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The Journal of International Marketing on

Consumer Vulnerability, Social Class and Resilience

Despite the world experiencing steady rates of economic growth over the past years, a large share of consumers globally faces significant economic hurdles. According to the World Bank, in 2023, 10.2% of the global population lived under the global poverty threshold of \$3.00 per day. While much of that share comes from consumers living in African countries, consumers in many low- and middle-income economies are also faced with challenging economic prospects. As of September 2024, 3 in 4 people worldwide lived in Middle-Income Countries daunted by the so-called “Middle Income Trap”: inability to transform into higher-income economies despite promising economic growth and decreasing poverty rates (The World Bank, 2024). Middle class struggles are also evident even in advanced economies, partly due to the unequal distribution of economic output. In the US, the share of the national income held by the middle-class households fell from 62% in 1970 to 43% in 2022, with a sizable part of this fall attributed not only to an increase of high-income households but also to an increase of low-income ones (Pew Research Center, 2024). Between 2006 and 2021, two-thirds of the European Union Member States saw a shrinking middle class and a growing share of consumers living below poverty thresholds (Eurofound, 2024). These figures collectively indicate that global economic growth may concur with consumers’ financial vulnerability. At the same time, they suggest that the promise of middle-class membership does not tautologically translate into a positive financial outlook.

Consumer financial vulnerability is commonly understood as the consumer’s difficulty in meeting financial demands including (among others) debt repayment, everyday expenses, unexpected economic shocks, or even basic leisure activities (Fernandez-Lopez et al., 2024).

In the marketing literature, research on financial vulnerability largely revolves around concepts such as bottom-of-the pyramid consumer segments (Prahalad, 2005), financial well-being (Brüggen et al., 2017), middle-class consumption (Cavusgil et al., 2018) and financial scarcity (Sarial-Abi et al., 2023).

Acknowledging the importance of this topic for international marketing scholars and practitioners, JIM has shown (and continues to show) strong interest in this emerging research field over the past years. In what follows, we present a short summary of four selected JIM articles (published between 2020 and 2023). The purpose of this summary is twofold. First, we aim at illustrating valuable contributions in the journal that showcase the relevance of consumers' financial vulnerability and socioeconomic class membership for international marketing scholarship and practice. Second, we try to critically synthesize their major takeaways with the purpose of identifying pressing directions for future research in the international marketing domain.

In their article, Janda, Shainesh and Hillebrand (2020) challenge the restrictive definition of subsistence markets on the basis of income and attempt a segmentation of these markets using a wide range of consumer characteristics. Drawing on the theory of consumption values, they argue that subsistence markets exhibit significant heterogeneity which can be explained through a combination of demographic characteristics and consumption values. Using multisited rapid ethnography that combines qualitative data from in-depth interviews, primary survey data, data obtained by secondary sources and observation notes from consumers in India and South Africa, the authors reveal four segments of subsistence consumers: (1) family-oriented co-workers, (2) low-skilled price-sensitives, (3) young performers, and (4) conscious conservatives. They subsequently profile these segments and identify significant differences in their consumption values, behaviors and choices. The authors' findings imply that the subsistence market is by no means homogenous and that "one size fits all" marketing strategies

focused exclusively on affordability and scale are not universally effective when targeting bottom-of-the-pyramid consumers.

Building on the same heterogeneity principle, Chikweche, Lappeman and Egan (2021) attempt a segmentation of the African urban middle class. After revisiting alternative definitions of the middle-class, the authors argue that the determinants of middle-class membership in African cities should expand beyond indicators of economic capital (income, wealth) and consider social and human capital dimensions including, among others, income sources, working status, future economic prospects, technology access and use, asset ownership and purchase criteria. The authors collect quantitative data from middle-class consumers across 10 African urban centres and, following a cluster analysis, identify three middle-class segments: the vulnerable, the comfortable, and the accomplished middle class. Through a detailed description of the three segments, the authors provide an overview of the most important determinants of consumption choices in middle-class consumers in Africa and call marketers to integrate factors such as lifestyle, digital connectivity, and brand features in the design of new products and marketing strategies targeted to middle-class consumers.

