“The transformation of customer focus: lessons from emerging markets”

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The transformation of customer focus: lessons from emerging markets

Abstract

The transformation taking place in customer focus embodies new humanistic and social values, and these need to be embedded into any successful approach for future strategy. This goes beyond philanthropic endeavors, social marketing, or sustainability. In this new model, all resources and efforts are geared to produce mutually interdependent synergies, which increases the prosperity pool for all, and, in the process, endurably strengthens the enterprise. The changing customer spectrum, value drivers, and new logic enacted by successful practices in emerging countries, where the author argues, some of the best examples are to be found, is the basis of this paper. The author offers an updated perspective and conceptual framework, in which, with customers held as central, strategies embody new principles, and are creatively crafted to produce long-term value creating systems and plus-sum-game for all. Following ongoing research over several decades, and a synthesis of the literature, the author divides customer focus into 3 overlapping and progressive era's, tracks these eras, and presents new mindsets, missions, and methods, from which lessons can be learnt for local and multinational enterprises, in emerging as well as developed markets.

Keywords: customer focus, customer centricity, emerging markets, growth strategies, inverted innovation, new customer, humanistic, social, value drivers, sustainability, transformation of customer focus, plus-sum-games, virtuous cycles, win-win.

Introduction

Customer focus is undergoing a transformation. As a consequence, strategies reflect new world issues and life values, demanding the creation of enterprise activities formulated deliberately to contribute to human progress and social development, whilst at the same time achieving a healthy financial return.

This distinct sense of mission that transcends old thinking and models, getting beyond corporate responsibility involving subsidization or donations, social marketing, using marketing principles for selling products to change societal problems or practices, or business sustainability, focusing on environmental initiatives, is beginning to filter into-contemporary literature on strategy and marketing (Kanter, 2009; Porter and Kramer, 2011; Kotler, Karajaya and Setiawan, 2010).

This paper takes the customer focus perspective, and a fundamentally reformed model is offered. The main tenet is that whilst producing customer value remains at the heart of customer focus, what constitutes the customer is much broader, and value has new meaning. This requires enterprises to achieve mutual, not just competitive advantage, and proactively seek opportunities that lead to plus-sum-games, or a better outcome for all, in a deliberate reinforcing virtuous cycle.

This approach alters the very context of business, and some of the best examples and innovations come from emerging markets, this paper suggests, where large consumer numbers, surging middle classes and high growth potential make them increasingly lucrative and attractive to local and multinational enterprises. Literature to date however, on emerging market strategies, has primarily concentrated on the need for multinationals to adapt marketing and strategy to suit local environments (Dawar and Chattopadjyay, 2000; London and Hart, 2004).

Specifically, the objectives of this paper are to:

- awaken enterprises to new humanistic and social values and drivers;
- show how these manifest in new principles of customer focus resulting in a fundamentally altered model;
- demonstrate successful application of these principles and model in emerging markets;
- emphasize the importance of new customer focus in approaching future strategy.

1. Myths and shifts in mindset

Some of the myths pertaining to emerging markets have been shattered, as converging high growth rates and rising needs of middle class aspirers are reshaping markets, mindsets and economic milieus. Here are the examples.

Myth 1: Innovation comes first from developed markets, and is then taken into emerging markets.

Mindset shift 1. Innovations are emanating from emerging markets, where some of the most pressing challenges and opportunities present themselves.

Three linked phenomena illustrate:

- *Inverted innovation*: Innovations increasingly come from emerging markets and are then adapted for richer countries. For example, GE Healthcare created a portable electrocardiogram machine for rural India, which was then marketed for accident site use in the US.

- *Frugal innovation:* Frugal innovation has gained prominence as firms seek cost effective solutions for emerging customers. Examples include a foldable paper tube asthma inhaler developed in Mexico, deemed better for child sufferers, costing a few cents compared to current devices costing forty dollars. Or, the safe affordable Nano from India's Tata for the new middle class who hitherto have not been able to own a car, now destined for Europe.
- *Leapfrogging*: In emerging countries, customers may be encouraged by enterprises to skip products, as many Indian and African customers are doing, as they move directly from mobile phones to printers, by passing computers.

