



# **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  
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WILL BE 900,000  
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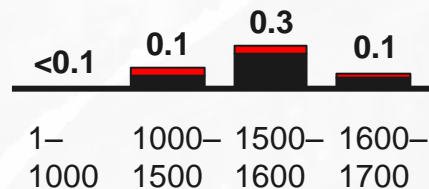
McKinsey&Company

# Unprecedented levels of GDP growth since the 1950s

## Contributions to global GDP growth

Compound annual growth rate, %

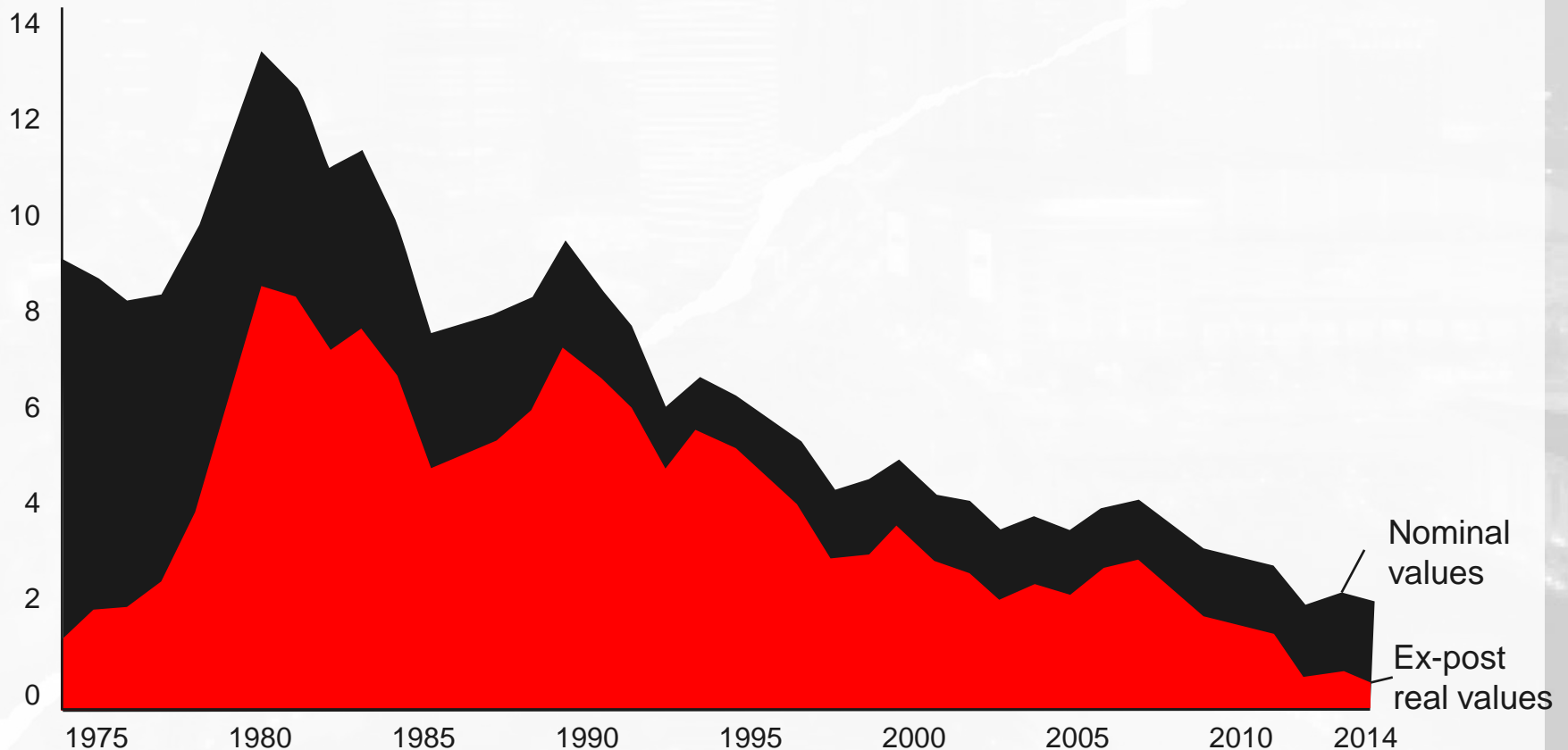
■ GDP per capita growth  
■ Population growth



