



The Global Middle Class

How Multinationals Can Capitalize on the Emerging Middle Class in China and India

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Introduction

The buying power of the middle class has long been used as a way to measure the prosperity of nations, as a strong and healthy middle class population can provide many of the drivers necessary for economic growth in terms of both physical and human capital (Kharas, 2010). However, while much of the attention on the middle class and the ways in which it influences the global economy has tended to focus on G7 nations, economic growth in emerging nations has created a new global middle class whose needs are much different from their European and North American middle class predecessors (Kharas, 2011). India and China are two key players in this new global middle class, presenting substantial opportunities for multinationals with well-developed strategies designed to capitalize upon the increased, and often untapped, buying power of middle class consumers.

According to the World Bank, growth within the global middle class is estimated to increase from 430 million in 2000 to 1.15 billion in 2030, creating a vast pool of consumers eager to spend their newfound relative affluence (Dyck et al., 2009). Although emerging nations such as China and India have often been defined by their poverty, especially in relation to the wealth of Western nations, the potential of these growing consumer markets requires multinationals to reconfigure their marketing mindsets; Asia, along with other emerging nations, is no longer merely a source for cheap labor, but instead has the potential to mature into a lucrative market for non-essential consumer goods such as automobiles, electronics, and name-brand products once thought to be the sole domain of Western consumers (*Fig. 1*). It is expected that India will become the world's fifth largest consumer market by 2030, with a projected middle-class population of 583 million people (Saxena, 2010). Similarly, the already strong middle-class in China is expected to grow from its current 43% of the population to an expected 76% by 2025, making China the world's third-largest consumer market (Dyck et al., 2009). This scholarly paper will explore this growth trend and its regional and global implications in order to provide predictions and recommendations for multinationals who wish to develop strategies for reaching the emerging global middle class in Asia. Although the projected growth of middle class markets in emerging nations like China and India make them a lucrative long term source of revenue for Western multinationals, these companies cannot hope to capitalize upon this new group of consumers unless they first understand that not all middle-class markets are the same. Thus, this paper will define the key characteristics of the global middle class in order to demonstrate how the behaviors, values, and buying patterns of Asian middle class consumers vary from those of North Americans and Europeans.

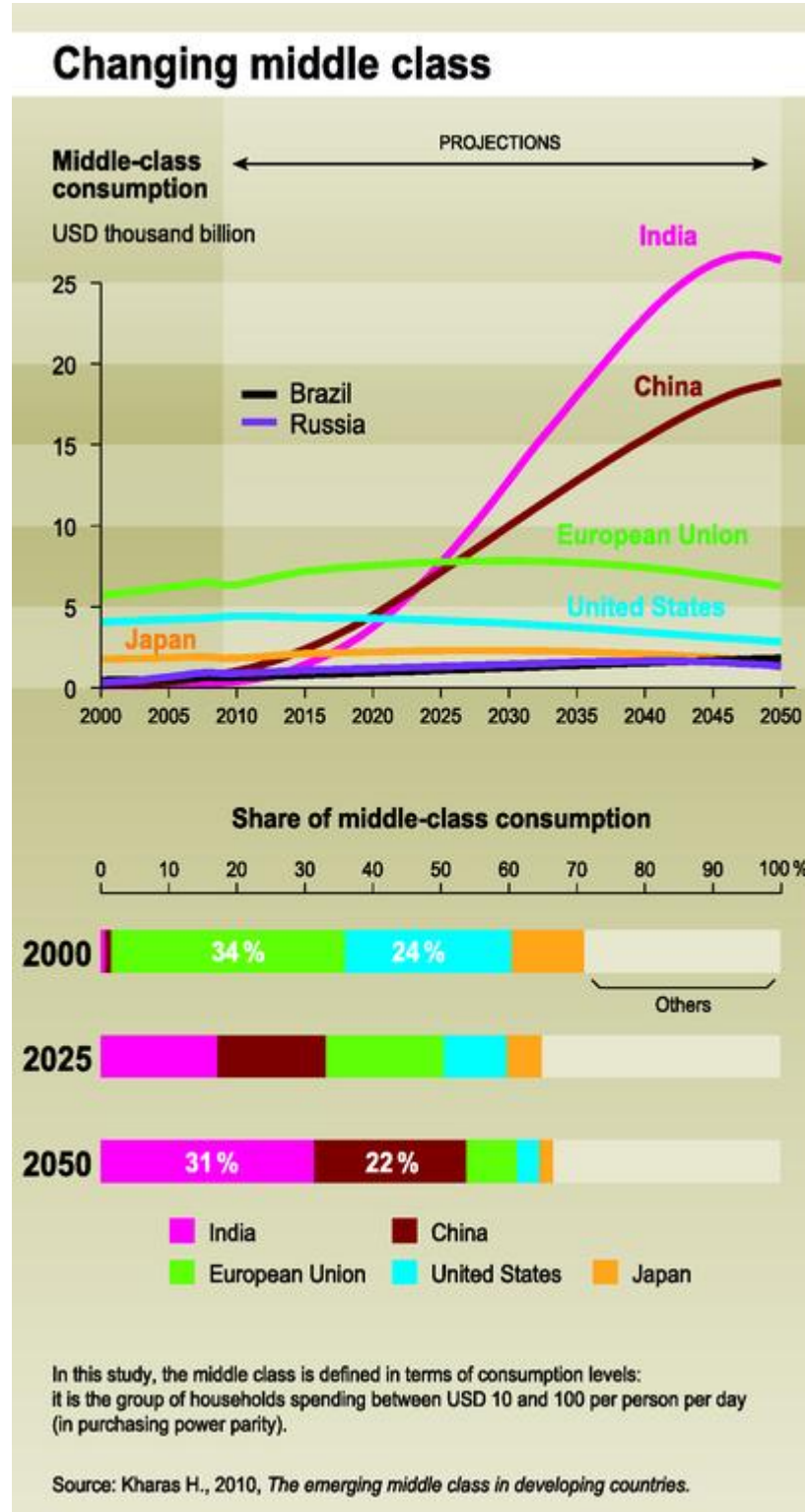


Fig. 1
(Kharas, 2010)

The Global Middle Class

What Does it Mean to be Middle Class? One of the major difficulties encountered by researchers studying the emergence of the global middle class is one of definition: there is currently no agreed upon way to evaluate who comprises the middle class, and standard measures such as rises in income are not necessarily the best indicators when one is assessing the new global middle class (Kharas, 2011). Generally speaking, this social classification is associated with those individuals who have been able to reach a comfortable standard of living which includes job security, stable housing, educational opportunities, accessible health care, and discretionary income for non-essential purchases such as leisure and vacations (Dyck et al., 2009). Traditionally, in industrialized nations such as the United States, the middle class is often used to refer to white collar workers as opposed to the blue collar members of the working class, illustrating that the attainment of middle class status has been strongly associated with an individual's educational background and job prospects.

