

# Chapter 4

## The Neo-Middle Class: A Unique Opportunity for a Marketer



Kalpiti Shah and Atanu Adhikari

**Abstract** Most marketers in the world have been busy targeting the population with low income, middle income or the high income. What they miss out is the fact that the lines between these segments are blurring. This phenomenon is more evident in the emerging markets. The population here is aspirational and wants to move up the economic ladder. There is a segment of people who are between the low-income level–mid-income level and mid-income level–high-income level. This we define as **the neo-middle class**. They are ready to pay a premium for a product or a service, but they are confused whether the product or a service is worth the premium. If positioned well, this segment of population can provide ample opportunities. The chapter gives an overview of the characteristics of the individuals in the neo-middle class, and as a marketer what kind of strategy should be employed. The chapter also provides an example of an Indian brand (Patanjali) which targeted the neo-middle class and has made use of this unique opportunity in the market.

### Introduction

Every country provides ample opportunity for a marketer to target and position based on the demography of the region and behavior of its people. People and their perceptions are the crux for any marketer and any decision to target and position a product or service for a section of population should generate revenue and brand value. In a developed economy, the demarcation line between the poor, the middle class, and the rich is distinctly visible. The purchasing power of these economies is stable. Hence, it is relatively easier for a marketer to position and sell a product or a service.

---

K. Shah (✉)  
Paladion Networks, Bengaluru, India  
e-mail: kalpishah85@gmail.com

A. Adhikari  
Indian Institute of Management Kozhikode, Kozhikode, India  
e-mail: atanu.adhikari@iimk.ac.in

However, it is a different game altogether in an emerging economy. The demarcation lines run across all the different section of the society. The gap between purchasing powers of different sections of the society is shrinking, and these economies are growing at a much rapid pace than the developed ones. This according to me is a tremendous opportunity for any marketer.

The unique characteristics of emerging economies also pose a challenge in the way organizations target and position their product or service. There is a neo-middle class that is emerging in these markets who are

1. aspirational and
2. confused

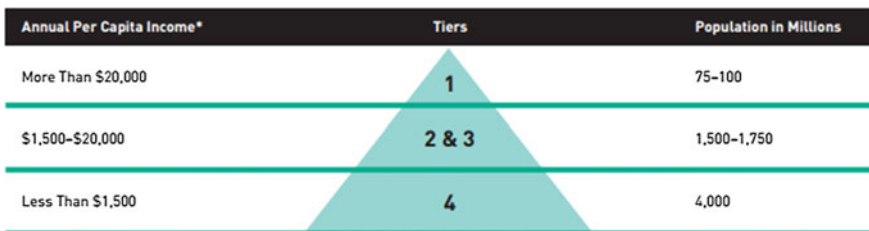
They are ready to pay a premium for a product or a service, but they are confused whether the product or a service is worth the premium. If positioned well, this segment of population can provide ample opportunities.

### Fight at the Middle of the Pyramid

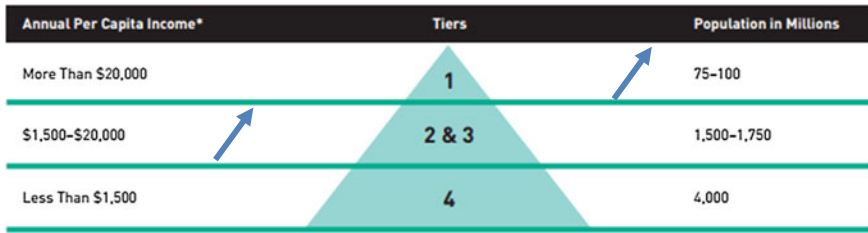
Bottom of the pyramid is the phrase used to refer to the section of the society who belongs to the poorest socioeconomic group (lowest income levels). *CK Prahlad* and *Stuart Hurt* in their article “*Fortune at the Bottom of the Pyramid*” describe —“low-income markets present a prodigious opportunity for the world’s wealthiest companies—to seek their fortunes and bring prosperity to the aspiring poor.” The authors’ point at the 4 billion population at the bottom of the economic pyramid (Fig. 4.1) who provide immense opportunity for the MNC’s.

