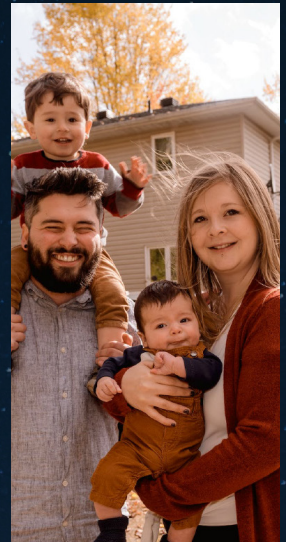


The American Middle Class

Issue # 007

Fall 2023





Chapter 5

Brand Outlook

“You must **unlearn** what you have learned.”

-Yoda, *The Empire Strikes Back*

Background

Previously on The American Middle Class...

The previous four installments of this series were informed by a 1500-person survey, an interview series and extensive secondary research to get a thorough picture of the lives of average Americans. Through them, we explored:

1

Defining the Middle Class

Overview

The many ways, both economic and cultural, we define the middle class, and a historical look at where we've landed

Takeaway

Media and marketers have had a leading role in shaping not just who we think the middle class is, but what we think they stand for.

2

Elements of the Myth

Overview

How the family sitcom has shaped our view of what the middle class looks like and stands for

Takeaway

Despite looking more and more out of touch, brands continue to reinforce these images and values of the American middle class.

3

The Shrinking Class

Overview

What we mean when we say the middle class is "shrinking," and the impact this has on daily lives

Takeaway

If media and brands set the tone for how we define the middle class, it will be their role to respond to the gap between the middle class myth and actual lives.

4

The Real Middle Class

Overview

A showcase of the incredibly rich and diverse array of middle class experiences through the stories of real humans

Takeaway

There are no two identical middle class experiences, and people who might look the same on paper can differ vastly in their attitudes and circumstances.

Today on The American Middle Class...

As brands and marketers, we set the tone for what everyone else assumes about who is in the middle class and what that means. We make assumptions about what they can afford, what categories they spend in, where and how they live and what they care about. But are any of these assumptions valid?

In this installment, we'll look at the ways in which brands are impacted by the growing gap between the middle class myth and reality, and how brands can shape the future of this huge segment of American society.

5

Brand Outlook



Ways in which brands can respond to the impact of the shrinking middle class and speak to the variety of experiences within it



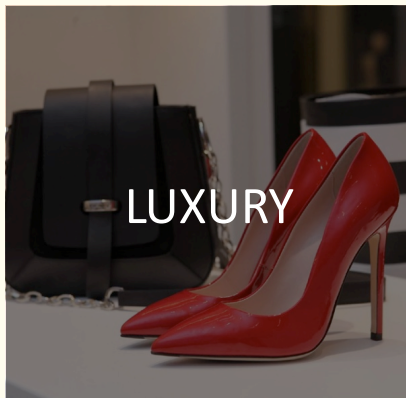
Soundtrack:
"This is America"
Childish Gambino

One wrong move can have a domino effect.
And one wrong assumption about the
middle class can derail your entire
campaign.

In the previous four chapters, we've shown not just how incorrect our depictions of the middle class are, but also how much nuance and diversity there is within it. This has a strong impact on the future of how brands speak to millions and millions of Americans, and how media show the middle class in the future.

We can look at the impact in three different arenas.

Click on each to learn more:



For the tl;dr version, click [here](#).

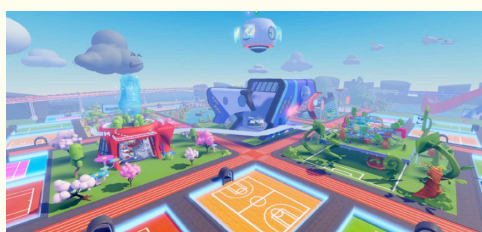
Outlook Resonance

It's impossible to separate broad reach campaigns from the middle class, simply because they make up so much of our population. This means if our assumptions about the middle class are incorrect, so too is our messaging for broad reach.

