Consumer markets are a reflection of society. Latin Americans society is complex and fragmented. One way to reduce the complexity is market segmentation. For many years, marketers have relied on the socio economic segmentation of Latin American markets to formulate differentiated marketing strategies and targeted their products for affluent and lower class segments. With a fickle middle class and blurring distinctions of income-based segments, this conventional strategy is no longer effective. New definitions and different market segmentation are becoming the norm.

THE CONVENTIONAL APPROACH: SOCIOECONOMIC SEGMENTATION

In more advanced countries where reliable household or personal income data exist, segments based on income are highly robust. In emerging markets such as those in Latin America, a classification based purely on income is suspect. National organizations and marketing institutions in Latin American use additional variables that measure other indicators of social class, such as education of the head of the household, occupation, possession of household goods, and housing characteristics. Using a scoring system where points are allocated by possession of those characteristics, households are classified typically into social-class categories, like upper class, middle class, working class and lower income class.

The socio economic segments in Latin America shows the markets divide of affluent and poor mass markets in the region. The conventional approach in dealing with this market dichotomy is to differentiate the marketing offering in terms of high end, high price or basic product, low price. There is, however, an alternative approach to positioning the offering right in the middle with a price –to-value ratio that is right for all socio economic classes. This strategy is based on attracting enough consumers from both the end of middle class. For the affluent classes, the product quality should be good enough to be acceptable and at the same time enjoy the benefit of price savings. For the lower middle class, the price gap relative the premium product would be narrow enough to justify trading to a better quality product.
OTHER SEGMENTATION APPROACH

The J.Walter Thompson group advocates the use of two simple indicators, education and profession to define social classes. Under this classification, the upper class includes owner and top-level executives of large firms. The upper middle class is composed of executives and owners of firms with some college education but without any college degrees. In the middle class, middle level professionals, employees, public servants, skilled labour and small business owners. These groups will be of with some school education. The lower level group is made up of unskilled workers and entry-level employees with up to a high school education. The lowest level consists of people without permanent employment, with some level of primary education or none.

The implication of the definition of socio economic classes are presented by J.Walter Thompson may be a better indicator of differences in consumption habits and styles. The classification may be more useful for marketers for formulating their marketing strategies in Latin America.\(^4\)