While economists tend to measure the middle class based on income and consumption, Amoranto and colleagues (2010) note that self-perception also plays an important role in defining this sector of the population, with those who identify themselves as middle class often base their class status on household and individual characteristics such as level of education, the nature of their occupation, and their ability to save money. In their study of middle class values and achievement in Asia, Amoranto and colleagues (2010) also determined that one's ability to identify as middle class is regionally specific and largely dependent on comparisons with others in the community who are identified as rich and poor. Thus, one's ability to perceive themselves as middle class is relative to the overall poverty and wealth which one encounters on a daily basis, a comparative device which has become more complex with the influence of the global media and new technologies on Asian nations (Amoranto, 2010). Members of the global middle class do not just compare their own social and economic status against those in their respective communities, but also take into account the achievement levels of individuals in industrialized nations, a factor which also accounts for the ways in which this new group of consumers spends their discretionary income. Simply put, Asian consumers identify themselves as middle class not only because they have achieved stable housing and employment and can meet their household needs, but because they are able to purchase the same types of name-brand and luxury goods which are available to the middle class in wealthier industrialized nations (Amoranto, 2010). While there are many non-economic ways to classify consumers as middle class, including political autonomy, entrepreneurship, and contribution to human capital and saving, Kharas (2010) notes that these measures have emerged from the study of middle class populations in industrialized nations and are less effective when evaluating the middle class in emerging nations such as India and China. Instead, Kharas (2010) emphasizes that measuring the middle class based on relative consumption levels allows us to assess the emergent prosperity of Asian nations in a way which takes into account the unique economic and social drivers of particular regions, irrespective of how these factors might compare to industrialized populations (*Fig. 2*).

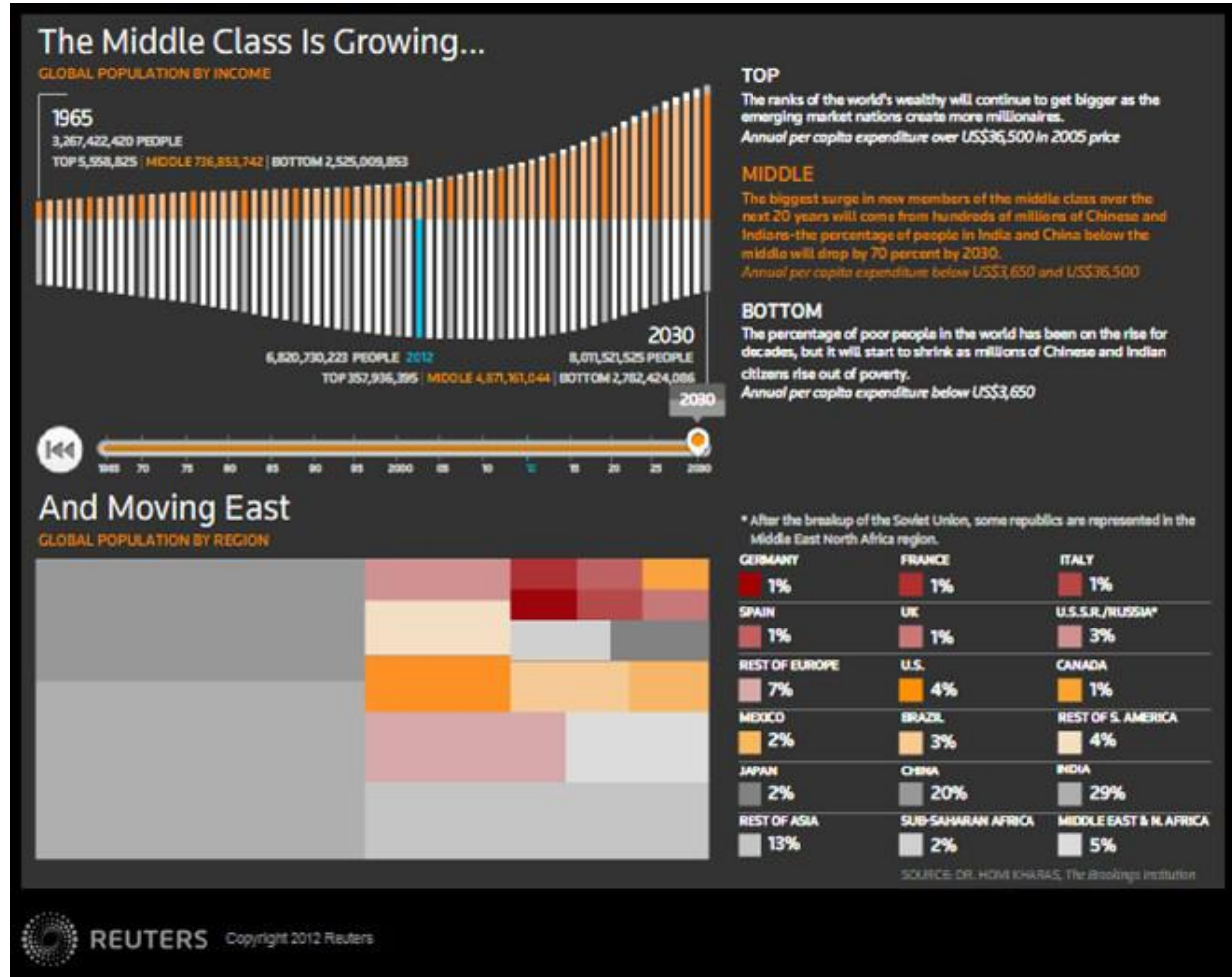


Fig. 2
(Rhode, 2012)

Significance of India and China to the Global Middle Class. One of the most notable aspects of the middle class in both India and China is not its overall size, relative to each nation's population; indeed, China's incredibly low rates of household spending, coupled with its low share of labor in GDP, means that only 12% of its population is middle class while the high level of income disparity in India has resulted in a middle class which accounts for approximately 5% of its population (Kharas, 2011). However, both nations are major drivers for the growth of the Asian middle class for two distinct reasons: rapid population growth in India means that the nation's middle class has swelled at an unprecedented level; and although population growth is not as rapid in China, its annual per capita income growth far exceeds that of other emerging nations, allowing it to continue to increase its share of global income (Fig. 3) (Dyck et al., 2009). Kharas (2011) suggests that policy changes in China which aim to encourage wage growth at the same rate as GDP growth could allow their middle class to comprise 50% of its population by 2023, with the middle class increasing even more rapidly in India, where distribution of income

patterns allow households to benefit even more from Indian growth. The emergence of India and China as consumer giants is expected to raise the bar for other Asian nations while demonstrating to multinationals that Asia is well on its way to becoming a lucrative market destination with untapped potential.