# 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

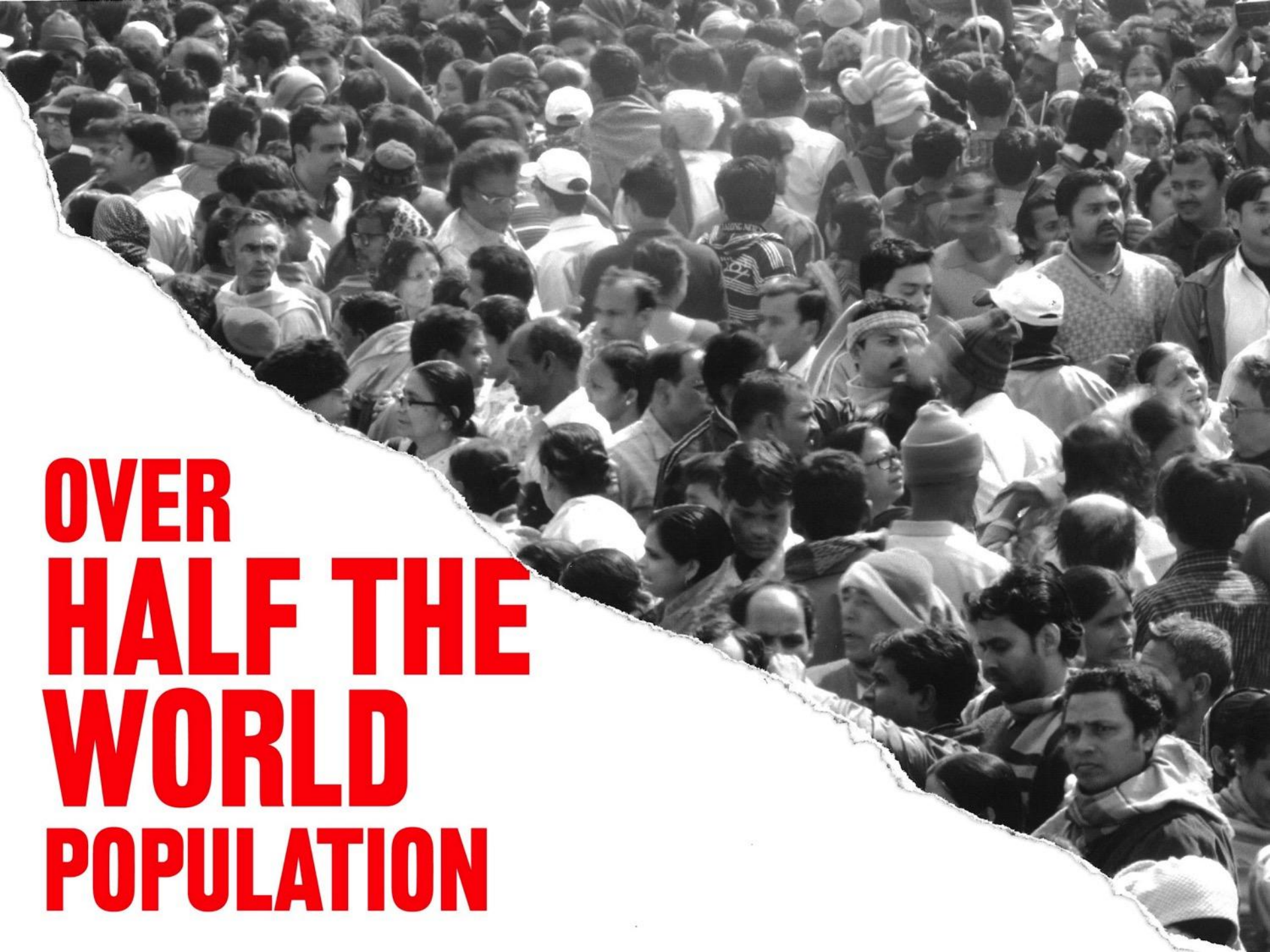
An aging  
world

3

Disruptive  
technologies

4

Greater global  
interconnections



**OVER  
HALF THE  
WORLD  
POPULATION**



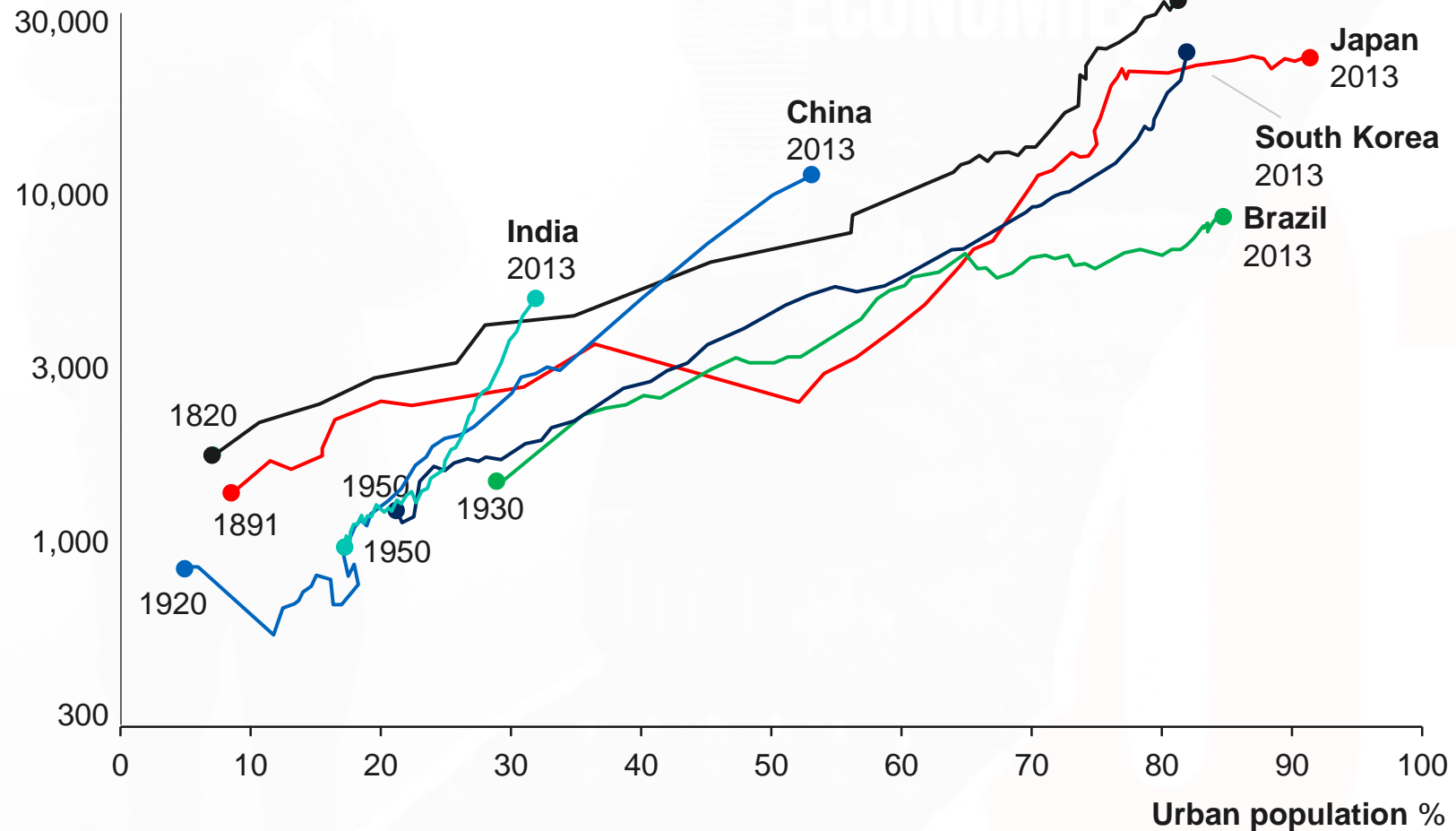
**65M**  
**MORE PEOPLE**  
**EVERY YEAR**



