

THOUGHT LEADERSHIP BRIEF

KEY POINTS

- ▶ Consumers in the same economic bracket may shop differently depending on whether their socioeconomic status will improve or worsen.
- ▶ Downwardly mobile consumers demonstrate a greater intention to purchase products if they appeal to their cultural capital, and a lower intention to purchase the same products if they instead appeal to their economic capital.
- ▶ Consumers' perceptions of upward and downward mobility are asymmetric.

Understanding Emerging Market Consumers Through the Lens of Social Mobility

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Issue

“Socioeconomic status” is a classification of people into a hierarchically-structured group, based on their economic standing and occupational prestige. Marketing and lifestyle professionals routinely explain and predict consumers’ behaviors on the basis of their socio-economic status. For example, an automobile advertisement targeting middle

class consumers may appeal to independence and uniqueness, portraying ownership of the car as an attractive differentiating factor. In contrast, the same advertisement targeting working class consumers may appeal to interdependence and connections with others, implying that owning this car would strengthen social relations and networks.

However, social class may not be a pertinent means to segment consumerism emerging markets. First, given rapid economic development and societal changes in emerging markets, local consumers may experience social mobility to different extents, meaning that they may have moved or may expect to move to a new social position so that they subscribe to a relatively unstable social class identity. They may then see themselves differently from how they are defined “on paper,” as they may not fully identify with the economic bracket into which they are categorized. With such dynamic identities, these consumers may not shop like their counterparts who have been categorized in a “destination class” for years.

Second, conventional accounts of social class that were developed in the West may not be employed by Asian emerging market consumers. Given the economic and occupational shifts, local consumers may develop alternative means to reflect their social positions, which do not fit the common conceptualizations. With relatively ambiguous social class identities, Chinese consumers may use the term “middle class” in a very broad sense to represent persons whose monthly salaries span a wide range from RMB \$10,000 to \$100,000. As such, social class may not be an effective tool to demarcate different markets. Chinese consumers may prefer to

use terms such as “intellectuals,” “salaried class,” and “white-collars” to describe their socioeconomic backgrounds rather than call themselves “middle class.”

Assessment

Although it seems that Chinese consumers may not subscribe to a strong social class identity and thus may not refer to their social class when making shopping decisions, scholars have found that Chinese consumers are quite aware of their social mobility trajectories.

In general, people tend to define themselves as in the middle if they hold unclear social class identities. Such lay perception reflects “a moral claim as much as an account of social position, an assertion of ordinary individualness” (Irwin, 2018, p.213). However, according to a report by the Chinese Academy of Social Science, from 2003 to 2017, the percentage of Chinese people who identified themselves as middle class decreased (from 46.9% to 31%), while more and more people identify themselves as lower-middle class (from 26.5% to 30.5%) or even lower class (from 14.6% to 35.5%). This trend suggests that even with an ambiguous social class identity, people still perceive themselves moving to a better or worse social position. In other words, individuals do not rely on objective variables, such as income,



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References

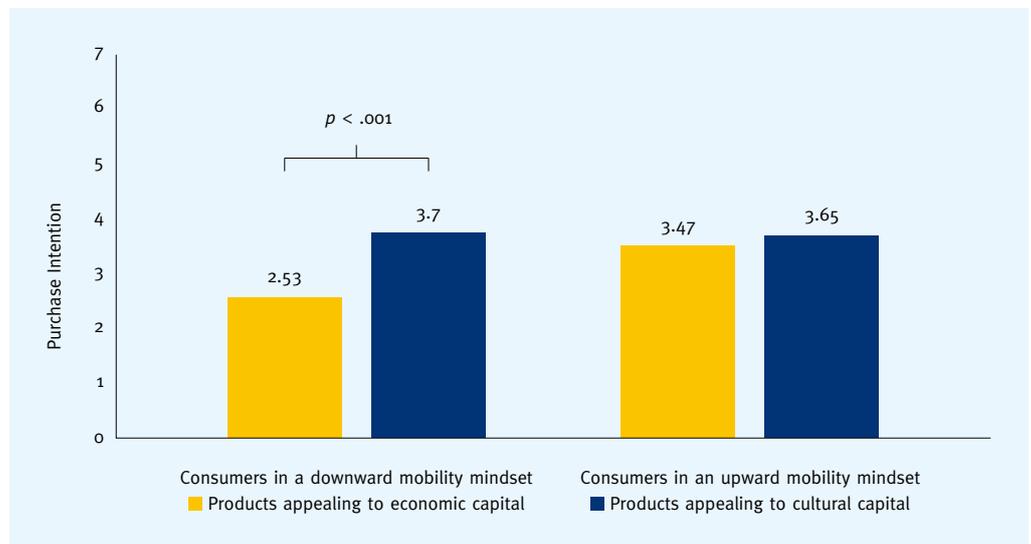
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occupation, and education to define their social position, but instead define them in a relative sense based on a comparison with others. In a consumer society, when people find that their advancement in occupation, income, and educational attainment does not translate into enhanced living standard superior to others' (i.e., relative upward mobility based on variables in the field of consumption), they may feel that they are being left behind and are experiencing downward social mobility.

A series of behavioral experiments were designed to explore how such subjective social mobility mindsets affect consumer behaviors. Specifically, we investigate how consumers may be attracted to different advertising appeals when they are manipulated to consider themselves moving either upward or downward. Our findings suggest that, upwardly mobile consumers expect to have congruently high levels of economic capital (e.g., money and assets) and cultural capital (e.g., socially rare and distinctive tastes, skills, knowledge, and practices). However, downwardly mobile consumers expect to have incongruent levels of both forms of capital, consisting of less cultural capital and much less economic

capital if compared to their upwardly mobile counterparts. Due to the interplay of these two forms of capital, upwardly mobile consumers are equally interested in products appealing to either economic capital (e.g., showing that the products are luxuries for rich elites and VIP consumers) or cultural capital (e.g., stressing the craftsmanship and artistic design of the products); while downwardly mobile consumers prefer products appealing to cultural capital to those appealing to economic capital. We argue that downwardly mobile consumers tend to dissociate themselves from economic capital appeals, and the propensity can be understood as a coping strategy to alleviate identity strain. For example, a person who feels less intelligent than desired may cancel his subscription to *The Economist* to cope with the aversive feeling (Mandel *et al.* 2017). In a similar vein, downwardly mobile consumers may turn away from products appealing to economic capital. Figure 1 illustrates the pattern identified in these studies, suggesting that downwardly mobile consumers are not interested in purchasing products appealing to economic capital, instead, still showing their interests in high-culture consumption.

Figure 1: Consumers' Purchase Intention for Products Appealing to Economic Capital or Cultural Capital



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Recommendations

Our results suggest that consumer responses to the perception of upward and downward mobility are asymmetric. Whereas upwardly mobile individuals were equally likely to purchase products with economic and cultural capital appeal, downwardly mobile customers appeared to prefer products with a cultural capital appeal.

Consumer behaviors are affected not only by the likelihood of economic mobility, but also by the trajectory of social mobility. Social mobility mindsets can be independent from individuals' current social positions and income levels. This can explain why consumers with different social mobility experiences or

expectations may shop differently even if they appear to be in the same economic bracket.

Practitioners can use these findings to tailor persuasion strategies for consumers undergoing different trajectories of social mobility. Regardless of cost, products can be popular among downwardly mobile consumers as long as they appeal to cultural capital such as knowledge, taste, cosmopolitanism, and creativity by stressing brand history, craftsmanship, or an exotic brand image. They would also do well to avoid positioning products as luxuries associated only with the rich.



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