

THE NEXT THREE BILLION



Tapping the Power of the
New Consuming Class

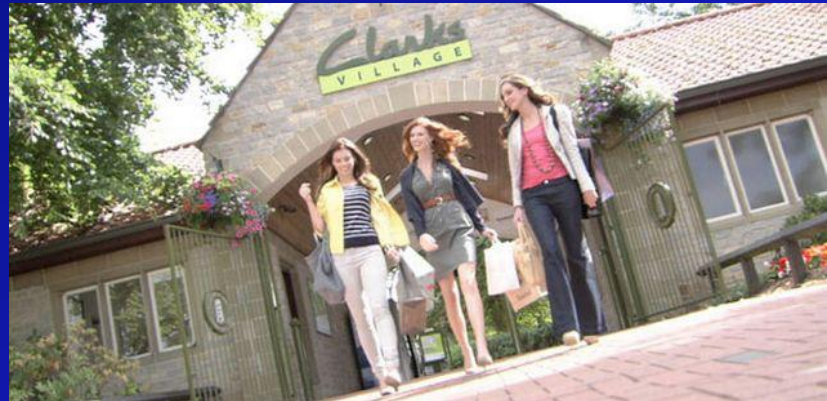
By Group 5



Clarks

VILLAGE

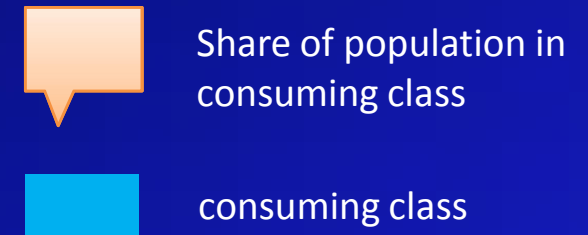
OUTLET SHOPPING



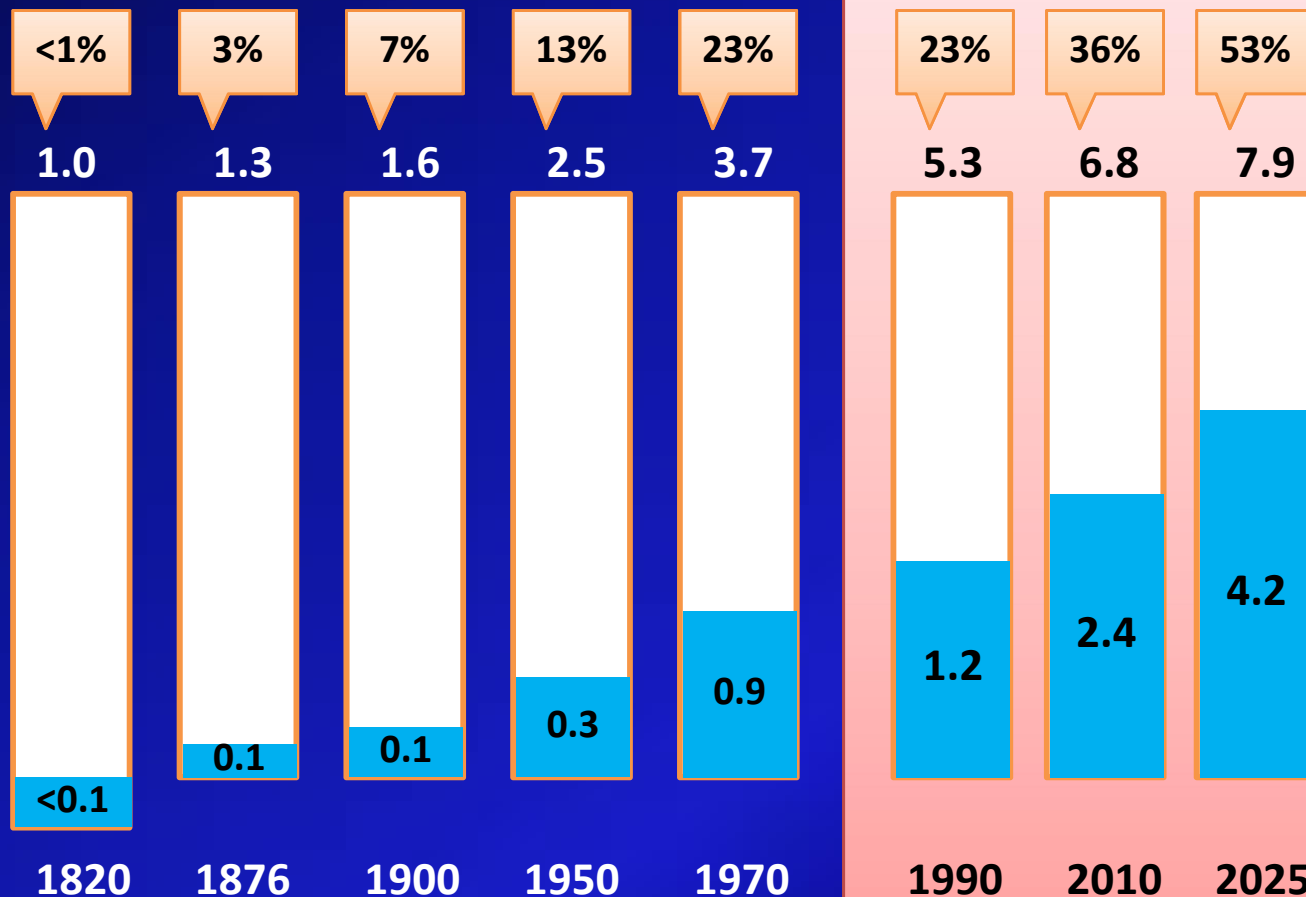
“For Clacks Village to be a
‘must do’ destination for
international visitors to the
West Country”

