Listening Is the Catalyst to Emerging Market Innovation

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Thomas Edison, arguably the greatest entrepreneur of modern times, once astutely said that innovation is 1 percent inspiration and 99 percent perspiration, because there's a balancing act that often goes on between creativity and execution. Diving deep into what the perspiration looks like from the perspective of an entrepreneur is different than it is with an economist, but one would assume that in industries that are focused on emerging markets, entrepreneurs have the upper hand. Great entrepreneurs know how to listen to the perspective of their customers and users while still taking into account the perspective of their advisors and investors.

Changpeng Zhao, or CZ for short, knows a thing or two about emerging markets. Though he's most famous for his story of going from zero to cryptocurrency billionaire in a year, most people don't know the reason for his success: He knows how to listen. He turned his company, Binance, into the leading crypto exchange in the world by trading volume because he broadly listened to his customers and target users, then took a bet on the blockchain crypto economy. There were many contributing factors, such as being at the right place at the right time as an entrepreneur, but over the course of 180 days, he grew his company to become the largest in the world within its market.

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Smart entrepreneurs follow thought leaders and influencers on social media to be the first to get their opinions and perspectives. This is part of the listening process that sometimes informs related product decisions. One such thought leader and economist who's also active on Twitter is Nouriel Roubini, a well-known skeptic of cryptocurrencies. He once stated, "Having spent 10 years studying emerging markets, I know that you have patterns repeated over and over again. A bubble is like a fire that needs oxygen to continue…when you see there is no oxygen, things change."

Roubini believes that it takes more than the combination of experienced entrepreneurship, financing and execution to synthesize the nuanced materials required to create the economic oxygen supply to power market bubbles. Just as the right number and balance of materials are required to synthesize oxygen in nature, the same is true in crypto. Economists tend to inform entrepreneurs about their opinions, speculations and trends. Though some economists may say the cryptocurrency bubble has passed, CZ thinks differently and has identified a new emerging market called "decentralized finance" (DeFi) as something he's looking at, because as he continues to broadly listen to his users, they're constantly asking for it. In an interview with CZ on my web show, called "Decentralized Finance," he told me that he's seen requests from Binance users in the volume of hundreds of thousands of requests for DeFi products and services.

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From his childhood, CZ was constantly reading books and asking questions in order to listen to the answers and put different ideas and concepts together in a way other children did not. As a Chinese-Canadian, he grew up with two different cultures and a family that valued education. He went on to graduate from McGill University, 41 percent of whose students were born outside of Canada, which gave him even more exposure to cultural diversity from around the world. He further honed his

ability to listen to different perspectives in order to develop his natural creative tendencies. He says this ability led him become the business executive he is today.

Entrepreneurs must be very careful when building businesses in emerging markets. Though exciting when it succeeds, emerging market innovation can be the most difficult out of all markets because of the unknowns – including cryptocurrency, one of the largest emerging market bubbles of our times.

Without proper precedent to lay the groundwork, being a first mover isn't always an advantage in the long run. That's why listening to users in an early stage software business is critical for success as an entrepreneur. The marketing term "deep listening" has its basis in psychology, and it explains the practice of getting to the root of the problem. In emerging markets, where innovation takes a calculated risk to bet on an uncharted business model, it's not enough to do deep listening with one-off customer surveys that you take with an automated customer service phone robot. And actually, even deep listening isn't enough. These days, it takes *broad* listening, a term I coined in 2008 when I founded the Broad Listening marketing software platform. Broad listening helps businesses listen to their customers collectively in order to gain broad psychographic insights to inform their marketing decisions, including creative and copy targeting.

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Listening has been a key focus for CZ not only because he's the CEO and founder of the world's largest crypto exchange or because Binance processes more than $1 billion daily, but because from the very beginning, he had a vision for the company culture in which listening to the community was key. He knew that in order to serve Binance users best, he'd better start by listening to the community. Binance has a strong social media presence, but CZ himself has an incredibly active

Twitter account where he constantly engages with Binance users. CZ practices broad listening on Twitter by actually reading all of his comments and conversations. He frequently responds to his active 500,000-plus followers.

For most people, innovation is part of the creative process, but for CZ it's about meeting the growing user demand, giving people the products and services they want while still continually executing to meet the needs of the growing Binance community. With CZ's help, I think it's safe to say that at this point crypto is no longer an emerging market. Crypto is here to stay, and the industry has established itself as a viable asset class within any portfolio. People used to look at crypto and think of Bitcoin, but these days people look at crypto and they think of DeFi. That said, as far as growth opportunities within crypto, DeFi appears to be an emerging market, one largely influenced by Binance users.

CZ told me that emerging markets create challenges for entrepreneurs, but as far as the crypto sector goes, "I think emerging markets like DeFi are still pretty early. There will be failed experiments and a smaller number of successes. As always, the successes will outweigh the failures. But do be careful when dealing with emerging markets and new industries. I always urge entrepreneurs to be careful." For investors or entrepreneurs, or anyone for that matter, it's never smart to invest your entire portfolio in emerging markets. American entrepreneur Robert D Arnot, who manages $195 billion in assets, said secret to diversification is, "diversify, but carve out 10 to 20 percent for the most unsolved part of the market: emerging markets value."

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CZ says that at Binance, "we're definitely looking at DeFi very closely. Binance has two separate platforms. One is like a centralized exchange platform and the other one is sort of

the Binance chain, decentralized blockchain. So I think we’re offering similar centralized finance solutions on Binance.com like saving and staking, and we’re letting some of the industry players lead the effort on the decentralized finance development, like KAVA and other projects.”

Experiencing a vast array of cultures and customs around the world gave CZ the ability to have a unique perspective as a global citizen that sets him apart from other entrepreneurs. CZ believes it’s important to look at diverse customs, cultures and ideas from diverse perspectives to help inform decision making and find opportunities to grow his business. He’s shown himself to be an entrepreneur who spots opportunities before they become trends.

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