



# **NO ORDINARY DISRUPTION**

**THE FOUR GLOBAL FORCES BREAKING ALL THE TRENDS**



**“I THINK THERE IS  
A WORLD MARKET  
FOR MAYBE FIVE  
COMPUTERS.”**



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**THOMAS J.  
WATSON**





**“THE CELL PHONE  
PENETRATION IN  
THE U.S. BY 2000  
WILL BE 900,000  
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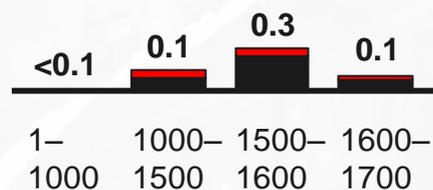
McKinsey & Company

# Unprecedented levels of GDP growth since the 1950s

## Contributions to global GDP growth

Compound annual growth rate, %

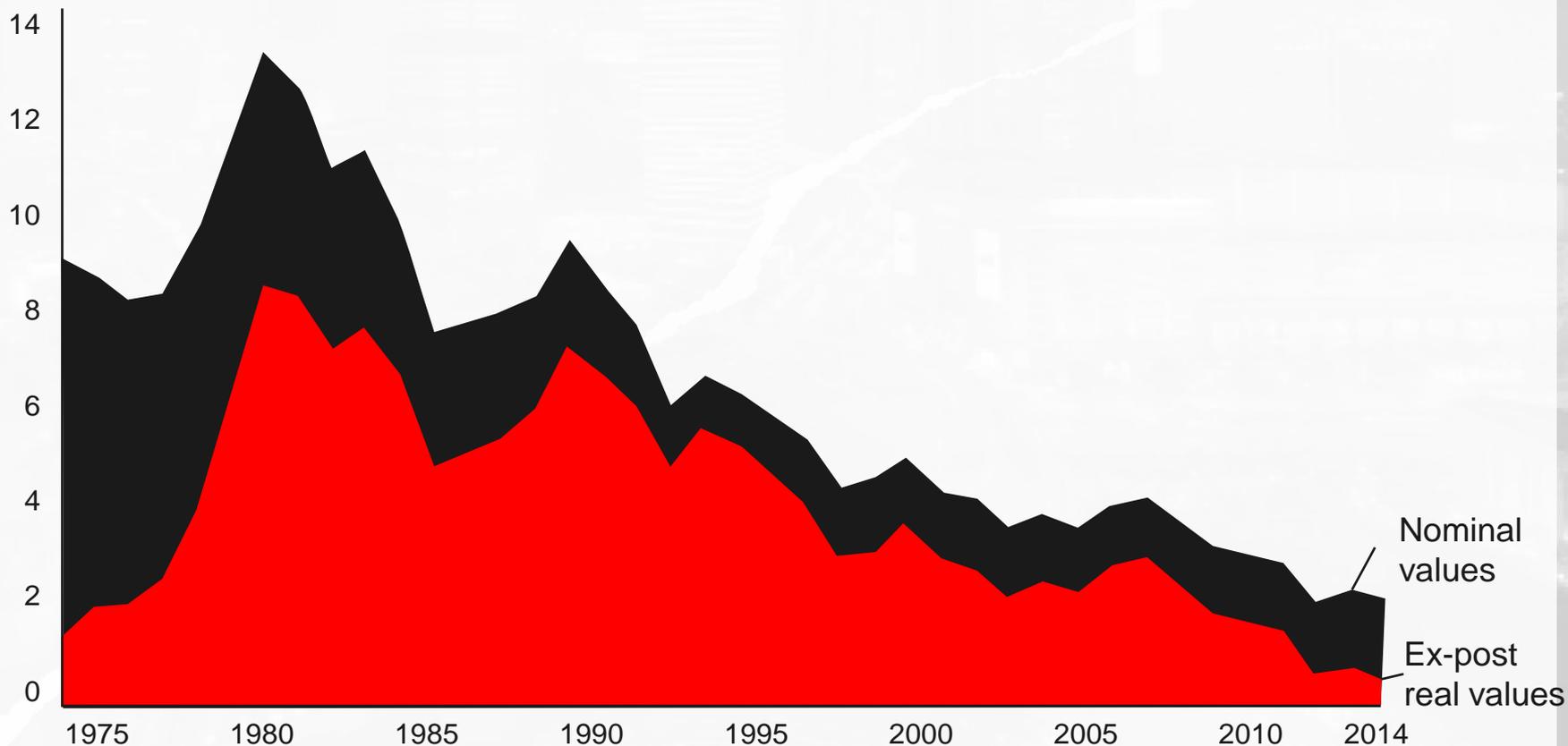
■ GDP per capita growth  
■ Population growth