Imagery, Tone & Messaging

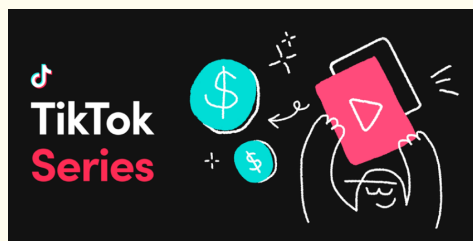
When we brought up Reba in Chapter 2, we talked about celebrating achievable, modest goals. Brands can do this through imagery, tone and messaging. Middle class Americans are losing trust in traditional institutions when it comes to supporting their physical, emotional and financial wellbeing. This is especially true of younger Americans, many of whom have grown up in the era of active shooter drills. Brands can fill in the gap in two ways:

1 Giving them moments of levity to help cope with the stresses of modern life



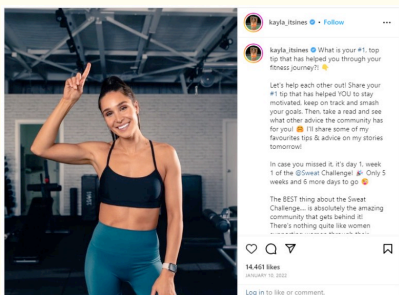
As we noted in our report Live 2 Play, encouraging active play in children and adults alike can help people deal better with stresses of all kinds. And it gives them the opportunity to connect with each other and build stronger support systems. Nike's Roblox activation, Nikeland, gives users a metaverse space to play.

2 Empowering them to create this sense of security for themselves



TikTok launched Series, a premium content feature where approved content creators can get paid for their videos. This directly speaks to Gen Z's attitude that the only way they'll be able to achieve stability is through entrepreneurship, i.e. doing it all on their own.

Partnerships



Many fitness influencers sell the message that peak wellness is possible for everyone with enough hard work. In reality, many middle class families lack the time and resources to achieve the images they see online.



Fixer Upper's Chip and Joanna Gaines have built an entire empire on so-called achievable home design. Many of our survey respondents mentioned that this makes them feel inadequate with what their homes look like.



Mommy blogging has inundated social media with images of perfect families claiming to be a "hot mess." Instead of seeming relatable, this can make actual middle class families feel even more shame at what qualifies as a hot mess for them.

As we noticed in Chapter 2, the image of the large suburban house with the white picket fence is outdated. But there's more about our imagery, tone and messaging that needs to change, too. Lifestyle influencers have created unrealistic standards in a bunch of different categories of what is possible for average Americans. When we think about our partnerships with key influencers, finding people who set a more achievable, positive example for consumers.

Products & Pricing

Sometimes no amount of imagery or messaging is going to change the fact that what people can afford has changed. We heard time and time again in our survey and interviews how much inflation is straining already tight budgets. Rather than force consumers to swap out brand names for generic or cut out some spending altogether, some brands are seeing other ways to respond to customer anxiety about prices.

This can mean changing pricing strategies, or developing new, more affordable product offerings. And for some enterprising brands, it's even an opportunity to make inroads into new audiences they previously excluded from their target demographic.



At the beginning of 2023, It's a 10 Haircare halted any plans it had of raising prices in order to be sensitive to the inflationary pressures facing its consumers.

**BUY AND SELL
PRE-LOVED
GEAR WITH**

Moosejaw ReTrail

Outdoor retailer Moosejaw launched ReTrail in March 2023. The new platform allows customers to buy and sell used products. ReTrail is a direct response to increased demand from consumers for resale. With budgets stretching tighter, ReTrail helps consumers afford their products and also make a little extra cash when they've outgrown them. And they be more sustainable consumers in the process. Two birds, one stone.

KEY TAKEAWAY

The gap between myth and reality shows that our assumptions about the middle class are off, which means our mass reach campaigns need to be adjusted to reflect the actual, achievable lives of people.

Outlook Luxury

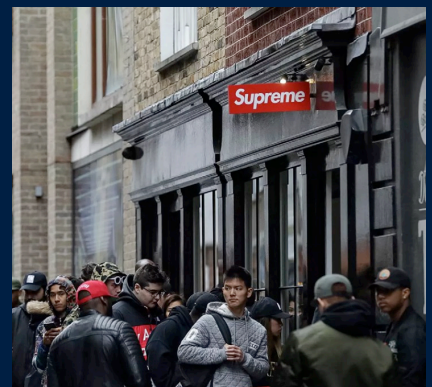
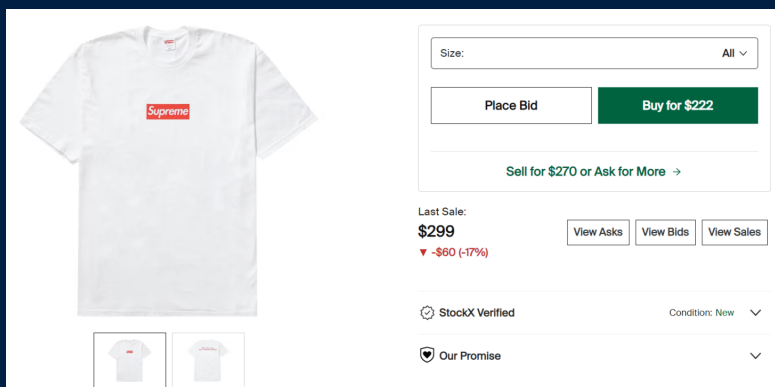
Creating Brand Value

