

**USC**Marshall

Center for Global Supply Chain Management

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**SCHOOL OF BUSINESS** 

## Agenda

- Globalization (trends and impacts)
- Future of globalization
- Free Trade Era
- Rise of Protectionism
- Technology trends
- Disruptive technology vs. Globalization
- Omni Channel
- Reflection

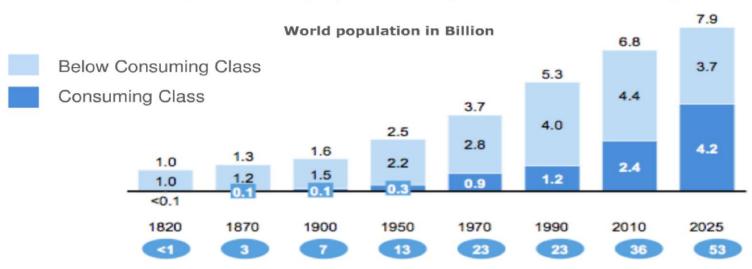






### Trends - Consuming Class

From 1990 to 2025, three billion people are set to join the world's consuming class

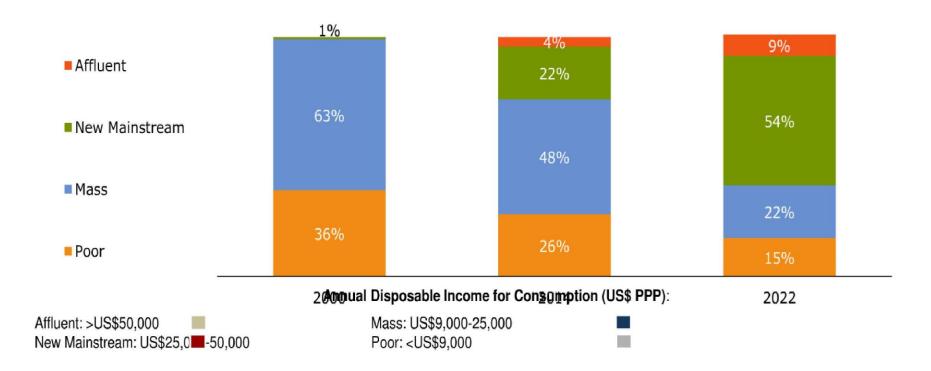






### Trends - Rising Middle Class

Emergence of a global middle class with considerable spending power +240 million middleclass households will arise in India and urban China over next 15 years

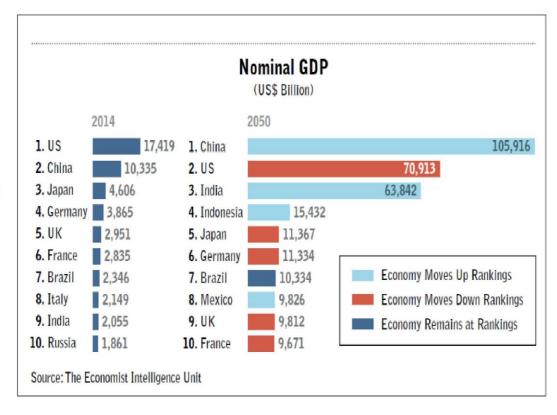






### Trends – Growth of Emerging Markets

- Natural Resources
- Accelerating Growth
- Technological Advancement
- Advantage of Skip Cycle
- The Power of Commerce







### Trends – Rise of Mega Cities

- From 25 to 60 mega cities
- 2020 1/4 of the global wealth will be located in 60 cities
- Tianjin = Sweden







### Trends – Future Growth of Mega Cities

By 2030, these 12 cities are expected to enter the ranks of the planet's mega cities:

- Bogota
- Lahore
- Lima
- Luanda
- Johannesburg
- Ahmadabad
- Hyderabad
- Bangalore
- Chennai
- Bangkok
- Chengdu
- · Ho Chi Minh City







### Trends – Future Growth of Mega Cities







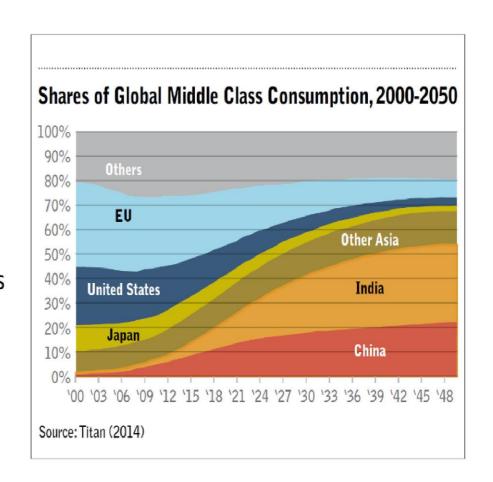
#### Trends – Growth of the Middle Class