# Capital has become increasingly cheaper

Long-term government interest rates in select developed economies

%



# Four disruptive forces changing the picture

1

Industrialization  
and urbanization  
in emerging  
economies

2

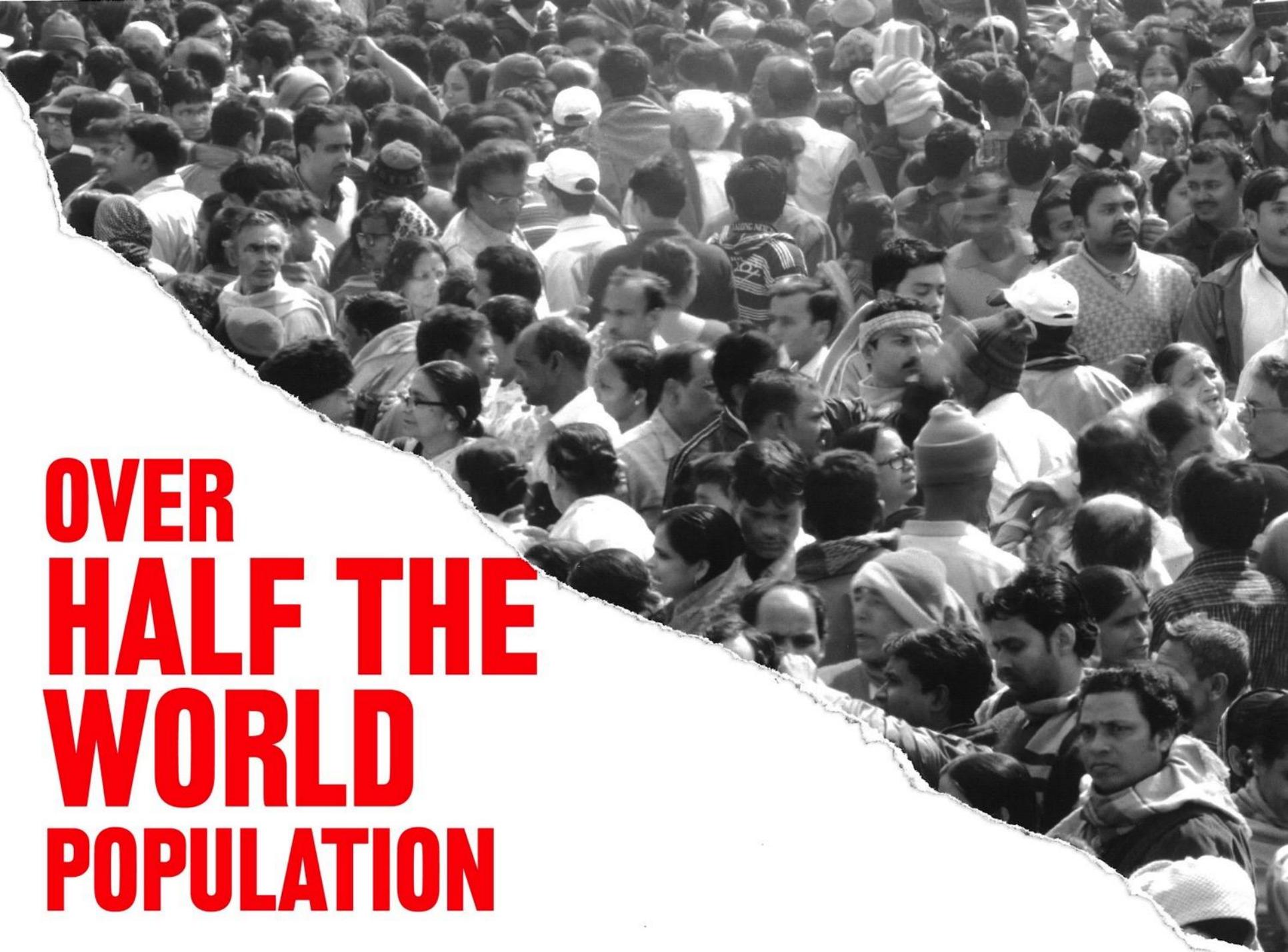
An aging  
world

3

Disruptive  
technologies

4

Greater global  
interconnections



**OVER  
HALF THE  
WORLD  
POPULATION**

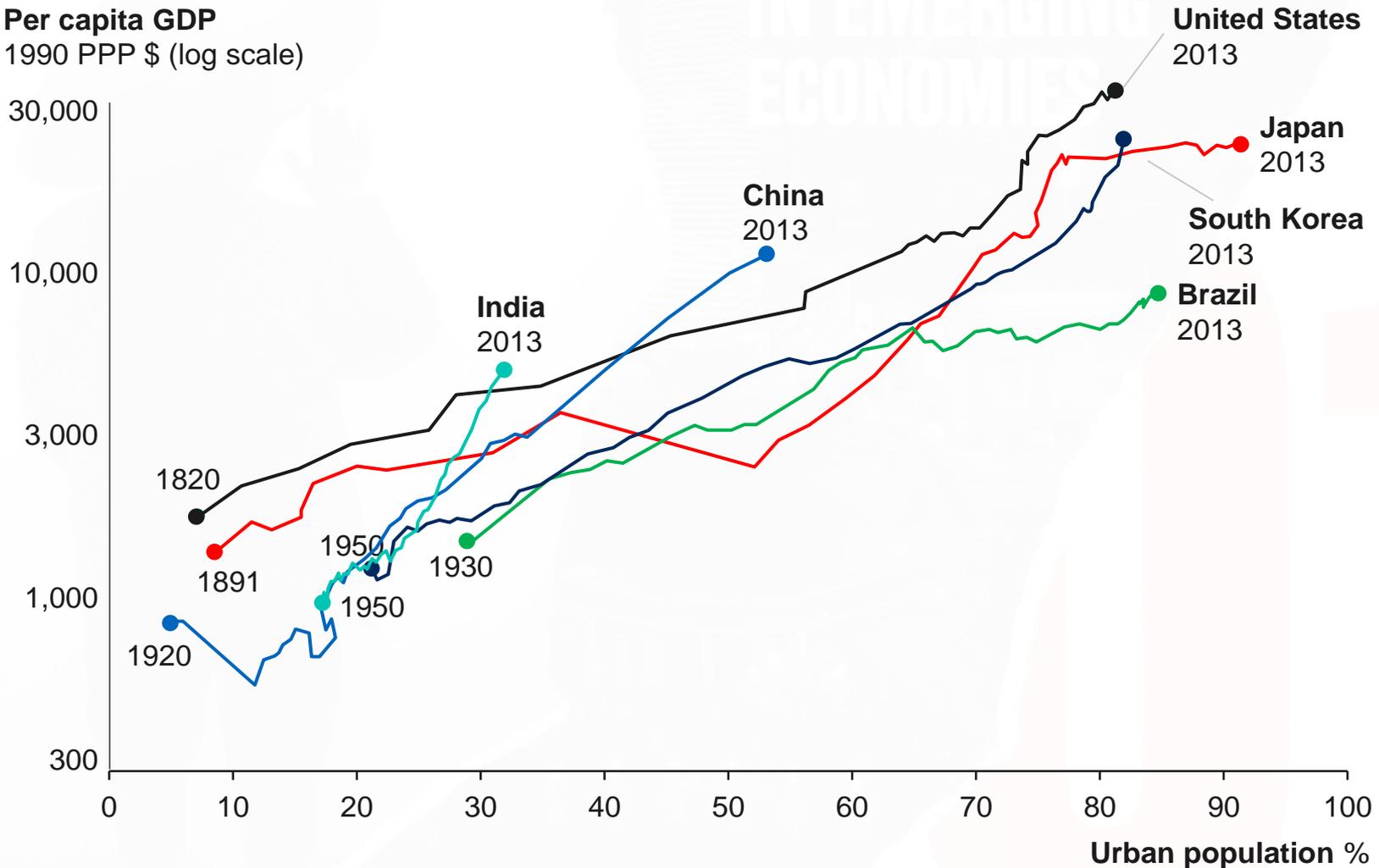


**65M**

**MORE PEOPLE  
EVERY YEAR**

# Per capita GDP rises in parallel with urbanization

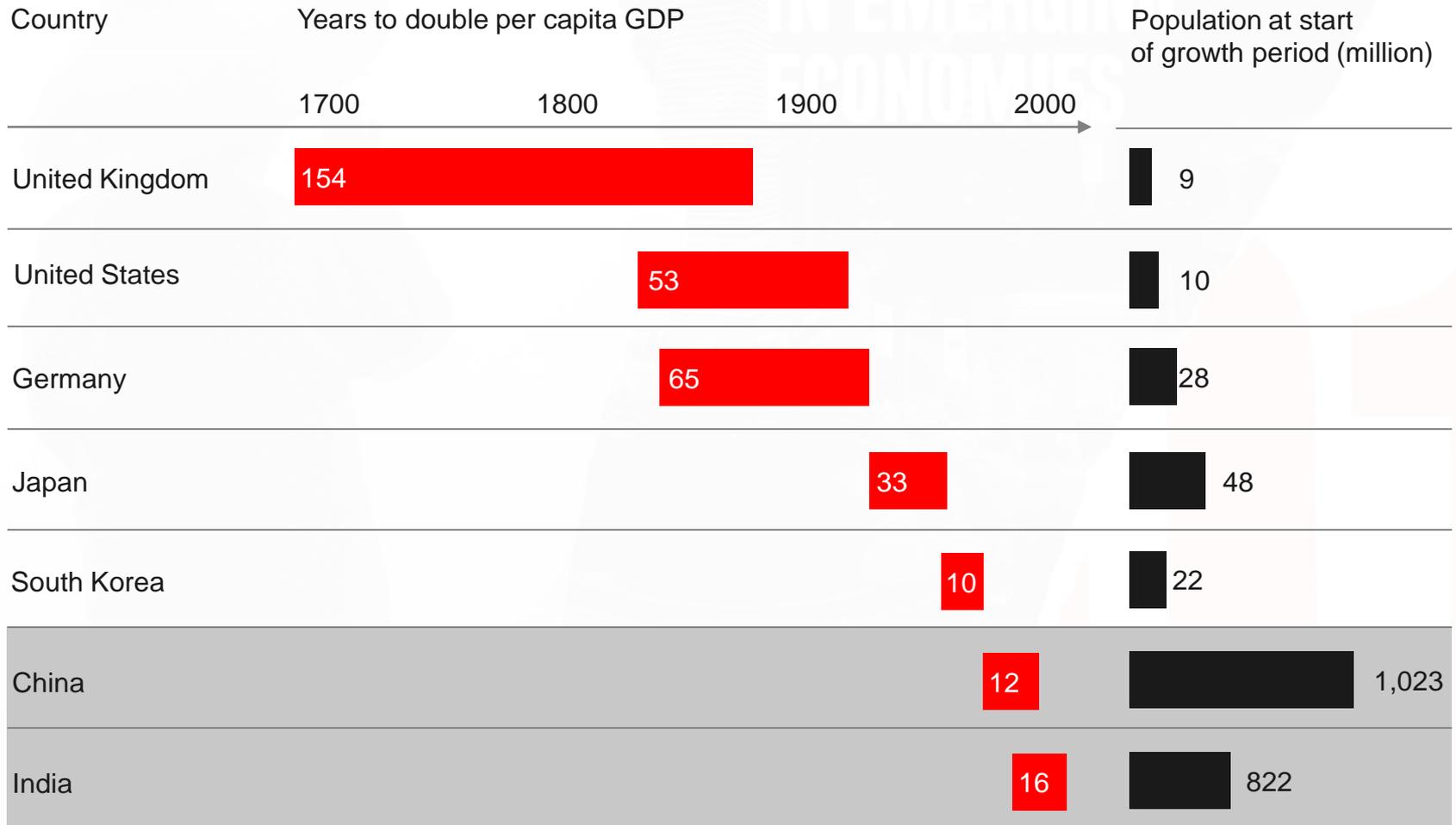
**Per capita GDP**  
1990 PPP \$ (log scale)