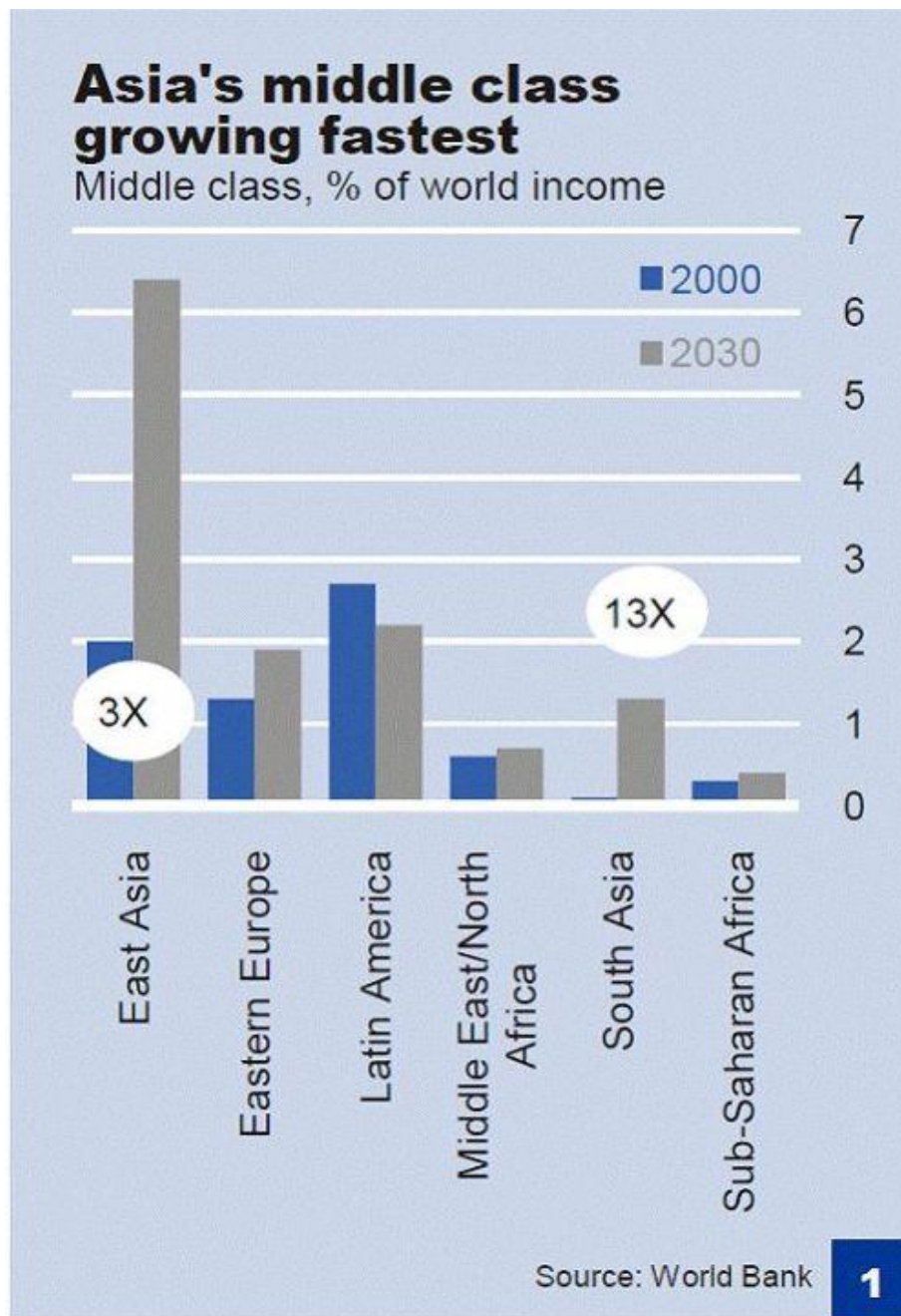


Fig. 3
(Dyck et al., 2009)

Marketing to the Middle Class in China and India

Worldwide, the middle class is growing at an rapid rate; while more than 400 million people joined the ranks of the middle class in the 1980s, 1.2 billion people have entered the middle class since the early 1990s, making the global middle class a force to be reckoned with (Wheary, 2009). Accounting for both size and percentage of the population, demographers suggest that over half of the world's population will be middle class by 2020 with the largest increase in growth coming from emerging nations. While it is not expected that emerging Asia will catch up to the consumer power of the United States in the near future, over the long-term it is expected that the Asian middle class may transform our global economy. Jennifer Wheary, a senior fellow at the public policy organization *Demos* whose research has focused on the economic opportunities that will arise from the future middle class, writes of the global middle class: "Part consumer group and part social force, the new middle class is seen as a symbol of the steady retreat of poverty" (p. 75) as entrance into the middle class enables individuals worldwide to "spend money and time on something other than survival" (p. 75). The implications of adding more than 1 billion people to the global middle class is profound, especially because this emerging class can be thought of as a self-perpetuating group whose entrance into the middle class creates a ripple effect. As individuals increase their resources, they are able to buy more products and services; this creates a demand which opens the doors for more job and business opportunities which, in turn, provide others with the chance to join the middle class (Wheary, 2009).

Characteristics of the Chinese Middle Class Consumer. The sheer size of its population alone means that China is continually generating new consumers, with approximately 20 million Chinese reaching the age of 18 every year (Grant, 2006). China's middle class has not yet reached maturity, requiring multinationals to base their strategy on the expectation that today's urban workers will begin to experience middle class prosperity over the next ten to twenty years as young Chinese begin to migrate from rural areas into urban centers, attracted by the promise of better-paying jobs and a higher quality of life (Farrell, 2006). The Chinese middle class differs is much younger than the middle class in industrialized markets like the United States, where middle and upper income earners tend to be middle aged or older. This is largely due to the Chinese government's investment in higher education for younger generations, with the result that the emerging middle class is expected to range in age from 25 to 44 (Farrell, 2006). Despite their relative youth, the middle class Chinese consumer remains deeply attached to traditional values and cultural systems. As author Tom Doctoroff (2012) points out, "China's middle class is becoming more modern and international, [but] it is not becoming more Western." Unlike middle class populations in North America, who have a tendency to migrate to the suburbs, the majority of middle class Chinese live in urban centers. It is common for the middle class to be college educated, achieve home ownership, and retain stable employment for state-owned companies or multinationals (Luhby, 2012). Saving and thriftiness are important qualities to Chinese consumers, who have one of the highest savings rates in the world; however, author Helen Wang suggests that consumers under 30, many of whom still live with their parents, forgo saving in favor of the purchase of luxury good, a trend which doesn't cease until they marry and begin their own families (Luhby, 2012).