In the emerging economies like India and Brazil (to name a few), the fight is at the middle of the pyramid. The demarcation lines between the sections are blurring (Fig. 4.2). There is a significant population

1. Concentrated between the line separating the bottom and the middle of the pyramid; people who are aspirational and trying to move up the economic pyramid.
2. Concentrated between the line separating the middle and the top of the pyramid.



**Fig. 4.1** Economic pyramid. \*Based on the purchasing power parity in US \$. *Source* United Nations World Development Reports



**Fig. 4.2** Economic pyramid in emerging economies. \*Based on the purchasing power parity in US \$. *Source* United Nations World Development Reports

There is a common thread that connects these two sections—both these sections are aspirational and trying to move up the economic pyramid. This for me is **the neo-middle class**.

This chapter explores different strategies a marketer can employ to tap into this unique market (the neo-middle class) of an emerging economy.

### Behavioral Aspects of the Neo-Middle Class

How do the consumers of the neo-middle class behave? What are their characteristics? To understand this, let’s look at the **status signaling** (Fig. 4.3) **grid**. This grid classifies consumers into four different categories.

1. A **Patrician**—has wealth but has a low urge for status signaling. They use quite signals to signal their status.
2. A **Proletarian**—does not have wealth and has no urge to signal status.
3. A **Parvenu**—has wealth and high urge to signal status. They disassociate from the have-nots and use loud signals.
4. A **Poseur**—does not have too much wealth but have a high urge to signal status.

**Poseur** is the ones we are interested in. They are typically the “neo” middle class who are aspirational and confused. Consumers are ready to pay slightly more for an aspirational product.

**Poseur** is competitive, and they have a high self-esteem (Fig. 4.4). They buy products to personify themselves.

Let us analyze how the Poseur associates themselves.

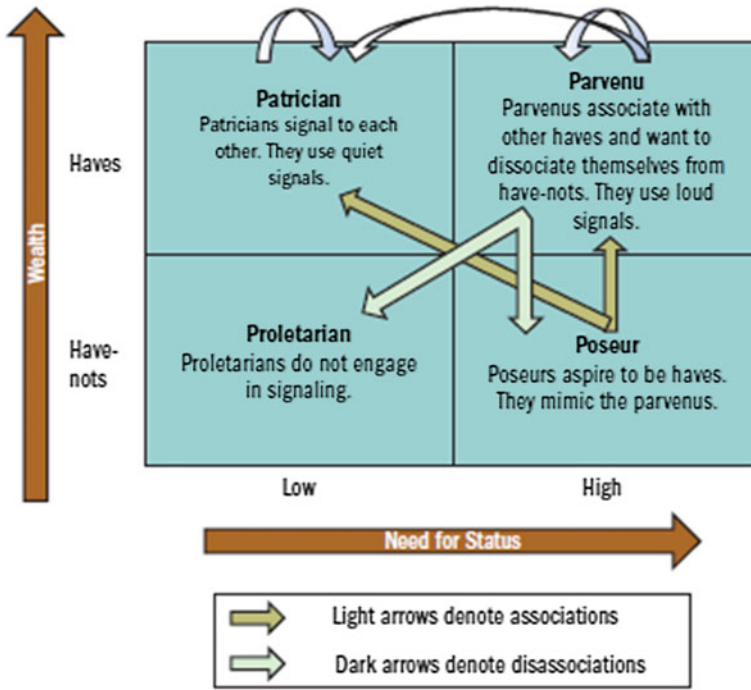


Fig. 4.3 Status signaling. Source Han et al. (2010) used to define customer segmentation