Myth 2: Emerging markets consist largely of low income consumers who need mass produced, functional, cheap products, adapted to suit their pockets and circumstance.

Mindset shift 2. There are three points:

- Customers in emerging markets can be more sensitive to customer service than their counterparts in mature markets. According to survey results, 86% switched providers in at least one industry because of poor service in 2008 (18% more than the global average), 69% tell acquaintances, 25% use social media and 40% use blogs to spread the negative word (Beal, 2009).
- The new middle class, swelling in numbers, have expectations and aspirations that make them equally demanding as their counterparts in some countries (Dawar and Chattopadjyay, 2000). Take India, where households spend 55% of their income on food, a higher proportion than in the western world, and demand high quality and compelling experiences in supermarkets as sophisticated as Westerners.
- Low end customers cannot afford high prices, but, the alternative i.e., cheap goods don't produce desired results. As one Kenyan executive put it: "Cheap doesn't work and expensive doesn't work". What he explains is that cheap often leads to bad service and poor product quality, which costs over time, and opens up avenues for dishonesty.

Myth 3: New humanistic values, expressed as concern for society and wider environmental issues, reside only in a fringe population.

Mindset shift 3: Maslow's hierarchy of five progressive needs has been the basis for understanding behavior for decades. New research reveals, however, that Maslow amended his model, believing self-actualization to be insufficient as a motivational capstone, as it did not sufficiently reflect the optimally functioning human being. He thus placed a sixth level, namely self-transcendence, or thinking beyond the personal self, as the motivational step beyond self-actualization (Koltko-Rivera, 2006). This gives a theoretical underpinning for understanding today's values around service to others, resonating in increasing numbers of enterprise and consumer behaviors (see Figure 1).

Myth 4: Social investment benefits are difficult to quantify and take long periods to manifest

Mindset shift 4. New customer focus brings exponential returns: i.e., small contributions have huge impact. Indian Hindustan Lever's Shakti initiative makes locals an extension of its educator and sales forces, providing microcredit and training, thereby enacting a virtuous circle of increased income, consumption, suppliers, employment and so on, as well as catalyzing measureable community gains. MTN Africa's leading telecom provider's mobile wallet in Uganda has enabled millions of unbanked individuals to send and receive funds, and now has potential to untap savings, release credit and fuel spending and payment.

Building mutually interdependent synergies, India Tobacco Company's (ITC) system of e-kiosks and warehouse hubs, to increase farmer crop growing and distribution, is a two-way reverse flow of efficiencies-to and from farmers and enterprises-from which, better quality and prices have positively impacted 10 million farmers and entire communities.

Add to that the domino effect of upgrading competitor practices, and benefits become quantum. Not only has the for-profit Kenyanmicro franchise Heathstore's, improved health and quality of life for millions, but it has decreased corruption, poor practice, dishonesty and improved general standards in health care by forcing competitors to upgrade their services.

