
Business Strategies Part II – Chapter 8

Megatrends and their Impact on some Business Models

Tor Vergata University of Rome
2nd Semester 2021 (online)
- Global Governance -
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Business Strategies – Megatrends and their Impacts on Business-Models

8.1. Futurology/Future Studies – Science or Pseudoscience? I

“Futurology is an interdisciplinary field that aggregates and analyzes trends, with (...) professional methods, **to compose possible futures**. It **includes analyzing the sources, patterns, and causes of change and stability** in an attempt to develop foresight. “(Wikipedia)



Thomas More:
Utopia



H.G. Wells Anticipations of the
Reaction of Mechanical and
Scientific Progress Upon Human
Life and Thought: An Experiment in
Prophecy

Sovjet state planing;
US 1933: Research on Social Trends
Nazi State: Strategy for fascist Utopia

1516

1901

WW1/WW2



Rachel Carson:
The Silent Spring;
initiated the environ-mental
movement

WFSF World Future
Studies Federation;
Pres.: Johan Galtung

Doctorate and Master programs at
certain Universities: Massachusetts,
Houston, Hawaii, Berlin and Turku

1962

1967

Since 1969

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8.1. Futurology/Future Studies – Science or Pseudoscience? II

Main Methods used in Futurology



Prediction Markets
Causal layered analysis (CLA)
Environmental scanning
Scenario method
Delphi method
Future history
Backcasting (eco-history)
Cross-impact analysis
Futures workshops
Failure mode and effects analysis
Technology roadmapping
Social network analysis
Systems engineering
Trend analysis
Morphological analysis
Technology forecasting
Theory U

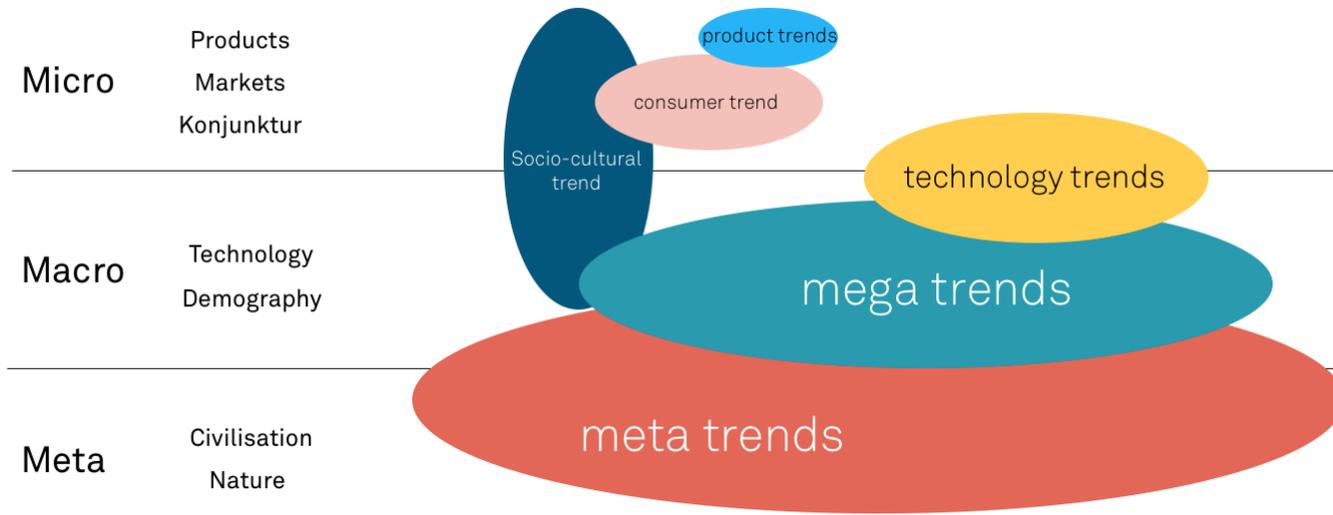
Names to be remembered

Daniel Bell, Rachel Carson,
Leonardo da Vinci, Jim Daton,
Walt Disney, Ossip K.
Flechtheim, Stephen Hawking,
Mathias Horx, Aldous Huxley,
Robert Jungk, Herman Kahn,
Stanislaw Lem, George Orwell,
Richard Slaughter, H.G. Wells,

8.2. Megatrends: Definitions and Concepts I

Megatrends are structural shifts that are longer term in nature and have irreversible consequences for the world around us.

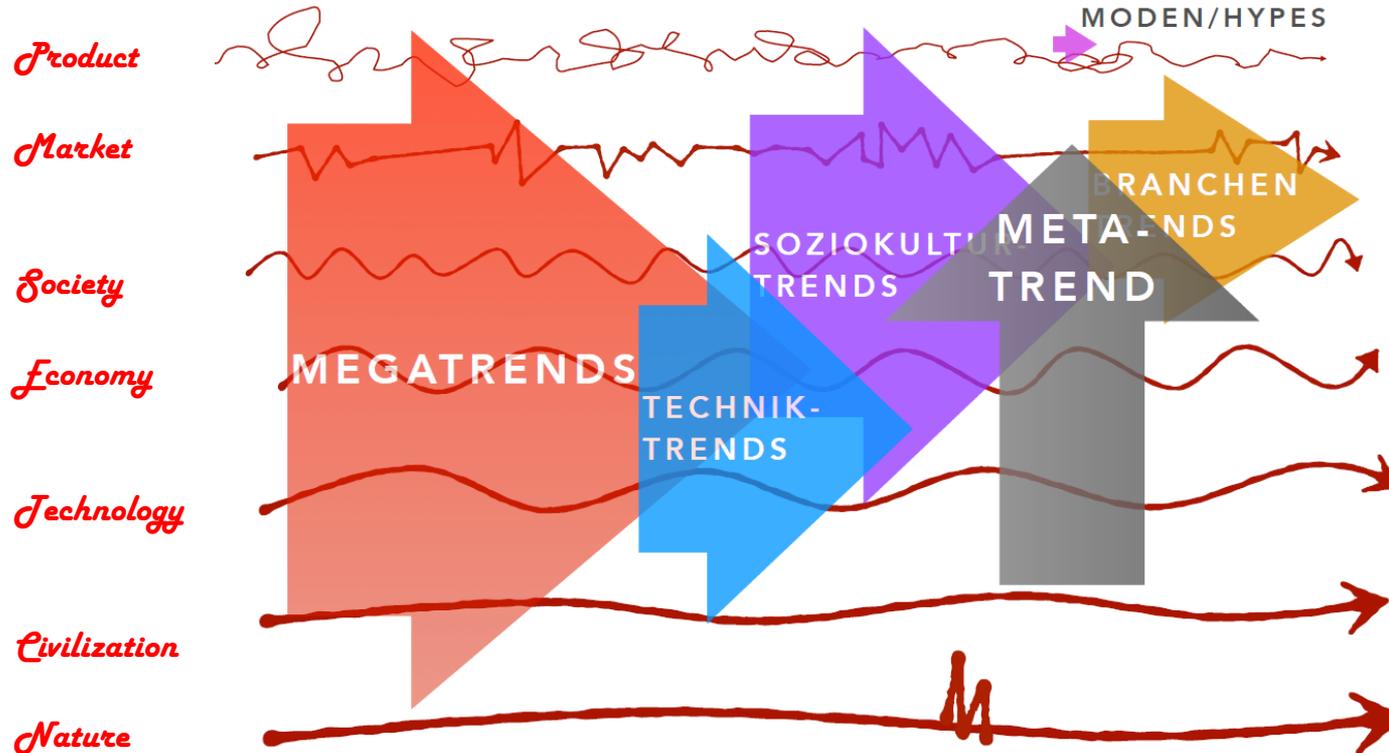
» What trends should be detected?



Source: Horx Zukunftsinstitut GmbH

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8.2. Megatrends: Definitions and Concepts II



Source: Horx 2018

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8.2. Megatrends: Different Approaches – Drivers-Approach by Deloitte I



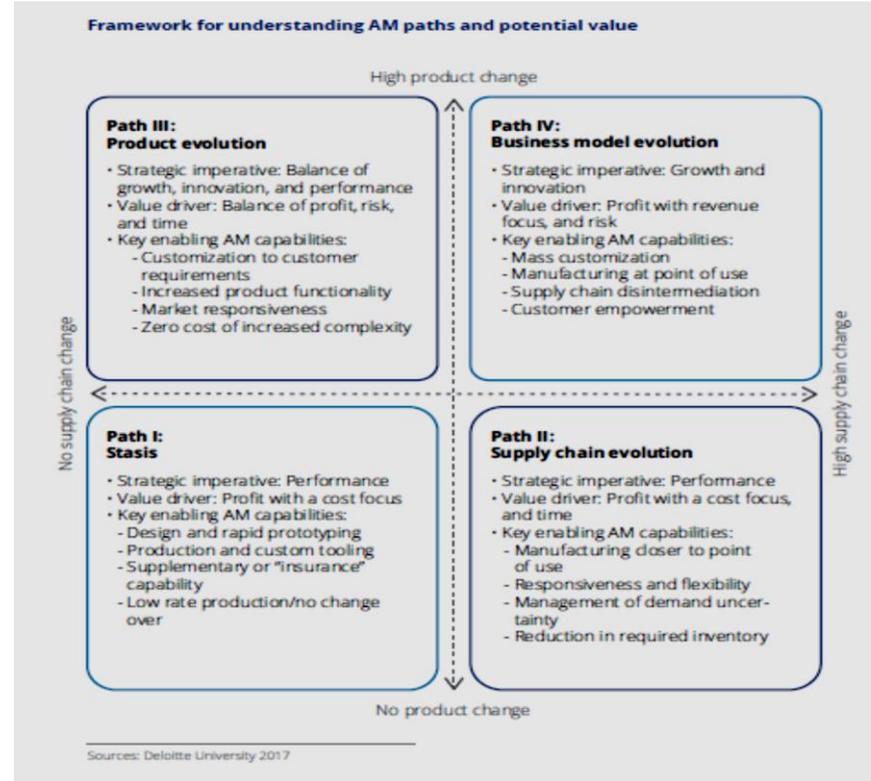
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8.2. Megatrends: Different Approaches – Drivers-Approach by Deloitte II

Example 1:

Additive Manufacturing

Additive manufacturing (AM) or 3D printing refers to a production method whereby three-dimensional products are created by successively layering material using a computerized or digital process.