# Per capita GDP rises in parallel with urbanization

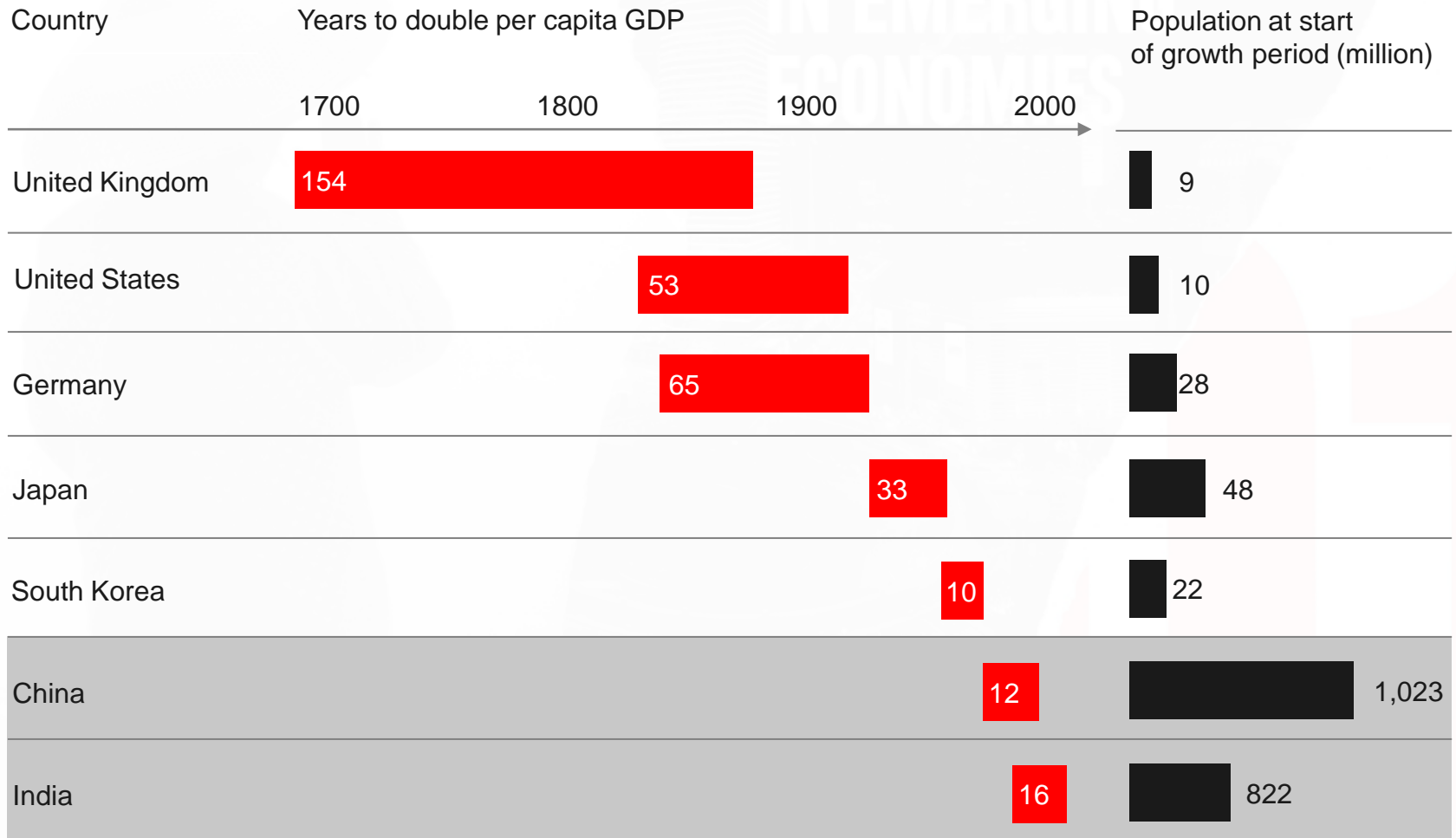
## Per capita GDP

1990 PPP \$ (log scale)



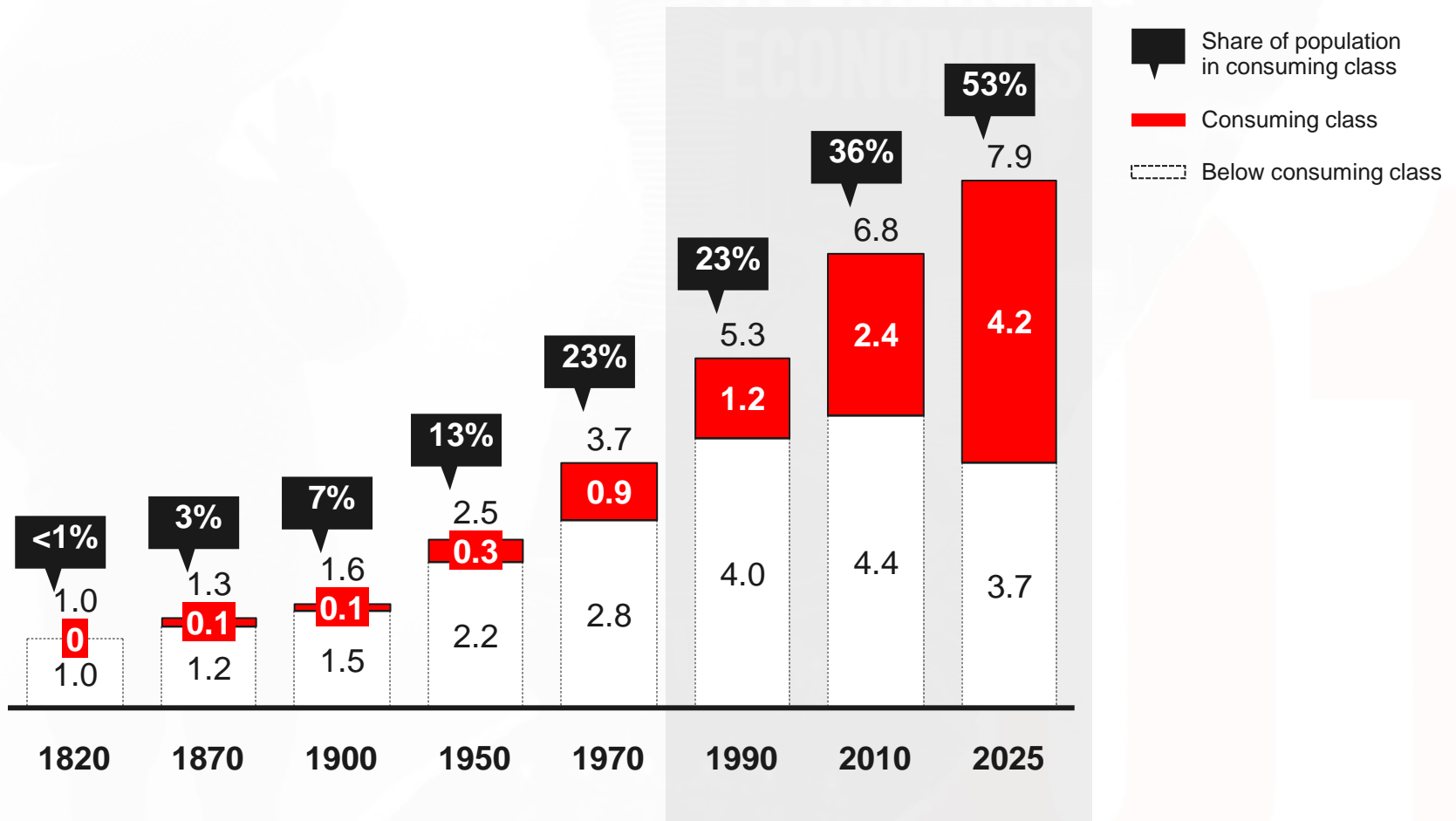
SOURCE: UN population Division; The Conference Board; McKinsey Global Institute analysis