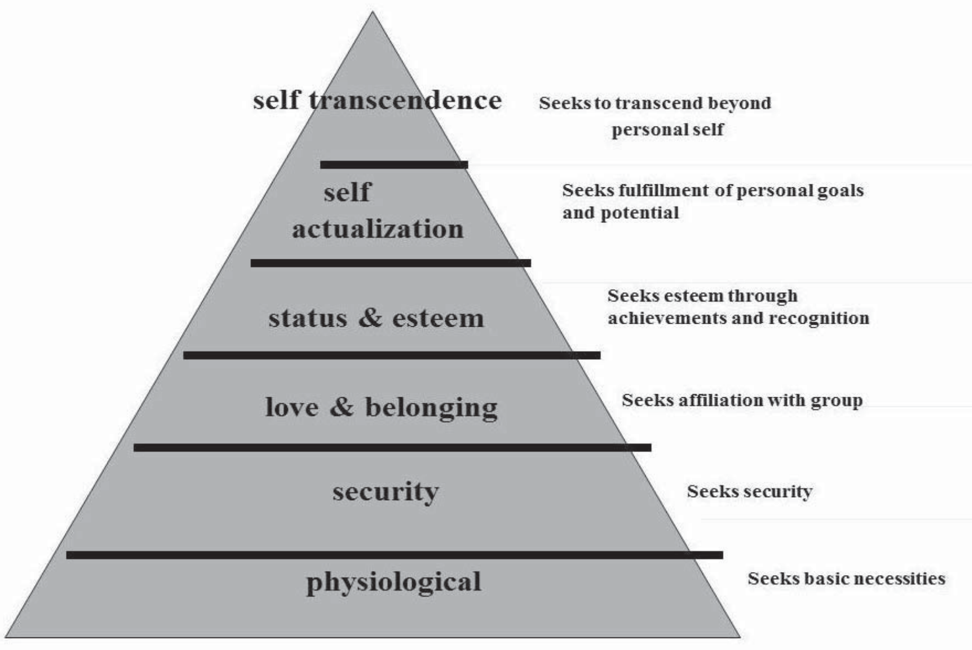

Fig. 1. New Maslow motivational hierarchy (adapted)

2. Eras and principles at work

Described below is the progression of customer focus divided into 3 eras, with examples from emerging countries, illustrating how shifting mindsets and era 3 principles are being realized in successful strategic practice (taken from Table 1).

Customer focus	Era 1: 60's /70's/ mid 80's	Era 2 mid 80's /90's	Era 3 year 2000 plus
Customer	Next in Chain	End user	Customer, Community, Nation, Planet

In earlier days, in true liner fashion, the value chain was assumed to be from producer to consumer with the next in chain, the customer. Realization in era 2 was that real value only happened in the ultimate customer's space and failure to deliver value to end user got failure for everyone. Fast forward and individuals and the societies, communities and planet they inhabit, becomes central to strategy. They *become* the customers, for whom, and/or with whom, value is created and shared, to create more value.

"The days when we can only do what's good for us and customers are gone: we have to think about what's good for the country and the communities which comprise it", says Isaac Nsereko, chief marketing officer of MTN Uganda. One segment it feels is most important is youth: half the population is 15 years old or younger, and all are at school so MTN's efforts include services to enhance their education, health and security, making sure that these young people acquire the digital skills and tools to enable them to become income producers in the future, able to compete and make Uganda competitive at a global level.

Chairman of ITC, Y.C. Deveshwar, describes his strategy as nation-oriented, a commitment beyond – but not excluding – the market, millions of whom rely on its high tech compendium of Internet-based services to power and empower increased and improved crop yields, and, in the process, enhance India's agricultural health and competitiveness.

Table 1. Customer focus eras

Customer focus	Era 1: 60's/70's/ mid 80's	Era 2 mid 80's /90's	Era 3 year 2000 plus
Customer	Next in Chain	End user	Customer, Community, Nation, Planet
Offering	Product or service – the means	Customer experience – the outcome	Quality of life & living – the wider purpose
Aim	Increase market share "stuff of silo"	Dominate market space with partners	Prosperity of entire market – ecosystem
Objective	Achieve customer "lock-in"	Increase customer "lock-on"	Decrease customer "lock-out"
Horizon	Short-term profit "stuff"/silo	Customer profitability – over time	Multi-generational enduring success
Need	Ownership – replace often	Effective usership – over time	Empower through access – whatever, wherever, whenever
Market research	Analyze data about customers	Engage, involve discuss with customers	Observe, immerse in customer's life
Unit to reach	Target market	Individual	Affinity group, social market

Customer focus	Era 1: 60's /70's/ mid 80's	Era 2 mid 80's /90's	Era 3 year 2000 plus
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Customer focus	Era 1: 60's /70's/ mid 80's	Era 2 mid 80's /90's	Era 3 year 2000 plus
Aim	Increase market share "stuff of silo"	Dominate market space with partners	Prosperity of entire market – ecosystem

With realization in era 2 that value only happens in the customer's space, the most important tenant for any customer focused enterprise, became delivering the desired customer outcome and, by the mid 1980's, customer experience took center stage. Ability to deliver fully integrated experiences throughout the customer activity cycle, rather than just make and market products and services, it was argued, gave customers the most value and most advantage to the enterprise (Vandermerwe, 1993, 2000, 2001, 2004), progressing into purpose inspired customer experiences in era 3, that lead to better quality of life and living.

