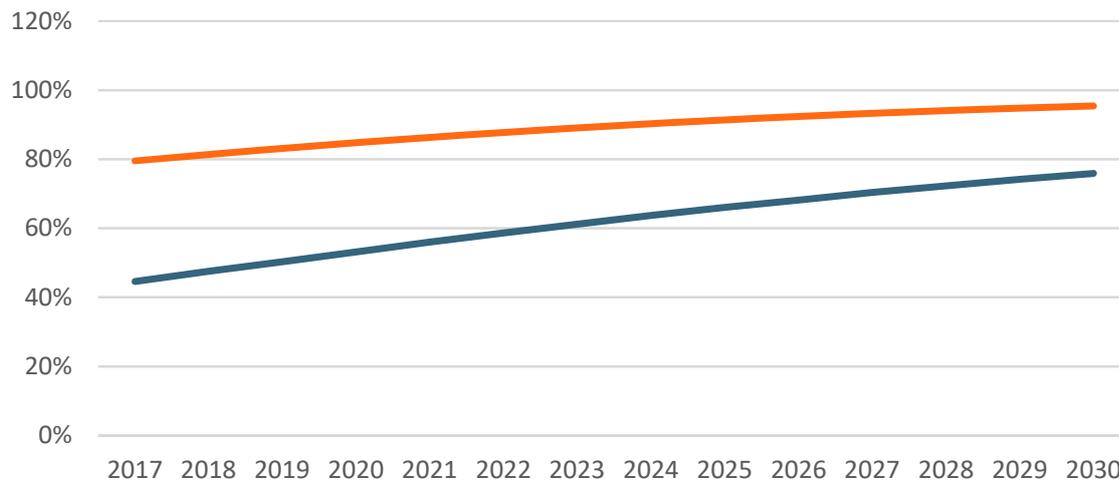
### Internet connectivity underpins many of today’s tech advances

Connectivity is the new normal. The number of internet users has more than doubled over the last decade, giving way to a truly mass participation technology. As of 2018, almost half of the global population uses the internet, and three quarters will have access by 2030.

**53%**  
of connected consumers  
report they would be lost  
without the internet

The smartphone and mobile internet enabled consumers of all types to plug in regardless of their status or location. This has been particularly important in emerging markets, which have been able to leap-frog fixed line infrastructure. Today two-thirds of the world's households own a smartphone. This connectivity is the backbone for many other technological advances.

### Consumer Access to the Internet Globally 2017–2030



Source: Euromonitor International

### Technology change: What you need to know

The internet has been one of the most transformative technologies of the modern era and now underpins other technological advancements such as artificial intelligence, augmented reality / virtual reality and the Internet of Things. The smartphone and its on-the-go access democratised the internet, connecting many emerging-market consumers for the first time and offering greater convenience to those already online.

Even more so than other drivers, such as population changes or shifts in economic power, the rapid uptake of new technologies continues to accelerate the rate of change, making it harder for companies today to stay relevant tomorrow. Continued technological advances in areas such as artificial intelligence and the Internet of Things will further redefine what it means to live, work, shop and play for consumers over the next decade and beyond.

**31%**  
of connected consumers  
prefer online communication  
rather than other means

## Population

Population trends, such as urbanisation, migration and ageing, are combining to reshape consumer lifestyles and purchasing decisions. Ageing, urbanisation and migration drive consumer demand including the demand for a convenient and technologically-advanced experience. Urbanisation leads to better retailing and IT infrastructures. There will be 38 megacities, cities with populations over 10 million in 2030, and net migration will account for more than half of population growth to 2030 in Western Europe, Australasia and North America. Population growth and rapid urbanisation put pressure on resources and the environment, but also raise consumer concerns over sustainability.

**61%**  
of the world's population will  
be urban in 2030

In 2030, 61% of the world's population will live in urban areas, 995 million will be aged 65. Rapid urbanisation and population growth in Asia and Africa will give rise to more connected consumers on the back of an expanding youth population and better connectivity. Ageing consumers, delayed marriage and smaller families all drive demand for premium products.

## Environmental Shifts and Pressures

Consumer behaviour is rapidly being shaped by competition for resources and increasing awareness of environmental challenges. This brings both challenges and opportunities for business. Climate change,



competition for resources, pollution and waste are creating environmental pressures. The effects of climate change are becoming more visible, from changing weather patterns, ice caps melting and water stress, to deforestation, reduced crop yield and biodiversity loss. As population grows, incomes and quality of life have also increased, so the demand for resources, such as energy, food and water, threatens resource security.

Rapid urbanisation and industrialisation have led to environmental problems, such as air pollution and waste management, in many cities across the world. Environmental pressures result in rising production costs, commodity price volatility and growing competition for resources. While environmental pressures pose substantial risks and challenges to businesses they also offer new market opportunities.

With the rise of ethical consumers, environmentally responsible products — from those carrying “free from” claims to those made with biodegradable packaging — are gaining space on supermarket shelves. At the same time, the regulatory landscape is changing with recent policies such as the Chinese ban on waste imports, the French tax on non-recycled plastic packaging, or the EU Circular Economy package.

# Changing Values

## From conspicuous to conscious consumption

There has been a huge transformation in what is important to consumers. The rapid increase in connections has ushered in speed, convenience and instant access across life. Connected consumers can summon a taxi, book a flight, browse products, order food, listen to music, play a game, watch a film or chat with others using internet connectivity. This is developing greater self-awareness and is helping consumers to make more informed decisions.

