Innovating for Tomorrow's Middle Class

Efforts to create innovations that can meet both social and business goals in low-income markets are fraught with unanticipated dangers. A study of 18 initiatives from around the world reveals how ventures can succeed where others have failed.

Studied Ventures

Accenture studied 18 independent ventures or what we call "inclusive business initiatives" or (IBIs) in Brazil(5), China(5), India(5), and Ghana and Nigeria (3) that aimed to bridge institutional or infrastructural deficits in low-income communities.
What does the business opportunity look like?

Middle class populations in **high-growth markets** are rapidly growing:

- **Companies**
- **New technologies**
- **Governments**
- **NGOs**
- **Community participation**

Companies + (new technologies, government initiatives, NGOs, community participation) = **new opportunities** to do business with the **emerging global middle class**.

What does a successful inclusive business initiative (IBI) look like?

The most successful inclusive ventures generate valuable gains not only for the businesses that launch them but also for the **low-income communities** they serve.

1. **Benefits** low-income populations in industries directly and indirectly linked to the initiative.

2. **Reduces** the average operating costs per person or household served, compensating for low margins per unit sale.
The key challenge to success with IBIs = scale

To achieve scale, large companies MUST “harness” stakeholder's strengths (govts, NGOs, communities) to gain community trust and better serve/understand/influence consumer preferences.

Three Steps to SCALABILITY

Three key principles to achieve IBI scalability are emerging from early successes.

1. Understand the six key business processes common in successful IBIs
2. Identify the processes vital to scale your initiative
3. Design actions to achieve localization and scale
Why now?

Three factors emerge to make NOW the time for businesses to explore emerging market innovation opportunities.

1. Mobile phone and new business technologies are combining to bring low-income communities into mainstream markets.

2. Today’s low-income populations in emerging markets will be tomorrow’s middle-class driving economic growth.

3. Government priority to close income gaps in these markets.
About Accenture

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