More individuals use phones in Africa than the US and, with the majority of web access through mobile phones in the future, numbers will become larger. But creative application, not the items, bring meaning and impact quality of life. From Masobi's market trading information for farmers and fishermen in Senegal, which can mean the difference between poverty and a good return, and the much needed real time information health workers in Malawi get to better diagnose patients, to MTN's systems for secure local and international remittance of precious funds for Ugandans, the cell phone is only a *means* to the life changing outcomes powering and empowering the African continent.

In era 3 enterprises don't just try to differentiate themselves, they make genuine efforts to make a difference to quality of lives. Banks in South Africa are typically formal and intimidating, especially for the "unbanked", which up until ten years ago were disregarded, deemed too risky and too costly. Capitec, its youngest bank, entered the scene with a different innovation formula. At a time when banks actively discouraged customers coming into branches to save costs, it built an accessible ever growing branch network. When they bundled more and more into products making them increasingly complex, Capitec simplified products. Whereas other customers were trying desperately to understand the fine print, and decipher what they were paying for, Capitec's customers got transparent documentation, easy to understand. When competitors complained of rising costs and increased their prices, Capitec reduced costs by using simple technology and achieved the lowest prices in the industry. And when, others found enquiry queues getting longer, Capitec injected more face to face contact into the customer experience, reducing queues, frustration and costs.

That for as long as an enterprise aimed at mere market share of the "stuff", it will simply get share of product or services, not share of customer, was the awakening in era 2. Market space framed and gave concrete form to the extended boundaries needed to encapsulate a customer outcome, and dominating the market space became the driving force for winning strategies in era 2 (Kim and Mauborgne, 1999; Vandermerwe, 1996, 2000, 2001, 2004,). Whilst separations and silos were the hallmark of era 1, by era 2, it was clear that no single silo or enterprise could win customers, and looking for partners with whom to produce a joined-up customer outcome, became critical to strategy. With advanced technology, market spaces developed into market-ecosystems, networks more likely to prosper together than apart, through co-evolvement, interdependence and mutual effectiveness.

Cemex, supplier of cement, recognizing that 60 percent of the Mexican population earned less than five US dollars a day, but, had potential to become an impressive revenues source, redefined itself around the "lifetime home ownership' market space. It's objective was to ultimately provide 20 million Mexicans without shelter, with homes. A business system was developed to put them through their own home-building process with access to high-quality building materials at guaranteed prices and credit extensions. The prize was 100,000 low income families in the first five years signed up, building a typical room in just 1.5 years, compared to the 3 to 4 years for other families. Cost reductions for a construction project were up of 30 percent and to date Cemex is still outpacing analyst forecasts.

Cemex became not just a showcase example of success at articulating a market space and finding partners, but building an interconnected interdependent market-ecosystem – collaborators across companies and teams – prospering together, in a plus-sum game.

Its market eco-system is described below:

- *Other enterprises and professions*. Cemex built an associated network of qualified masons to provide high quality building services, and partnered with suppliers and distributors to implement its 'just-in-time' delivery and storage.
- *Public sector actors*. For Cemex this meant working closely with government, public sector, and non-government organizations (NGOs) who had connections with the market.

- *Interfunctional teams*. Cemex teams consisted of a general manager, engineer, technical adviser, and/or architect, supplies manager and customer services representative, jointly responsible for outcomes.
- *Local individuals*. Cemex employed a group of 'promoters', who were recruited and trained by them, and worked on a commission basis to enrol groups of three customers known as 'socios' who built a savings program to fund a housing project.
- *Customers.* Approximately 5,000 residents were organized into self-financing cells, responsible for buying, and making sure loans were repaid.