In contrast to the working class Chinese, who generally perceive their economic and social status to be relatively fixed, the middle class "believe that with the right competitive tools, they will find an opportunity to transform their lives" (Doctoroff, 2012). This involves a desire within the middle class to meet social status requirements while also receiving recognition from their peers for having improved their lives and those of their families. Doctoroff (2012) suggests that "there are certain essential rites of passage to middle-class status, such as homes, diamond rings, education, and car ownership." However, many of these luxury goods remain unattainable to middle class consumers, requiring them to choose very carefully when deciding how to spend their minimal discretionary income. Given that consumer goods are viewed as something of a means to an end, allowing middle class Chinese to demonstrate their financial and social accomplishments, many consumers choose to purchase those items which most effectively allow them to engage in "inconspicuously conspicuous consumption--that is, the ability to show off without being seen to do so" (Doctoroff, 2012) so that they may further cement their status as a member of the middle class.

Marketing to China's Middle Class. The incredible power of China's growing middle class presents enormous opportunities for marketers who are able to look beyond buyers' income levels to understand the social and cultural factors which influence their purchasing patterns. Song and Cui (2009) note that data on income in China is not always reliable or available, requiring marketers to look at non-monetary factors such as consumer age and consumer's career stage to determine what buyer's can afford and are willing to pay for their goods and services. The importance of social status cannot be underestimated when marketing to middle class consumers in China because many of their motivations and conflicts are associated with the image that they project to their friends, colleagues, and neighbors (Doctoroff, 2012). As Doctoroff writes, "if there is a craftsmanship to selling products in China, it's communicating how a product will help the owner solidify status while avoiding cliches." In his 2012 book on Chinese consumer culture, *What Chinese Want*, Doctoroff suggests that successful marketing strategies will correspond with the workplace goals of aspirational middle class consumers proceeding through different segments of the middle class spectrum and their careers (Fig. 4).

Exhibit: The emergence of a middle class

Share of urban households by income class, %

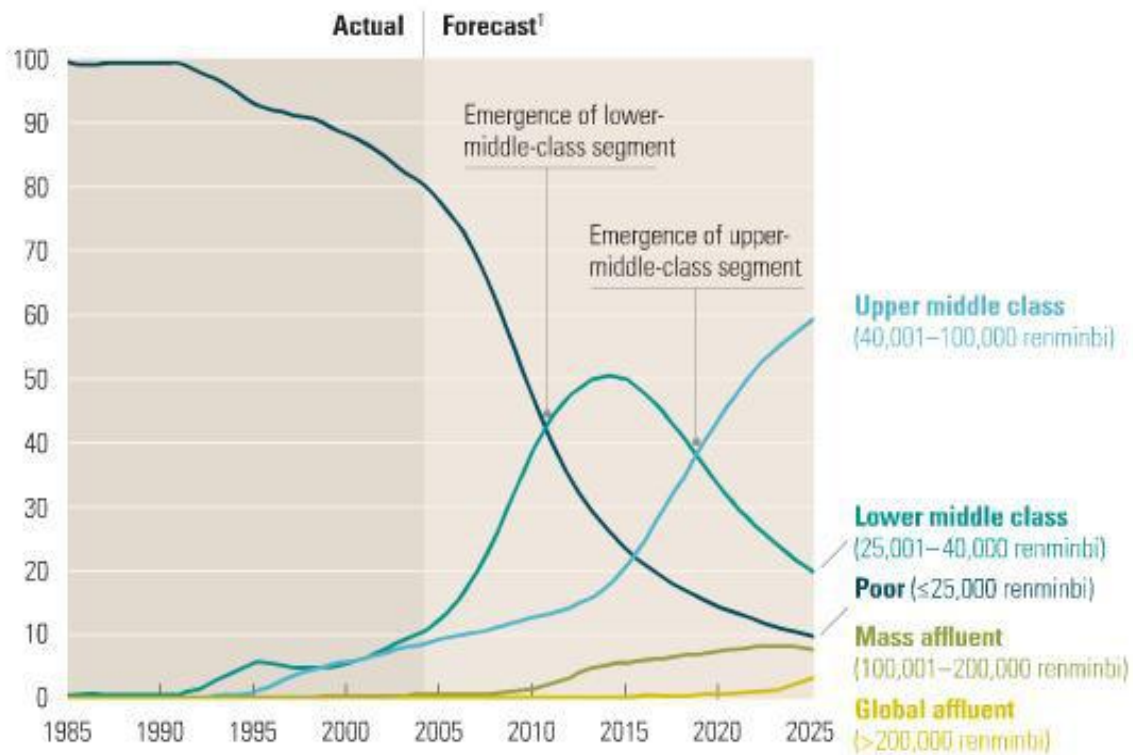
¹ Base case forecast 01/2006

Fig. 4
(Farrell, 2006)

The Lower Middle Classes' Desire for Acceptance:

- Unproven young college graduates see "acknowledgment of their potential, not admiration for their achievement" (Doctoroff, 2012)
- Brands can help consumers launch their careers by helping them to demonstrate their potential or take advantage of career opportunities
- Products such as detergent, chewing gum, and shampoo emphasize the importance of good grooming and an attractive appearance in the workplace

The Middle Classes' Desire for Recognition:

- At mid-career, the Chinese middle class wish to be "recognized for both their past achievements and their capacity for further advancement" (Doctoroff, 2011)
- Products, especially in the area of new technologies, demonstrate the competitiveness, resourcefulness, and productivity of this consumer group
- The importance of family ties, children, and marriage are also emphasized to illustrate

individual maturity and a greater connection with society as a whole

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The Upper Middle Classes' Desire for Admiration and Iconization:

- At the top of the workplace hierarchy, Chinese consumers require "unanimous respect and deference" (Doctoroff, 2012)
- Marketing campaigns for luxury items such as automobiles and high-end alcohol emphasize the consumer's leadership abilities and innate authority
- Chinese culture reveres their leaders as "paragons of wisdom, masters of the system" (Doctoroff, 2012), an attitude reflected in advertisements which draw associations between products and the consumer's ability to confidently maneuver through a complex corporate environment

Action Segmentation and the Chinese Middle Class Consumer. The earning power and related discretionary income available to middle class consumers varies dependent on where these consumers fall within the wide range of the middle class. For example, consumers at the low end of the middle class spectrum often wish to publicly demonstrate their success and will buy brand name items which reflect their newfound wealth and status (Song & Cui, 2009). As consumers gain more purchasing experience and enter into the middle and upper levels of the middle class, they tend to choose products which are more in line with their individual tastes rather than what they believe is expected of them as members of the middle class (Song & Cui, 2009). The Monitor Group used the market analysis strategy of action segmentation to identify the diverse consumer segments within the middle class, focusing on the demographic features and purchasing behaviors of China's middle class. This research determined that there are six sub-segments of the middle class, each with its own unique consumption patterns and needs (Song & Cui, 2009).