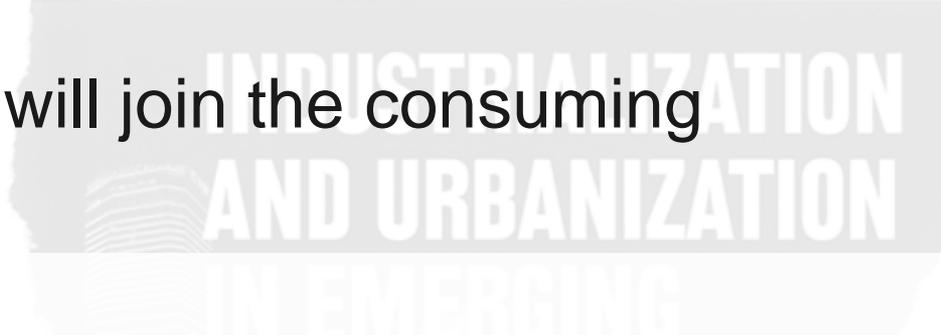
SOURCE: UN population Division; The Conference Board; McKinsey Global Institute analysis

# 3,000 times larger than the UK Industrial Revolution

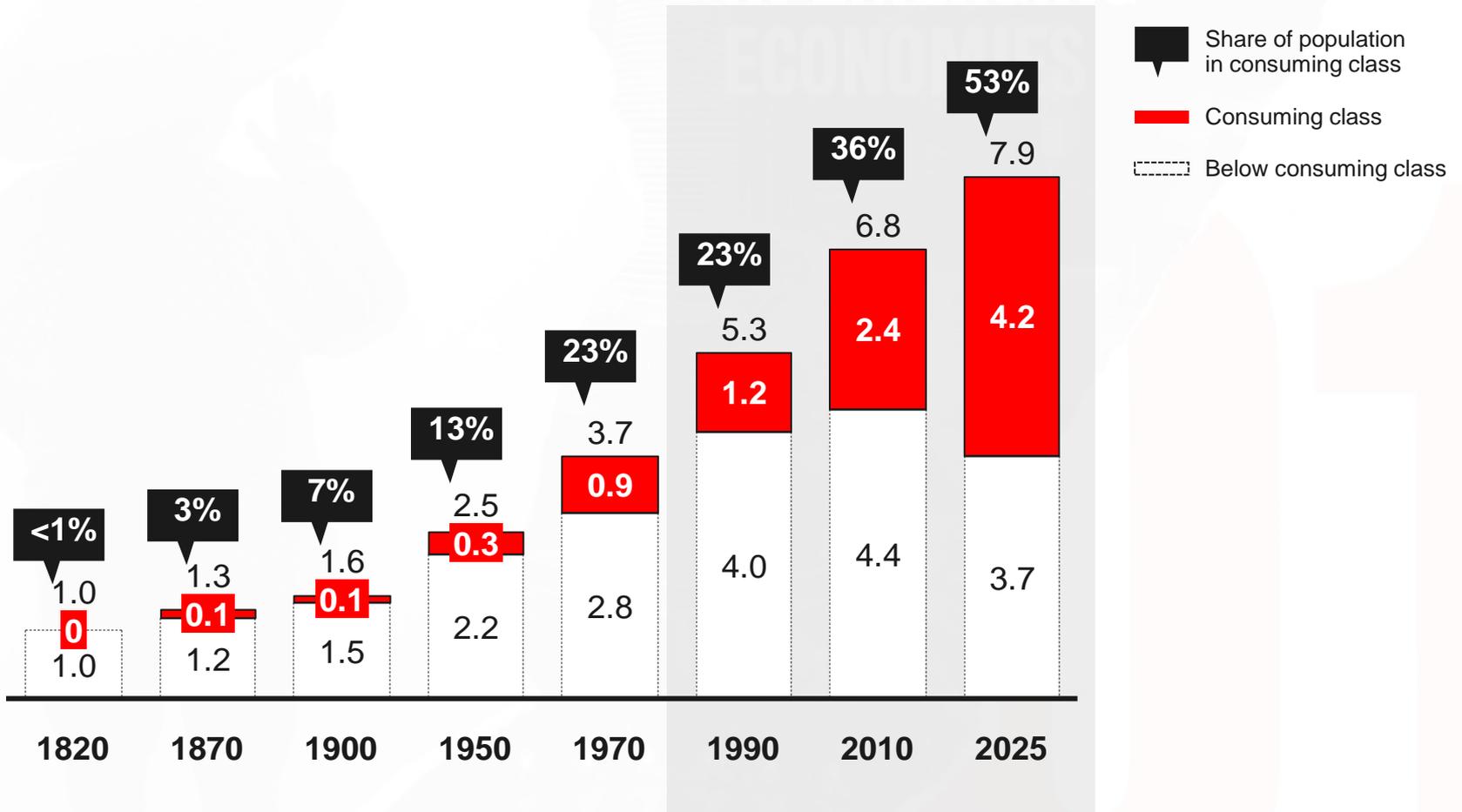
INDUSTRIALIZATION  
AND URBANIZATION  
IN EMERGING  
ECONOMIES



# Nearly 3 billion people will join the consuming class by 2025



World population, billion



# AGING

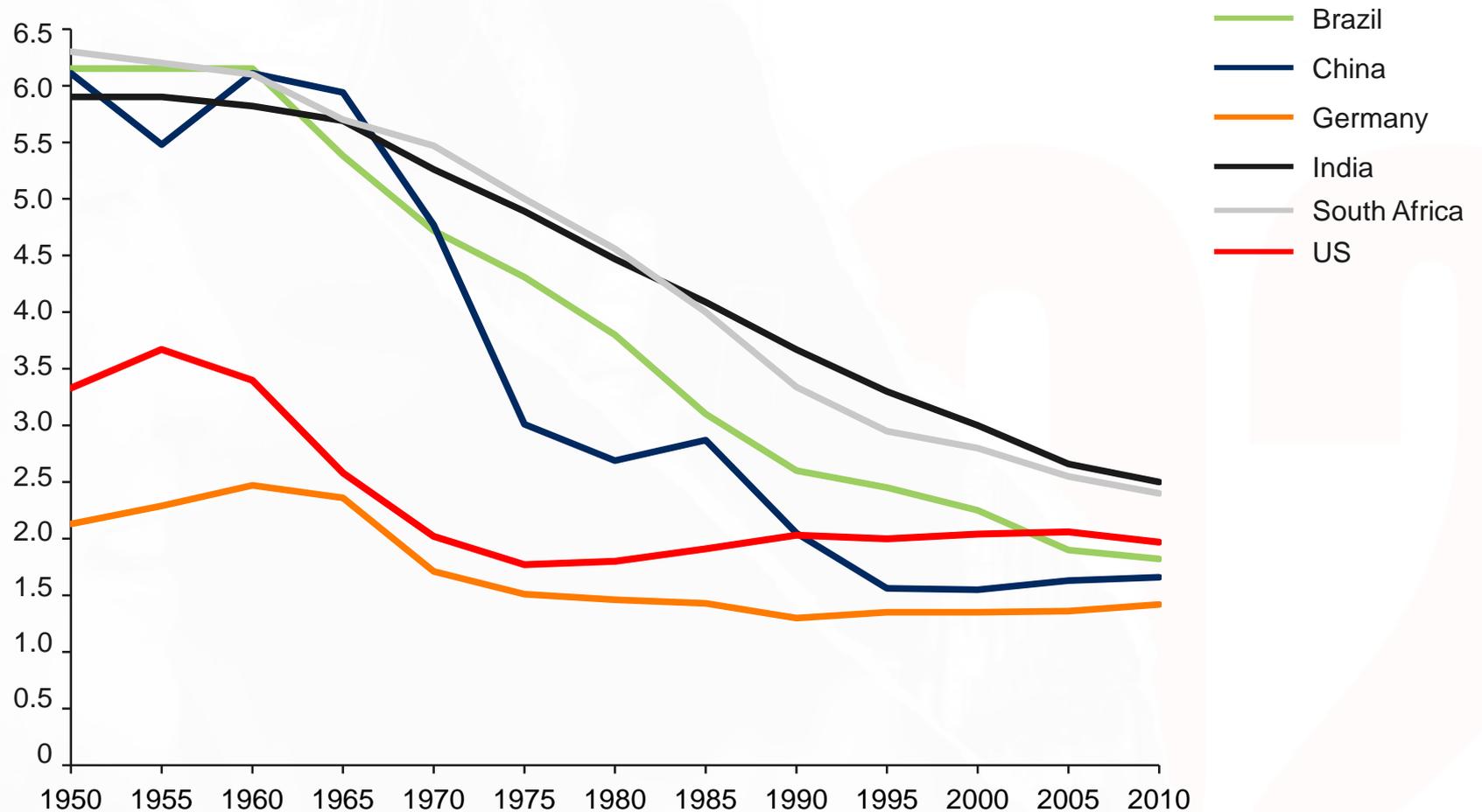




# Fertility rates have been declining globally

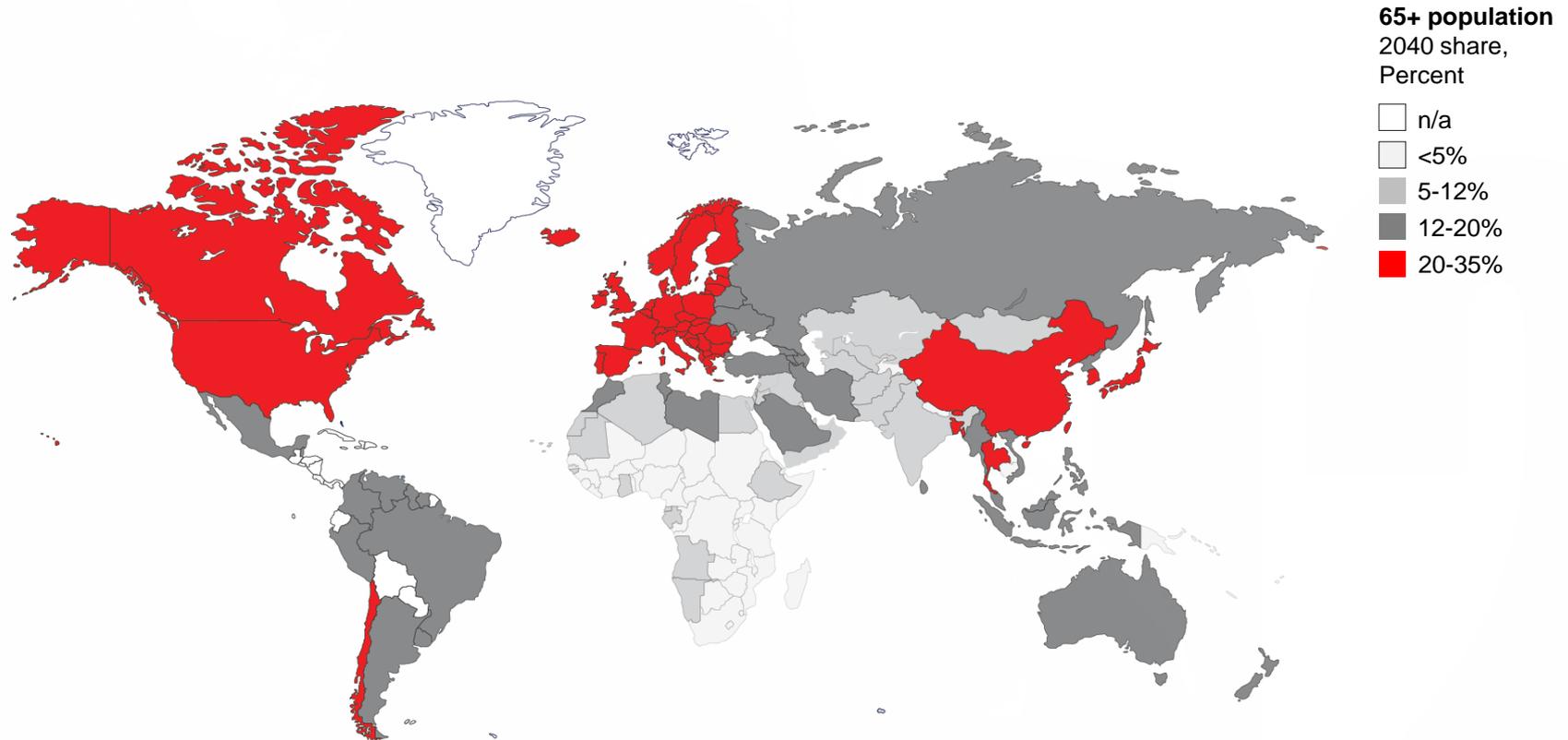
AGING  
WORLD

## Children per women (over lifetime)



# By 2040, about 1 in 4 people in advanced economies and China will be 65 years old or older

## Share of population 65+, 2040E



# Technological breakthroughs are speeding up

## Mobile Internet

First phone call 1876



115 years

First website 1991



16 years

First iPhone 2007



Internet of things



Hargreaves' Jenny 1764