# 3,000 times larger than the UK Industrial Revolution



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

World population, billion





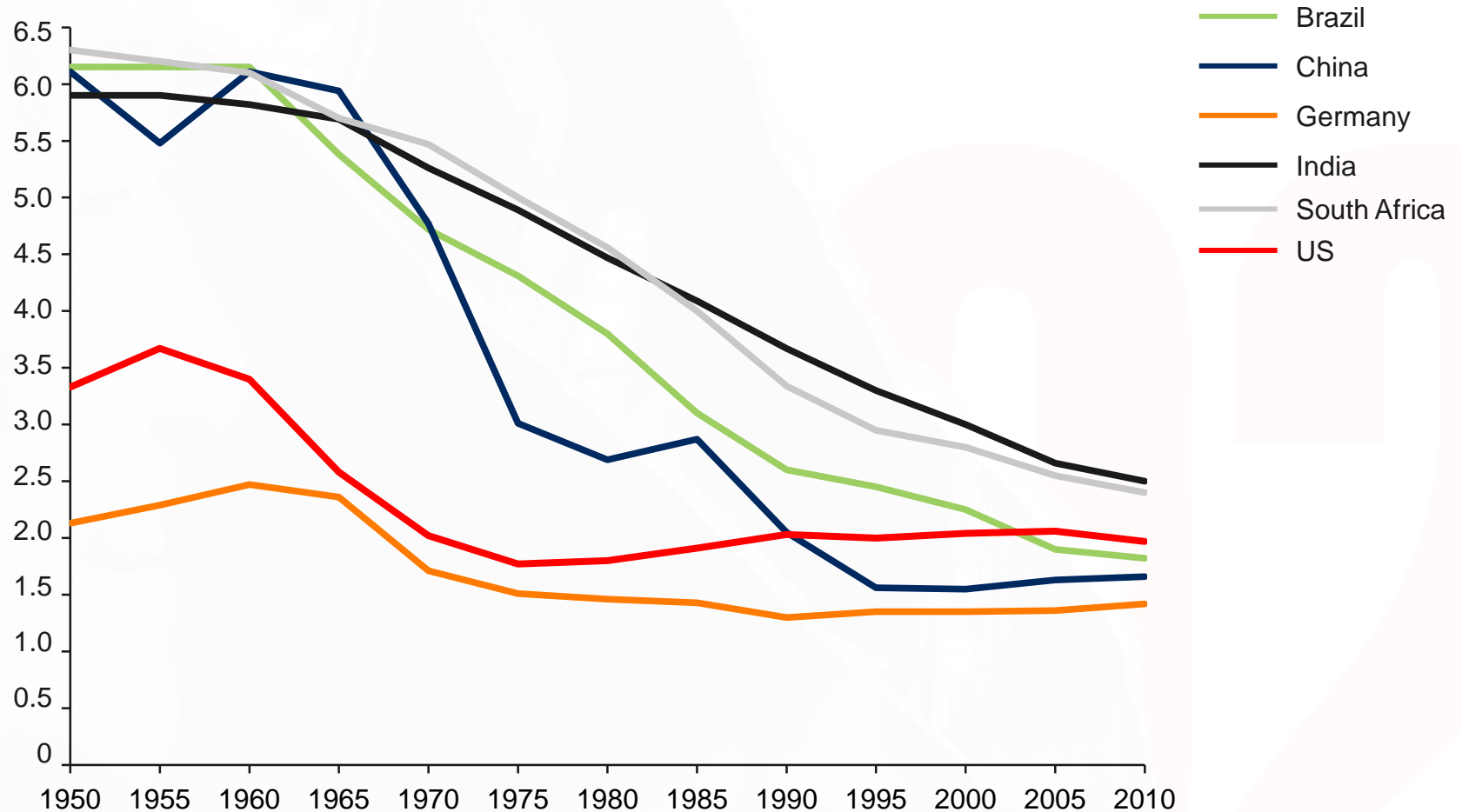
# AGING





# Fertility rates have been declining globally

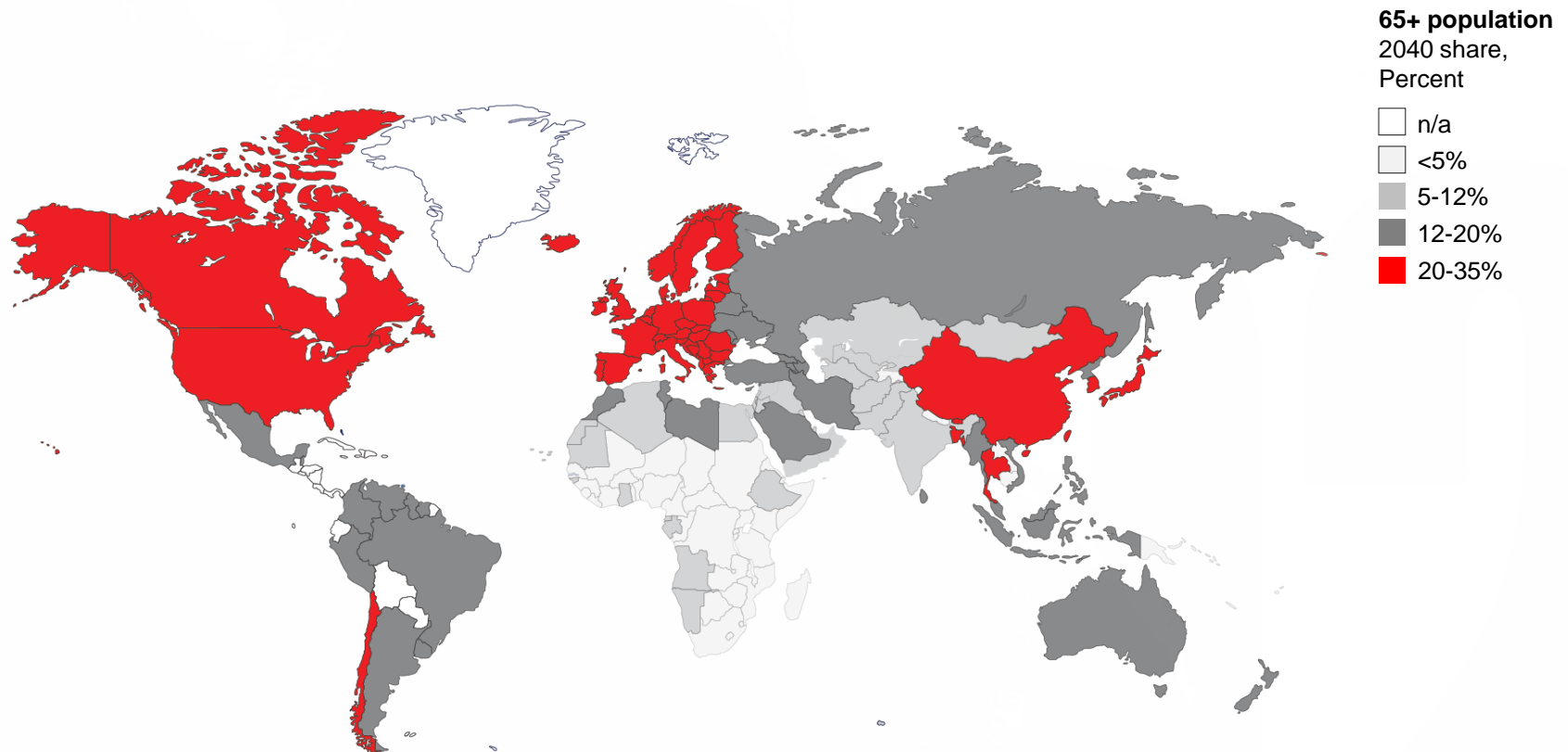
Children per women (over lifetime)



