



The new middle class in Turkey: A qualitative study in a dynamic economy



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ABSTRACT

Although the middle class phenomenon is a widely investigated topic within a wide range of academic fields such as sociology, political sciences, anthropology, the current study concentrates on the middle class from a marketing perspective in the context of an important Emerging Market—Turkey. The definition we adapt in this study pertaining to the new middle class includes the households that have gained substantial disposable income and have experienced substantial lifestyle changes since the market liberalization reforms which commenced in the 1980s. We first present the importance of the middle class in emerging markets (especially the BRIC), the concept of middle class and the new middle class phenomenon. We then review the literature on the new middle class in Turkey and we explore whether secular and conservative subgroups of the new middle class differ in consumptional and attitudinal dimensions. Finally, we offer preliminary insights based on a qualitative study with 36 new middle class consumers in urban Turkey.

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1. Introduction

Recently, there has been much interest in middle class consumers in EMs from many multinational enterprises such as IKEA (Rankin, 2014), Samsung and Unilever. This is because a robust middle class implies a dynamic economy. Today, examining the middle class evolution in both advanced and emerging markets is a fundamental task in international strategic marketing (Cavusgil & Guercini, 2014). Middle class is seen as an indicator of market potential in international business (Cavusgil, Knight, & Riesenberger, 2012). Cavusgil and Kardes (2013b) suggest that in addition to being the engine of economic growth and the stimulant of competition and quality products, middle class households are the sources of the entrepreneurial class and higher productivity. They also note that while signaling an improvement in income equality (GINI Index), standing for more vocal consumers and eventually more transparent governance, the middle class households are also the pulse of a progressive society.

By 2030, about 80 percent of the global middle class is expected to live outside the developed world, mainly in emerging markets

(Brunke, Van Dongen, & Downey, 2013). Largest of these markets are known as the BRIC (Brazil, Russia, India and China). It is estimated that at least 300 million consumers are considered middle class in China and India. Middle class in China is not a driving force for political and social changes yet and mostly concerned with its social and economic status (Xin, 2013). Some 25 percent of China's population is estimated to be the new middle class (NMC) who emerged over the last 15 years. Most own an apartment and a car but consume 'excessively' (Luhby, 2012). In India, there have been improvements such as greater access to education, rapid economic growth, and migration to urban centers like Mumbai, with a more liberal economy over the past two decades. The caste system may be losing its importance (BBC Turkish Web Site, 2013). In Brazil, middle class is classified as the 'C Class. They own household appliances, electronics, and desire to take holidays (Carneiro, 2013). In Russia, much of the middle class own a home and some 60 percent of their spending is related to retail sector which manifests itself in the explosion of shopping centers around the country (Kramer, 2013).

The Turkish business sector has responded rather enthusiastically by catering to the new middle class consumption capacity over the past decade. The number of shopping centers, cafes, art galleries, fitness centers, rapid transitways and parks has multiplied. Home ownership has increased with the introduction of the mortgage system. The expansion of the middle class triggered

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discretionary consumption, bringing prosperity and wealth to the economy, improved the quality of life, created a culture of leisure and fun; and increased high technology usage (Buyukuslu, 2011).

In the present study, we conceptualize the new middle class as households that have gained substantial disposable income and experienced significant lifestyle changes since 1980s, when the market liberalization reforms in Turkey commenced. We address the following research questions: (1) How can we profile and characterize the new middle class in Turkey? and (2) What are the potential differences between the conservative and secular subgroups of this new middle class?

In Turkey, which is a rapidly transforming society, we see two distinct groups emerging. These are best described as conservative and secular subgroups. By conservative we mean “those who are opposed to secular institutions and loyal to religious teachings, practices and relationship networks” (Balkan & Oncu, 2014) and this term is a synonym of the word “Islamic” (Balkan & Oncu, 2014). In contrast, by secular we refer to “those who are loyal to the secular institutions that were presented and imposed by the founders of the Republic” (Balkan & Oncu, 2014). Conservative also implies being more devoted to religion than secular consumers. While individuals may typically possess both secular and conservative elements, one part should be predominant.

There are relatively a few studies which report the middle class phenomenon from a marketing perspective (such as; Martineau, 1957; Martineau, 1958; Coleman, 1983; Rich & Jain, 1968; Sandikci & Ger, 2007; Ustuner & Holt, 2010; Cavusgil & Kardes, 2013b; Kravets and Sandikci, 2014). This article contributes to ongoing discussion on the potential growth and consumption of new middle classes in international business by defining the features of the new middle class in Turkey as well as their consumption and attitudinal features.

