



Consumer 2020
New values, new needs

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There is no such thing as a “global consumer” but



**Changing
global economy**



**Demographic
changes**



**Consumers’
changing menu**



**Sustainability
imperative**



**Communicating,
connecting,
socializing, and
shopping**

The impact of changes in the global economy

The changing shape of the global economy

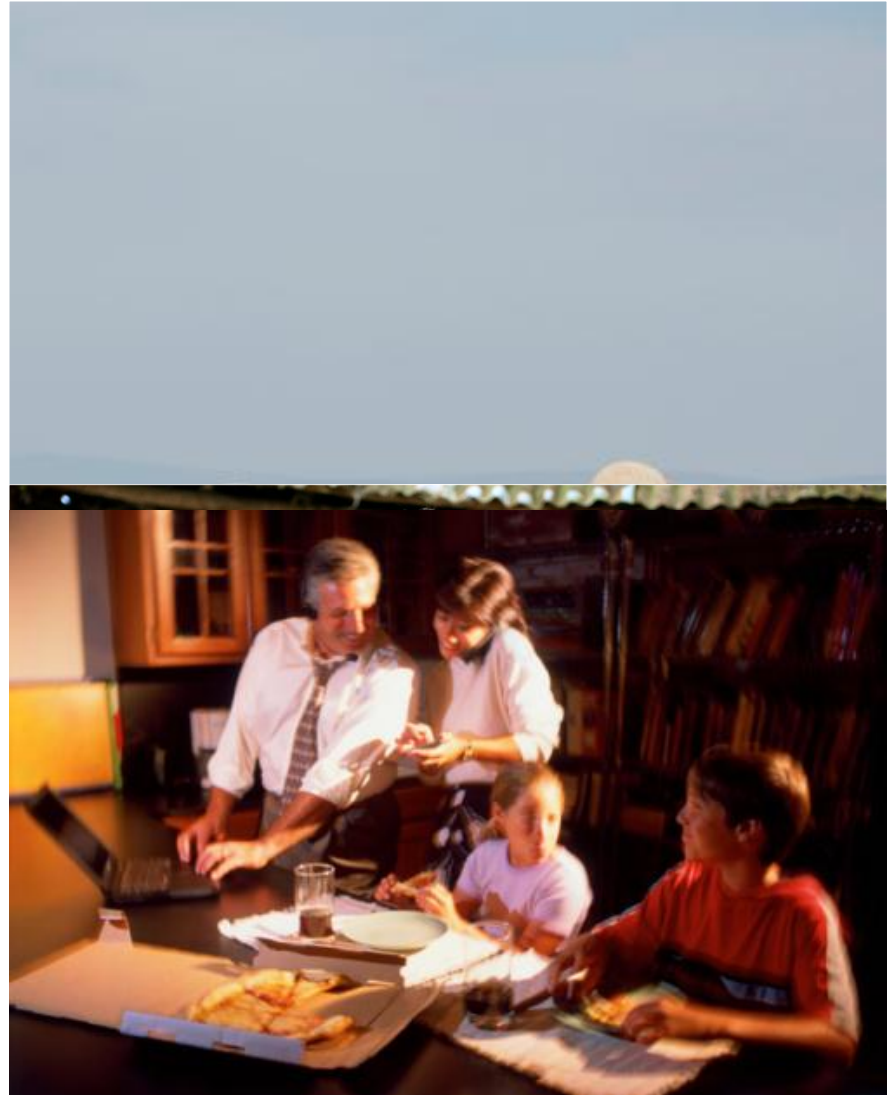
- Global economic imbalance
 - The past decade
 - The crisis of 2008-9
 - Rebalancing
- Global economic recovery
 - Retrenchment in the US
 - China moves toward consumerism
 - Europe struggles with an internal imbalance
- Consumer economy of 2020
 - Disproportionate share of growth in emerging world
 - Massive increase in emerging middle class
 - However, there are challenges