#### **ASEAN**

Expected to Exceed 100 million by 2020

#### China and India

 240 million new middle class households expected over next the 15 years







#### Millennial Consumer & e-commerce

- Millennials the engine for consumer spending in emerging markets
- Speed + Transparency
- New innovations
  - Prime Now
  - Drone based Last Mile
    - Social Cause
    - Remote Locations

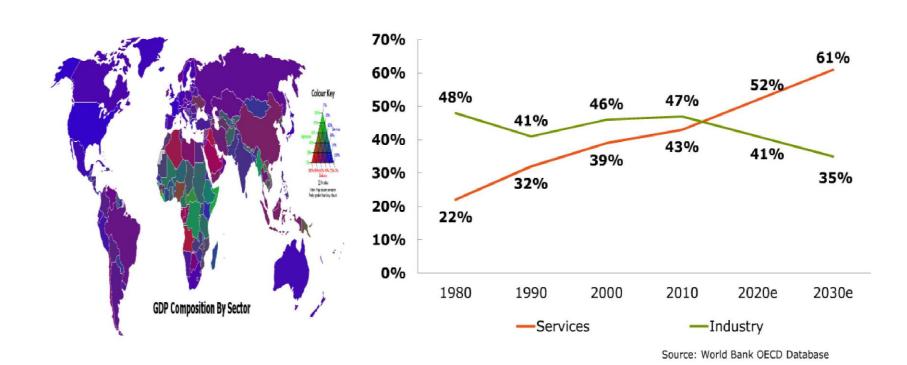






### Global Customer & Supply Networks

APEC Economies are Moving Away from Traditional Manufacturing and Becoming Service-Based Economies







#### Benefits of Globalization

- 1) Free trade
- 2) Free movement of labor
- 3) Increased economies of scale
- 4) Greater competition
- 5) Increased investment







#### 2017 – the year that changed the face of globalization?

Various events of 2016 seem to have marked the end of a long phase of globalization driven largely by:

- Western multinationals
- Markets and laws
- •Startling rise in wealth in emerging economies.







#### Can the world afford to go to isolation?

#### Globalization seems to be running out of steam:

- Economic growth is slow
- Protectionism is spreading
- •New regional powers are rising, undermining the existence of the unipolar world.