Early Heavy Buyers:

- Young, energetic, and well-educated
- Often employed as junior managers in multinationals or as professionals in tertiary industries
- Interested in experiencing the world outside of China
- Early adopters of latest products, especially those which will help them to stand out from their peers
- These trendsetters research products, share information, and purchase goods online
- Willing to spend large amounts of money on fashion and lifestyle products

The Smarts:

- Older, sophisticated consumers who are well-established within the middle class
- Prefer boutiques and specialty stores over major outlets
- Up to date on major trends, rely on word-of-mouth for product information

The Quality-Oriented:

- Older consumers with more leisure time than the Smarts or Driven Businesspeople

- Family is a major priority and influences their purchasing decisions
- Television a dominant purchasing channel, prefers stores which carry a range of products necessary for a family

Trend Followers:

- May emulate Early Heavy Buyers, but lack the discretionary income to enable expensive purchases
- Often employed as civil servants and junior white-collar workers
- New to the middle class, cautious in their purchases
- Place a high value on the shopping experience and are willing to wait for promotions and discounts

Driven Businesspeople:

- Older, relatively wealthy consumers with very busy lives
- Willing to pay premium prices for convenience
- Experienced consumers with high purchasing power and brand loyalty
- Not price sensitive, rely on friends' recommendations and prior brand preferences

Value Seekers:

- Often employed as government employees and junior white-collar workers
- Price sensitive but increasingly demand high quality and service
- May purchase some name-brand luxury goods to demonstrate status
- Want the best quality-to-price ratio, despite product popularity

Understanding Consumption Patterns of the Chinese Consumer. The firm Stenvall-Skoeld (2012) recently interviewed Chinese consumers to determine their product preferences and the ways in which they spend their income. Their portrait of a 31-year old Shanghai office worker (*Fig. 5*) illustrates that discretionary spending for many members of the emerging middle class is still relatively low. It is notable, however, that within the disposable income breakdown for this example, 19% of income goes towards personal savings and family support, emphasizing that the traditional Chinese emphasis on long-term goals and family responsibilities still resonates among younger members of the middle class (Skoeld, 2012). It is also significant that the greatest amount of disposable income, even more so than rent, goes towards food and drink; while this factor may be caused by the respondent's unmarried status and gender (suggesting that he may not cook at home for himself), this high figure also emphasizes the importance of social activities such as dining out among the aspirational middle class.

How a 31-year old Shanghai office-worker spends his income

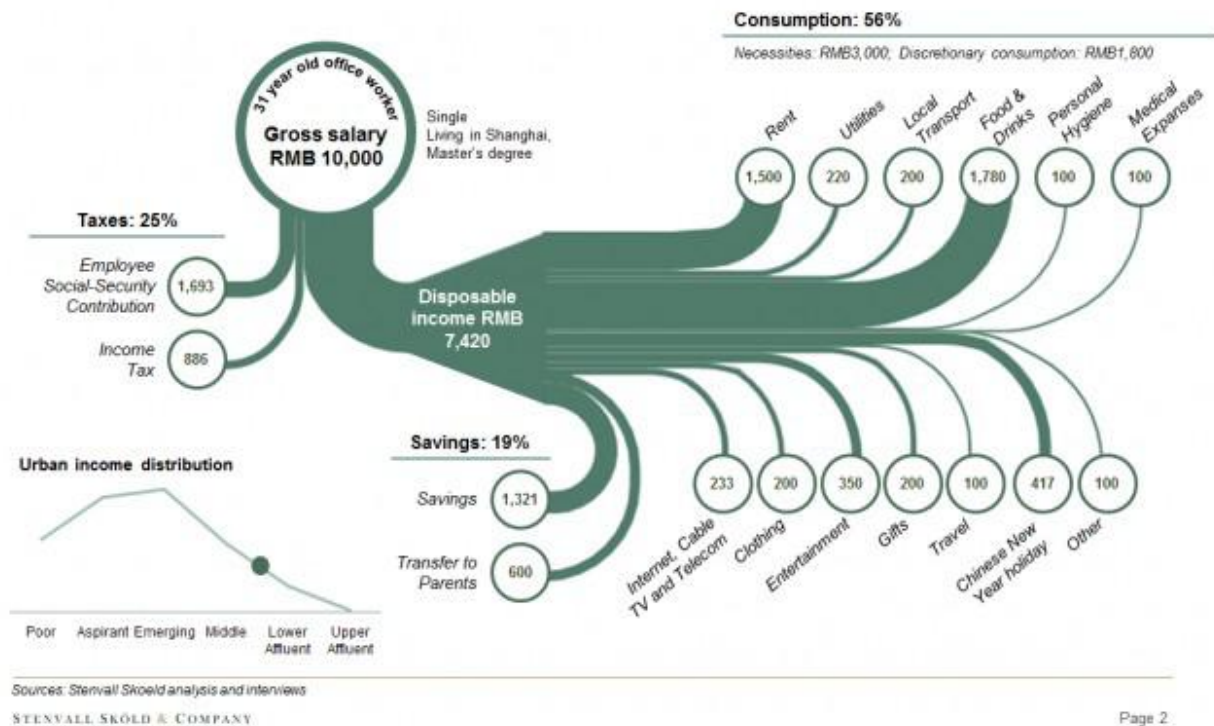


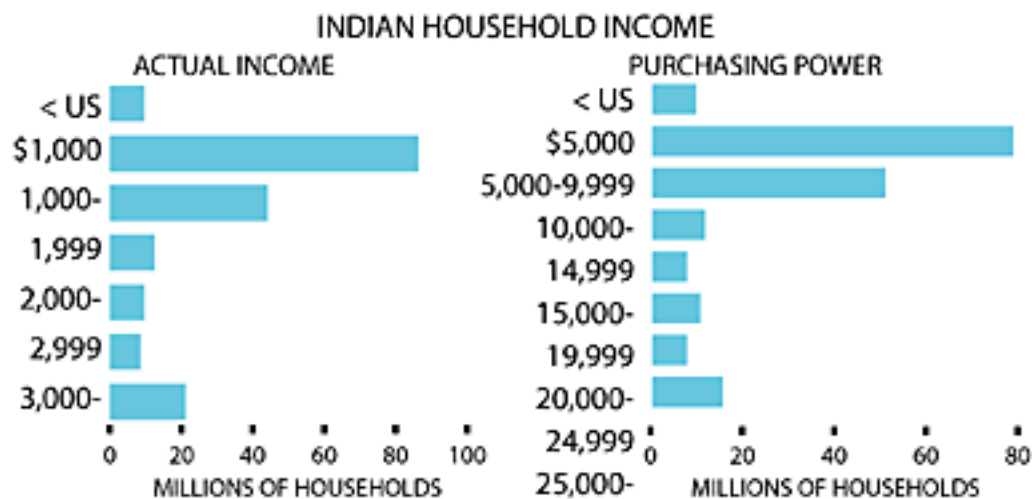
Fig. 5
(Skoeld, 2012)