2. The middle class concept and the new middle class phenomenon

The Middle Class: Exact definitions and measurement vary from country to country. As more people join the middle class throughout the world, the ripple effect which can renew itself has taken millions of people out of poverty and created new discretionary consumption opportunities (Wheary, 2009). Considering the percentage of the middle class in Turkey, according to BCG (Jin et al., 2010), middle class households' share was 44 percent in 2010 and it is expected to increase to 59 percent in 2015.

The middle class is mostly measured with income. Easterly (2001) defines the middle class as those in the second, third and fourth quintile of the distribution of per capita consumption expenditure. Kharas (2010) regards those who have daily expenditures of 10\$ to 100\$ per person, in purchasing power parity terms, as middle class households. Foroohar and Margolis (2010), define the middle class as consumers with yearly incomes between \$6000 and \$30,000. Jin et al. (2010) defines the middle class households as those with annual income exceeding \$10,000. A definition based on only income is not helpful for gathering enough information about consumers (Cunha, Cheng, & Abida, 2013). Consequently, there is a need for a more comprehensive definition of middle class that has more than one variable-income.

In a more comprehensive series of studies, Cavusgil (Cavusgil, 2013; Cavusgil & Guercini, 2014; Cavusgil & Kardes, 2013b) conceive middle class as households who have at least 30 percent of total household income available for discretionary consumption. These households aspire to enjoy comfort, stable housing, better healthcare, reasonable retirement and job security, and possess the disposable income that can be spent on cars, home appliances, better housing, private education for children, and leisure. In their

GSU-CIBER Middle Class Scorecard, Cavusgil and Kardes (2013b), categorize middle class as affluent (upper) middle class (income and expenditure percentiles of 7–9) and mass (lower) middle class (income and expenditure percentiles of 3–6). Furthermore, Savage et al. (2013, inspired from Bourdieu (1984), examines the middle class on the basis of economic, cultural and social capital. Fukuyama (2013) notes that the middle class is better characterized by education, occupation, and the ownership of assets. In addition, Cavusgil and Kardes (2013b) also include values, expectations, and attitudes among the distinctive dimensions of middle class in Emerging Markets.

The New Middle Class Phenomenon: There has been much discussion about the old versus new middle class issue both in Turkey and other EM contexts. The new middle class is distinct from the 'traditional' middle class which has attained this position prior to the most recent phase of globalization and rapid growth—roughly the last three decades. According to Mills (1951), the new middle class comprises of white collar professionals, including managers, engineers, lawyers and people who work in education, science and technology, health and personal care sectors. Recently, Kravets and Sandikci (2014) described the new middle class households as young urban professionals who describe their income as “comfortable”, hold a college degree, speak English, and have (or aspire to) a corporate career by drawing on the definition of Fernandes (2006). The new middle class households mostly have one or two children, and two salaries (Ayata, 2007; Keyder, 2014).

The new middle class consumers are financially comfortable, well traveled, possess sophisticated knowledge of fashion and brands, live in modern apartments; and own a set of goods such as a Samsung television, an iPhone etc. (Kravets & Sandikci, 2014). Consumption is a major preoccupation of the new MC. Ward and Neumann (2012) state that there will be increasing opportunities in Turkish communication, restaurant and hotels, and leisure time sectors due the rise of this new middle class. Importantly, the most distinctive feature of the new middle class is having achieved status by means of education (Ayata, 2007; Bicakci, 2008; Keyder, 2014). Similarly, in new middle class families, women are educated even if they are housewives and often work until retirement (Ayata, 2007).

The new middle class is seen as a symbol of the steady retreat of poverty; an engine of the global economy; a creator of jobs; a new consumer market; and an advocate for social stability (Wheary, 2009); this is a fundamentally important societal phenomenon.

2.1. The evolution of the New Middle Class in Turkey

Although the middle class concept is nothing new in the context of Turkey, it should be indicated that there was not a genuine middle class during early transition era to democracy (Laciner, 2013).

Emergence of real middle class which would be named as “new middle class”, dates back to early 1980s. After years of military interruptions, the Motherland Party (Anavatan Partisi-ANAP) government abandoned centrally planned protectionist economic policy and embarked on liberal, free market economic policy. The country was ruled successfully by the Motherland Party from 1983 to 1991. Turgut Özal, Prime Minister of Turkish Republic and the chairman of Motherland Party, attached special importance to the well-being of the Turkish middle class and named them as the mainmast (orta direk) of the entire Turkish society (Laciner, 2013). Since then, mainmast expression became one with the middle class in Turkey.

Until 1994, the middle class was mainly encountered in cities which are close to the centre such as Istanbul, Ankara and Izmir (Keyman, 2012). Over time, the middle class spread to the Anatolia, the periphery (Keyman, 2012). After an unstable macroeconomic

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