Changes in consumer demographics

Changes in consumer demographics

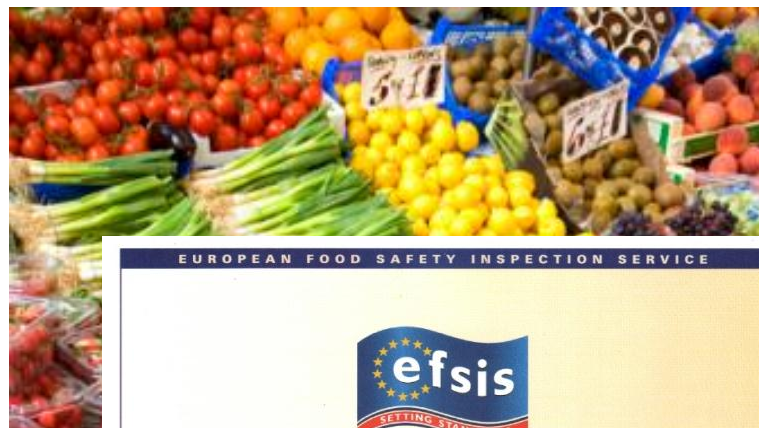
- Falling birthrates as countries develop
 - Growing emerging market middle class
 - Time-limited, dual-income households
 - Fertility rate below replacement level
 - A shift in spending
- Aging population in much of the world
 - Higher dependency ratio
 - More services for older consumers
- Young markets, stressed resources
 - Hot markets with young demographics
 - Opportunities and challenges



Consumers' changing menu

Consumers' changing menu

- Shift in food consumption
 - Shift in emerging middle class
 - Changing eating habits
 - Dramatic demand growth
 - Challenge of obesity
- Rising food prices, shortages
 - Supply challenges
 - Larger share of total consumer expenditure
 - Creates problems in poorer countries
 - Shifts in consumer behavior
 - Changes in farming and production practices
- Focus on food safety
 - Demand for greater transparency
 - Importance of food labeling



The sustainability imperative

Sustainability takes center stage

- Sustainability imperative
 - Critical need for sustainable production and consumption
 - Skeptical and confused consumers
 - Less tolerance and greater demand for transparency
 - Differing agenda in rich and emerging markets
 - Lack of other options
- Driving sustainable consumption
 - Awareness and education
 - Self-interest and positive/negative incentives
 - Sense of citizenship, shifts in what is socially acceptable
 - Habit and lifestyle
 - True resourcing costs will drive product price and consumer frugality



Business will take a lead

- Critical role of business
 - Sustainability and value creation are not mutually exclusive
 - Radical shifts to more sustainable business models
 - Sustainability likely aligns with fiscal requirements
 - Need for closer collaboration along the value chain
 - Engaging consumers to change behavior
 - Sustainability as a primary lens for innovation
- Collaboration with government

- Informing public policy to incentivize consumer and business behaviors (e.g., regulatory and tax)
- Need for smart policies and regulations
- Policy to encourage consuming differently (not less)
- New measurements and incentives for resource consumption



Mark Parker
CEO Nike
USA



Paul Bulcke
CEO Nestlé
Switzerland



Paul Polman
CEO Unilever
United Kingdom

Communicating,
connecting, socializing
and shopping

Communicating, connecting, socializing...

- Technological revolution
 - Acceleration of technological advances
 - Acceleration of consumer acceptance
 - Technology is fashion
- Social, political and economic revolution
 - Technology-facilitated socializing
 - Ultimate consumer power
 - Risk and reward
- Mobility
 - Accelerated adoption
 - Dominating consumer technology



...and shopping

- The mobile consumer
 - Mobile influences purchases
 - Mainstream population
 - Broad range of consumer segments
 - Haven't even begun shopping

- M-Commerce
 - Value across entire path to purchase
 - Tangible financial results
 - mConsumer vs. store associate
 - Universal mWallet and mPayments

North American mobile purchases and mobile influenced purchases, Multichannel, integrated customer experience



Source: 1 ABI Research, JiWire, Deloitte analysis

Engaging the 2020 consumer

1. The developed markets of the world still present major opportunities but they are changing
2. The emerging middle class in developing markets represents the biggest growth opportunity
3. The trends discussed here impact consumers in each market and consumer segment – their sense of "values and value" are different and they are changing
4. Decide what you want to stand for in the mind of the consumer and align everything behind it
5. Use sustainability as a primary lens to drive product and business model innovation
6. Engage proactively with governments to shape smart regulation
7. Rethink how you nurture and protect brands in an increasingly connected world
8. Transform how you engage consumers and shoppers at every point in the path to purchase



Q&A



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