Characteristics of the Indian Middle Class Consumer. Projections by the McKinsey Global Institute paint an optimistic picture for India's future growth as major economic developments create a large urban middle class whose discretionary income will dominate consumer spending in the region (Beinhocker et al., 2007). In 2005, private spending in India accounted for almost 60% of its GDP, and it is expected that aggregate consumer spending could almost quadruple by 2025, driven by a rise in private income and population growth. However, while the highest estimates suggest that approximately 300 million Indians may belong to the middle class, this number still accounts for less than 30% of the nation's total population. Additionally, the purchasing power of the middle class is much less than that of the middle class in industrialized nations like the United States, with Indian middle class incomes on par to earnings in the U.S of approximately 15,000 to 35,000 dollars (Fig. 6). The greatest power of this emerging middle class is not their overall purchasing power or percentage of the population, but the exceedingly fast rate with which they are growing. As economic development pulls millions of Indians out of extreme poverty, it is also adding to the ranks of the middle class, thereby stimulating further growth and creating a "virtuous cycle" (Rowena, 2010). In this cycle, the rising incomes of the middle class increases consumption, which leads to higher economic growth, increased employment opportunities and higher wages, and the ability of more Indians to enter into the emerging middle class population (Rowena, 2010). Despite variations in the actual number of Indians who currently make up the middle class, the consumer potential for this growing market

is massive, especially given the spending shifts from necessities to discretionary purchases are expected to increase (Beinhocker et al., 2007).

What does middle class mean?

By some estimates, 300 million people comprise India's middle class. Their actual incomes are more modest than US incomes (left). That gives them roughly the same purchasing power as a US family with \$15,000 to \$35,000 in annual income (right).



How many homes have a ...

Census data suggest that the average middle class Indian might own a TV and aspire to buy a moped.

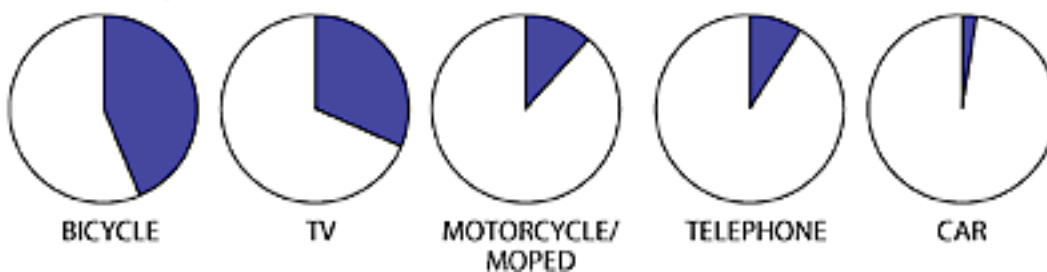


Fig. 6
(Raiyani, 2009)

Understanding India's Young Middle Class Consumers. As the middle class achieves greater economic stability, their spending on basic necessities goes down and their available discretionary income rises, presenting sizable opportunities for companies who take the time to

understand what motivates the spending patterns of this consumer group (*Fig. 7*). One major characteristic of India's middle class is its relative youthfulness: with 70% of its national population under the age of 36, and half of those individuals under the age of 18, the middle class of today and the future will be driven by the concerns of the young--namely, family and education (Bharadwaj et al., 2005). This young group of consumers retains an interest in the traditions and culture of India, but also expresses a deep interest in the global environment, as well as a desire to acquire name-brand Western goods. Although half of their current income is spent on necessities such as housing, health, and food, future members of the middle class will spend less on basics and more on discretionary items and other consumption areas (Bharadwaj et al., 2005). One of the key spending areas for this demographic stems from the value they place on their children's future; thus, educational products such as books and computer games, tutoring services, and health products such as nutritional supplements have all experienced rapid growth in India. These young middle class consumers are less conservative in their purchasing habits than previous generations, making them more willing to finance big-ticket items and purchase products which are associated with comfort, wealth, and success such as color televisions and new automobiles (Bharadwaj et al., 2005). However, value for money and price remain important considerations for the middle class consumer, and although they are well-aware of Western and other global brands, they are reluctant to pay premium prices for these products. Instead, they would prefer to purchase products which express their local and regional experiences and expect multinationals who wish to gain their loyalty to adapt to the Indian environment (Bharadwaj et al., 2005).

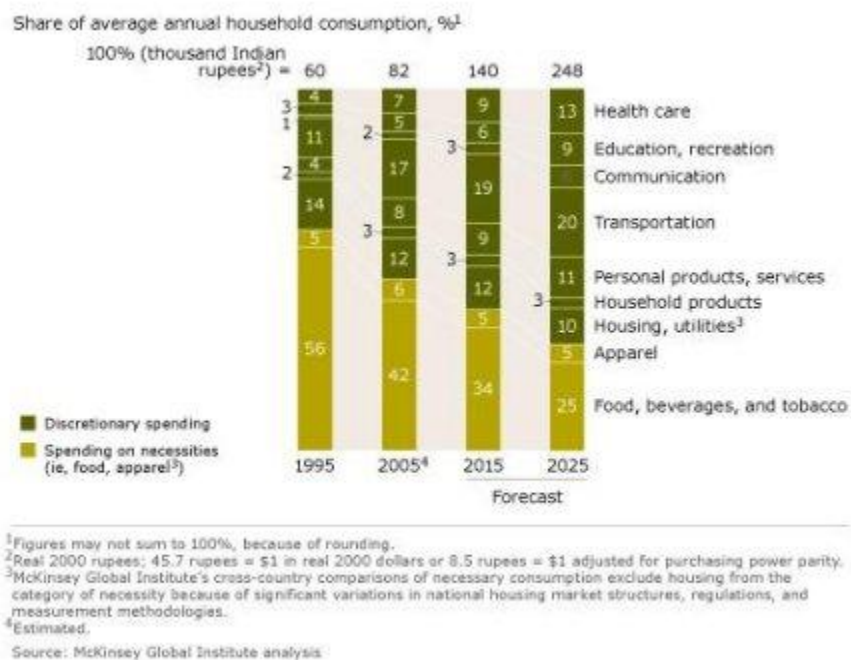


Fig. 7
(MGI, 2007)

Marketing to the Middle Class in India. India's expanding middle class will dominate the consumer landscape in the years to come, as demonstrated by the projected consumption patterns of this demographic. This presents both opportunities and challenges for multinationals who wish to win the loyalty and purchasing power of this large and fast-growing segment of India's population. The key to successfully penetrating this market lies in first understanding the needs of the middle class so that companies can then adapt their pricing strategies and products to their target consumers' tastes and budgets (Bharadwaj et al., 2005). Critical to this approach is an awareness of not only the all-important middle class consumers but those who sit above and below 'aspiring India' on the consumption pyramid as poor and the wealthy Indians continue to represent the majority of Indians (*Fig. 8*).