**Two** events of the past year have taught us to expect the unexpected:

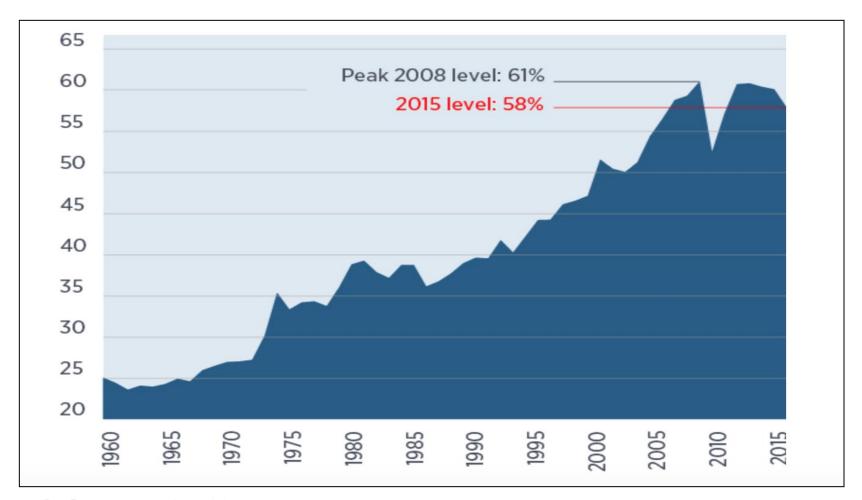








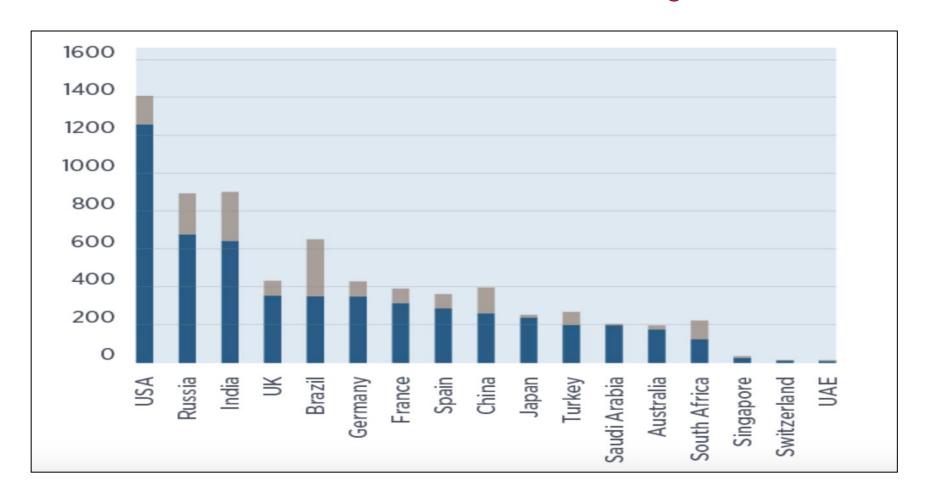
#### Global trade is lower than its peak!







#### Protectionist measures dominate and distort global trade







# How can we sustain globalization?

#### Will a transition to a multipolar world help?









# History of Trade & Transportation

4th Century - 18th Century

8th Century - 11th Century

15th Century

16th Century - 18th Century

The Sogdians dominated the East-West trade route known as the Silk Road





The Vikings and Varangians traded as they sailed from and to Scandinavia





The Age of Sail and the Industrial Revolution





Trade in East Indies were dominated by Portugal, Dutch and British











# History of Trade & Transportation

19th Century

20th Century

21st Century

Transportation was revolutionized by railways and motor vehicles

New ideas and significant improvements in transportation

Transformed the transportation industry





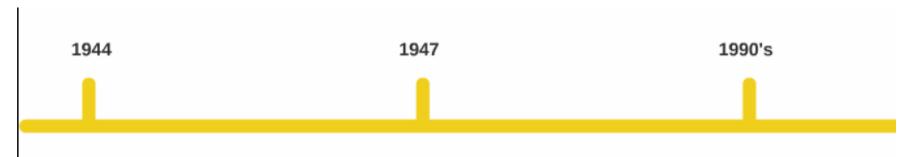








# History of Free Trade Agreements



The Bretton Woods Agreement was developed at the United Nations Monetary and Financial Conference



General Agreement on Tariffs and Trade was established



The European Union established a bilateral trade agreement with the Middle East







# History of Free Trade Agreements





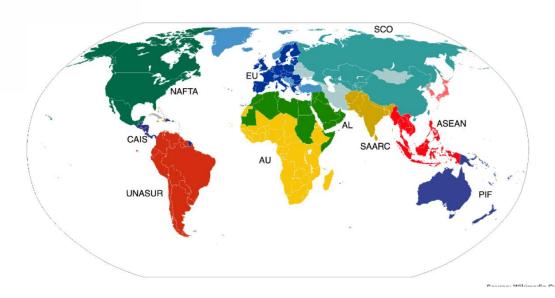


## Free-Trade Agreements

### Multilateral Trade Agreements

- European Free Trade Association (EFTA) - 1960
- ASEAN Free Trade Area 1992
- South Asian Free Trade Area (SAFTA) - 2004

- Southern African Development Community (SADC) - 1980
- North American Free Trade Agreement (NAFTA) - 1994
- · G-3 Free Trade Agreement 1995







## Free-Trade Agreements

### Bilateral Trade Agreements

- United States-Jordan Free Trade Agreement
- · Canada-Colombia Free Trade Agreement
- India Sri Lanka Free Trade Agreement
- Australia, China-Australia Free Trade Agreement
- · Japan Brunei Free Trade Agreement
- China-Pakistan Free Trade Agreement









#### What motivates Protectionism

Protectionist tendencies have grown because of slow growth and widening trade imbalances



Response to import "Dumping"



Response to chronic trade gap / deficits



Employment protection



Protect "fledgling" infant sectors



Protect key / politically strategic industries



Raise extra revenues for governments with budget deficits



Response to a recession / stagnant domestic demand

More countries have opted to "manage" their currencies - another form of protectionism





#### **Negative Impact of Trade Barriers**

Protectionism invites a retaliatory response and countries can get locked into trade wars