Conscious consumption has replaced conspicuous consumption and is at the heart of changing values and priorities. Gone are the days of ownership as a status symbol. Developed economies will add US\$3,839 billion to their spending on services between 2018 and 2030, in comparison the figure for durable goods will be US\$503 million. Consumers tend no longer to have deep relationships with the things they own, but instead find emotional attachment in experiences and achievements.

# 80%

of Generation Z in 2017 preferred following their passion over financial security as their leading life priority

## Impact of cultural factors

Brands are under pressure to put more emphasis on social responsibility, to be actively investing in solutions for social issues and making change for the better. Employees are now choosing their employers, demanding more — from pensions and benefits to corporate social responsibility (CSR) policies — and being made to feel important within the company. Movements pushing gender, income and race equality are reshaping the workplace. As a result, businesses have to comply on human rights, equal pay and transparency.

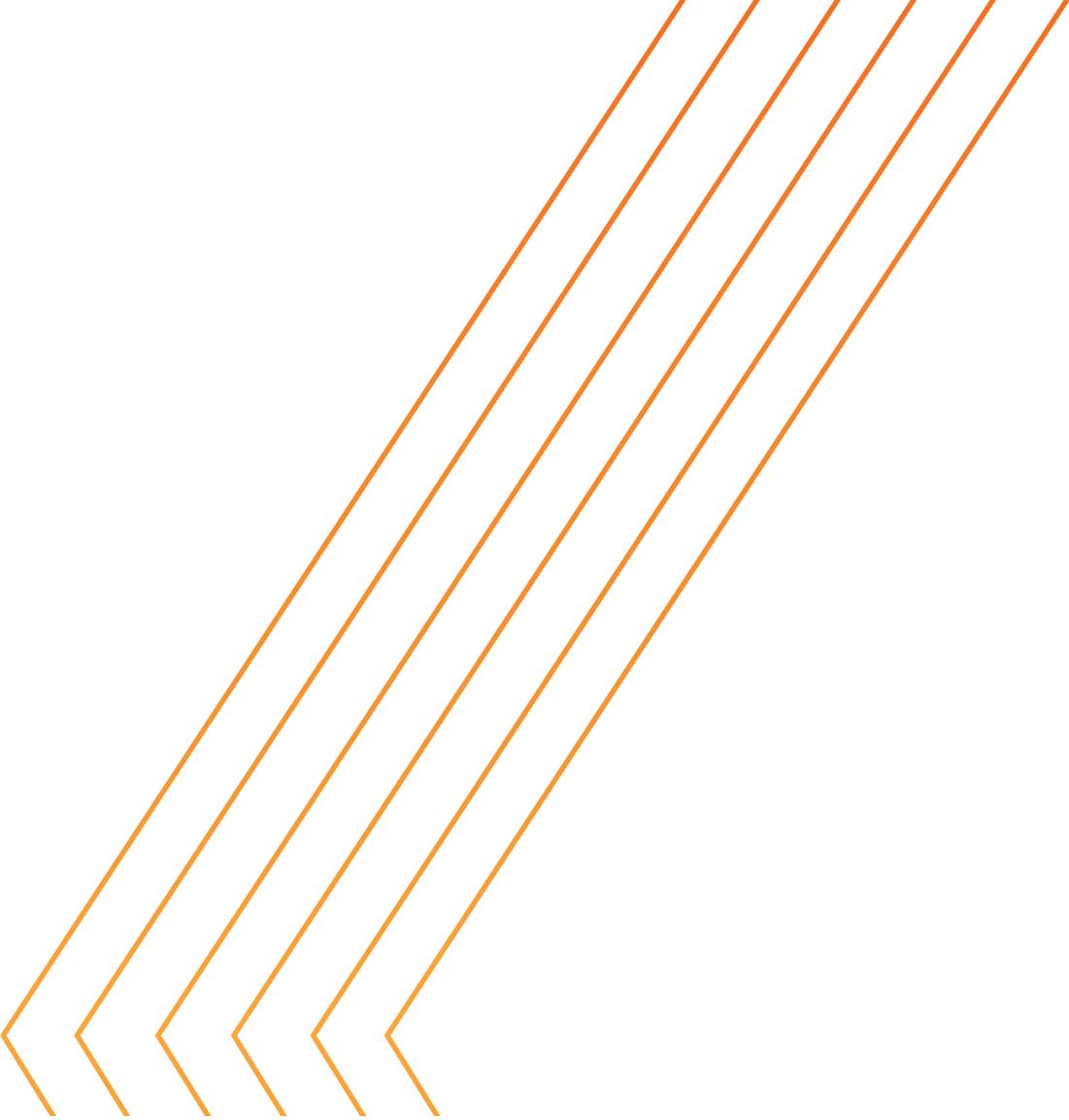
# Conclusion

---

Drivers are crucial to understanding megatrends. To stay ahead of changing consumer preferences and values, companies must embrace megatrend analysis. To do this properly, it is important to recognise the full picture and have a clear understanding of the social, economic and environmental factors that form an ever-shifting backdrop to consumer behaviour.

The five factors or drivers that we have identified — shifting economic power, technology, population change, environmental shifts and pressures and changing values — comprise undeniable facts about the world. Although the drivers themselves do not change, the trends within them do. For example, in the 1950s, the baby boom was a key population trend in many countries, today ageing is.

[Visit our web page](#) to view the full version of this report.



# How Can Euromonitor International Help?

---

Euromonitor International is a global market research company providing strategic intelligence on industries, companies, economies and consumers around the world. Comprehensive international coverage and insights across consumer goods, business-to-business and service industries make our research an essential resource for businesses of all sizes.

Learn more about our products