Expanding beyond the context of specific emerging markets, Riitsalu and van Raaij (2022) propose a novel conceptual and operational approach to the construct of financial well-being. Questioning the direct analogy between financial well-being and wealth and revisiting objective and subjective elements of the construct, the authors propose a new definition of financial well-being that encompasses both the evaluation of consumers' current personal finances (i.e., current money management stress; CMMS) and the assessment of consumers' future financial outlook (expected future financial security; EFFS). They subsequently develop a nomological framework of the demographic, institutional and cultural antecedents and consequences of both financial well-being dimensions. Combining primary survey data from 16 countries with data collected from secondary sources, the authors find, among others, that

(1) current financial well-being is positively related to income, financial inclusion and trust in government and negatively related to age while (2) future financial well-being is positively related to indulgence and negatively related to individualism and age. The findings indicate that perceptions of financial well-being vary significantly not only within but also across countries and that institutional and cultural factors interact with individual consumer characteristics in shaping consumers' assessment of their current financial situation as well as their future economic prospects.

Digging deeper into the psychological underpinnings of financial vulnerability, Su, Tanner, Marquart and Zhao (2022) investigate the role of personal cultural orientations on consumers' sense of financial vulnerability and its subsequent impact on consumption decisions that threaten their financial well-being. Specifically, the authors argue that consumers' psychological tendency to act independently and autonomously (i.e., idiocentrism) versus their tendency to behave in ways dictated by collective influence and social group membership (i.e., allocentrism) have opposing effects on financial vulnerability through affecting cultural tendencies such as power distance, long-term orientation, uncertainty avoidance and masculinity. Testing their predictions in the U.S. and China, the authors report that idiocentric consumers engage in behaviors that risk their financial well-being due to following a "living for today" orientation. On the contrary, they find that allocentric consumers are more protected from financial vulnerability by following cautious avoidance of risk and embracing masculine cultures' interpretation of material possessions as indicators of personal achievement and success. These findings reveal the cross-cultural nuances in the experience and psychological regulation of financial vulnerability.

Beyond these valuable contributions, JIM has published research in areas that broadly relate to the concept of consumer vulnerability such as violations of consumers physical and digital privacy across developed and emerging countries (Brough, Kamleitner and Martin,

2023) as well as the use of luxury brands as means of signalling class membership and social status (Shukla et al., 2022; Zhang, Yao and Yang, 2023).

Collectively, the findings of these contributions indicate that the causes, outcomes and psychological responses to (financial and non-financial) vulnerability are heterogenous, complex, and insufficiently understood. The conceptualization of consumer vulnerability appears to necessitate a broader, multidimensional perspective that encompasses concepts such as consumer values, lifestyles, digital habits, cultural orientations and institutional conditions. As such, international marketing research should advance the study of consumer vulnerability as a culturally and institutionally embedded phenomenon that exhibits significant cross-cultural variation and warrants comparative research approaches across countries, cultures, and geographical regions.

From a managerial perspective, international marketing practitioners are in dire need of more actionable insights when crafting strategies (e.g., new product development, promotional efforts, positioning and micro-segmentation, brand tailoring) intended to connect with middle-class consumers and/or consumers that face financial challenges of different degree and type. Specifically, there is need to identify actionable managerial interventions that enhance the well-being of consumers living in subsistence markets or relegated middle-class segments as well as the cultural and institutional determinants of their effectiveness. Importantly, future research should focus on the design of products and services in industries of particular relevance for vulnerable consumers (e.g., digital finance, healthcare, energy and natural resources, real estate/homeownership) as well as the institutional barriers to their development and the cultural determinants of their adoption.

Toward this end, in what follows, we offer three broad research avenues that JIM finds particularly relevant for its audiences.