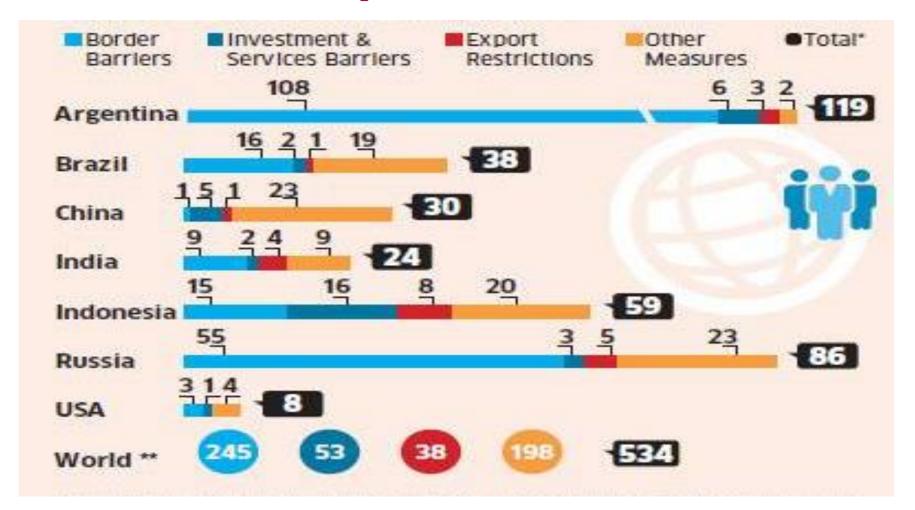


The WTO has found it impossible to negotiate a wide ranging global trade agreement





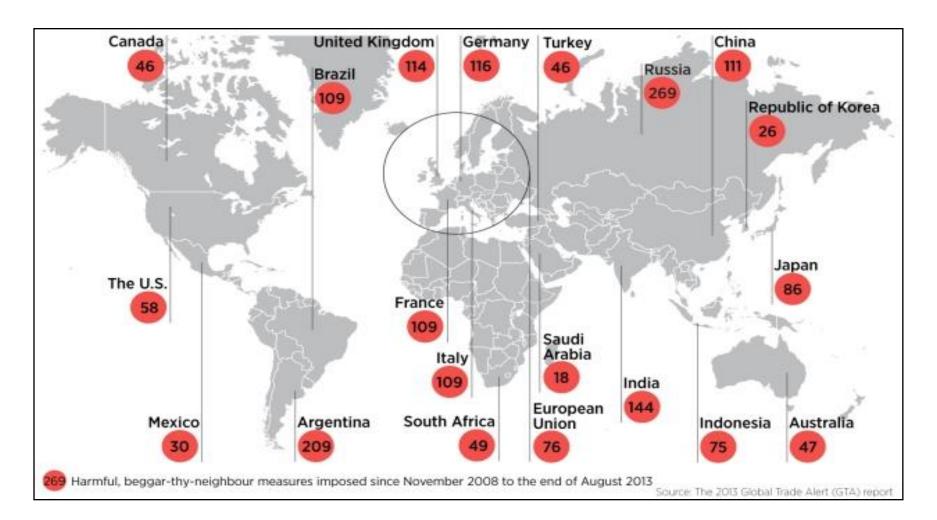
#### Potential Curbs Introduced during 2011-12







#### Protectionists Measures in the G20 Countries in 2013







#### WTO warned the rise of protectionists measures by G20 countries in 2016

•According to the WTO since 2008, G20 economies have introduced **1,583** new trade restricting measures and removed just **387**. Between mid-October of 2015 and mid-May of 2016 they introduced **145 new protectionist measures** — a monthly average of just under 21, the worst seen since the WTO began monitoring G20 economies in 2009.









### Competitive Landscape

The 2010s saw many different parties investing meaningful capital in the production of AVs.

