

## NANO TOOLS FOR LEADERS®

### FOUR GLOBAL TRENDS EVERY LEADER MUST CONSIDER

**Nano Tools for Leaders®** are fast, effective leadership tools that you can learn and start using in less than 15 minutes — with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

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#### THE GOAL:

Take advantage of one or more key global trends that could position your company for rapid growth in the future.

#### NANO TOOL:

When most business leaders think about emerging markets, they think geographically: where are they in the world, and how can we tap into them? The problem is that while geography is a useful way to define growing markets, every executive is looking at the same map.

If you want to gain a unique competitive advantage, there are other growth trends that may be more important to watch.

Is your business prepared to take advantage of each of these key global trends?

- 1. Demographic changes:** global fertility rates are dropping; life expectancy is increasing; regional population distribution is changing (e.g., growth in Africa and South Asia; declines in China, East Asia, and Europe); and the global 60+ population is growing rapidly, by 30 million each year. How is your company serving the senior market? As more people have fewer children, how will this impact your strategy? Have you looked into the growth trends in Africa and what opportunities they might open up for your company?
- 2. Urbanization:** the UN projects that by 2050, almost 70 percent of the world's population will be in cities. While today there are about 25 cities with populations of 10 million or more, that number is expected double by 2030. What will life be like in these growing mega-cities, and how will the needs of these urban consumers change?
- 3. The rise of the middle class in China, India, Latin America, and Africa:** there are far more opportunities for middle-market products and services: consumers seek to purchase a home (and get a mortgage) and a car; want to go on vacations and send their children to college; and are aspirational about moving up in the world — they prefer branded goods and items that only the wealthy could formerly afford.
- 4. The growing number of high-net-worth individuals:** women make up 40 percent of this group worldwide. Do you have a unique set of offerings (products or services) for high-net-worth individuals, especially high-net-worth women? How could your offerings be positioned or changed to appeal more to this audience over time?



Although some of these changes in global consumer markets have been going on for a while, they are expected to reach game-changing levels in the next 15 years — and they will affect different industries in different ways. Think about these growth opportunities in segments; each demographic cuts across multiple geographies, so there are opportunities to sell in many different kinds of markets.

As you think about each of these expanding markets, consider the customers' different needs and preferences. What could they mean in terms of new products, services, and business models?

## **ACTION STEPS:**

Recognizing the four emerging markets, how might your business take advantage of them? Ask your leadership team to consider the following questions:

1. Do the products and/or services we are currently selling appeal to these demographics? If not, can we launch something new, or modify something existing to appeal to them?
2. Are we selling the right way through the right distribution channels to reach these growing markets? What kinds of marketing or financing options, etc., might appeal to them?
3. If we decide we don't want to appeal to these segments, what might be the consequences? Are any of our competitors poised to appeal to them? If they are successful, how much growth could they experience? And how could they use the potential increases in customers and sales to fuel future innovation and strengthen their competitive advantage?

## **HOW BUSINESSES CAN USE IT:**

- Most companies are currently neglecting the Age 60+ population segment. Unless they sell specialized products or services, they are not thinking about how to offer something appealing to the senior market. This demographic is looking to maintain and improve their quality of life as aging starts to impact their physical abilities. Tech companies are starting to catch on to this. Smart phones now offer options for increasing text size to make screens easier to read, or voice-to-text translation for those with failing hearing. Robotics — now used in manufacturing and the military — could also be used to help people with daily tasks.
- For the urban consumer, a key concern is making life easier. Convenience foods, delivery services, relaxation and stress-relief products and services, and even shared ownership such as bike-sharing or car-sharing options are growing in popularity. Amazon.com now offers 1-hour delivery service in New York City for many products ordered online.
- The middle class is aspirational. They don't want to buy the cheapest product or service, but it has to be affordable. For example, Tata Motors introduced the Tata Nano — billed as the "world's cheapest car" — to provide India's increasing middle class with an alternative to the more commonly used motor bikes. However, middle class consumers said they would prefer to stay at home if their only transportation option was a Nano. The lesson? Don't focus on being the "cheapest" option when positioning your product to appeal to the middle class, focus more on the aspirational aspects and keep your pricing reasonable.
- Affluent and wealthy women are a separate and distinct type of consumer. They tend to be more predisposed to buying or using services such as healthcare, education, and insurance for themselves, their children, their grandchildren, and their parents. They also have different saving and investing behaviors and consumption patterns than men

do. For instance, they tend to be more risk-averse investors, and buy more insurance and tangible luxury goods — except luxury automobiles. Companies should not only consider adding appealing consumer goods and saving and investment products, but also hire more women to build relationships with women customers.

## **ADDITIONAL RESOURCES:**

- *Global Turning Points: Understanding the Challenges for Business and Society in the 21st Century, Second Edition*, Mauro F. Guillen and Emilio Ontiveros (Cambridge University Press, 2016). Deploys analytical tools to provide a unique perspective on both the problems and opportunities facing businesses in the modern world.
- *Women Entrepreneurs: Inspiring Stories from Emerging Economies and Developing Countries*, Mauro F. Guillen, ed. (Routledge, 2012).
- “Demography and Geopolitics,” Neil Howe and Richard Jackson, in Jack A. Goldstone, Eric P. Kaufmann, and Monica Duffy Toft, eds., *Political Demography: How Population Changes Are Reshaping International Security and National Politics* (Paradigm Publishers, 2012, pp. 31-48).
- *World Economic Outlook: Tensions from the Two-Speed Recovery: Unemployment, Commodities, and Capital Flows* (International Monetary Fund, 2011).
- Mauro Guillen teaches in [Wharton’s Advanced Management Program](#), [Corporate Governance LATAM](#), [Global CEO Program: A Transformational Journey](#), [High-Potential Leaders: Accelerating Your Impact](#), [LAVCA-Wharton LATAM Private Equity Professional Development Program](#), and [Women’s Executive Leadership: Business Strategies for Success](#).

## **ABOUT NANO TOOLS:**

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, Director of Innovative Learning Solutions at Wharton Executive Education. It is jointly sponsored by Wharton Executive Education and Wharton’s Center for Leadership and Change Management, Wharton Professor of Management Michael Useem, Director. Nano Tools Academic Director is Professor John Paul MacDuffie, Professor of Management at the Wharton School and Director of the Program on Vehicle and Mobility Innovation (PVMI) at Wharton’s Mack Institute for Innovation Management.