One of the people we spoke to, Marcella, mentioned she's never met a Louis Vuitton bag she didn't love. She's been able to save up for a few over the years and considers them worth every penny. She says they make her feel special and make the daily grind worth it. Another interviewee we profiled, Daniel, says he always buys his kids higher-end sneakers. He's willing to wait to save up or find ways to get deals to make sure he gets the brand names he wants. For him, a high price often means high quality, and he'd rather buy something expensive once than ten cheaper versions that keep breaking.

Basic econ tells us products are only worth as much as people are willing to pay for them. Regardless of whether your reasons are emotional like Marcella or practical like Daniel, you're willing to pay more for some brands because you think they're worth it for you. For a huge number of established luxury brands, the brand's value isn't in the products itself: It's in the fact that millions of middle class Americans have decided they're worth coveting. In other words, the middle class thinks the brand is aspirational and that the logo carries status worth having. In this way, these brands depend on the middle class to keep them valuable, even if their audience is wealthier folks.

The Hypebeast

If the middle class is largely responsible for giving legacy luxury brands their value, it is also vital in establishing the value of many newer luxury brands, too. And nowhere is this more true than in hype culture. Brands like Supreme depend on middle class young people wanting their products to command the prices they do. A plain white tee with a simple red logo would be worth just a few dollars if not for the hordes middle class teens and twenty-somethings lining up to buy it as a sign of status.



This plain, white tee with a Supreme logo sells for almost \$300 on the resale market.

Targeting

Even the least affluent of the “middle class” spectrum has repeatedly indicated that they're willing to splurge at least occasionally. And given what a large percentage of the population identifies as middle class, there are likely to be more luxury middle class buyers than upper class ones. We have typically targeted based on income for most luxury categories, because the ROI seems higher: You can spend less because you're targeting fewer people, and are more likely to convert since all of them can—you assume—afford your product. But in doing so, we are likely alienating tons of middle class consumers who are willing to prioritize a fancy purse, a nice bottle of scotch, or an even bigger TV.

Quiet vs. Loud Luxury

Middle class preferences also have an impact on what the wealthy purchase. And as it turns out, not all luxury consumers are the same. Some prefer to signal to others they have the means to buy expensive things. They'll turn to fashion with large logos, supercars and other flashy symbols of wealth otherwise known as "loud luxury." Others prefer to go the opposite direction, labeling these in-your-face choices as tacky. This is not a new phenomenon: F. Scott Fitzgerald's *The Great Gatsby* shows how quiet vs. loud luxury is often the same as saying old money vs. new money. What *is* new, though, is the increasing number of wealthy Millennials and Gen Zers who are incredibly conscious of the "hate the rich" sentiment on social media.



Molly Madfis is the poster child for the "sad beige" aesthetic, a lasting trend that has young families dressing down in neutrals and natural fabrics. The look is humble, but the price points are not.



Fashion label The Row almost exclusively sells clothing in whites, blacks, tans, and grays. Their style is deliberately understated, but you'd be hard-pressed to find something they sell under four figures. Their social presence doesn't even show their products. Instead, they use their media channels to sell a quiet, mysterious vibe.



Interviewee Jacob mentioned his smartwatch was a luxury purchase he was willing to spring for because it gave him the gift of time, literally and figuratively.

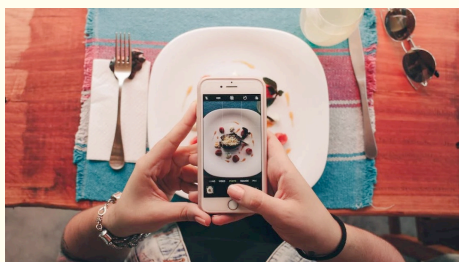
Intangible Luxury

Increasingly, we're seeing people define luxury as something beyond physical products and services:

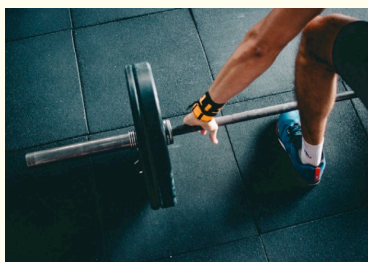
Time: Having a few spare moments to yourself not spent worrying about money is a luxury many don't have.