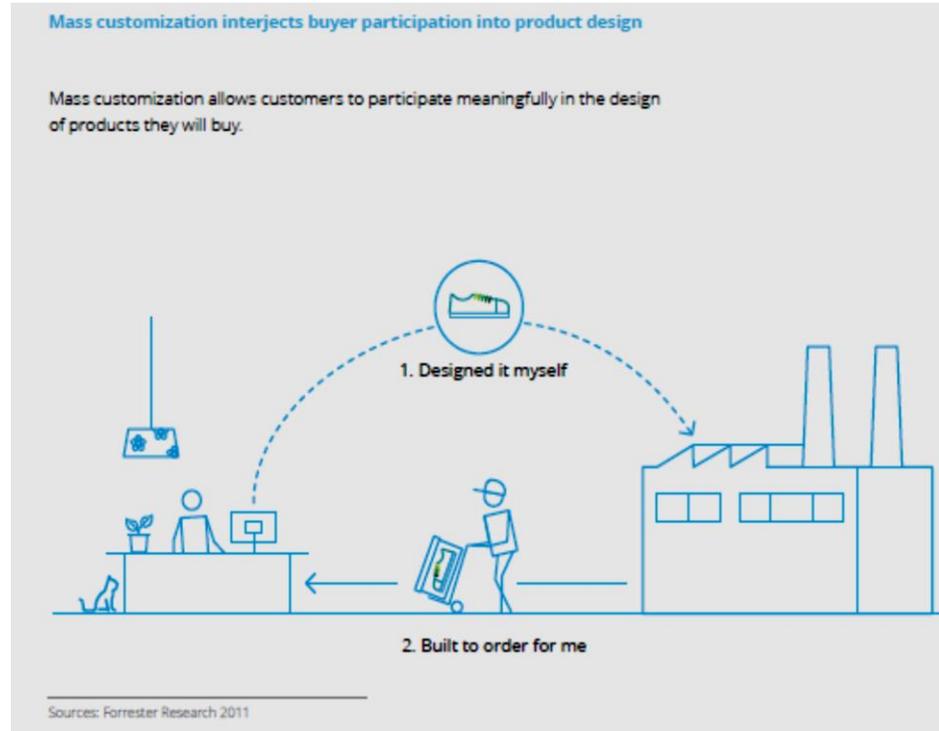
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8.2. Megatrends: Different Approaches – Drivers-Approach by Deloitte III

Example 2:

Demand for Customization

Control is shifting away from the manufacturer, giving the consumer a greater say in what, when, and how they receive their goods and services (e.g., customized goods, precision medicine) due to the interaction between Web 2.0 and advanced manufacturing trends.



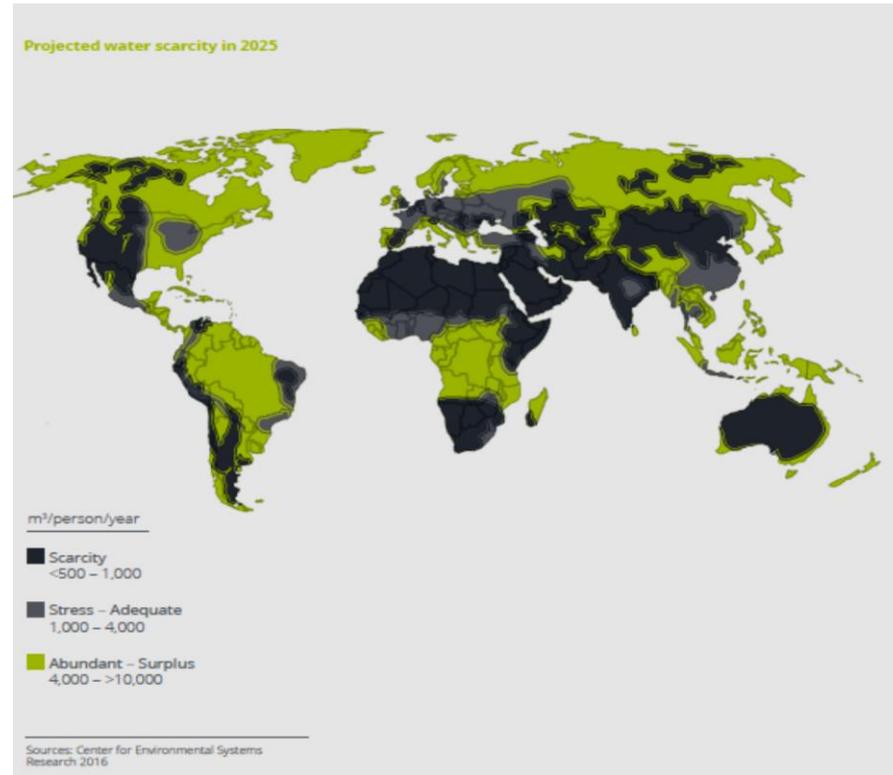
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8.2. Megatrends: Different Approaches – Drivers-Approach by Deloitte IV

Example 3:

Resource Scarcity

As the world's population continues to grow, there is increased demand for and pressure to conserve natural resources that have huge implications for poverty, inequality, demographics, and public health.



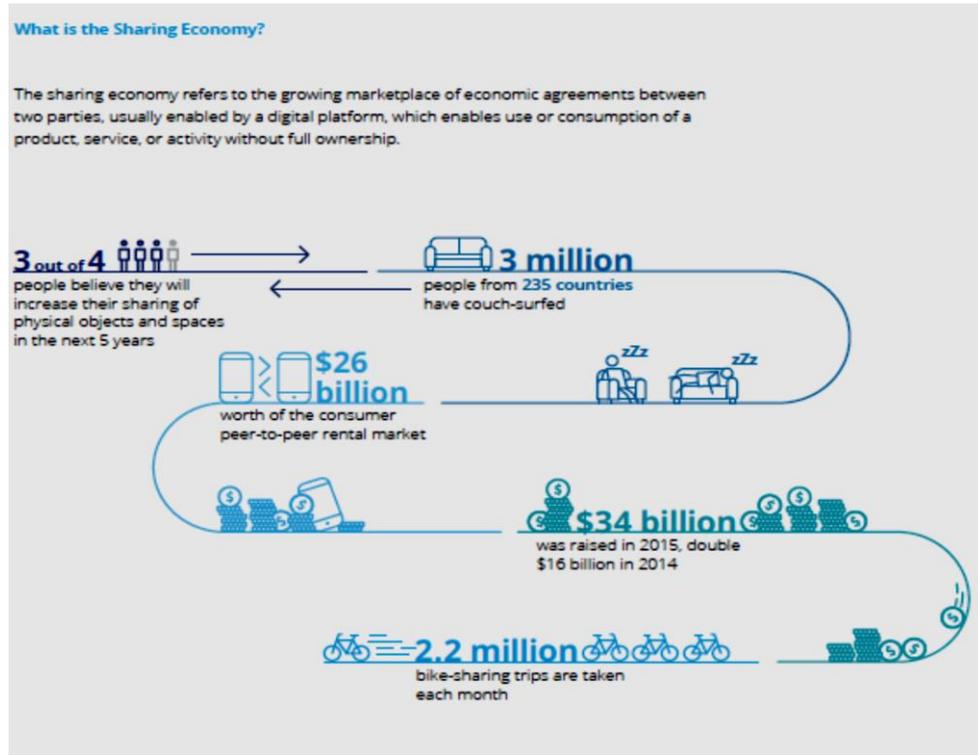
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8.2. Megatrends: Different Approaches – Drivers-Approach by Deloitte V

Example 4:

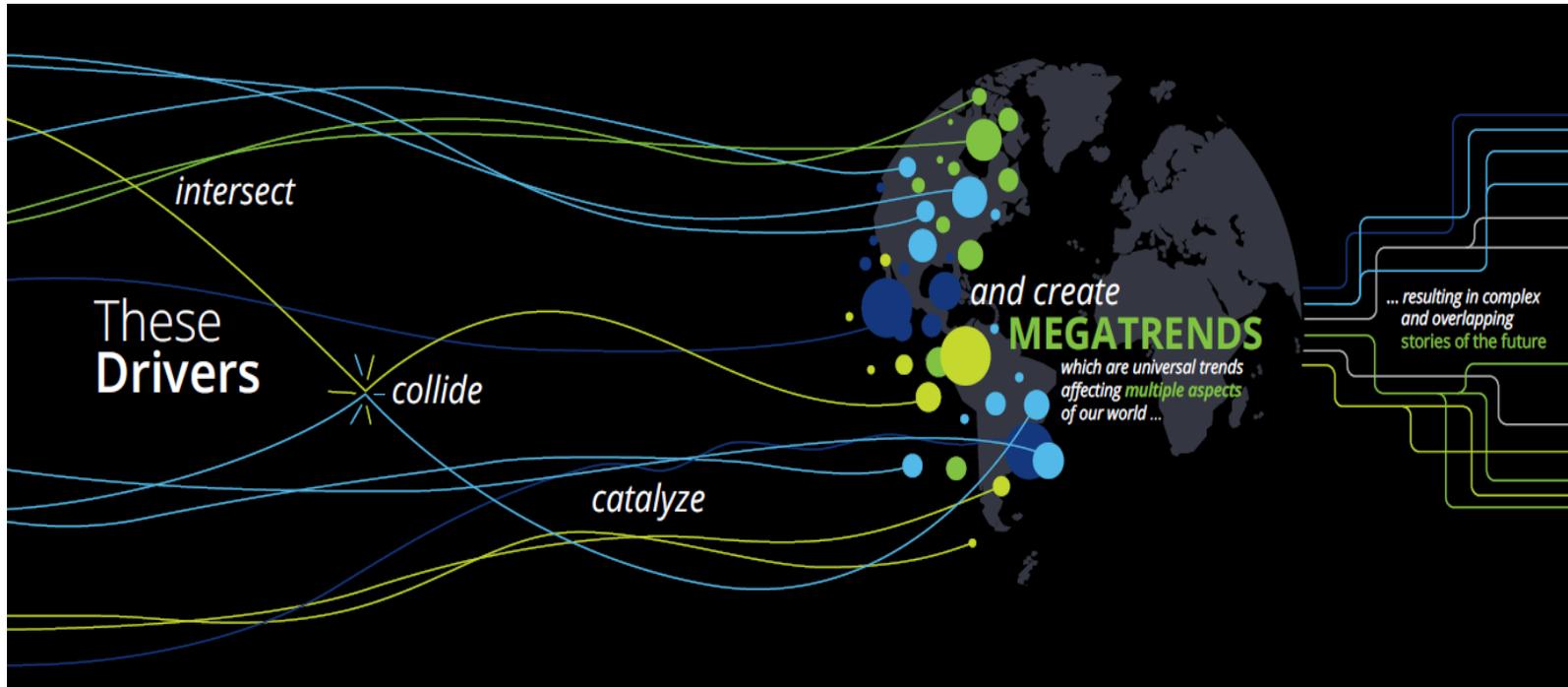
Sharing Economy

The collaborative nature of the online environment has led to the rise of the sharing economy, in which technology is leveraged to unlock idle capacity and provide access to products through renting or borrowing.



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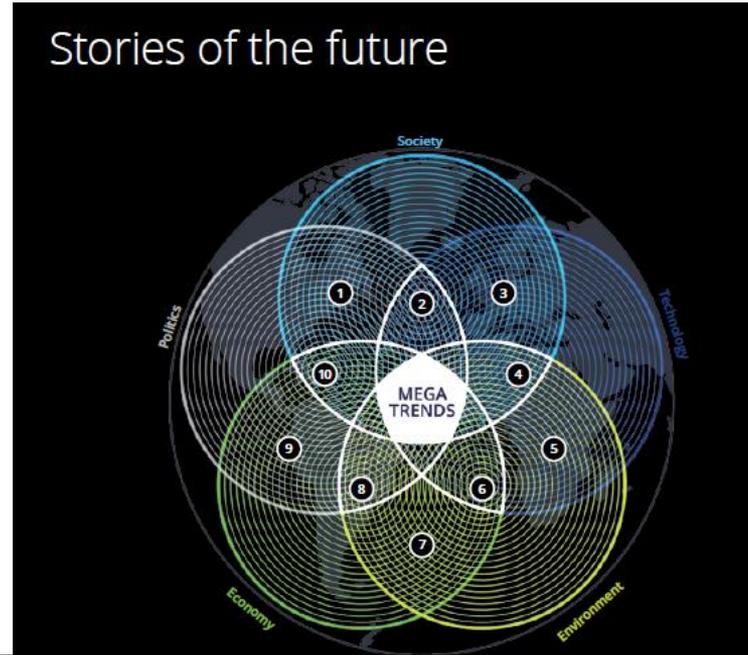
8.2. Megatrends: Different Approaches – Drivers-Approach by Deloitte VI



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8.2. Megatrends: Different Approaches – Drivers-Approach by Deloitte VII

Focus: Which trends in different areas create the „stories of the future“?



The overlap of the five circles reveals ten groups of stories. Some them are new and surprising, while others are more obvious and have been visible in plain sight to many of us.

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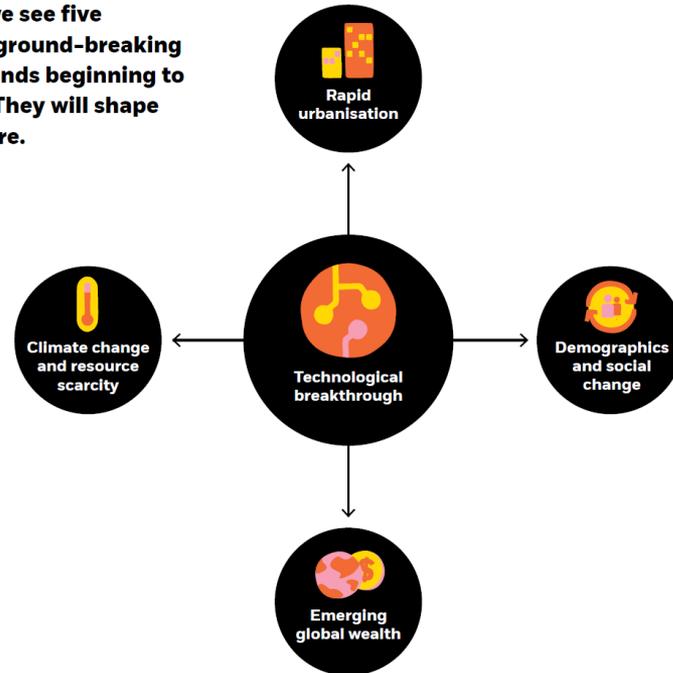
8.2. Megatrends: Different Approaches – Investment-Approach by Blackrock I

Focus: Which powerful transformations should lead our investments?

Today, we see five equally ground-breaking megatrends beginning to unfold. They will shape our future.

Megatrends are powerful, transformative forces that can change the trajectory of the global economy by shifting the priorities of societies, driving innovation and redefining business models. They can have a meaningful impact not just on how we live and how we spend money, but also on government policies and corporate strategies.

Identifying the potential for structural change and investing in expected transformations early can be a key driver of successful investing. This may be an opportunity for investors to position their portfolios for long-term growth potential. In other words, investing in the future is key to securing their future.



BlackRock, "Megatrends: A Research Study", July 2018 – Based on original research in partnership with PWC, 2015.

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8.2. Megatrends: Different Approaches – Investment-Approach by Blackrock II



Demographics & social change

The working age population in advanced economies is set to begin shrinking for the first time in history in 2021.²



Rapid urbanisation

Over 50% of Asia's citizens are expected to live in urban areas in 2020.³



Emerging global wealth

China's middle class will grow by approximately 45% to a total of almost 1.2 billion people by 2030.⁵

Our five megatrends form the genesis of our Thematic investment platform.



Technological breakthrough

Over 51% of the global population (3.9 billion) will gain internet access by the end of 2019.¹



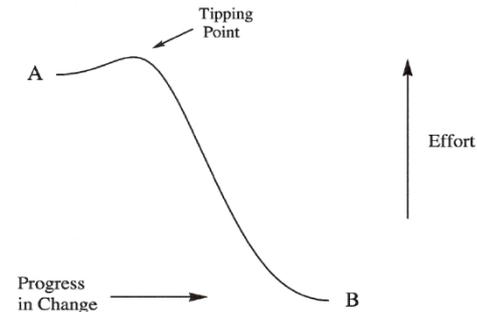
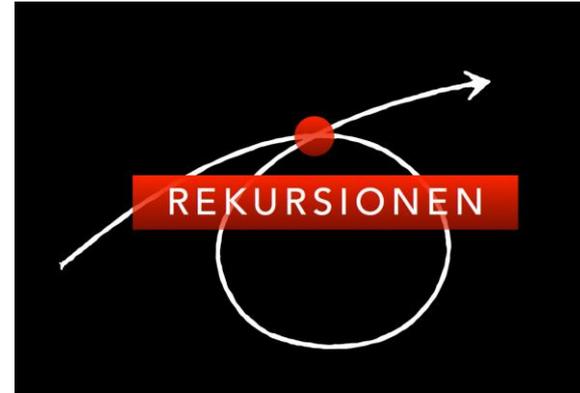
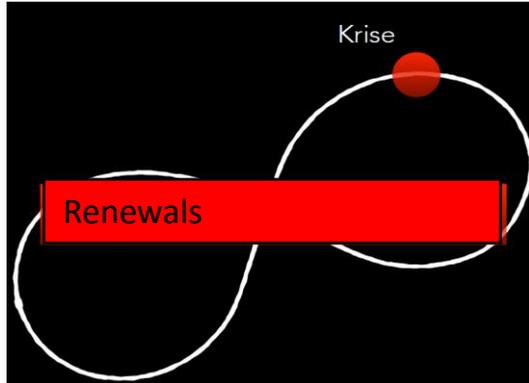
Climate change & resource scarcity