Research Avenue 1: Consumer vulnerability, resilience and protection

Successive economic shocks, the global sociopolitical instability, repeated institutional failures and the fragile economic growth that the world experiences over the last decades have left consumers worldwide disillusioned by the promise of globalization and threatened financially, socially and politically (Davvetas, Ulqinaku, and Sarial-Abi, 2022). Technological advances in the domain of artificial intelligence threaten vulnerable consumers' income/employment security and their access to critical services that are increasingly mediated by opaque algorithmic processes and carry the risk of consumer exploitation and unfair treatment (e.g., credit scoring, mortgage applications). The climate crisis, the depletion of natural resources and the rising cost of basic necessities such as food, energy, and housing hinders consumers' ability to break the vulnerability ceiling and further exacerbate climate injustice and income inequalities. In this light, the following research questions warrant particular attention:

- How is financial vulnerability created, experienced, and managed across global markets, and how can firms and institutions engage with it responsibly?
- What are the cultural, institutional, environmental and sociopolitical causes of consumer vulnerability across countries?
- Does the increasing application of algorithmic systems exacerbate inequality across countries? If so, what institutional safeguards need to be established to mitigate their impact?
- How can consumer resilience be conceptualized, what are its key dimensions, antecedents and outcomes?
- Which coping strategies do vulnerable consumers employ to deal with the rising cost of living and how do these differentiate across countries of various cultural profiles and different levels of institutional maturity?
- How can firms and brands help consumers remain resilient under financial stress?

Research Avenue 2: Social mobility and social class identity

Social class membership is known to impact a wide range of consumption emotions and behaviors. Being a form of social organization encountered internationally, a consumers' social class represents a potential basis of self-categorization that entails the psychological mechanisms of in-group membership, out-group derogation as well as responses to intergroup and intragroup threats (Greenaway and Cruwys, 2018). However, social class membership may change upwards or downwards in the course of a consumer's lifecycle, raising the prospect of class identity shifts, identity conflicts and/or class identity assimilation. As such, the following questions carry particular interest:

- Is there such a thing as a “global middle-class consumer identity”, how different are middle-class consumers around the world, and why?
- Has globalization strengthened or weakened the global middle-class consumer?
- What consumption shifts do consumers exhibit when moving up (and down) the social ladder, particularly in emerging (advanced) markets experiencing economic growth (stagnation)?
- How are the effects of social class mobility on consumption different across cultures?
- What roles do brands play as consumers move up or down the social ladder in emerging and advanced markets?
- How do consumers deal with conflicts between social class identity and other forms of social identity (e.g., global identity, national identity, political identity)?
- How can brands champion middle-class consumers globally and successfully embrace middle-class symbolism?

Research Avenue 3: Intergenerational vulnerability and consumption change

In most of the Western world, an increasing majority of consumers feel that their children will be financially worse off than themselves when they grow up (Pew Research Center, 2022). For the first time in the post-war era, younger generations experience stagnant wages, face unsustainable student debt, and perceive homeownership as an unachievable life goal. While younger consumers are more educated, technologically savvy and more cross-culturally conscious than their parents, they lack a positive outlook about their ability to meet their future financial needs. Consequently, the following research questions warrant particular attention:

- How do younger generations (e.g., millennials, GenZ, GenA) react to financial vulnerability and pessimistic financial prospects compared to older generations?
- How do younger generations cope with financial vulnerabilities (e.g., labour market insecurity, limited homeownership) across countries?
- How does the interplay between post-materialist, globalist identities and financial vulnerability shape the consumption patterns of younger generation consumers?
- How can brands develop relationships and build loyalty with younger consumers that face economic challenges locally while adopting global consumerism?
- How can national, transnational and global consumer protection agencies help younger consumers cope with generational uncertainty and restore their consumer well-being?

The global geopolitical, socioeconomic and technological changes bring the issue of consumer vulnerability back to the spotlight of international marketing research and call for a comprehensive understanding of the phenomenon through a comparative, cross-cultural and multidimensional lens. Being in the frontline of this field for years, JIM welcomes novel contributions in this revived field of research interest that enable the theoretical understanding of consumer vulnerability from an international perspective as well as the managerial and policymaking implications of vulnerability, social class and resilience within a global marketplace constantly reshaped by deglobalization, global crises and institutional uncertainty.

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