198 years

GM's Unimate 1962



48 years

Google's Schaft 2010



Artificial intelligence



## Advanced robotics

# DISRUPTIVE TECHNOLOGIES

# Adoption of new technologies is also accelerating

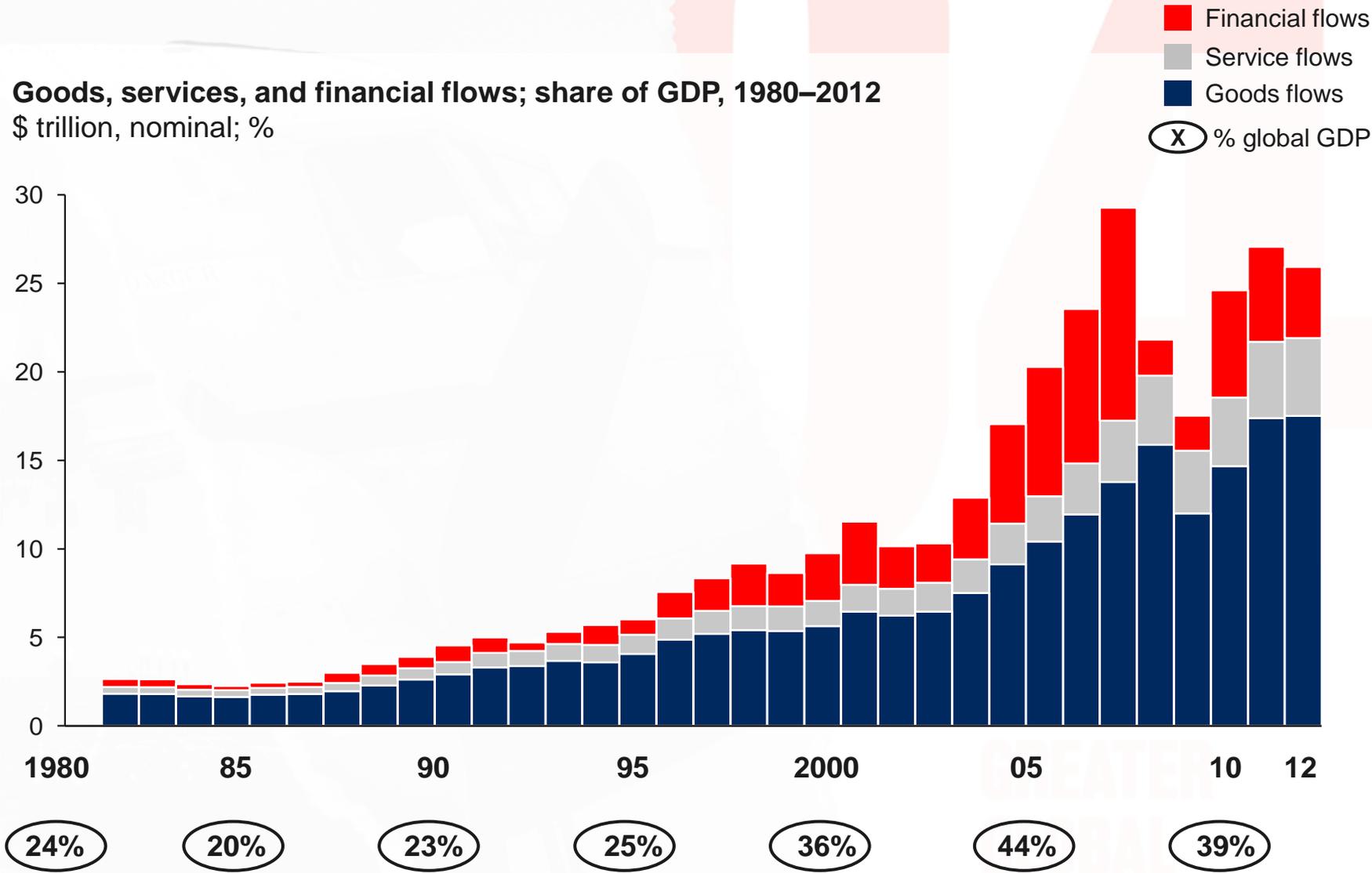
Time to reach 50 million users



# Technology is disrupting knowledge work



# Cross-border flows have increased 5-fold since 1990

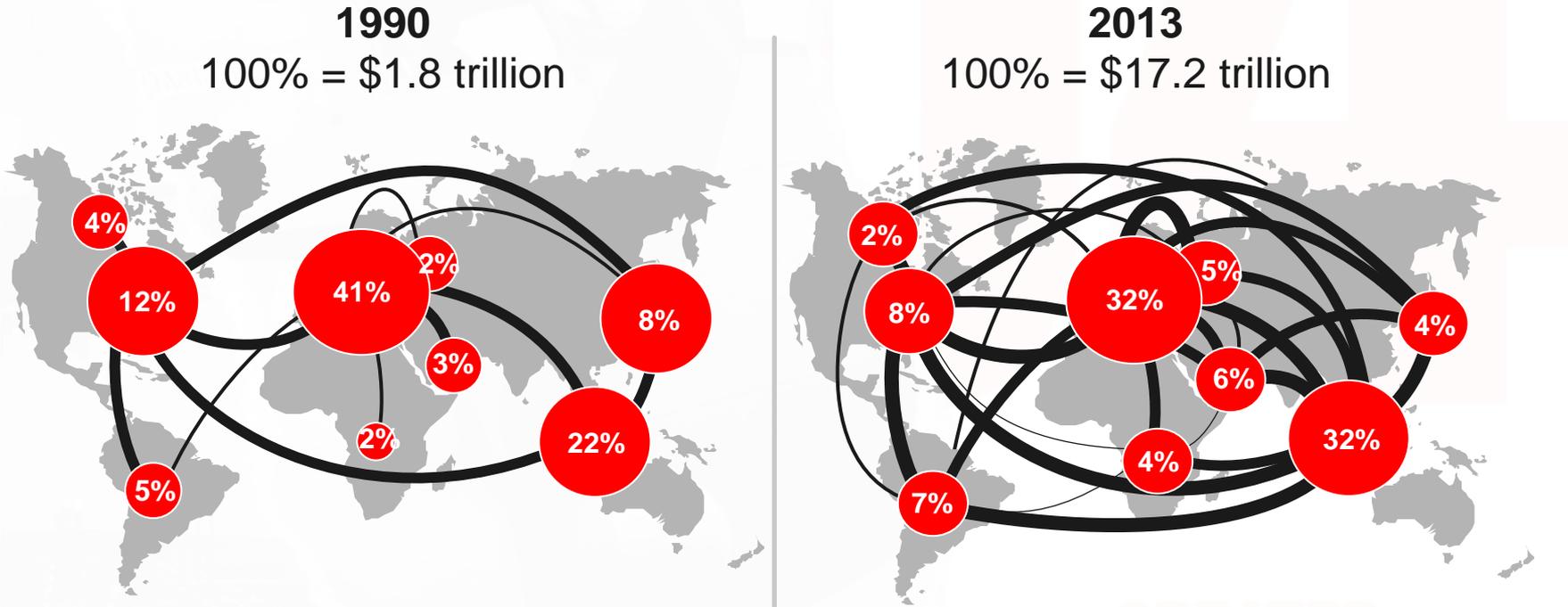


SOURCE: UN Comtrade; International Monetary Fund Balance of Payments; World Trade Organization; McKinsey Global Institute analysis

# Networks of global trade flows are expanding and becoming much more interconnected

- USD 50–100 billion
- USD 100–500 billion
- USD 500 billion or more

Lines show total trade flows between regions, figures in bubbles show participation in world trade



SOURCE: The Conference Board Total Economy Database; UN Population Division; McKinsey Global Institute analysis