Prosperity for all requires distributing the rewards generously. Seventy percent of the revenue value was given to distributors by MTN Uganda, who in 2012 achieved number one global spot, both for customer and agent activity (as a percentage of the total base) in its mobile wallet initiative.

Customers become producers and thus part of the market eco-system in era 3. Moving from selling products to "promoting hygiene, health and nutrition", Hindustan Lever has built up a direct-to-customer network. These customer-producers are equipped with business skills and micro financing working capital, resulting in a source of monthly income they otherwise wouldn't earn, fostering more spending to feed a virtuous cycle. So successful was the scheme that by 2010 there were 45,000 small entrepreneurs in 135, 000 villages in 15 states serving 600 million people, accounting for 50 percent of revenue, and the new model has been taken to Indonesia, Bangladesh, Sri Lanka, Vietnam, and recently Africa.

Customer focus	Era 1: 60's /70's/ mid 80's	Era 2 mid 80's /90's	Era 3 year 2000 plus
Objective	Achieve customer "lock-in"	Increase customer "lock-on"	Decrease customer "lock-out"

Whereas era 1 was about customer's being "locked-in" due to artificial constraints or disincentives to switch, deregulation and technology freed both enterprise and consumer to build stronger longer relationships. Connected by the exchange of information and knowhow, in era 2, retention over long periods or customer "lock-on" became the key objective (Vandermerwe, 1996, 1996, 2003). Enter era 3, and unserved markets represented the biggest challenge and opportunity for local and multinational enterprises. These markets often did not have regular incomes, were outside the remit of formal banking and credit sectors, and a vicious cycle had set in, whereby they continued to be "locked-out".

New customer focus fosters inclusive growth by deliberately enacting plus-sum-games. Prince Kofi Amoabeng, CEO of Ghana's indigenous UT Bank, had one simple idea: provide as many entrepreneurs with loans promptly and so boost the income and wealth creating capabilities of all. He had tried several times to start a business, but banks decisions took so long that opportunities slipped away. "They took months. I would take days. Clients hated being asked to come back again and again. I would give an answer in days and an instant "no" if we couldn't help. Banks wanted collateral. I would not, but I *would* spend time getting to know clients, under what circumstances their plans would work, and, how, and when, they could repay the loan. If people had no legal address, we went to their homes and sketched our own maps with codes (for example tar roads a straight line, dirt roads broken lines), and we built a system based on what fits the clients payment scheme depending on their cash flow, when they need money, and when they expect money in."

Instead of anything risky being avoided and enterprises refusing to become involved, in era 3 enterprises become more involved with customers. For instance All Life Insurance in South Africa aims for customers that other insurance companies shun, offering comprehensive life assurance for AIDS sufferers, allowing direct cover benefits from All Life to qualify for home and business loans. Customers are linked to a health education program to manage their health in a proactive way, and in learning to live with the disease, they prevent extra complications and costs. To mitigate risks All Life participates in making sure all medical information is submitted to them regularly and that customers comply with treatments and medicine protocol.

Small entrepreneurs in Ghana regard profits and cash as identical, and seldom keep records, so UT Bank had to build the processes to manage the risks. Says Amoabeng, who has expanded operations into Nigeria and South Africa; "we decided to pay suppliers direct instead of giving client the money. It saves time and reduces risk and exposure. We go to the clients, so that the payment comes to us, and this is easier for customers and us. Once we have the payment the interest is taken off and the client is left with the profit, saving time and bureaucratic record keeping. The loan monitoring officer is deeply involved, making sure the plan is adhered to, and if something goes wrong, will go and talk to the client and make adjustments, so there are no ugly surprises for anyone.

Customer focus	Era 1: 60's /70's/ mid 80's	Era 2 mid 80's /90's	Era 3 year 2000 plus
Horizon	Short-term profit "stuff"/silo	Customer profitability – over time	Multi-generational enduring success

Obsession with immediacy plagued era 1 when profit of the silo and discrete products and services was paramount. Stuck in this paradigm the enterprise tried to optimize short-term financial performance including cutting vital costs, missing the more important and longer term factors that determine the ability to sustainably excel.