INDIAN CONSUMPTION WILL BE DOMINATED BY THE MIDDLE CLASS

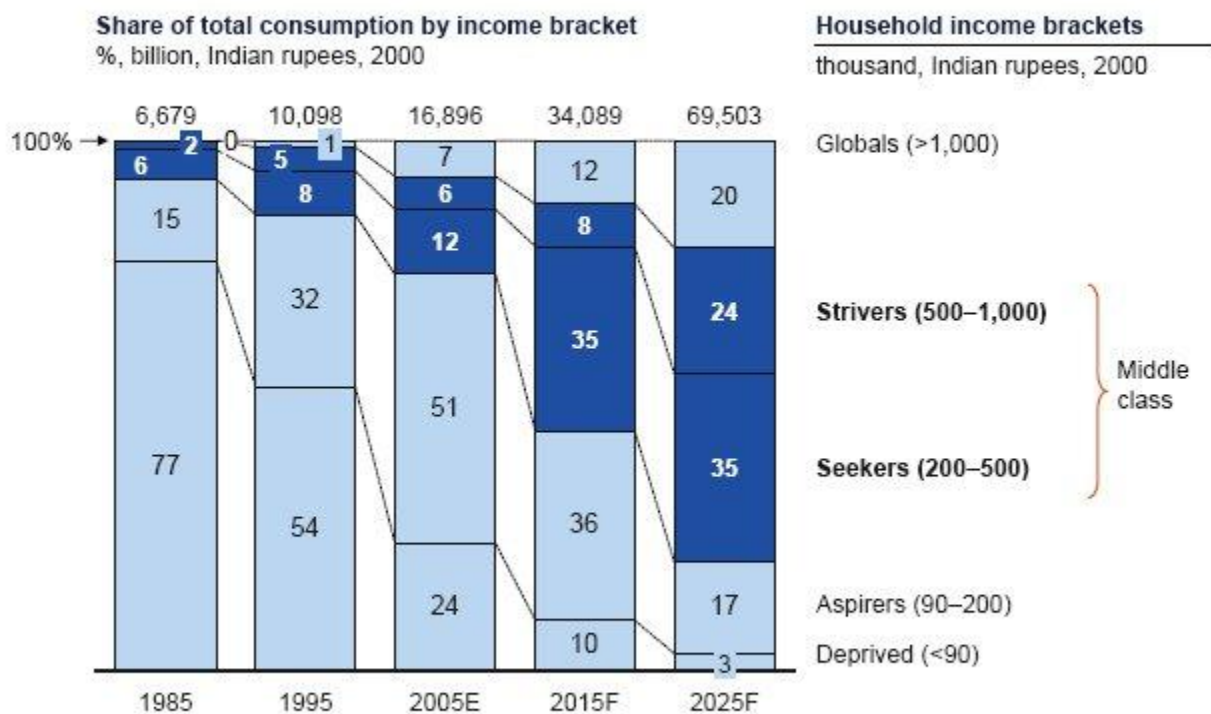


Fig. 8
(MGI, 2007)

Top of the Pyramid: Globals

- 1.2 million households are at the top of India's consumption and income pyramid
- 1/3 the size of comparable Chinese segment, but growing at a rate of 20% per

year

- Consumers behave much like wealthy individuals in Western nations
- Own cars and television sets, buy branded products, and vacation abroad
- Typically self-employed as farmers or businesspeople or employed by government or corporations
- Concentrated in India's largest eight cities
- Relative smallness of this group does not encourage major companies to develop India as a key market
- Worthwhile market for manufacturers of high-end luxury goods

Bottom of Pyramid: Aspirers & Deprived

- Aspirers represent 110 million households and the Deprived represent 40 million households
- Consumer goods beyond basic necessities are generally out of reach for these populations
- Employed as shopkeepers, service workers, and farmers, members of the aspiring class may eventually gain entrance into the middle class
- Employed as subsistence farmers and farm workers, the deprived lack education, health care, and the opportunity for professional advancement
- The assets of Aspirers may include a bicycle, radio, and a black-and-white TV; Deprived Indians may own a watch

The Expanding Middle: Strivers & Seekers

- Current population of approximately 40 million households
- Educated head of household typically employed as shopkeepers, new-service employees, and salaried employees
- Assets may include color TV, telephone, refrigerator and a scooter, motorcycle, or small car
- Strivers represent the upper middle class who are eager to join the Globals
- Seekers represent the lower middle class and may have recently transitioned into this demographic from the ranks of Aspirers

Recommendations

There are a number of strategies which multinationals can employ when attempting to translate their successful brands in a way which will attract the attention and loyalty of discerning middle class consumers in China, India, and other emerging markets. It is crucial that companies work within the cultural and economic parameters of their chosen target countries and recognize the incredible level of consumer variation which can occur even within a single city or region (Wheary, 2009).

Do Your Homework

- Multinationals can gain scale by looking at multiple markets to identify clusters of

similar consumers

- Are the needs of potential consumers global or local?
- What is the penetration of the product and can consumers afford it?

Make Friends in Far Away Places

- Building partnerships with players in the target countries can assist with distribution, product development, and market positioning
- A locally-based approach helps companies to gain scale in specific regions

Embrace Diversity

- Consumers in the global middle class are *not* Western consumers
- Product pricing should acknowledge the limitations of the global middle classes' purchasing power, as well as local and regional variations
- Western aspirations often go hand-in-hand with localized tastes

Court and Narasimhan (2010) provide a simple and concise matrix built upon four category-specific approaches to capturing the middle class market in emerging nations (*Fig. 9*). Their model illustrates that while multinationals need not reinvent the wheel when entering into diverse markets such as India and China, they must also abandon typically Western business models which value a slow and steady expansion pace and a cautious approach to introducing new products (Court & Narasimhan, 2010).

Identifying Consumers with Similar Needs Across Markets:

- Some products and services, especially those which are relatively low cost, share similar consumer needs throughout a variety of geographic regions
- Companies can create scalable business models for clusters of similar consumer segments, eliminating the need to plan staggered product roll outs
- Products such as personal banking, consumer electronics, pharmaceuticals, and mobile communications share similar socio-religious factors, industry structures, and consumer rates of adoption

Targeting Premium Consumers in Product Niches

- Luxury goods such as designer fashion and premium cars are available to very few members of the global middle class
- The purchasing behaviors of this niche market are often similar to buyers in Western nations making it easier for multinationals to translate their marketing strategies
- Competition for these consumers among multinationals is fierce
- Consumer loyalty is won through product and service value, especially when multinationals recognize their evolving needs as consumers