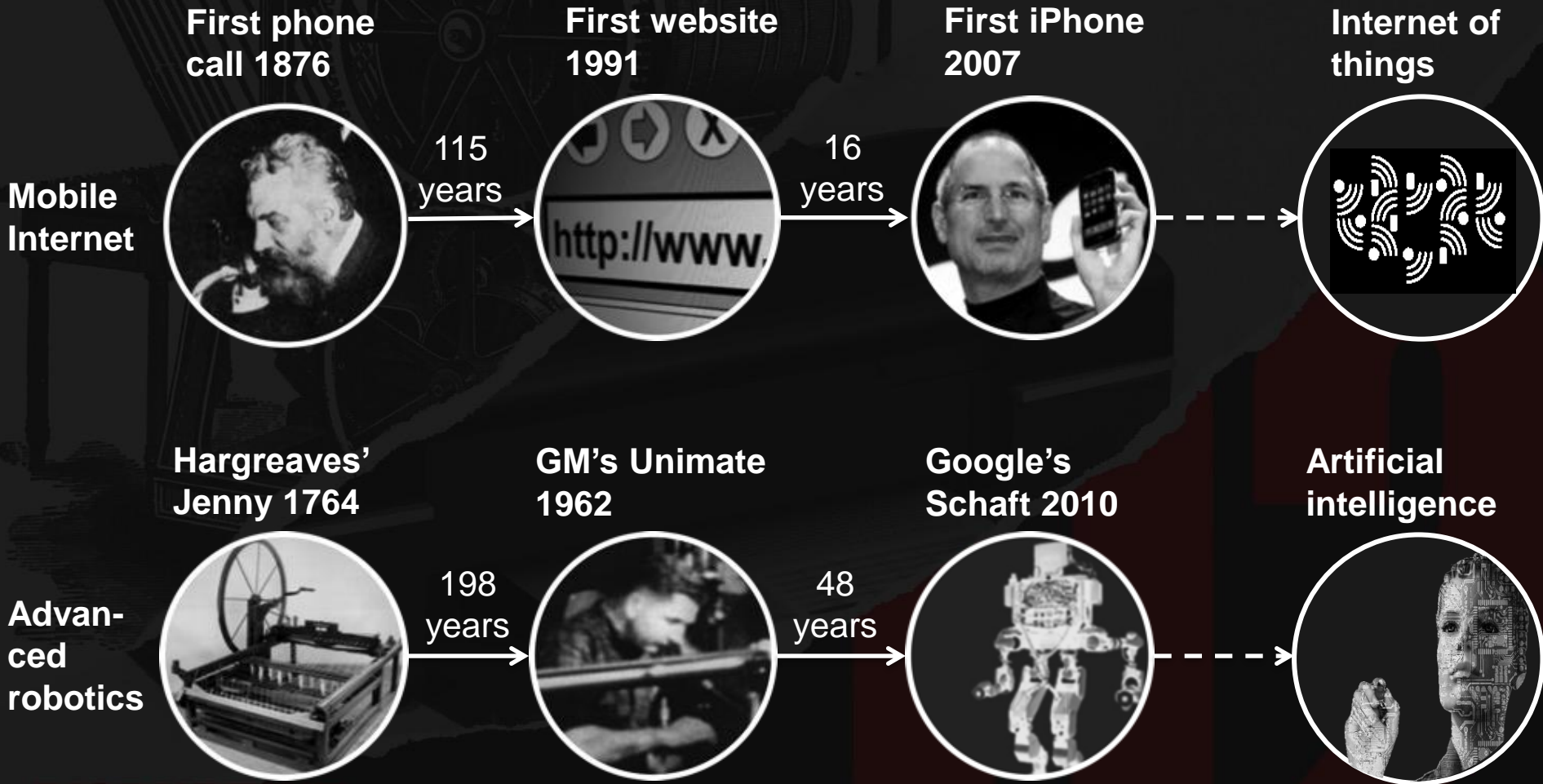


# By 2040, about 1 in 4 people in advanced economies and China will be 65 years old or older

## Share of population 65+, 2040E



# Technological breakthroughs are speeding up



**DISRUPTIVE  
TECHNOLOGIES**

SOURCE: McKinsey Global Institute analysis

# Adoption of new technologies is also accelerating

Time to reach 50 million users





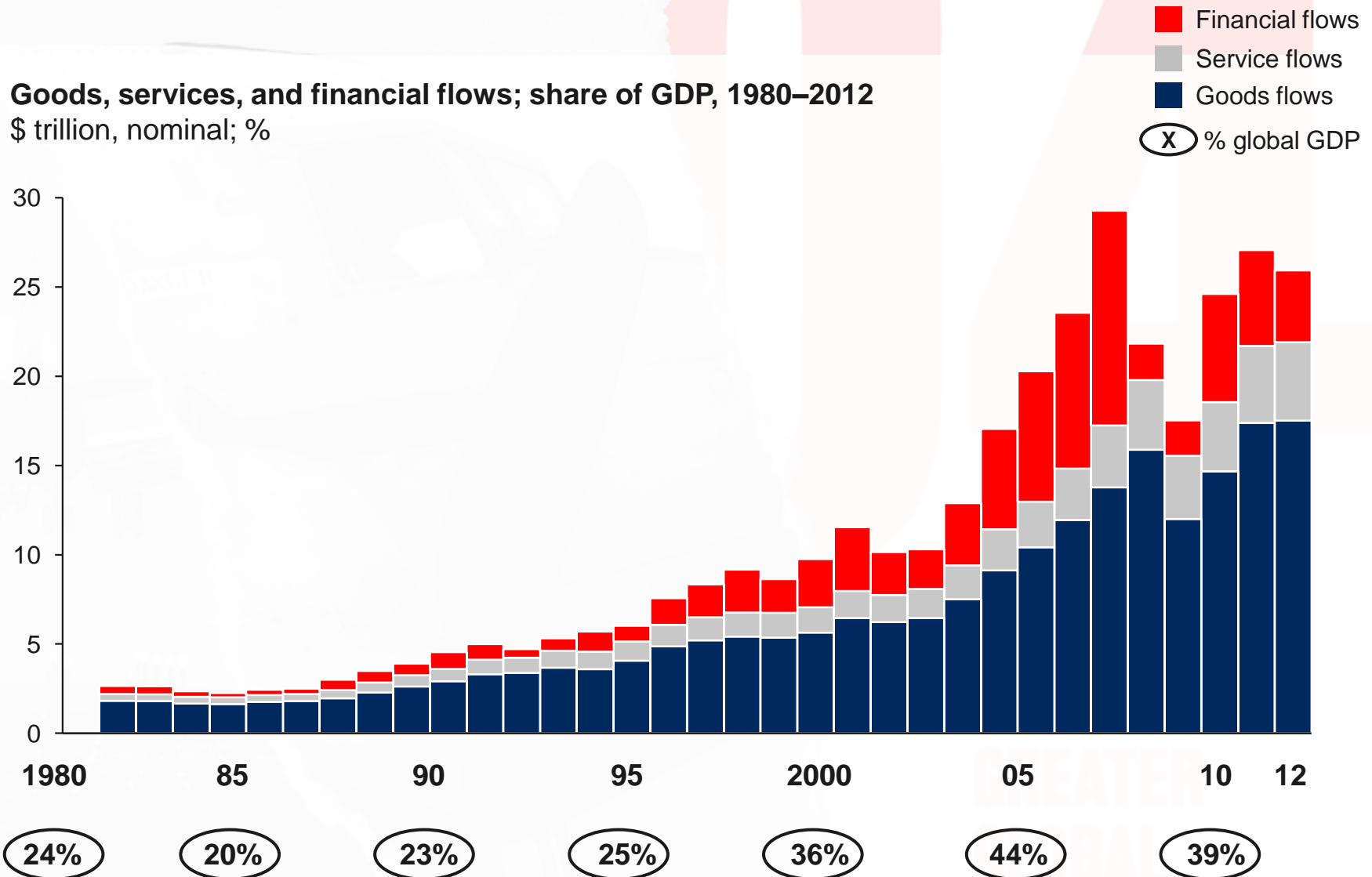
# Technology is disrupting knowledge work