GREAT  
GLOBAL  
CONNECTIONS

# The economic center of gravity is shifting east and south at an unprecedented speed

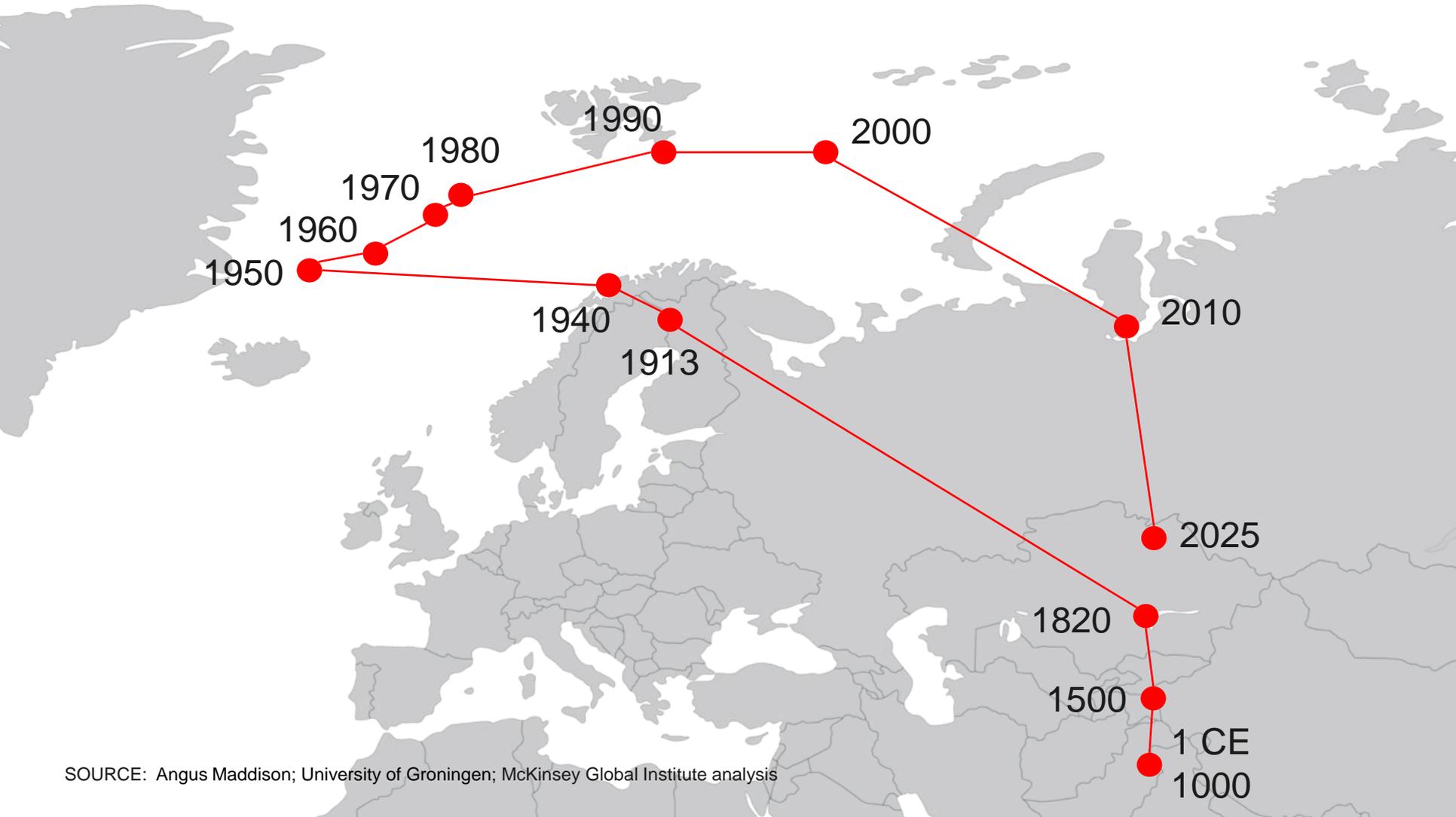
Earth's economic center of gravity



SOURCE: Angus Maddison; University of Groningen; McKinsey Global Institute analysis

# The economic center of gravity is shifting east and south at an unprecedented speed

Earth's economic center of gravity



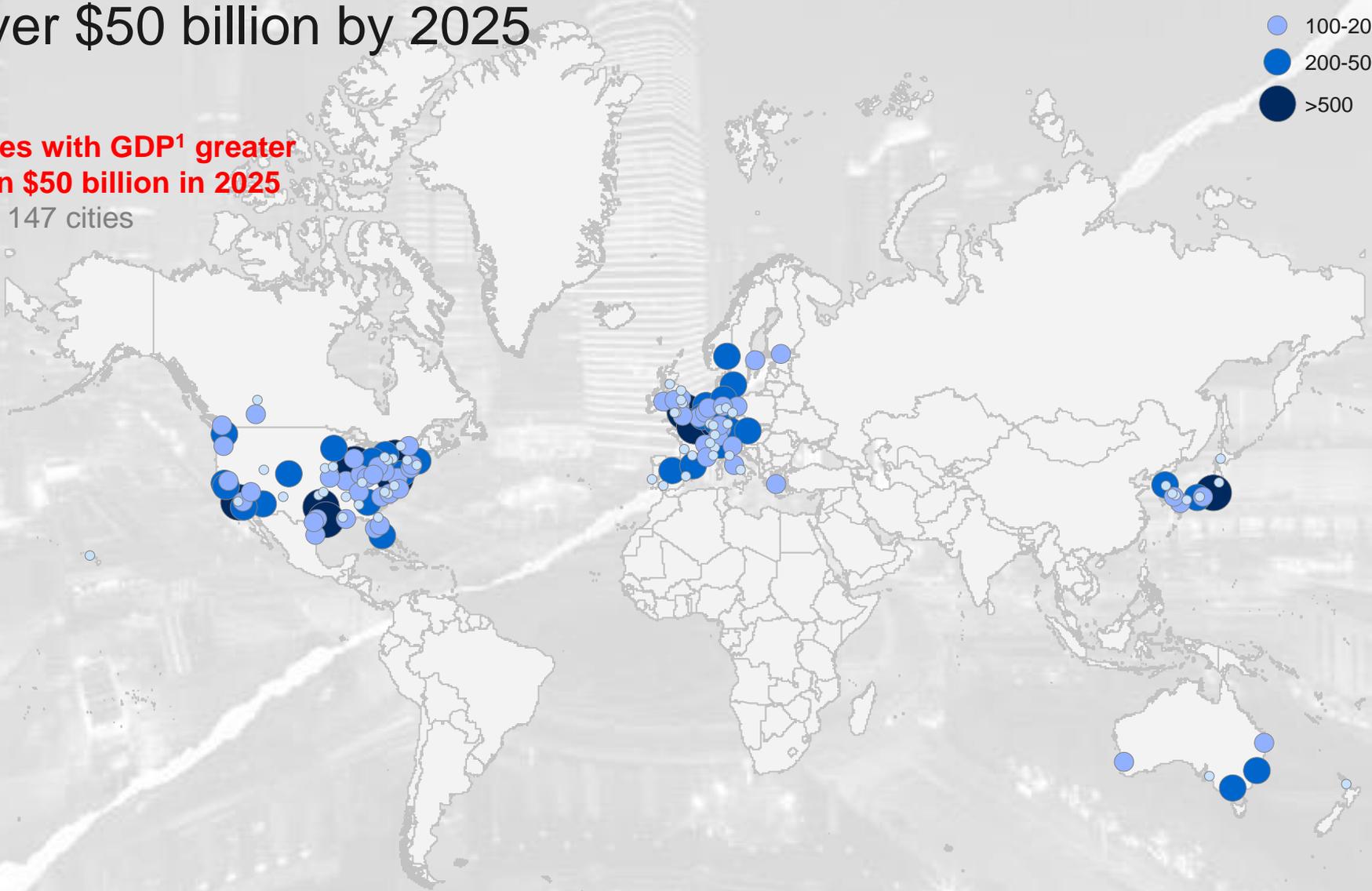
SOURCE: Angus Maddison; University of Groningen; McKinsey Global Institute analysis

# There will be 150 cities in OECD countries with GDP over \$50 billion by 2025



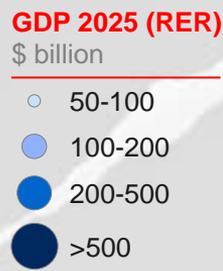
**Cities with GDP<sup>1</sup> greater than \$50 billion in 2025**