Culture: Whether it be travel or local foodie adventures, exposure to new ideas and flavors can feel exclusive.

Wellness: Spanning diet, fitness and mental health, holistic wellness can come at a high price point.



We repeatedly heard people say that if they could afford it, they would splurge on vacations. Being able to expose their families to other places and cultures was a luxury to them.



If the last few years have taught us anything, it is that the ability to be healthy is a privilege not everyone has. Whether it be high-end skincare and treatments, exclusive gym memberships, premium gear or access to mental health resources, being healthy can be expensive.



We often assume the middle class has little to no impact on the luxury category, but this couldn't be farther from the truth. Not only is it often responsible for giving luxury its value to begin with, but it changes the tastes and preferences of the upper class as well.

Outlook Inclusion

Every winner of the Typical American Family contest at the 1939 World's Fair was white and heterosexual. That's just not our reality anymore. And yet the way we support middle class families in 2023 is still with this homogenous idea in mind. Families these days look, feel and behave very differently. A true commitment to DEI requires a brand to understand what has changed and what still needs to do.

Gender

In our very first chapter, we showed how the the image of the middle class home has stayed consistent over seven decades of Tide ads. In more recent years, we've started seeing some slight changes: While visuals of the suburban home remain largely the same, dads have started doing the laundry, too. On paper, this sounds like a good change, but for many middle class women, it's too little too late.

Setting aside the #tradwife contingent, a lot of women feel like while it's good to show a more balanced division of labor in the household, the way brands have simply subbed dads in for moms diminishes the role women still play in the home.

Despite the fact that gender roles have changed a lot, women still do a disproportionate amount of the housework and mental labor of keeping a household running. We saw this starkly during the pandemic. At the height of COVID-19, we saw survey after survey showing how much more of the household burden was falling on women in heterosexual relationships. Case in point, many women quit their jobs during the pandemic in order to manage the extra household and childcare duties incurred by schools and other services shutting down. We even had a name for the phenomenon: The She-cession.

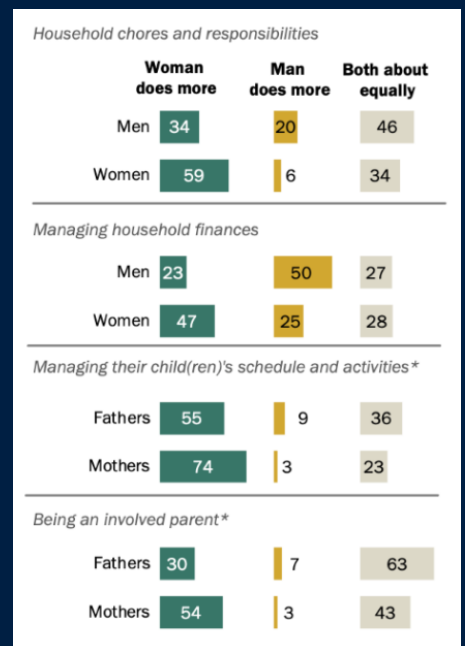
AUTHOR INTERVIEWS

Pandemic Makes Evident 'Grotesque' Gender Inequality In Household Work

May 21, 2020 · 2:26 PM ET
Heard on [Fresh Air](#)



Terry Gross



The chart on the right shows how differently men and women in heterosexual relationships think of their roles in the home (Source: Pew Research Center, October 2020). Click on the NPR headline to the left to listen to a podcast episode about this imbalance (Source: NPR).

Additionally, more and more young Americans are moving beyond traditional genders, and the binary choice between a mom or a dad doing the laundry itself feels out of date. Families, middle class and otherwise, don't look the same as they used to. There are more multigenerational, single-parent, unmarried, same-sex and child-free households now than ever before. The person doing the laundry might be anyone from a grandparent to a non-binary significant other. In light of all this, we need to celebrate the still-disproportionate efforts of women in many middle class homes while still portraying visuals that speak to a more modern reality and equitable future.

Race & Ethnicity

There really isn't a brand out there anymore that doesn't yet realize that America is becoming more racially diverse. In 2020, non-white and multiracial Americans made up 38% of the population, up from 28% a decade earlier (Source: U.S. Census Bureau). It's why so many brands now have specific messaging, target audiences and KPIs dedicated to so-called "multicultural" campaigns.

Here's what those brands might not know: Hispanic and Black Americans are more likely than anyone else to fall out of the middle class each year. Over the last two decades, a whopping 21% have fallen into the lower class, while less than half as many found themselves upwardly mobile. By contrast, Asian Americans were most likely to move up from the middle class to upper class (18%) and least likely to move down (Source: Pew Research Center).