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

## Goods, services, and financial flows; share of GDP, 1980–2012

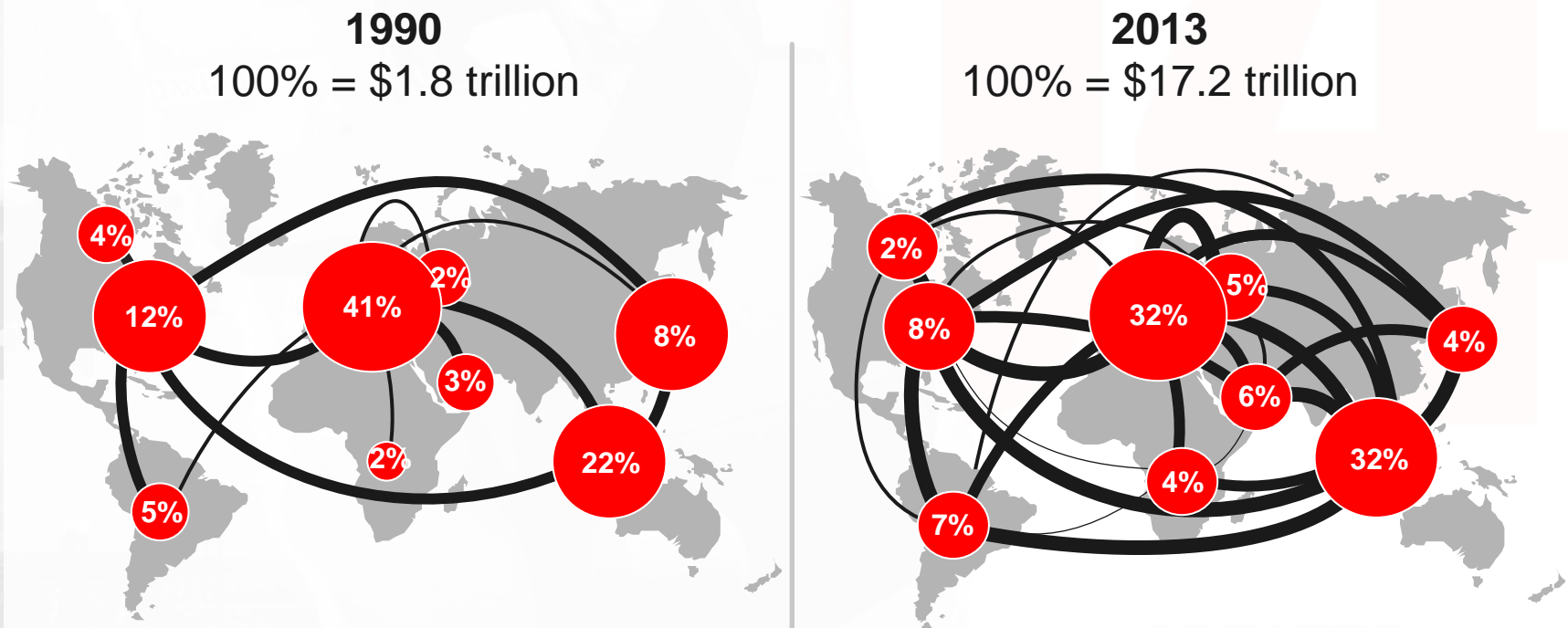
\$ trillion, nominal; %



# 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



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

Earth's economic center of gravity

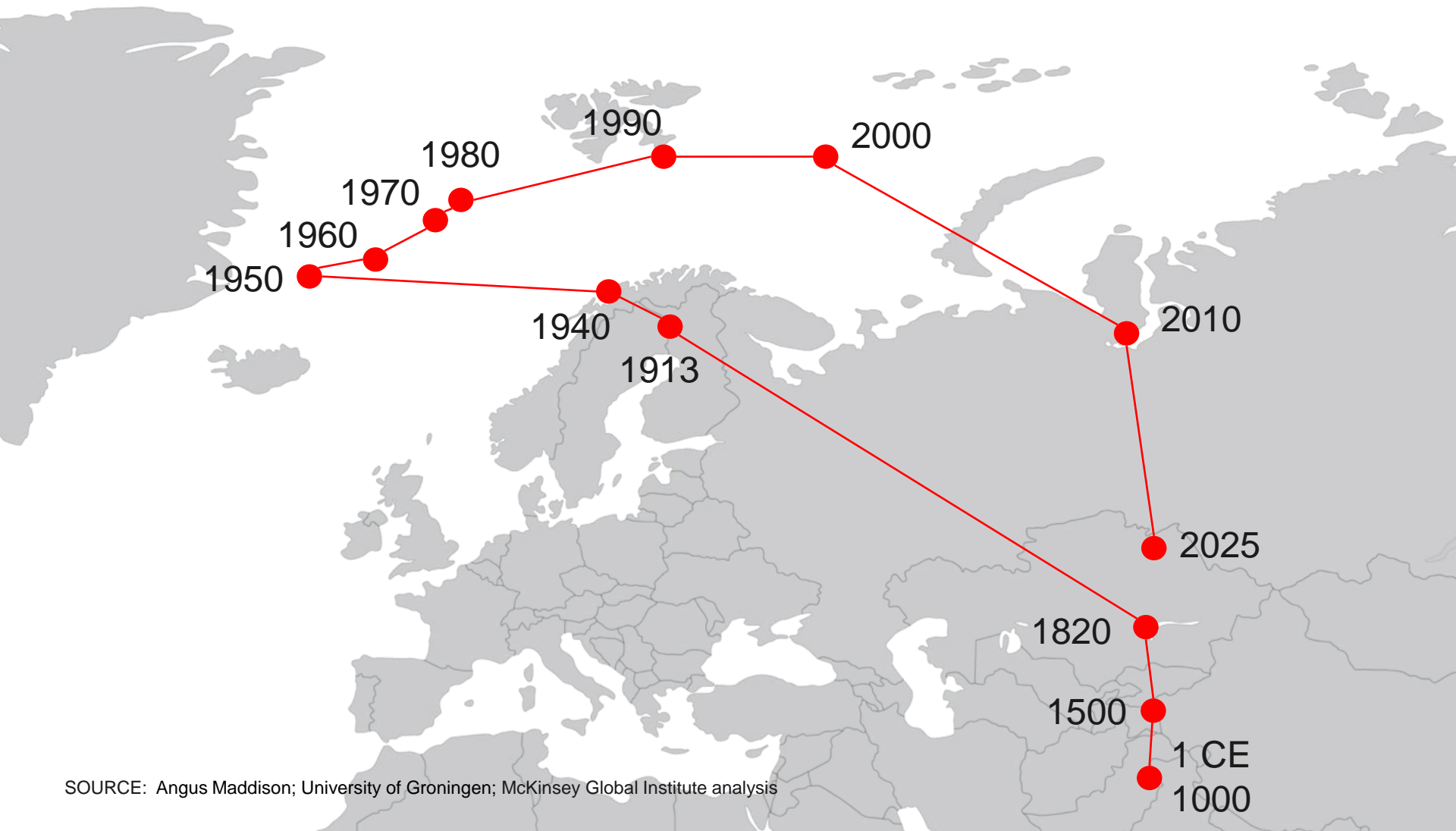


SOURCE: Angus Maddison; University of Groningen; McKinsey Global Institute analysis



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Earth's economic center of gravity

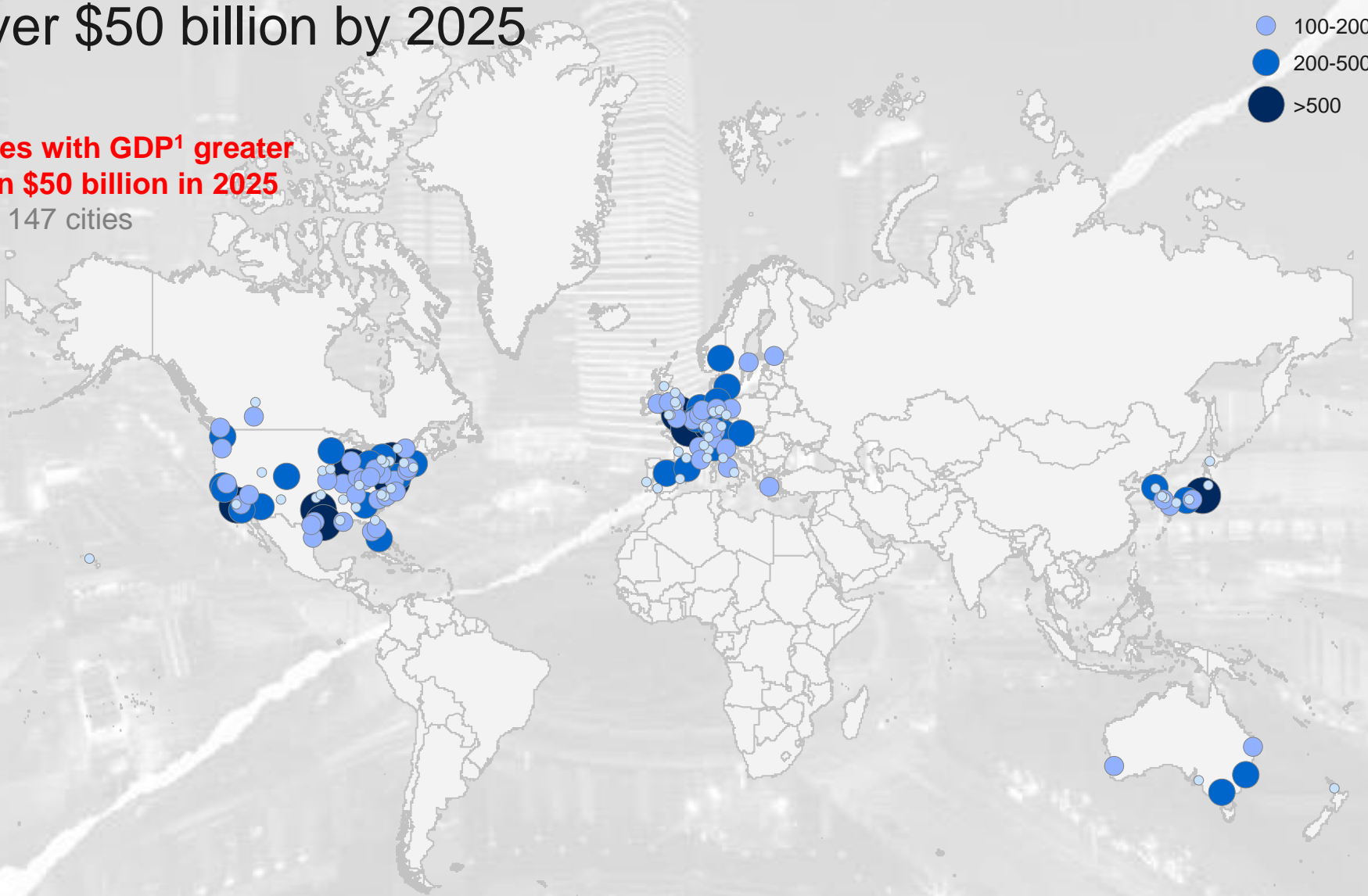
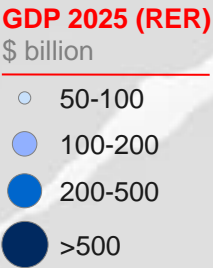