N = 147 cities

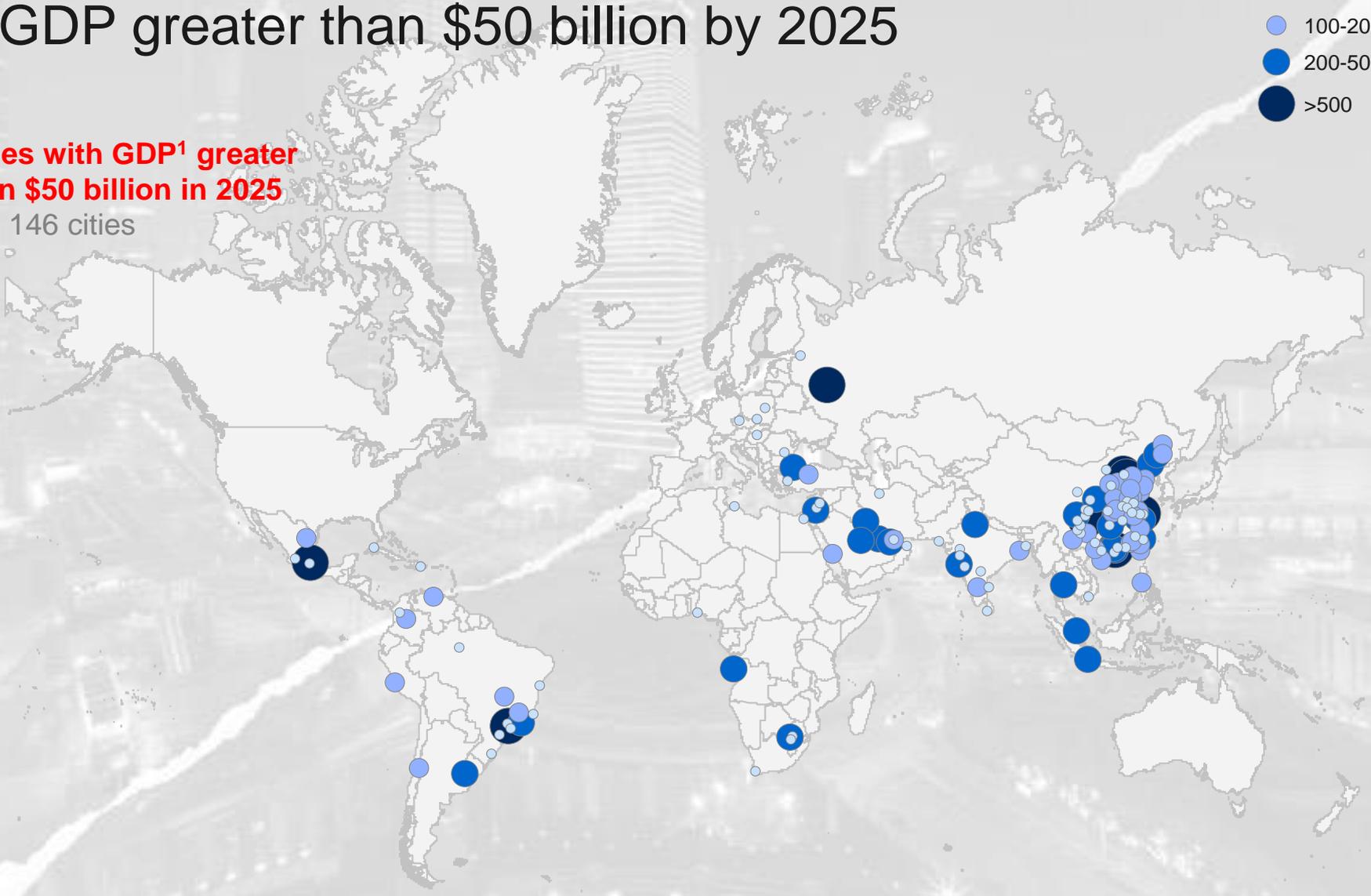


<sup>1</sup> Predicted real exchange rate.