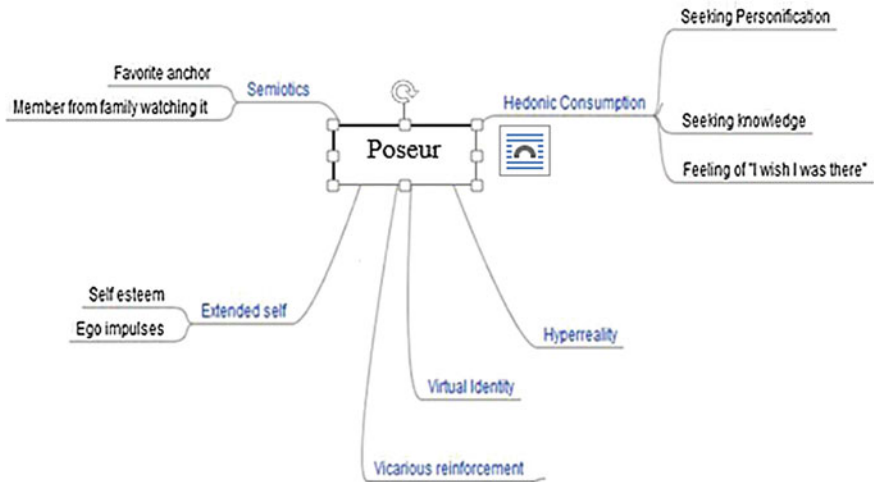
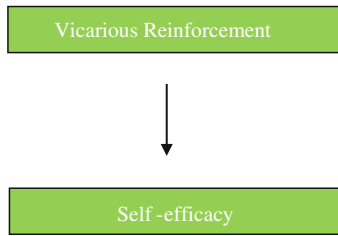


Fig. 4.4 Association network of the neo-middle class. Source Prepared by authors

### *Vicarious Reinforcement*



*Source* Prepared by authors

Many individuals buy products because they must signal their status in the society they live in. It is very prevalent especially in the developing economies. Consumers buy products because others in that segment of society have bought a product.

For example, Roadies—reality TV show in India. Many youngsters watch it because their friends from school and university watch it. This is a kind of vicarious reinforcement. It is social persuasion.

Vicarious reinforcement induces self-efficacy. When people are persuaded by others that they can succeed, this positively impacts their self-efficacy.

### *Footnote Belding (FCB) Matrix*

Consumers in the neo-middle class also buy products to fulfill their **self-esteem and ego-related impulses**. Hence, they follow the path of Feel→Learn→Do.

At the same time, they satisfy “**life’s little pleasures.**” Hence, they also follow the path of Do→Feel→Learn (Fig. 4.5).

### *Hedonic Consumption*

Consumers are in search for products that can satisfy their emotional wants.

“Personification” is one among them. A Hidesign (leather brand in India) bag is considered by many consumers to be an **extension of one’s self**. It personifies an individual. Consumers enjoy sensory experiences, and they seek pleasure when they experience it.

In an emerging economy, consumers are ready to pay a premium for a Hidesign leather bag because it is aspirational and enables individuals to signal status (a Poseur characteristic of the middle class).