18 of the 19 warmest years on record have all occurred since 2000.⁴

Bkup: Horx Mapping Approach

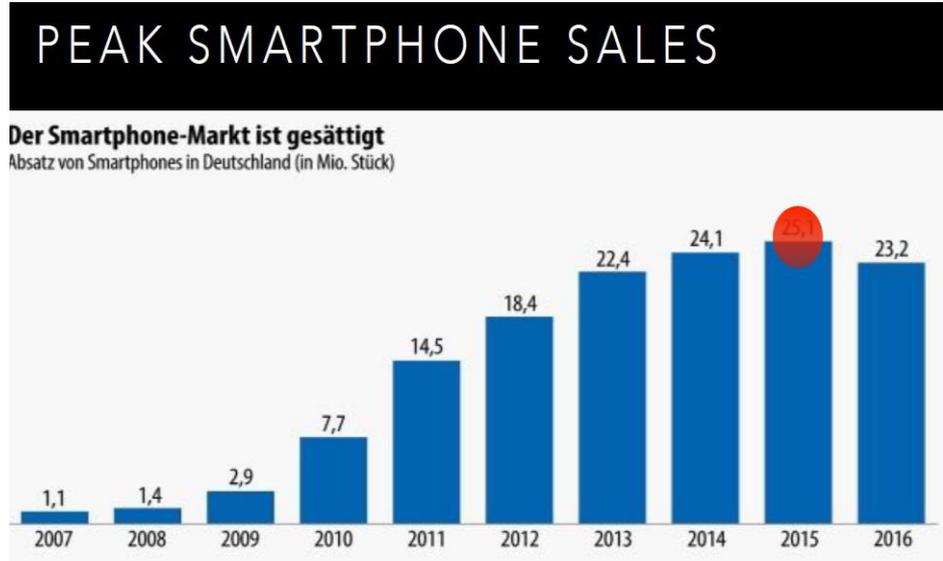
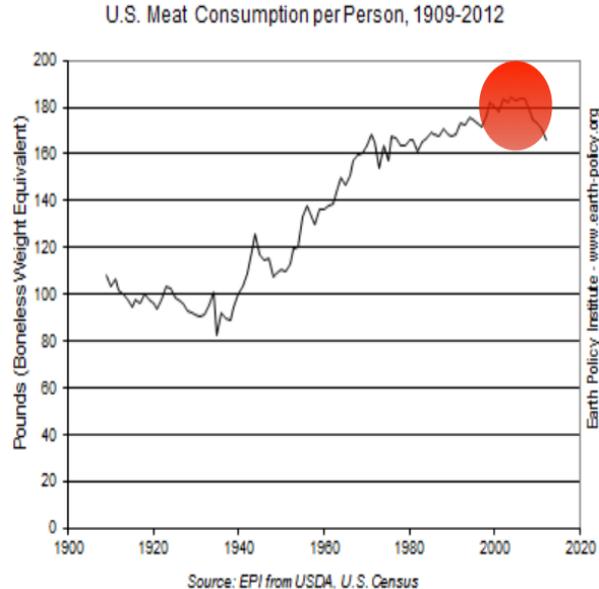
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8.3. The Development of Trends I



Source: Horx 2018

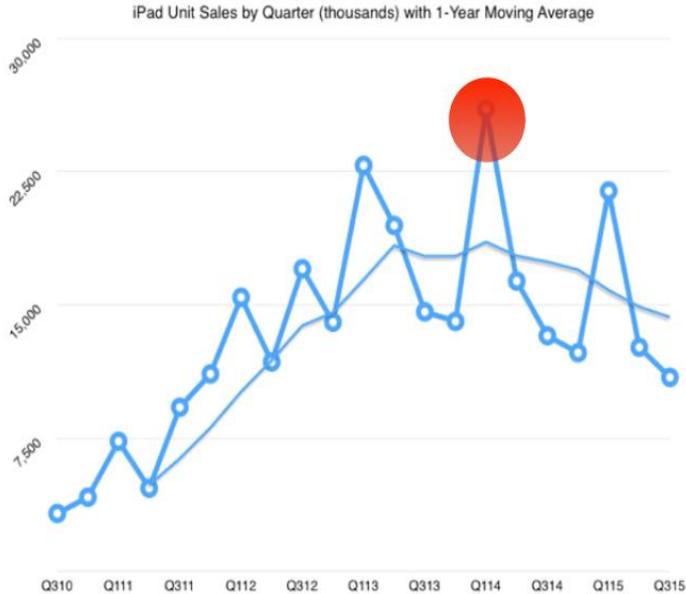
8.3. The Development of Trends II



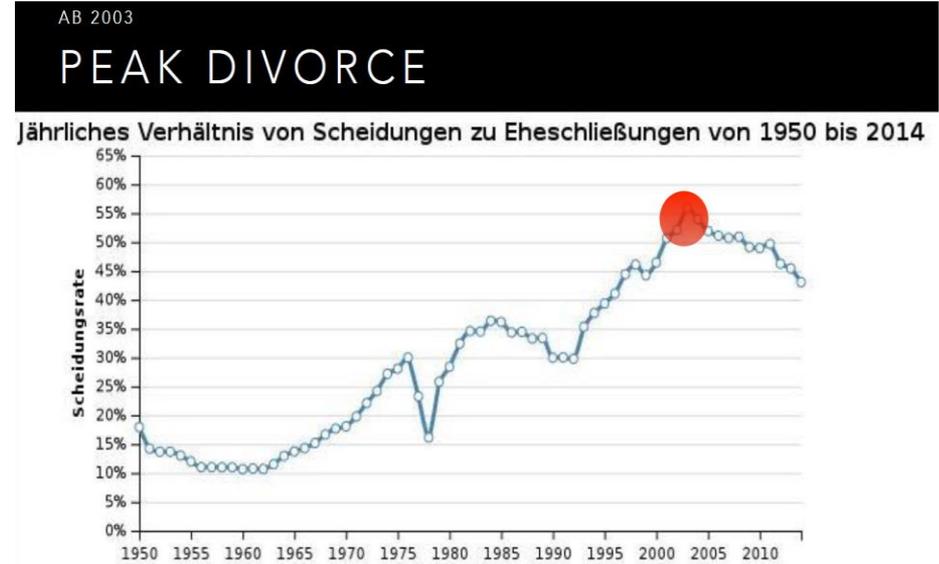
Source: Horx 2018

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8.3. The Development of Trends III