# Developing countries will also have ~150 cities with a GDP greater than \$50 billion by 2025



**Cities with GDP<sup>1</sup> greater than \$50 billion in 2025**  
N = 146 cities

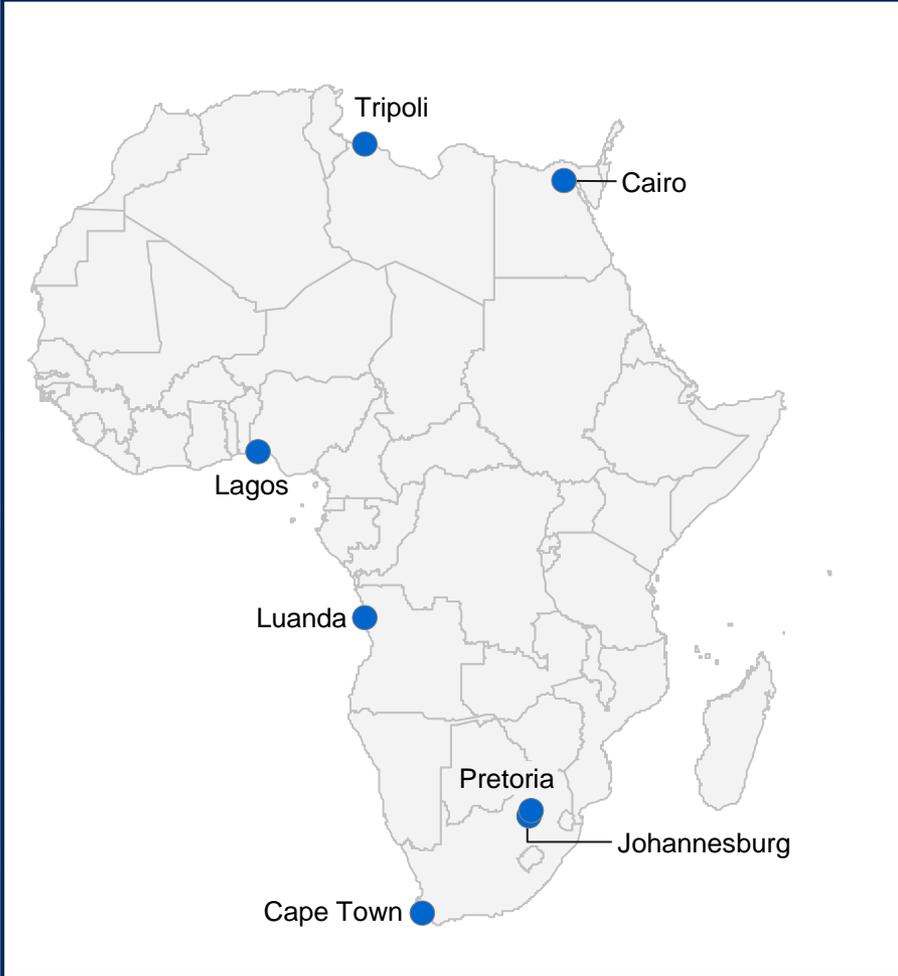


1 Predicted real exchange rate.

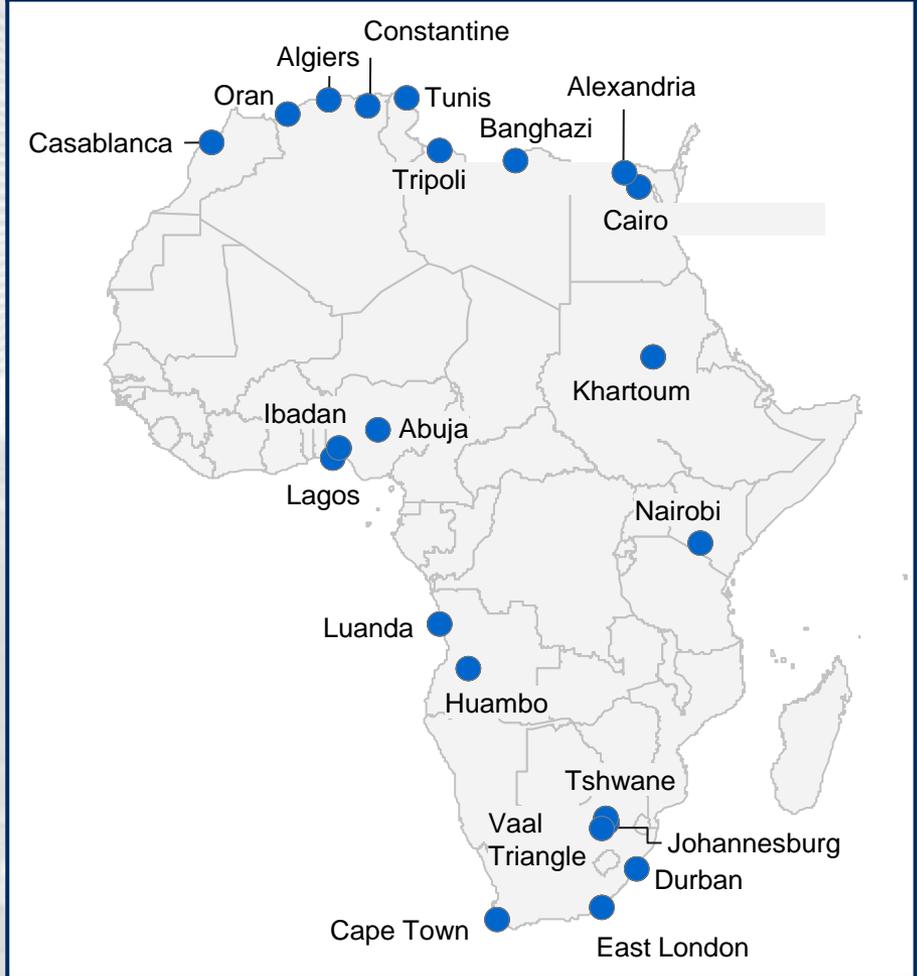
# Africa's cities will grow strongly

**African cities with GDP<sup>1</sup> greater than \$20 billion, 2007 and 2025**

**In 2007, only seven African cities had a GDP greater than \$20 billion**



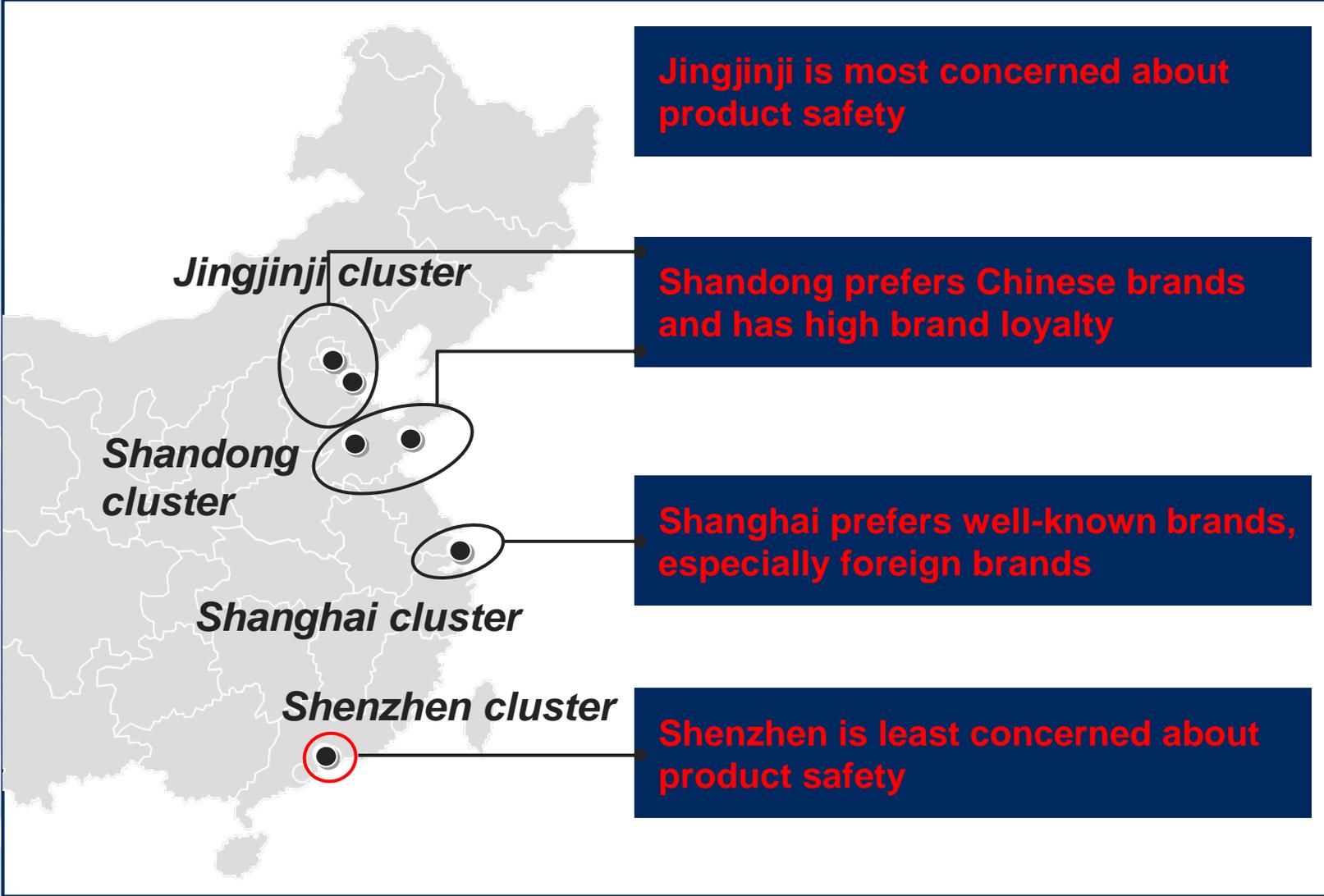
**By 2025, this list will expand to include 22 cities spread across ten countries**



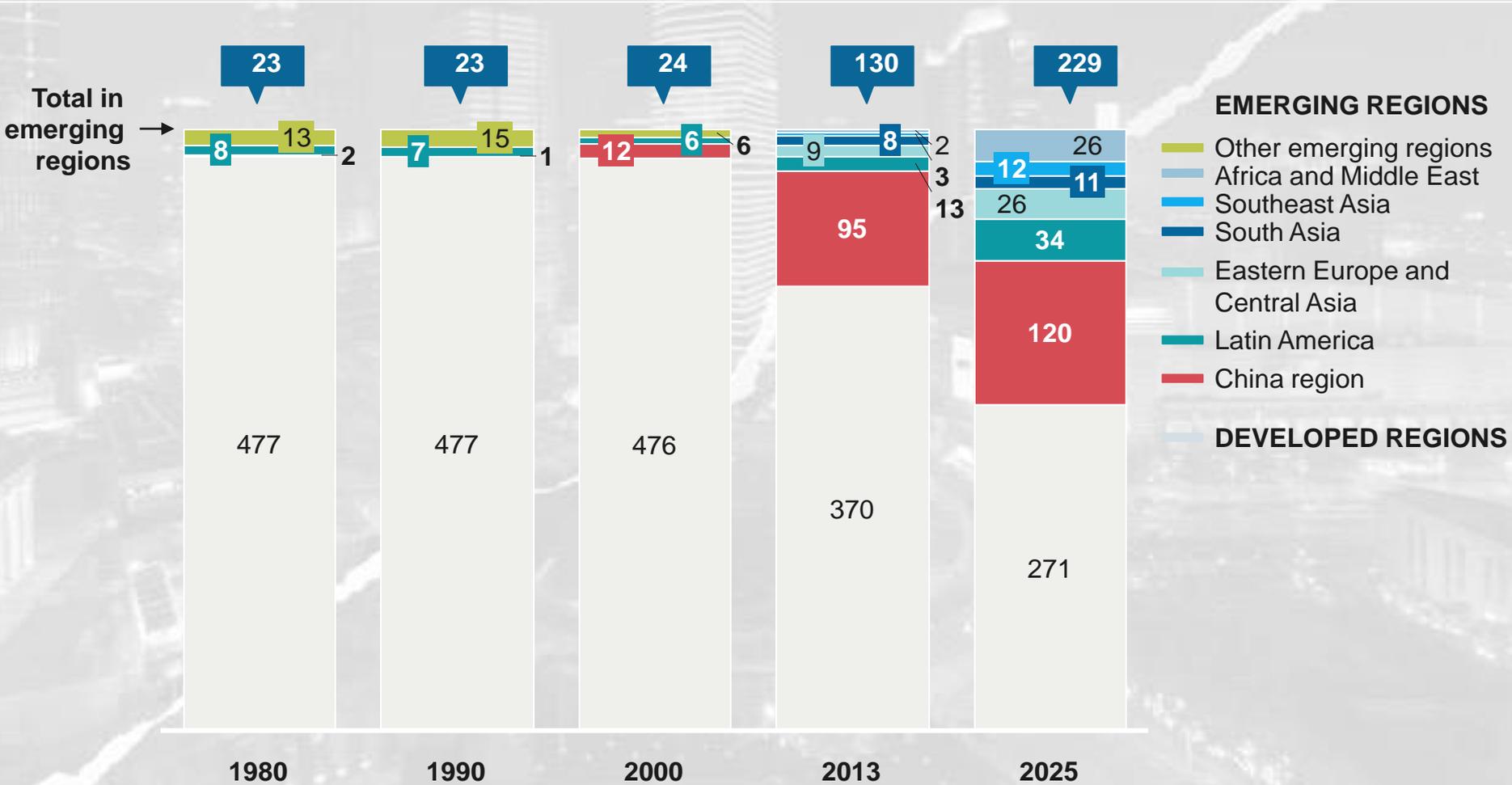
<sup>1</sup> Predicted real exchange rate.

# Even within countries, granular product strategies will be necessary

CHINA EXAMPLE



# By 2025, emerging regions are expected to be home to almost 230 companies in the Fortune Global 500



SOURCE: Fortune Global 500; MGI CompanyScope; McKinsey Global Institute analysis

# WINNING IN DISRUPTION

1

Externally  
focused

2

Agile and  
low cost

3

Optimist

The Four Global  
Forces Breaking All  
The Trends

**NO ORDINARY  
DISRUPTION**

Richard Dobbs,  
James Manyika, *and*  
Jonathan Woetzel

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