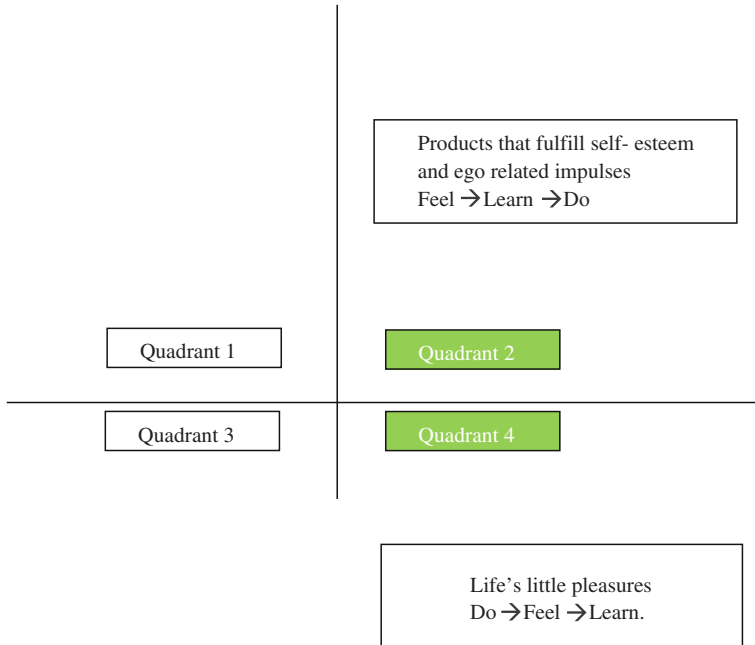


Fig. 4.5 FCB matrix of the neo-middle class. Source Prepared by authors

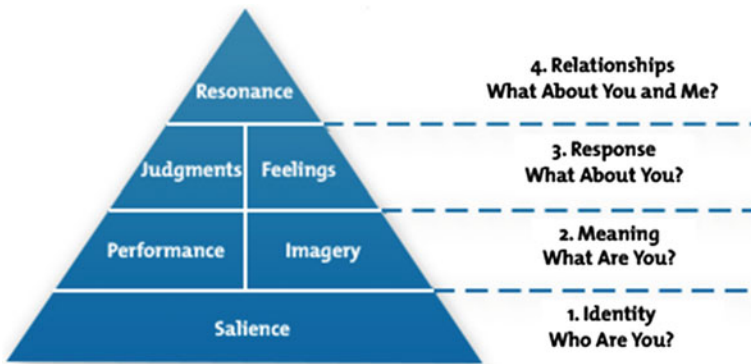


Fig. 4.6 Keller's brand equity model

### Marketing Strategy for the Neo-Middle Class

By now we are aware of the opportunities that the neo-middle class offers and their characteristics. The next question is how does one devise a marketing strategy? To understand this, we can look at the Keller's brand equity model (Fig. 4.6).

The left side of the pyramid focuses on product features and attributes (e.g., performance), whereas the right side of the pyramid focuses on the emotional aspect (e.g., made in India for India) of the product.

In an emerging economy where consumers are aspirational and have all the characteristics of a poseur, focusing on the right side of the pyramid seems the right thing to do. The primary focus needs to be on the emotional aspects with a minimal focus on the product features and attributes.

### *Case Study—Patanjali*

Let us take an example of an organization in India—Patanjali. The company started its operations by manufacturing ayurvedic medicines and other related products. Today, they are poised to overtake the likes of Nestle and Unilever in the FMCG segment. They have diversified into the depth and breadth of FMCG. They sell everything from noodles to a detergent to a hair oil. They are poised to become a 1 billion USD company.

What are the strategies they employ? How are they able to get the shelf place? The answer lies in what I explained in the beginning of the chapter.

They have targeted the **Poseurs** who are consumers who buy products that personify themselves. The products of Patanjali are positioned as “swadeshi” (made in India for India)—the one who fights against the “evils” of foreign products (Nestle and Unilever).

Consumers who buy Patanjali products are considered as contributing to the Indian culture. This personifies an Indian consumer. Buying Patanjali products satisfies **self-esteem and ego-related impulses** (Feel→Learn→Do).

A segment of consumers who buy Patanjali products influences other segments. Consumers buy products because others in that segment of society have bought a product (vicarious reinforcement).

Patanjali’s marketing strategy has been around the right side of the Keller’s equity pyramid. They resonate the emotional aspect of the brand—“Buy Indian and be Indian.”

A good understanding of the behavioral aspects of the customer and the right marketing approach has made Patanjali a serious player in Indian FMCG segment.

## References

- CK Prahlad and Stuart Hurt in their article “Fortune at the Bottom of the Pyramid” (2001). United Nations World Development Reports 2016.  
 Keller’s Brand equity model.  
 Han, Nunes & Dreze (2010). Used to define customer segmentation.