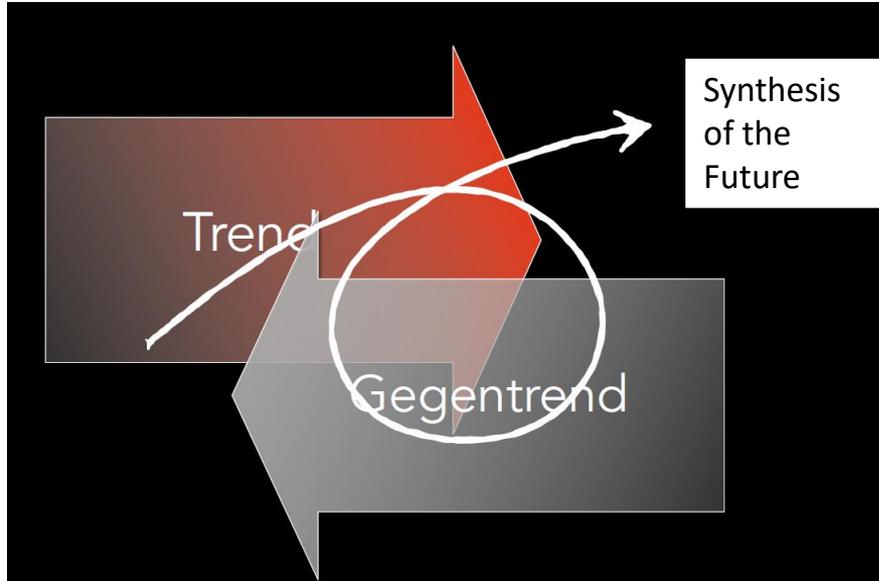


Source: Horx 2018



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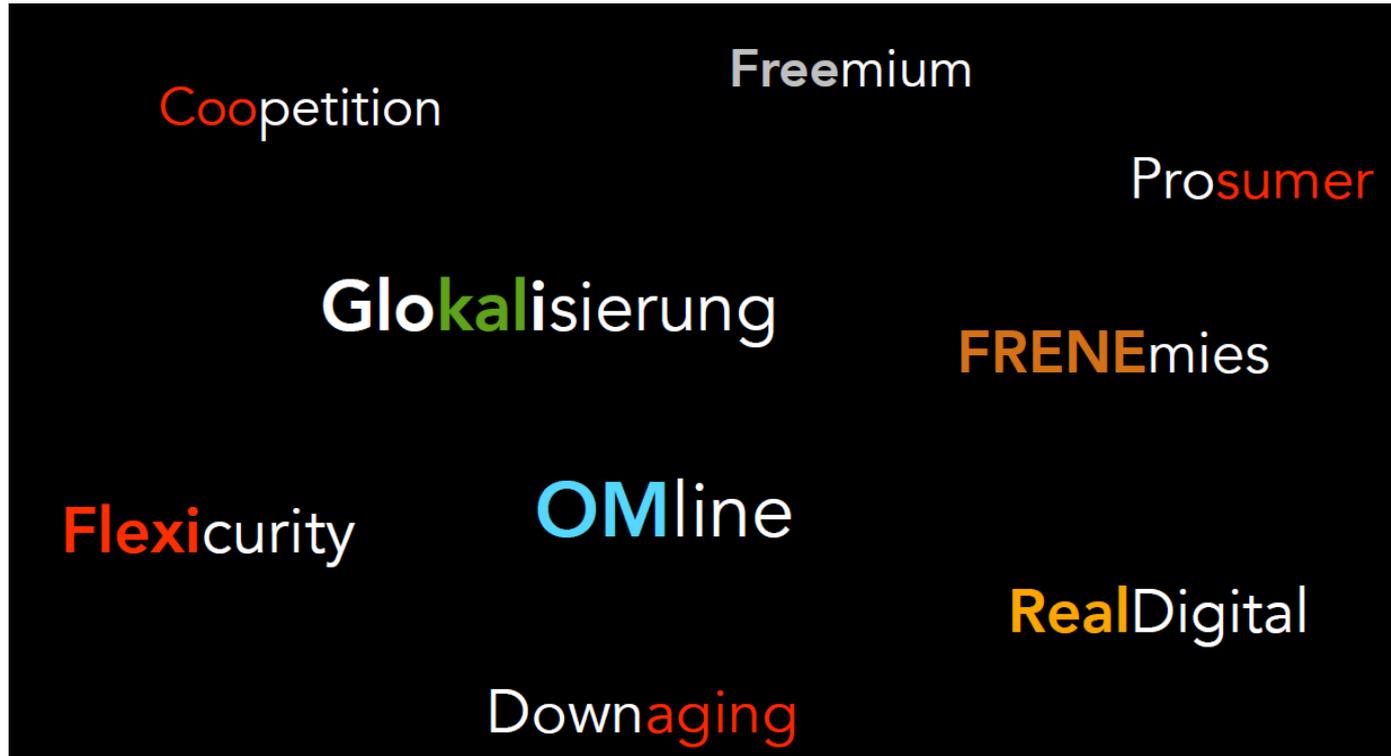
8.3. The Development of Trends IV



Source: Horx 2018

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8.3. The Development of Trends V

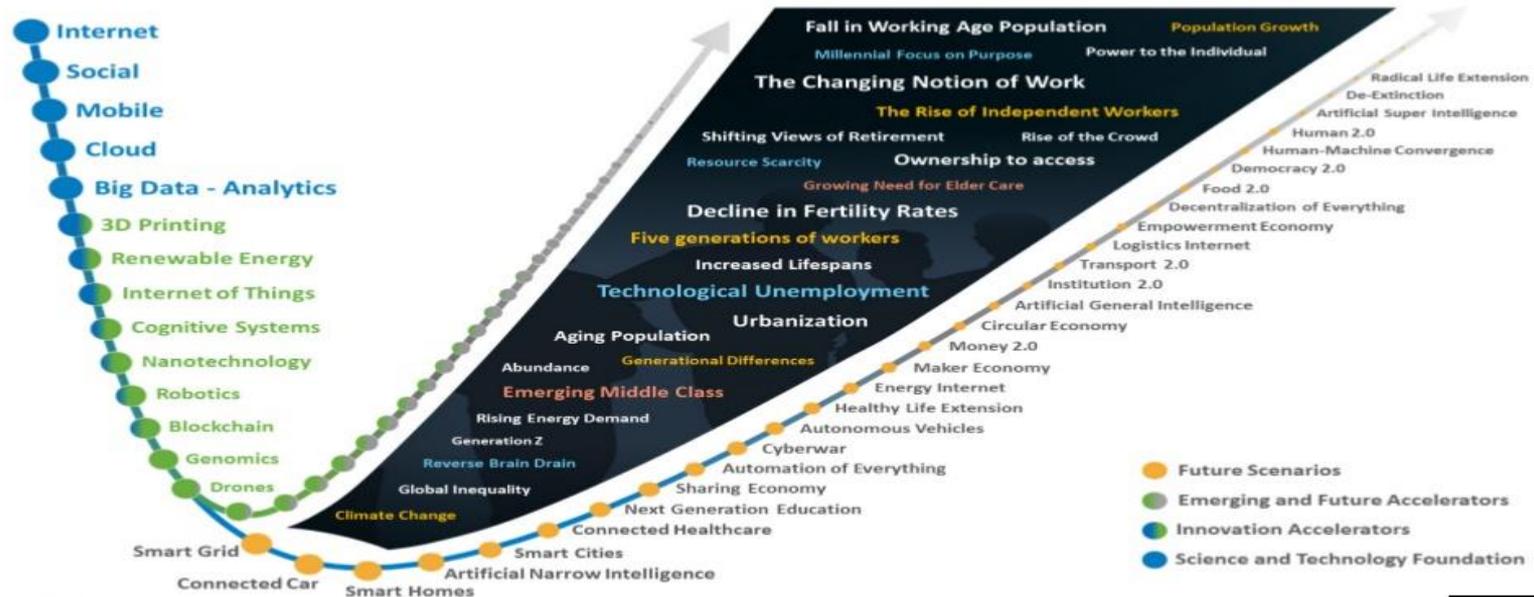


Source: Horx 2018

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8.4. Impacts on Business-Models – The Gamechangers I

A world of limitless opportunity



Source: Peter Fisk 2020



Business Strategies – Megatrends and their Impacts on Business-Models

8.4. Impacts on Business-Models – The Gamechangers II

A world of relentless change



OLD POWER VALUES

Managerialism, institutionalism, representative governance

Exclusivity, competition, authority, resource consolidation

Discretion, confidentiality, separation between private and public spheres

Professionalism, specialization

Long-term affiliation and loyalty, less overall participation

NEW POWER VALUES

Informal, opt-in decision making; self-organization; networked governance

Open source collaboration, crowd wisdom, sharing

Radical transparency

Do-it-ourselves, “maker culture”

Short-term, conditional affiliation; more overall participation

20th Century vs 21st Century Business



+genius

Today	→	Future
Corporates	→	Ecosystems
Optimisation	→	Innovation
Physical	→	Digital
Hierarchies	→	Networked
Experts	→	Integrators
Functions	→	Projects
Analytical	→	Intuitive
Shareholders	→	Society
Profit	→	Progress



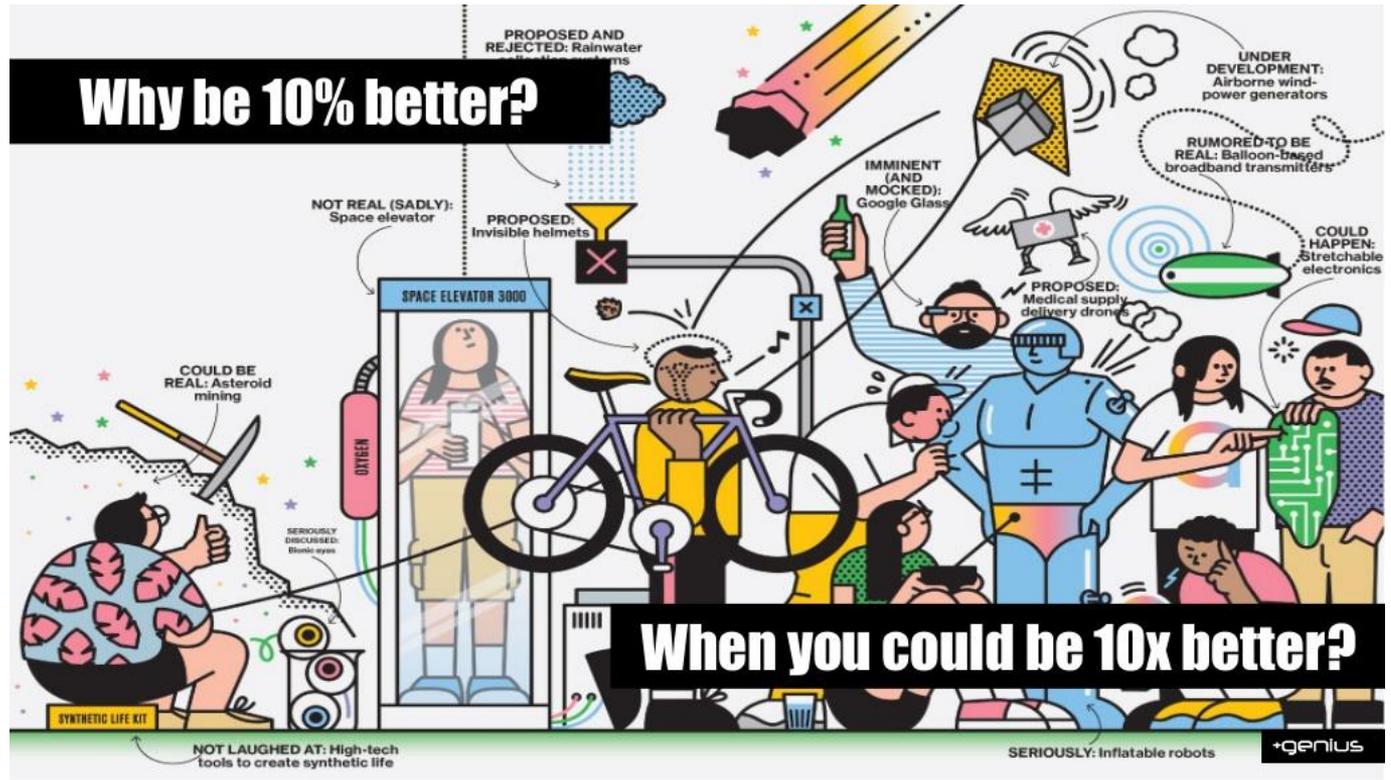
+genius

Source: Peter Fisk 2020

© Peter Fisk 2019

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8.4. Impacts on Business-Models – The Gamechangers III