With era 2 and more concern placed on customer value, opportunities for keeping customers longer, selling them more and their profitability over time, rather than short term profit of the "stuff" or silo, became cardinal. With business sustainability high on era 3 agendas, the damage done to prospects for enduring success by cutting upfront cost and investment, became more evident, and emphatic in customer focused strategies. For example, with the combination of climate change and water shortage, the Hindustan Lever strategy emphasized crop rotation and restoration, proper irrigation and sustainable farming methods, reducing waste and use of resources, to ensure needs for this as well as future generations (Bath, Green, Zachary, and Paradis, 2007).

A dramatic example of era 1 comes from Russia. One million square meters of low cost standardized mass produced prefabricated Microrayon dwellings, intended to last for 150 years are expiring faster than other types of buildings, because they were manufactured to be cheap, not sustainable, and within the next thirty to forty years 40 million people (50 percent of the population) will have to move. Poorly constructed, with technology that thwarted extension or alteration, the high cost of maintenance and energy usage has far outweighed the upfront saving. The current government is calling for new ways of tackling the problem with low-rise housing, where costs approximate standard high-rise blocks, but maintenance costs are 70 percent lower.

Added to this, dwellers have been unwilling to spend money upgrading homes and developers are unprepared to invest in cultural social or commercial infrastructure, exacerbating the downward spiral: quality of life has been seriously affected, causing social problems like crime, poor health, low life expectancy, drugs, depression, low trust levels and community spirit.

The Strelka Institute for Media Architecture and Design, an independent research organization in Moscow, is exploring new models of affordable housing, "not just affordable to buy but affordable to keep, maintain, upgrade and renew over time", says David Erixon, director of the "Citizens as Customers" studio. "Short-term thinking has drained this generation and failed to meet their needs and it is already compromising future generations. Our job is to find a creative alternative, that will benefit Russians now and longer term, and increase instead of diminish property values."

Contrast the Microrayon approach to Cemex Mexico, where every part of the strategy was meticulously calculated for longevity and enduring success. Customers didn't build a house as a single, integrated project. Construction was haphazard and usually started with a single room, with subsequent rooms added as funding was raised, and little formalized planning for cost-effective and efficient space and material utilization. Upfront, Cemex discussed future room extensions, and the preferred layout of the building. The family would be provided with a materials schedule for the first one or two rooms, and a plan for rooms to be added.

Customer focus	Era 1: 60's /70's/ mid 80's	Era 2 mid 80's /90's	Era 3 year 2000 plus
Need	Ownership – replace often	Effective usership – over time	Empower through access – whatever, wherever, whenever

The conspicuous need to buy and replace often epitomizing era 1, shifted as customer experience took precedence in era 2, and what mattered was whether and how products were being used over time. Integral to era 3 logic is that physical access, and virtual access propelled by advanced technology particularly of information and knowledge, are *the* key empowerment tools.

Lack of access today can compound damage in the future, not only for poor markets. In Britain, which has some of the lowest cancer survival rates in Europe, doctors have been told to ration the number of patients they refer to hospitals for scans, likely to result in late diagnosis or no diagnosis with potentially fatal consequences and costs to all (Borland, 2011).

Eighty percent of the doctors lived in cities, 70 percent of the people lived in rural areas and half of the drugs were counterfeit, out of stock, unlabelled, or of poor quality sold in grocery stalls, when HealthStore launched micro pharmacies and clinics to provide access to essential medicine, health education and preventative services to underserved villages and urban areas across Kenya. Micro-franchising scaled up activities in much the same way as microfinancing. Community members engaged as local nurses or health care workers owned and managed clinics or stores, located within short walking distance of the communities they served. And the start-up costs, for each franchise, was covered by a low-interest micro-financing scheme, to maximize momentum (Anderson, Kupp and Vandermerwe, 2010; Fertig and Tzaras, 2005).