Three billion people joining the consuming class between 1990-2025

For the first time in world history,
The majority of the global population
Is set to become consumers



World population
Billion

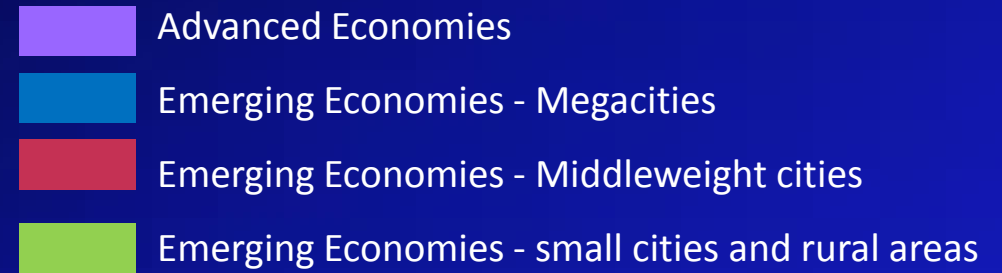


Many of these new consumers will come From relatively unknown “Middleweight” Cities in emerging markets

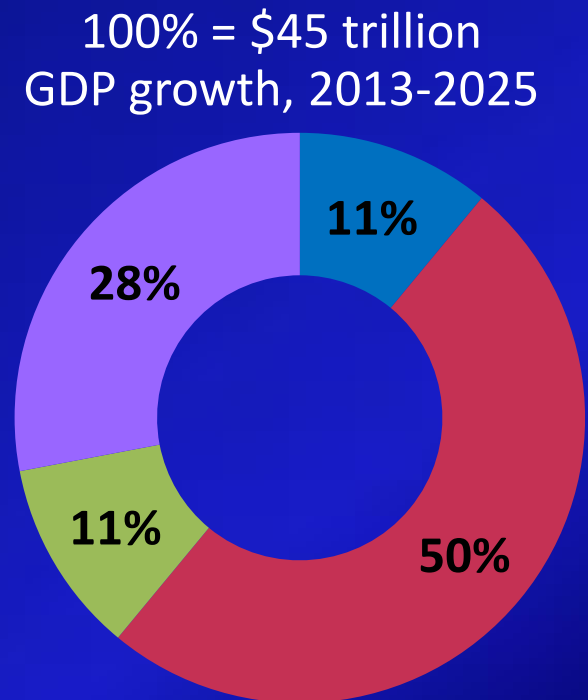
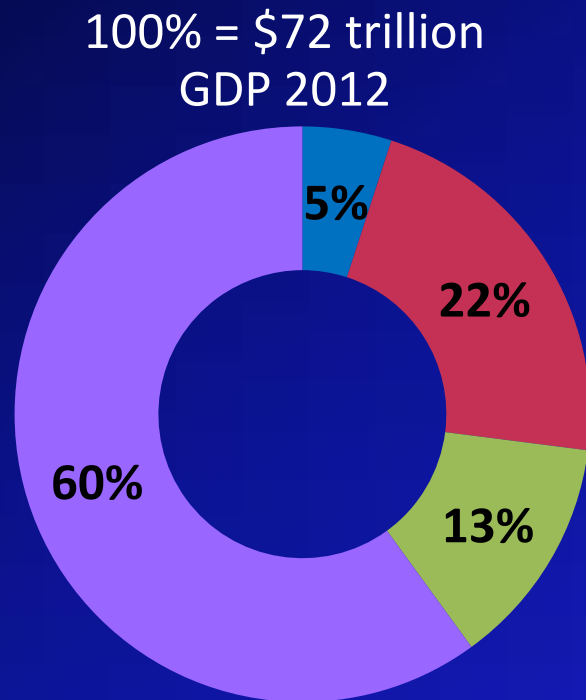
Example cities in China