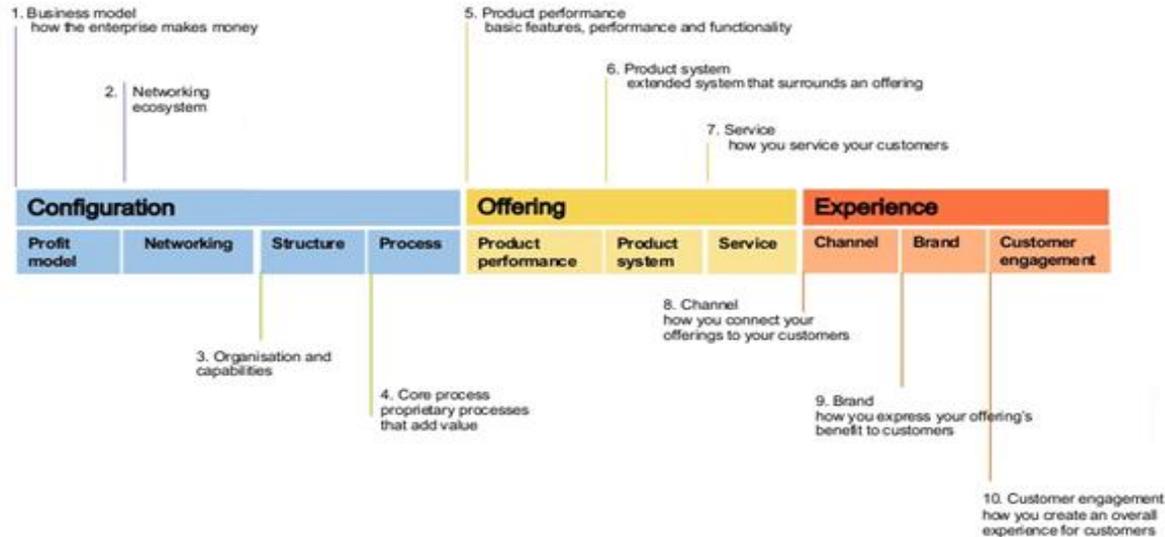


Source: Peter Fisk 2020

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8.4. Impacts on Business-Models – The Gamechangers IV

10 types of innovation



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Source: Peter Fisk 2020

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8.5. Megatrends and Automotive Industry I: Traditional Business Model



Design/Development



Supply Chain Management



Production



Financing



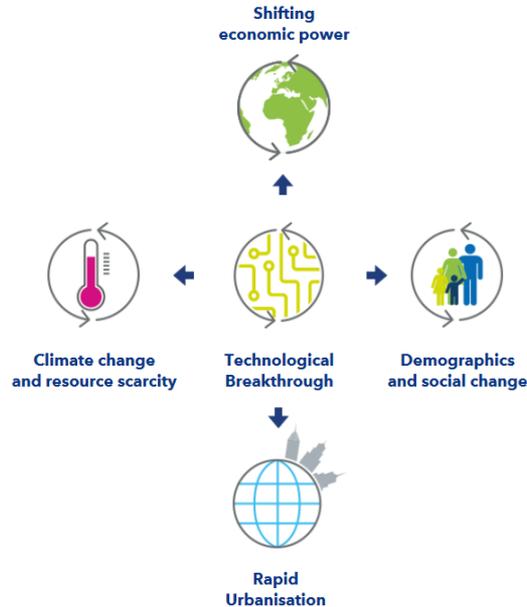
Sales



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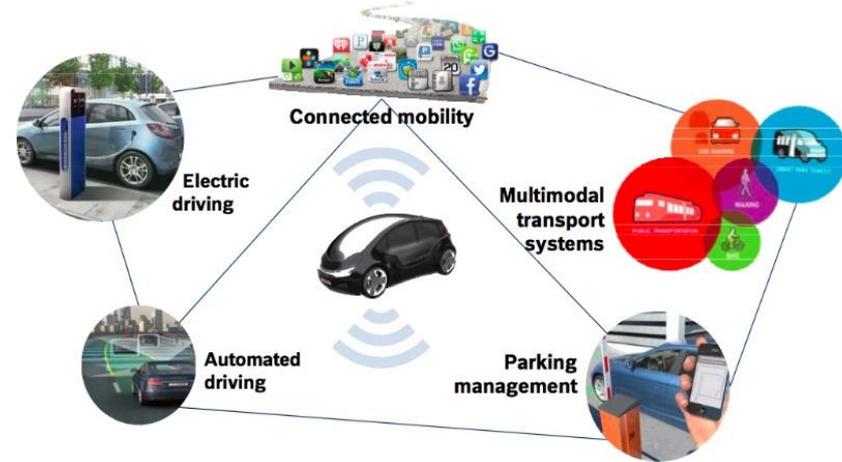
8.5. Megatrends and Automotive Industry II

Megatrends (by Blackrock)



Technological Trends

Bosch vision: Future mobility



8.5. Megatrends and Automotive Industry III: McKinsey Study



Shifting markets and revenue pools

1. Driven by shared mobility, connectivity services, and feature upgrades, new business models could expand automotive revenue pools by ~30 percent, adding up to ~USD 1.5 trillion.
2. Despite a shift towards shared mobility, vehicle unit sales will continue to grow, but likely at a lower rate of ~2 percent p.a.



Changes in mobility behavior

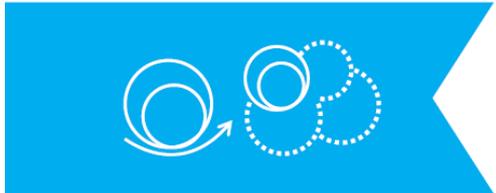
3. Consumer mobility behavior is changing, leading to up to one out of ten cars sold in 2030 potentially being a shared vehicle and the subsequent rise of a market for fit-for-purpose mobility solutions.
4. City type will replace country or region as the most relevant segmentation dimension that determines mobility behavior and, thus, the speed and scope of the automotive revolution.

8.5. Megatrends and Automotive Industry III: McKinsey Study



Diffusion of advanced technology

5. Once technological and regulatory issues have been resolved, up to 15 percent of new cars sold in 2030 could be fully autonomous.
6. Electrified vehicles are becoming viable and competitive; however, the speed of their adoption will vary strongly at the local level.



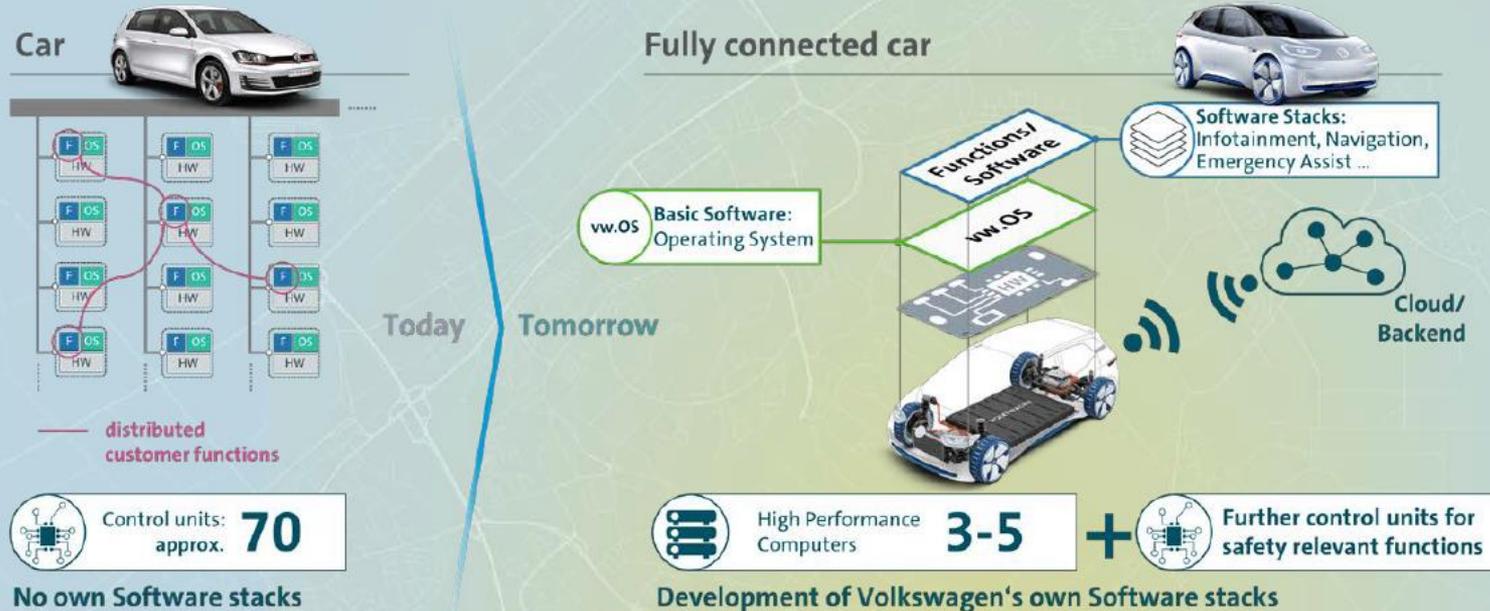
New competition and cooperation

7. Within a more complex and diversified mobility industry landscape, incumbent players will be forced to simultaneously compete on multiple fronts and cooperate with competitors.
8. New market entrants are expected to initially target only specific, economically attractive segments and activities along the value chain before potentially exploring further fields.