Shaping the Market by Localizing

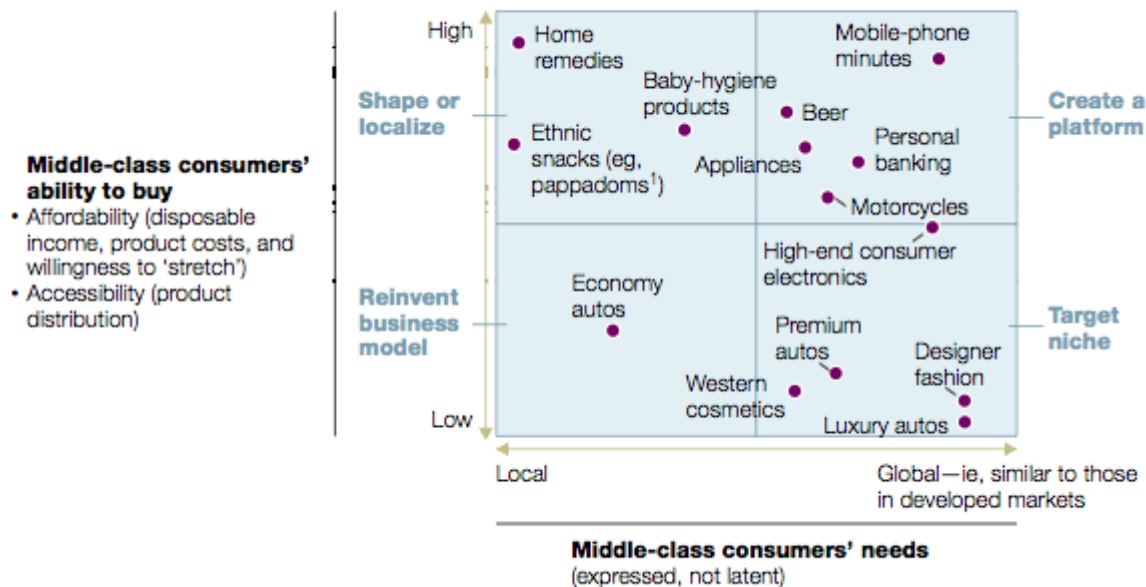
- Accessible and affordable products such as snacks and personal care items can

undergo small changes to increase their relevance for local markets

- Translating product names to the local language and changing packaging to reflect local consumer tastes are simple and cost-effective ways for multinationals to increase the perception that their global brand is a local one
- Celebrity endorsements and strategic alliances with local players can help multinationals to better understand and penetrate specific local markets

Reinventing the Business Model

- There are some products, such as economy autos, which present challenges to affordability and remain fairly localized
- Consumers are more likely to substitute inexpensive products from other categories than purchase expensive global products
- This requires multinationals to make their products more affordable and accessible
- By building consumer loyalty early on, multinationals can increase the likelihood that their more expensive products will be purchased once consumer incomes increase



¹ Spicy, wafer-thin Indian bread.

Fig. 9
(Court & Narasimhan, 2010)

Conclusion

The Challenge of the Global Middle Class. The rise of the global middle class has not gone unnoticed by multinationals who wish to capitalize on the \$20 trillion dollars that is expected to be spent in a dozen emerging nations over the next decade (Court & Narasimhan, 2010). If emerging nations like China and India follow growth patterns similar to Europe and the United States in *their* early stages of development, it is likely that those multinationals who enter the market early will remain industry leaders in the decades to come (Court & Narasimhan, 2010). The biggest mistake that multinationals can make is to underestimate middle class consumers in emerging nations, for although Western nations currently dictate the marketing strategies for many major companies, the demographic strength of the global middle class will require a major shift in perspective from multinationals (*Fig 11*). Multinationals must also take into account the competition that they will face from both local companies who are already well-entrenched in the market and from other multinationals who wish to enter emerging markets on the ground floor (Court & Narasimhan, 2010). The success of local companies is based, in part, on their familiarity with the market and their ability to appeal to consumers' loyalty to their own nations (Court & Narasimhan, 2010). Multinationals also encounter problems when entering emerging markets because they most often employ business models which were created for the developed world where, as Court and Narasimhan (2010) point out, "the game is won slowly by finding cost savings and making product improvements that capture single percentage points of market share over time" (p. 2). This type of approach is less effective in emerging markets where speed and scale are of the essence, again requiring multinationals to take on a certain amount of risk without any real guarantee of rewards in either the short or long-term (Court & Narasimhan, 2010).

Looking at the Big Picture: The Impact of the Global Middle Class. While forecasts from a wide range of sources optimistically insist that the emerging global middle class will continue to grow exponentially, providing multinationals with an unending source of consumers eager to embrace their newfound prosperity, it is important to consider some of the economic and environmental challenges which are posed by this new demographic (Wheary, 2009). The global economic crisis will impact upon the expansion of the Asian middle class, although the overall effect of this challenge is greatly dependent upon a weakening of current economic growth or economic recession in the region (Dyck et al., 2009). Potential job losses among the skilled and high-skilled workers who make up the Asian middle class, along with the loss of wealth which may occur due to stock market correction and declining real estate values could threaten disposable income growth for middle class consumers (Dyck et al., 2009). As well, the rapid growth of the middle class will place a substantial burden on the regional and global environment. For example, increased demand for automobiles will create greater levels of air and noise pollution and place a strain on nations' infrastructure through the repair of existing roads and highways and the creation of new ones (Wheary, 2009). Carbon emissions will increase as more factories are built to meet increased product demand, and as middle class consumers become able to supplement their diets with meat, we will face major challenges to our global water and food supply (Wheary, 2009).

Although Wheary (2009) suggests that it is somewhat hypocritical to hold Asian consumers to higher standards than their middle class counterparts in the West, denying them access to the products and services which consumers in industrialized nations take for granted on the basis that the sheer size of the global middle class may threaten the health and stability of our environment. However, she suggests that "the emerging middle class in the developing world is a blank slate--its consumption habits are not yet written" (Wheary, 2009, p.83), thereby presenting an opportunity for the global middle class to learn new and more sustainable consumer habits. For this approach to be successful, it is critical that the responsibility for sustainability is shared globally, with consumers in both developed and developing nations moderating their consumption habits (Wheary, 2009).

The Importance of Caution. While it is clear that demographic, economic, and social trends in emerging Asian nations may bode well for the future of the region, allowing millions to rise up out of poverty and adopt the consumer spending habits and lifestyles of their Western and European counterparts, the continued success and longevity of this new consumer group is not a given (Dyck et al., 2009). Although middle class is often synonymous the attainment of a comfortable standard of life which allows for individuals to indulge in purchase not necessary to survival, poverty continues to pose a major threat for the longterm stability of the global middle class. This is especially true given that the largest group within the emerging middle class live on \$2 a day, an amount which offers very little leeway should current regional economic conditions worsen (Weary, 2009). The potential for instability within the global middle class, especially in China and India with their massive middle class populations, should serve as a warning sign to multinationals eager to capitalize upon the increased earning power of these new consumers. While it is understandable that many companies wish to gain early entrance to these emerging markets so as to gain the lion's share of consumer loyalty and interest, the most successful multinationals will be those who temper their enthusiasm with caution (Court & Narasimhan, 2010). The best business strategy is one that takes a wide view and learns about the needs, traditions, culture, and aspirations of their potential customers before embarking on expansions, which could have devastating ramifications for multinationals that misjudge the interests, and spending power of their customer base.

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