If we thought our 1950s images of an all-white middle class were discriminatory, we're clearly not doing enough to maintain equity in this vital social class. Brands have had a long legacy of predatory behavior toward marginalized communities. They've dumped defective or harmful products in lower-income neighborhoods and red-lined swaths of cities. More subtly, they've excluded non-white communities through food/banking/retail deserts and exclusionary messaging. Most brands have better intentions these days, but a gap remains. So what can we do to improve? As it turns out, quite a few things:

- 1 | Diverse casting alone isn't enough to undo decades (even centuries) of harm.** Subbing people of color into otherwise unchanged imagery isn't enough to drastically change our cultural definition of what the middle class looks like. As mommy influencer Nabela Noor highlighted, you can still show a very non-diverse picture of the middle class, even with a diverse person in front of the camera.
- 2 | In-language advertising is a good start, but doesn't qualify as a holistic Hispanic strategy.** Brands should invest in a deeper understanding of what the challenges are facing this audience and position themselves as partners in helping keep them in the middle class, or even elevate them onward.
- 3 | Targeting alone isn't enough to reach and speak to Black audiences.** Investing in Black-owned media and Black content creators helps funnel money into the community and shows more authentic cultural understanding.
- 4 | Asian Americans are a growing part of the middle class landscape.** But very few brands pay particular attention to them. While they make up only 7.3% of the population at the moment, they are the fastest growing diverse demographic and have a large influence on the middle class. And there's diversity within that diversity: E.g. The needs of Vietnamese Americans are very different from those of South Asians. It's been easier to just lump them into multicultural or gen pop thus far, but that approach will not hold forever.

Representational casting and audience targeting aren't enough to truly recalibrate our image of the middle class to a more diverse one.

Outlook What's Next

The middle class is at a bit of an inflection point at the moment. We have the opportunity as brands to reshape what its future is, and set it off on a better path toward success. To that end, Starcom has a number of different ways it uses data and insights to not just better understand the needs of this group, but also address those needs through media.

Audience Insights

In order to form a clearer picture of what the middle class is actually like, we can derive a lot more insight from behavioral data. In other words, we should let middle class people tell us who they are and what they want through their own actions. To this end, Starcom has two unique sources of data to learn about the middle class:

- 1 | Our access to Epsilon data allows us to model audience behavior quickly and more accurately to help us explore not just what the middle class as a whole is up to, but the rich diversity within it as well.
- 2 | Our proprietary research on human motivation helps us boil down the essence of what is driving the middle class category by category, on both a micro and macro level.

Cultural Insights

Additionally, our Cultural Intelligence practice as a whole is constantly at work conducting primary research, ethnographies and social listening to build onto our existing knowledge about this group and the subgroups within it. This report series is only the tip of the iceberg for us, and the quest to understand what drives and motivates this group is ongoing. Additionally, our cultural practice is committed to forming a detailed understanding of marginalized audiences to help the brands we work with authentically connect with and support these groups.

Business Insights

Last but not least, our Business Intelligence practice is constantly building and recalibrating models to help brands understand how their industries are changing, and what is necessary to maximize their business performance in the future. A huge part of this involves combining our custom audience and cultural insights into more accurate pictures of the present and future for our clients.

The middle class might feel like it's shrinking, but our understanding of it here at Starcom is growing rapidly.

Defining the Middle Class TL;DR

Americans are incredibly aware of the gap between our cultural definition of the middle class and where those in it currently are in their lives. If media and brands are responsible for setting the tone for this definition, it will be their role to respond to this growing gap between myth and reality.

1 Resonance

If we are fundamentally misunderstanding and misrepresenting the middle class, this means our broad reach campaigns aren't nearly as effective as they could be and are likely even perpetuating this misunderstanding.

For Brands: Be a better advocate for consumers by celebrating their small milestones and empowering them to feel more in control of their own destinies.

2 Luxury

The middle class has a huge impact on the luxury category, and yet we often don't target them when we use strict income audience definitions. Many brands rely on the middle class to aspire to own them in order to charge the prices they do. And the middle class can even have a drastic impact on how upper class people choose to spend their money.

For Brands: Don't sleep on the middle class, even in categories that seem out of their price range.

3 Inclusion

In many ways, stopping the shrinkage of the middle class means supporting the diversity within it. From both a gender and race/ethnicity perspective, brands have a long way to go to authentically bolster marginalized people.

For Brands: Go beyond audience targeting and casting to achieve true resonance with underrepresented communities, and help create a cultural definition of the middle class that is inclusive.

Stay tuned for more from Starcom as we continue to explore the lives of the middle class.