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8.5. Megatrends and Automotive Industry IV - Volkswagen Strategy

The car becomes the most complex internet device



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8.5. Megatrends and Automotive Industry IV - Volkswagen Strategy

Enormous increase worldwide in BEV deliveries by 2025 across all brands¹⁾

BEV worldwide (in million) based on expected Group deliveries to customers



¹⁾ As of 12th March, 2019.

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8.5. Megatrends and Automotive Industry IV - Volkswagen Strategy

BEV challenges addressed by three key elements

Usability / Range



e-Golf

up to 231 km (WLTP)



MEB-platform

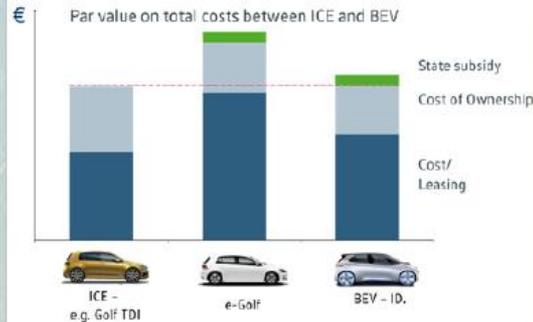
330 km (WLTP)

up to 550 km (WLTP)

scalable



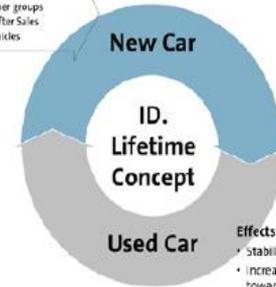
Total Cost of Ownership



Systematic Sales Approach

"Rate instead of price":

- Leasing for all customer groups
- Package offers incl. After Sales
- For new and used vehicles

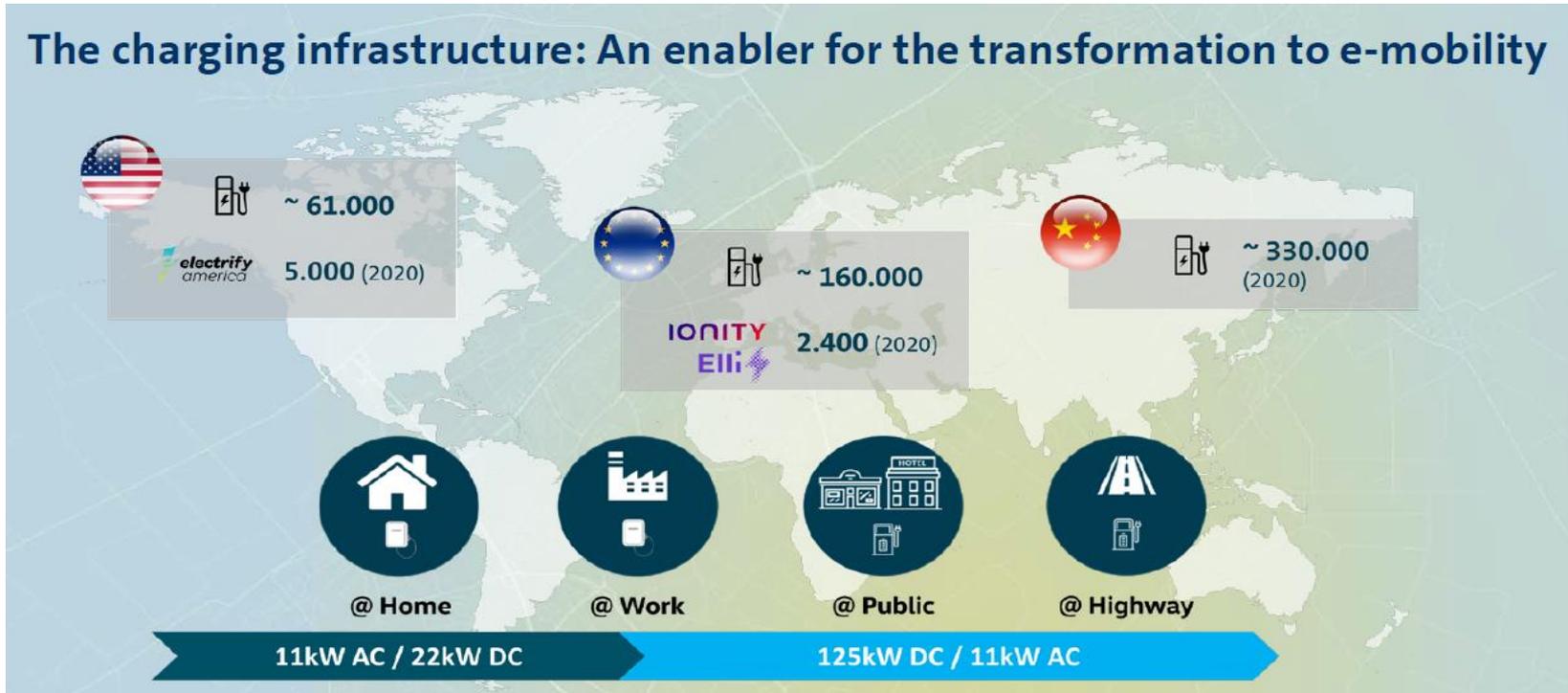


Effects:

- Stabilization of residual values
- Increase of customer loyalty towards dealers & brand

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8.5. Megatrends and Automotive Industry IV - Volkswagen Strategy



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8.5. Megatrends and Automotive Industry IV - Volkswagen Strategy



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8.5. Megatrends and Automotive Industry IV - Volkswagen Strategy

Driving forward Strategy: New collaborative approach

Market/ Product



E-Mobility services



Software



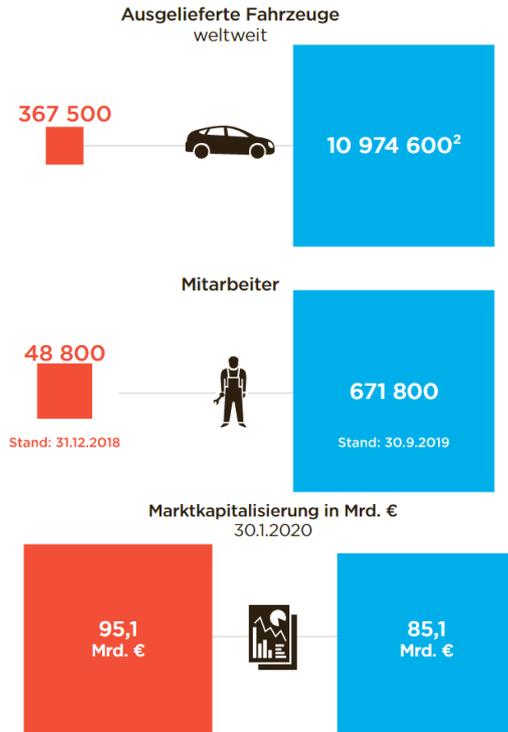
Technology



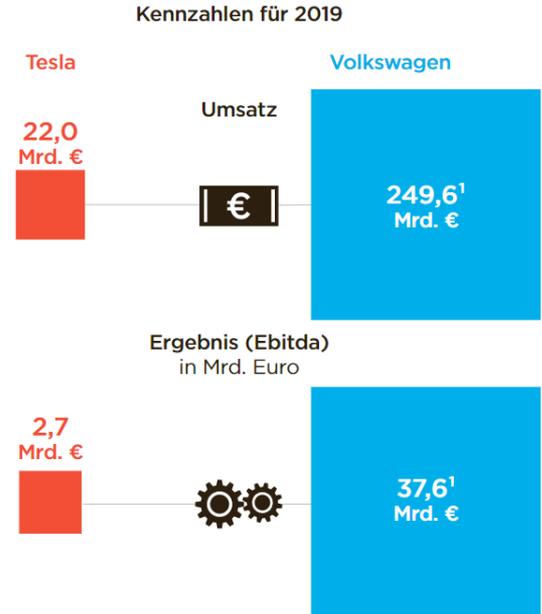
New Scale dimensions

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8.5. Megatrends and Automotive Industry V - Tesla vs. Volkswagen



*„Is Volkswagen able to solve its software problems faster than Tesla can increase its sales numbers? „
(Handelsblatt 31.1.2020)*