To get scaled distribution at controlled consistent levels of quality, key elements of successful franchising are embedded into Health Store's micro-franchises, who by 2012 served over 2,500,000 patients, like, uniform systems and standard training; selection of key locations; strict product and service standards; and regular inspections. And its network visits school kids before they actually contract a disease, offering a wide range of educational services rather than simply providing medicine.

Access means going where the customer is, instead of pulling customers into catchment areas. Public transport is of particular relevance to Capitec customers, so branches are located near railway stations, taxi ranks and in malls. As explains CEO Riaan Stassen, branches are geared to serve different profiles, for example blue-collar workers who commute by train, paid weekly, or those employed by bigger companies and government in the area commuting by cars or taxis, paid monthly. Banking hours are longer than other banks, and recently Capitec became the first bank to open for Sunday trading. Branches are hospitable and user friendly and people are employed who speak local languages (Pitman, 2011).

Benefits accrue when access is constantly and consistently made easier. UT Bank Ghana recently launched a service called 'phone for loan.' Typically entrepreneurs can't get to the bank without closing their stores or trading stations. Now they can phone in for a loan, followed by a call by the bank to the person's work. Capitec advisors and mobile service units go to factories and people's homes and keep branches open after hours.

Cloud technology epitomizes the shift to access in order to empower. Instead of having the fixed costs associated with server or IT department ownership or usership, the benefits of computer capacity and storage can accrue in an affordable way to anyone anywhere, including the millions of micro SME's MTN Uganda's customer focused strategy targets, in order to help them realize their potential and augment the countries skill and wealth levels.

Customer focus	Era 1: 60's /70's/ mid 80's	Era 2 mid 80's /90's	Era 3 year 2000 plus
Market research	Analyze data about customers	Engage, involve discuss with customers	Observe, immerse in customer's life

Classic market research in era 1 was the sophisticated science driven compilation and analysis of data often reduced to average responses. With computing this became back-up to a more engaging form of market research in era 2, based on customer involvement, quality conversation, even co-creation. With futures no longer a linear extension of the past, no degree of sophisticated traditional market research could predict accurately how customers would react to innovations, particularly if they were disruptive.

Era 3 added the ethnographic lens as enterprises began increasingly to employ and deploy sociologists and anthropologists, to get close up and deep insight into and details about customers, they otherwise could not get from controlled market research. Exploring a particular demographic group or community first hand, being with them in their own space, observing or shadowing and living like them, accompanying them shopping to find out what they feel and how they behave and react, has become the main stay of era 3 customer focus enquiry.

Because of literacy or local language problems, stories and narrative interpretation have become commonplace, with in depth interviews or conversations through social media and blogging and/or interactions at physical or virtual research centres, complementing this.

All the examples in this paper have used versions of era 3 ethnographic research, with customers observed in their own natural surroundings. Procter and Gamble send young marketing people to live with Chinese peasants for months on end. They hand out their products free, to see what people make of them. GE donates medical equipment to rural health-care centers and keeps a careful watch on how they are used (The Economist, 2012). A "declaration of ignorance" was declared by Cemex, as an admission that the company knew almost nothing about its customers. Special project teams, spent six months living in the shanty towns doing ethnographic research, during which major discoveries were made which became the backbone of the strategy.

Customer focus	Era 1: 60's /70's/ mid 80's	Era 2 mid 80's /90's	Era 3 year 2000 plus
Unit to reach	Target market	Individual	Affinity group, social market

Before the customer experience became mainstream, with emphasis on retaining individuals over time through relationships, customers were divided up into target markets and goods and brands positioned for different segments in transactional mode. Emphasis changed in era 3 to accommodate the affinity group, or social market: people of like mind, who by virtue of a common interest or goal, come together, increasingly virtually, to share, learn, and influence. Enterprises take advantage of this aggregation, and with enabling technology accumulate, sift, match, share and scale information, growing knowhow in functioning service and learning networks, thereby getting viral and exponential value creation.