SOURCE: Angus Maddison; University of Groningen; McKinsey Global Institute analysis

# 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

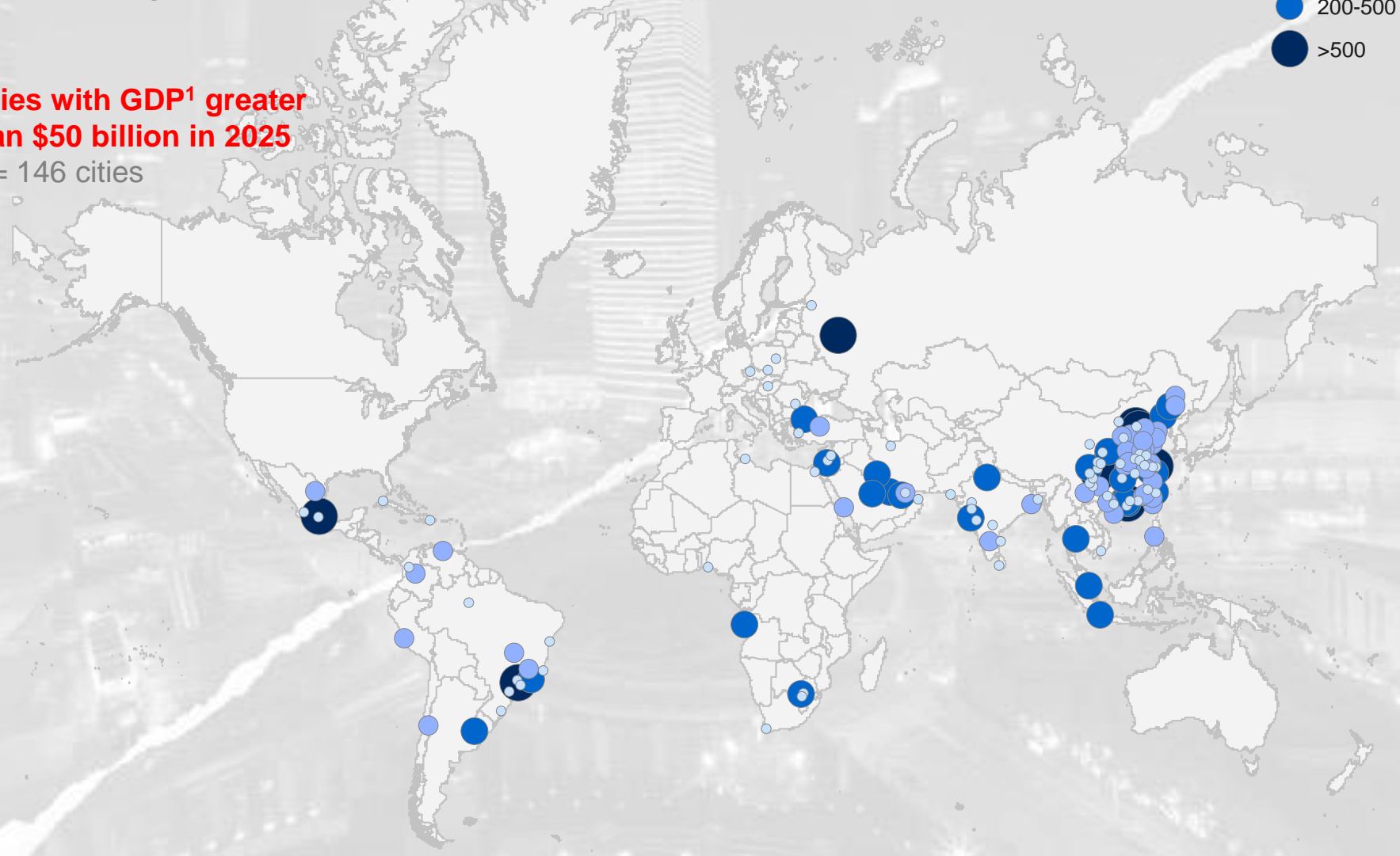
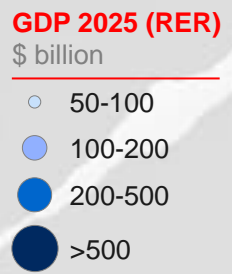
N = 147 cities



1 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

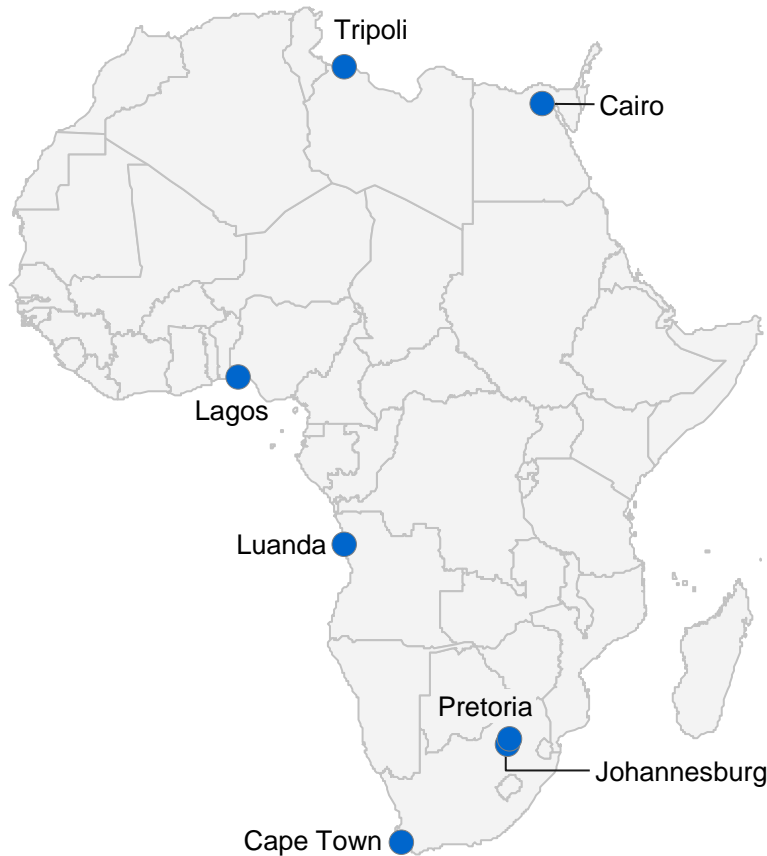


<sup>1</sup> Predicted real exchange rate.