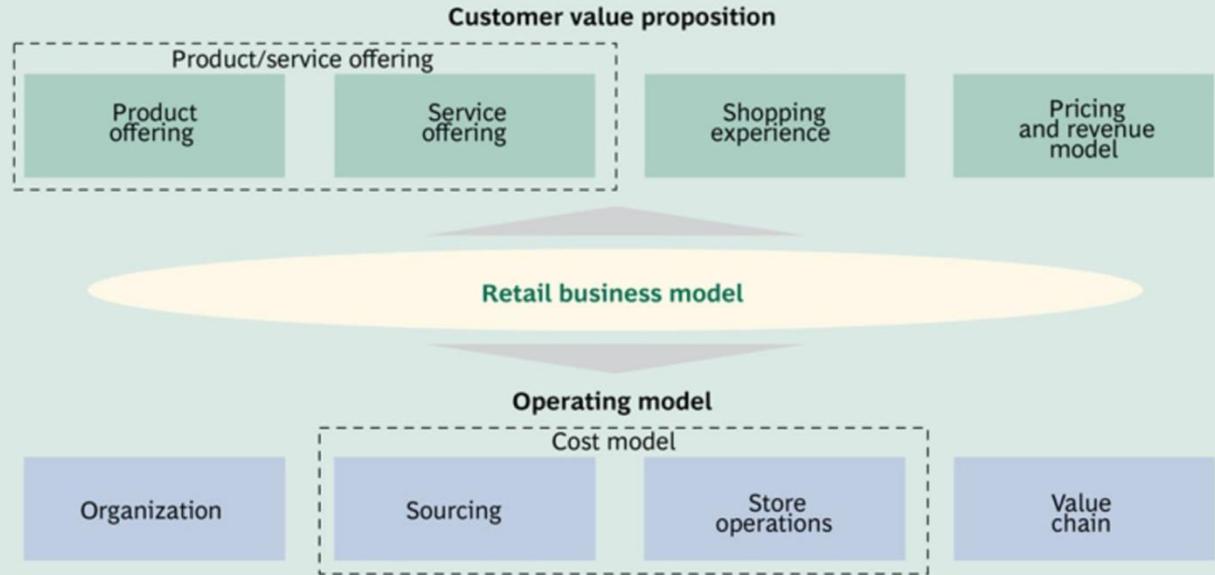


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8.6. Megatrends and Retail Business I – Traditional Business Model



Retail Business Models Integrate Two Distinct yet Intertwined Dimensions

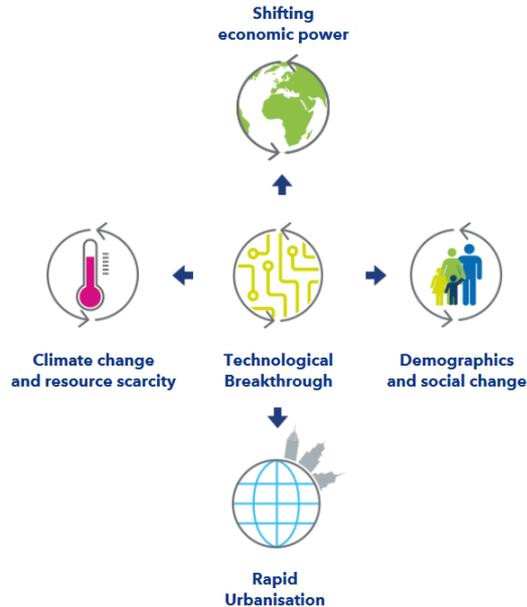


Source: BCG analysis.

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8.6. Megatrends and Retail Business I – Main Drivers for Retailers

Megatrends (by Blackrock)



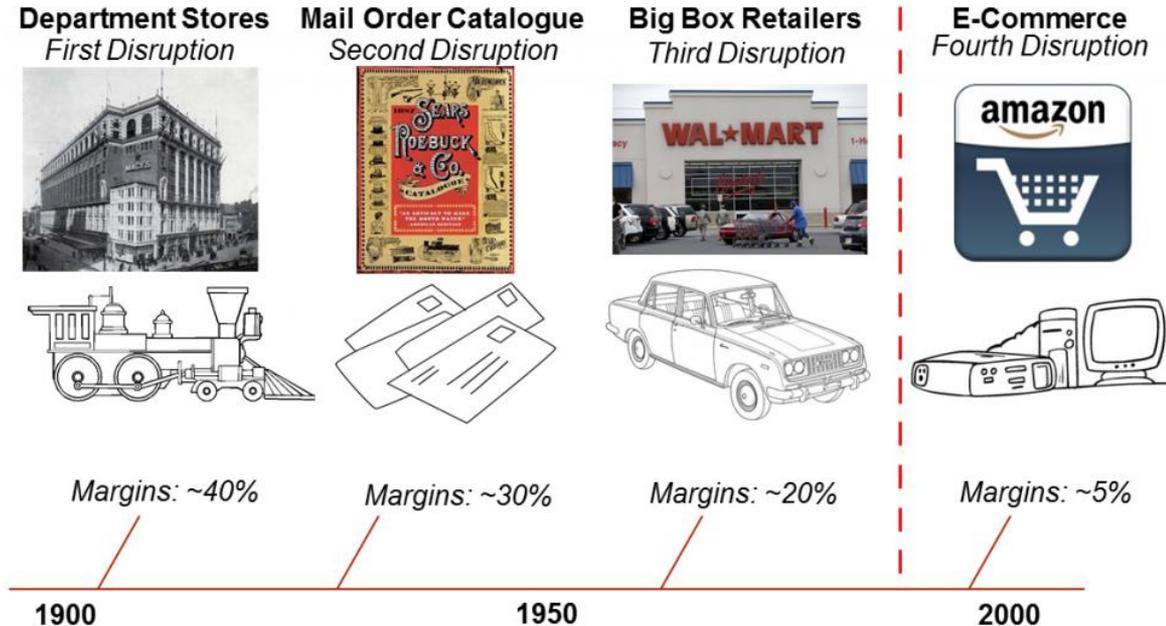
Important Drivers for Retailers



Business Strategies – Megatrends and their Impacts on Business-Models

8.6. Megatrends and Retail Business I – Retail History Driven by Technology

Historical disruption in retail has followed similar patterns



Source: Innosight 2013

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8.6. Megatrends and Retail Business II – The Main Trends

Trend 1



From we to me

The best retailers are forensically using customer-centric data to deliver hyper- personalization. Retailers can now get a very in-depth understanding of their consumers' behavioral habits.



Source: KPMG 2019

Trend 2



Consumers get price savvy

Consumers expect the price to reflect their mission: value(s), convenience and experience.



„The entire retail industry is facing pulverization“ (GDI/KPMG 2019)

Trend 3



The rise and rise of voice

Humans are becoming more comfortable communicating with robots and robots are becoming more sophisticated, or human-like, in these interactions.



Trend 4



Experiential retail is coming to life

Retailers are actively experimenting with experience as their most powerful tool to win and retain customers.



8.6. Megatrends and Retail Business II – The Main Trends

Trend 5

Planet friendly is due to arrive

The planet friendly movement has momentum. Consumers are shopping with emotion and values as much as their wallets.



„Data is the new Currency, the new oil...(.....)

**....we are at the beginning of a transformation which will lead to the displacement of consumption as we know it.“
(GDI/KPMG 2019)**

Trend 6

Social currency will be more transactional

Social media has become embedded in many customer's purchasing journeys. Retailers need to actively engage with these tools as consumers increasingly use them as a primary interaction point with brands and companies.



Trend 7

From transaction to service provider

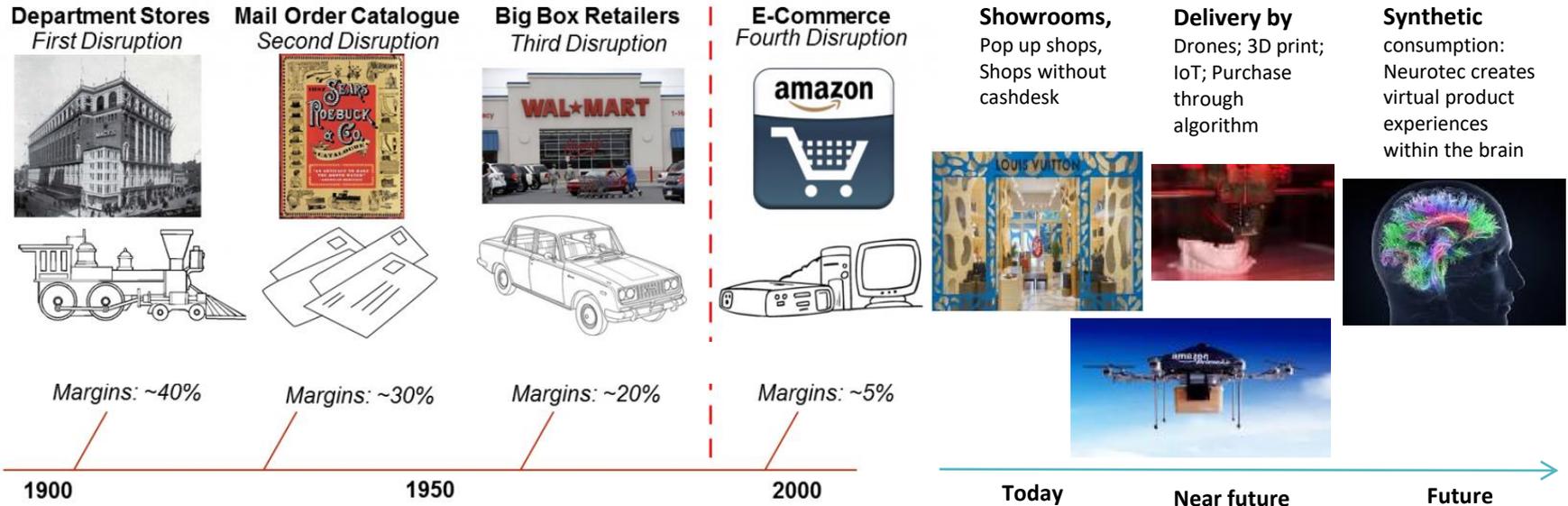
Platforms are developing solutions and products they are offering direct to retailers; they will harvest the data. So the question will be, which one will you collaborate with?



Source: KPMG 2019

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8.6. Megatrends and Retail Business III – The Near and The Far Future



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8.6. Megatrends and Retail Business IV - The Case of Mud Jeans



Circular



Zero Impact



Vegan



Lease

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8.6. Megatrends and Retail Business IV – The Case of Mud Jeans

On Demand Production, On Demand Use