6 megacities : Shanghai, Beijing, Chongqing, Tianjin, Guangzhou, Shenzhen

236 middle-weight cities : Haerbin, Lanzhou, Qinhuangdao



Contribution to GDP and GDP growth by type of city, %

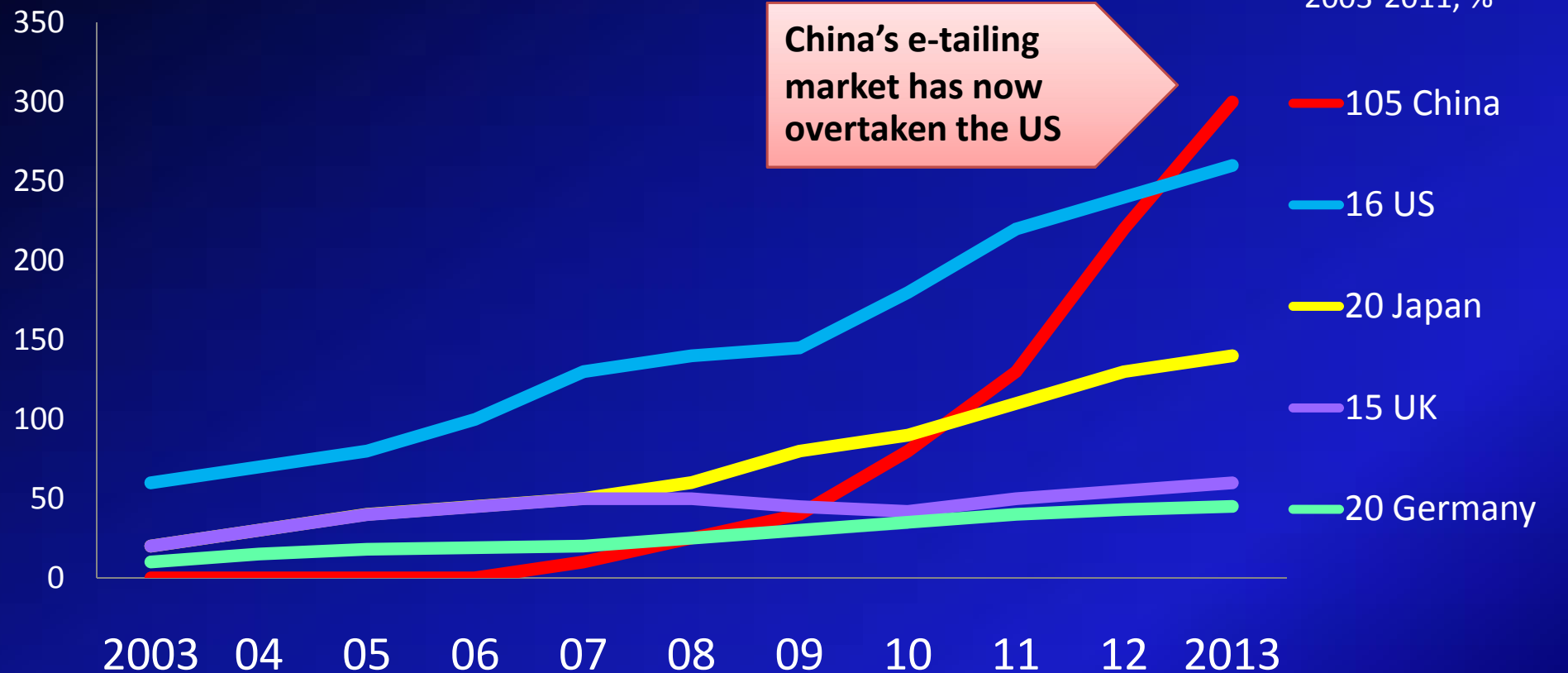


- 1 Megacities are defined as metropolitan areas with ten million or more inhabitants. Middleweights are cities with populations of between 150,000 and ten million inhabitants.
- 2 Real exchange rate (RER) for 2007 is the market exchange rate. RER for 2025 was predicted from differences in the per capita GDP growth rates of countries to the United States.

SCURCE : McKinsey Global Institute City scope database

Technology is opening up new routes to these consumers

2002-2013 e-tailing market by country
\$ billion



1 Excluding online travel.

2 Japan's compound annual growth rate covers 2005-2013.

SCURCE : Euromonitor; Forrester; US Census Bureau; Japanese Ministry of Economy, Trade, and Industry; iPesearch; McKinsey Global Institute analysis

How to Adapt

1. Focus on cities and urban clusters
2. Think locally, act globally
3. Learn to market and sell through multiple channels
4. Adapt your organization and talent strategy

Focus on Cities and Urban Clusters, Not Regions or Countries

- Reallocate their capital and talent accordingly
- Going Deep Before Going Wide

Think Locally, Act Globally

- Customize and price products to meet local tastes and needs.
- Built faster, lower-cost supply chains and innovative business models

Learn to Market and Sell Through Multiple Channels

- Where they are, where they prefer to shop, and where they prefer to make decisions
- Favors brands with high visibility and an aura of trust

Adapt Your Organization and Talent Strategy

- Rethink your organizational structures and processes
- Attracting, developing and retaining top talent

Compare with PSU

- Focus on group of disease, promote excellent center
- Local population :
language, religion, believe, food
- Professional in local diseases
- OT clinic, pre-visit booking
- Set, reorganize, adapt, improve units
- Promote, reward talents