# 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**

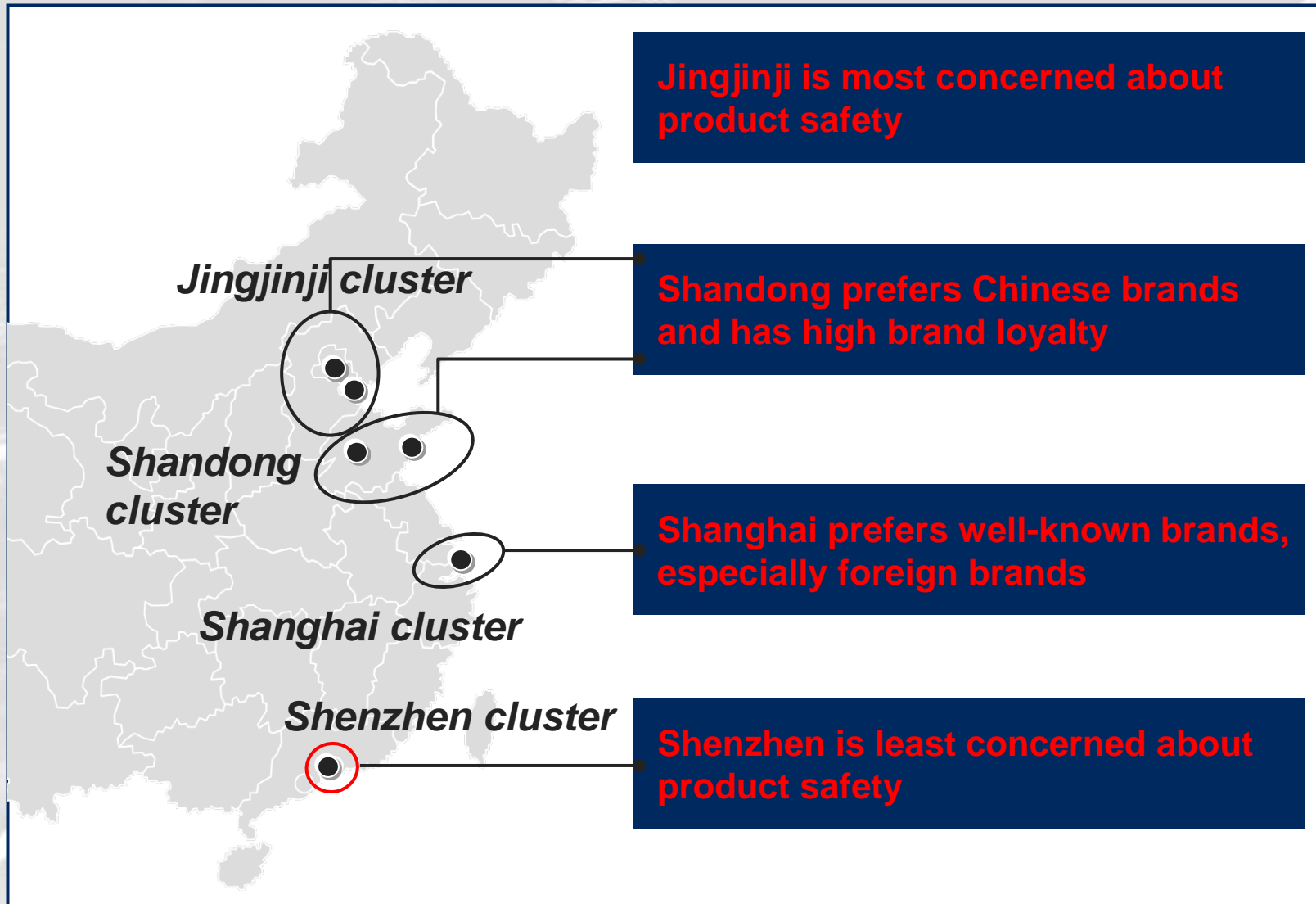


<sup>1</sup> Predicted real exchange rate.

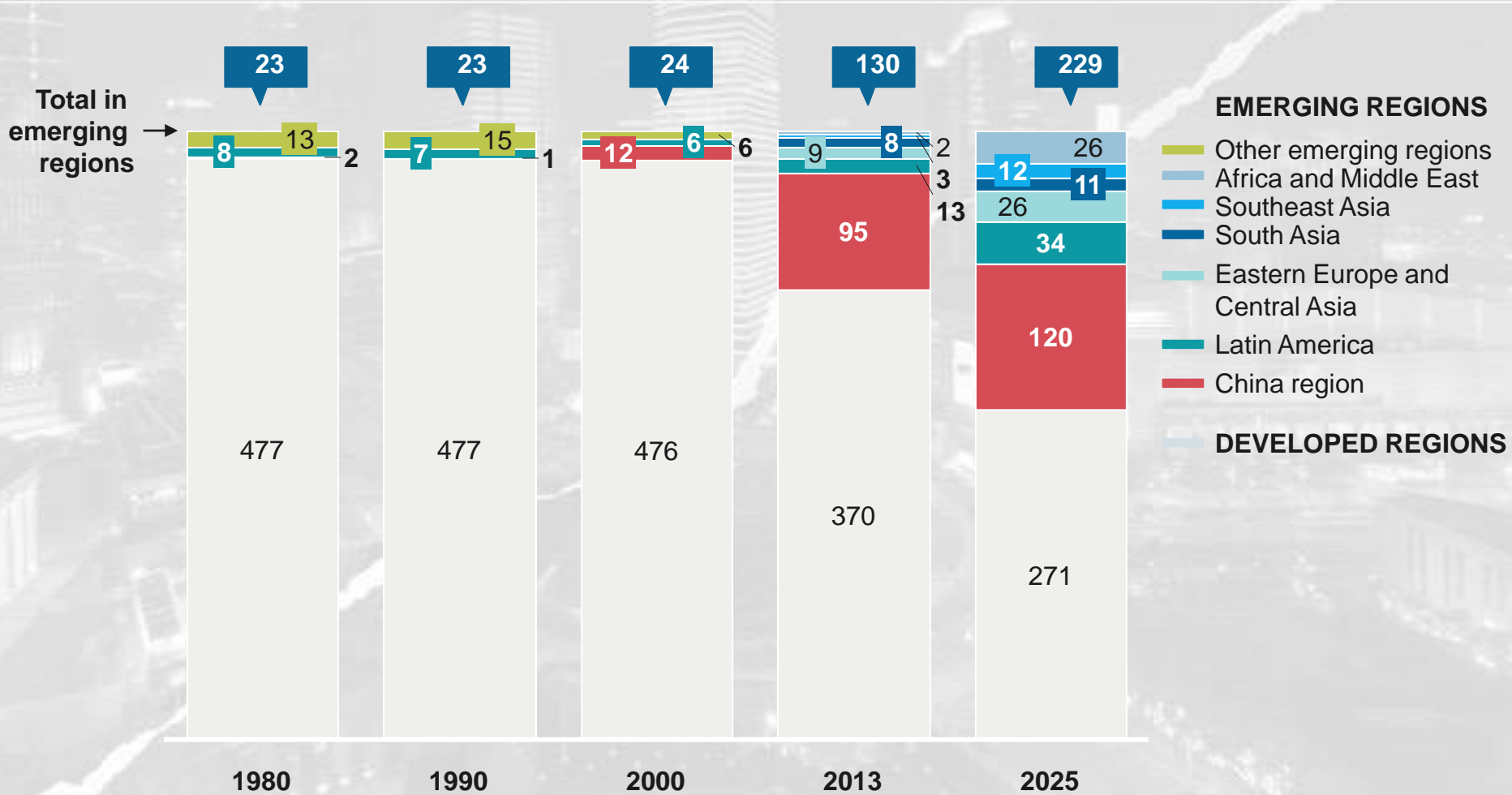


# Even within countries, granular product strategies will be necessary

CHINA EXAMPLE



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



# WINNING IN DISRUPTION



1

Externally  
focused

2

Agile and  
low cost

3

Optimist

The Four Global  
Forces Breaking All  
The Trends

# NO ORDINARY DISRUPTION

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