Take ITC, which instead of letting individual Indian farmers struggle with inadequate government help or subsidies, developed a technology based information system called e-Choupal Sanchalak for communities of like farmers across the country. Linking them electronically, it provided information and knowledge to increase efficiency and education levels, as well as real time information like weather forecasts and market prices essential to run farms. E-enabled kiosks with community portals, all within reasonable distance of key villages, are backed by sms and email, and farmers e-trained to access information, add their experiences and share these with farmers from other villages.

Aggregation works with low-income customers because they buy together, take joint responsibility for loans together and apply peer pressure and controls to make repayment rates high, giving them more buying potential. Sometimes enterprises organize them, as Cemex did with its 'socio' groups. After an initial five week period when the 'socios' demonstrated an ability to save, building materials to the value of ten weeks savings was provided, effectively extending credit. If 'socios' remained committed to the program beyond the first project, they could receive building materials in advance when they upgraded.

Enterprises aggregate to make it feasible for individuals who otherwise would be "locked-out", to participate. HealthStore, use its collective buying power and a centralized procurement operation to drive down drug costs and ensure drug quality for its franchisees. ITC uses its R&D clout to innovate for farmers, and its buying power to purchase and then distribute in small lots, enabling farmers to get better and more eco-friendly inputs, like seed, fertilizer, chemicals and machinery, that as individuals would be prohibitive to purchase.

Aggregation doesn't only apply to the poor. Netizens in China have started a trend called Tuango, or group on line buying among social markets. Huge numbers of customers, vocal and informed, with common interests in certain products or brands self-organize virtually to chat, share opinions, and leverage their collective power to get lower prices or prizes from vendors. Sites like Shtuanngo.com have sprung up which aggregate customers across cities, and negotiate for customer groups through a team leader. And as more customers come on line, prices are reduced, attracting more customers, increasing demand and pulling prices down still further.

Sharing is a form of aggregation and the norm in many emerging markets. In Africa for example, phone sharing has become the driver for small business growth with individual and small entrepreneurs informally bulking up or aggregating demand and selling onto other customers. This sharing phenomenon has forced enterprises to come up with products more suited to shared experiences, like multiple address book handsets. MTN Uganda use Cloud technology to enable customers to share files and benefit from shared costs.

A hybrid of sharing is pooling. In China, if penetration of cars reaches US levels the traffic, congestion will make roads unsustainable. This has motivated a surge in car pooling and car sharing ventures, as a viable option to taxes and legislation. Included in this idea, is that if people working together and living close by pool their car travel, it will foster community spirit and environmental care.

Conclusions and challenge

As this paper has demonstrated, we are witnessing the transformation of customer focus, which is about creating mutual advantage and expanding the opportunity potential for everyone. This requires enterprises to master the art of unlocking and interlocking value in a compounding self-reinforcing positive loop, which ultimately brings prosperity to all constituents, customers, communities, nations and the planet.

It calls for an alternative model and approach to innovation, distinctly different from the linear era 1, in which the enterprise was fundamentally inward looking, self-seeking value for itself and its shareholders, or era 2 in which producing customer value was seen as the means to create value for stakeholders.

Era 3 logic and the set of principles it postulates, which drives the strategies and success depicted in this paper, is in keeping with today's broader human and social concerns, and Maslow's self-transcendent need to serve others.

Riper than most opportunities in developed countries, emerging markets are increasingly attracting the attention of local and multinational enterprises, who can benefit from the lessons evidenced in examples offered. Many of the innovations discussed are not only easily scalable, but based on knowhow, so they are easily replicable and transportable at relatively low cost. Anything else therefore, would be an unfortunate opportunity cost for enterprises and the economies they represent.

But the lessons learnt are not exclusively for emerging markets. With consumers worn out by the financial crisis and generally fed up with greed and the greedy, the timing is right for reformed strategies, future oriented with a deeper sense of purpose to become mainstream, refreshing and broadening concepts of strategy in developed markets and changing the basis of competition and success. This may well be the engine for the next generation of growth. How many enterprises are ready for the challenge?

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