**AMAZON** 



GOOGLE



CATERPILLAR





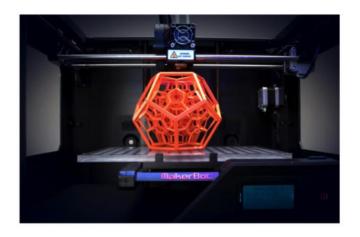


### **3D** Printing

#### When 3D printing becomes prevalent, it will:

- · Drastically reduce the lead-time from prototype to production
- Improve and simplify supplier qualification process
- · Reduce need for moving (shipping) product / prototype samples across seas
- · Enable products to be made / fabricated locally (read near customer)

3D printing is a technology that enables product creation through the spraying of fine powdered substances such as metals and ceramics







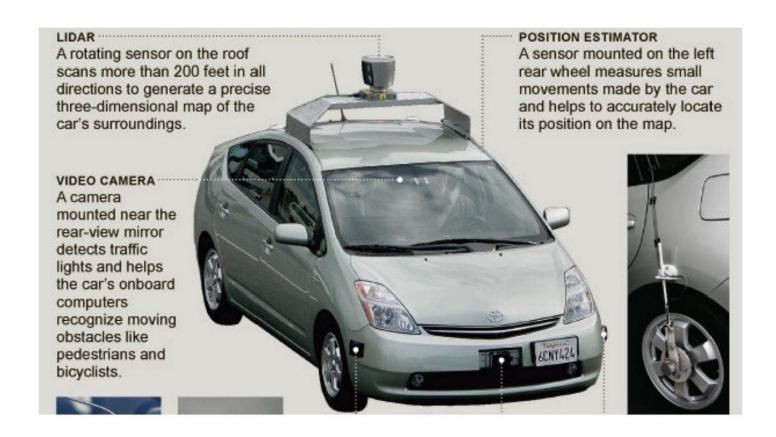
#### Automated Guided Vehicle







#### Autonomous Vehicle







### Disruptive Technologies vs. Globalization

Massive displacement of labor is caused by disruptive technology and not as much by globalization.

•The proportion of Americans employed in manufacturing has dropped from **30 percent** in the post–World War II years to around **10 percent in 2013**—partly because of increasing automation, especially during the 1980s.







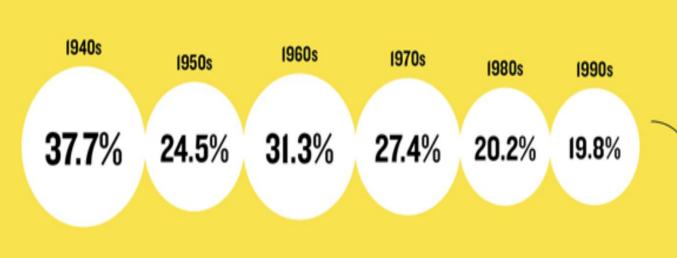
### Disruptive Technologies vs. Globalization

## Where the Jobs Are Going

There is plenty of evidence that technological advances are affecting what jobs are in demand. Highskill positions that often take advantage of computers are growing, as are low-skill jobs doing work, such as home health care, that is difficult to automate. Many mid-skill jobs, however, are disappearing.

#### ○ U.S. job growth by decade

The percentage change in nonfarm employment through the last seven decades illustrates just how dismal job prospects have been since 2000.







### Disruptive Technologies vs. Globalization

#### Employment for the Future?

- •We need constant re-education and re-skilling to match labor demands
- •Create a new labor force to go beyond basic computer literacy and acquire skills in coding, software development, and computer science.
- •There will be an increase in the need for developers and programmers who can create software to go with advanced machines, including robotics, or algorithms for AI.







## Omni Channel







### Omni Channel

#### Single Channel

#### **Multi-Channel**

#### Cross-Channel

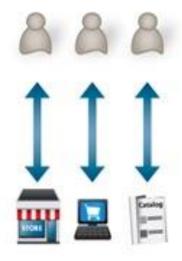
#### **Omni-Channel**





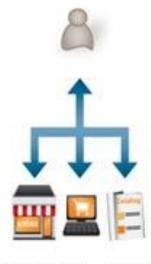
- Customers experience a single type of touch-point
- Retailers have a single type of touch-point

The Legacy



- Customer sees multiple touch-points acting independently
- Retailers' channel knowledge and operations exist in technical & functional silos

The Reality



- Customer sees multiple touch-points as part of the same brand
- Retailers have a 'single view of the customer' but operate in functional silos

The Aspiration



- Customers experience a brand, not a channel within a brand
- Retailers leverage their 'single view of the customer' in coordinated and strategic ways

The Nirvana





### OmniChannel

# The Relevance of Brick-&-Mortar Stores in an Omni-Channel World



Why do shoppers still prefer stores and what can retailers do to better serve the omni-channel customer?





### Reflection







### Reflection

The disruption will continue to advance in our society. The equity distribution for those who disrupt is very large than those being disrupted.

•Is there a way this can be planned and managed by public, private and global governance so we can create a duality of harmonious advancement of our human spices?

