DEFINING AND QUANTIFYING SOCIOECONOMIC LEVELS

The middle class is often talked about but seldom well defined. Before we embark on an exposé on trends, we therefore define socioeconomic levels—what we call Consumer Classes'.

Global socioeconomic levels should meet three conditions. They should:

• Be applicable over time

• Allow for comparisons between countries
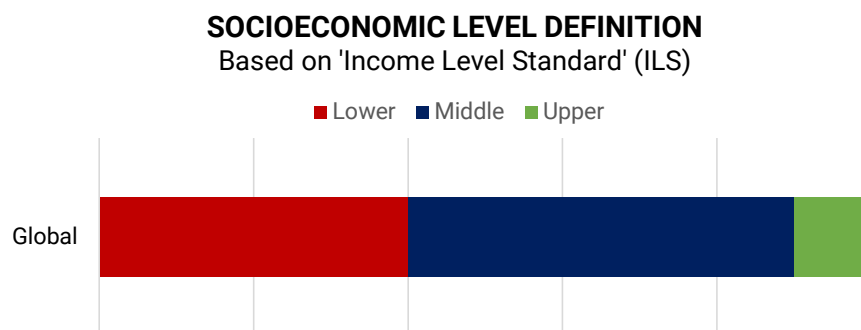
• Allow for comparisons within countries

There are two common definitions when looking at socioeconomic levels in income terms:[1]

Relative. The middle class is a certain percentage of the population. The middle 60% is commonly used.

Absolute. The middle class are those earning between X and Y local currency units (pesos, dollars, etc.). This must be in constant (i.e., real, inflation-adjusted) terms to be meaningful.

The relative definition violates the three conditions. If the middle class is 60% of the population today, it was also 60% in 1970. If it is 60% of the U.S. population, it is also 60% of Malawi's population.

This is not useful (except for a single geography at one point in time) and we thus use the absolute definition.

SOCIOECONOMIC LEVEL DEFINITION
Based on 'Income Level Standard' (ILS)
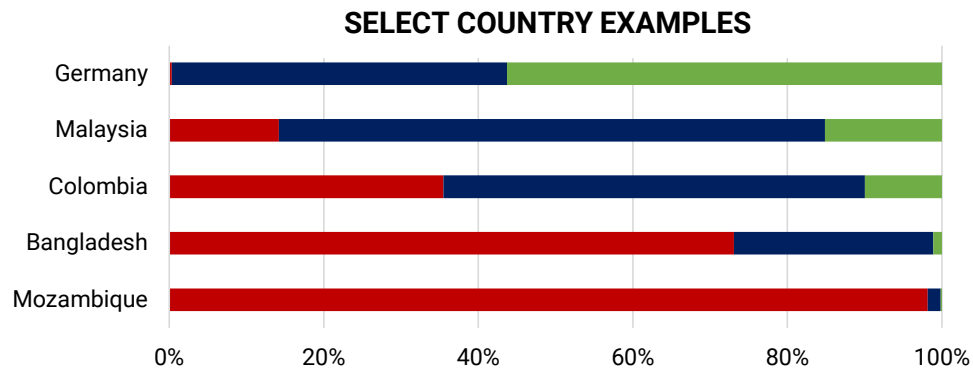
■ Lower ■ Middle ■ Upper

Global

The graph above shows a summary and a detailed definition. The global middle class are those people within our chosen income bracket that represent 40-90% of the population in
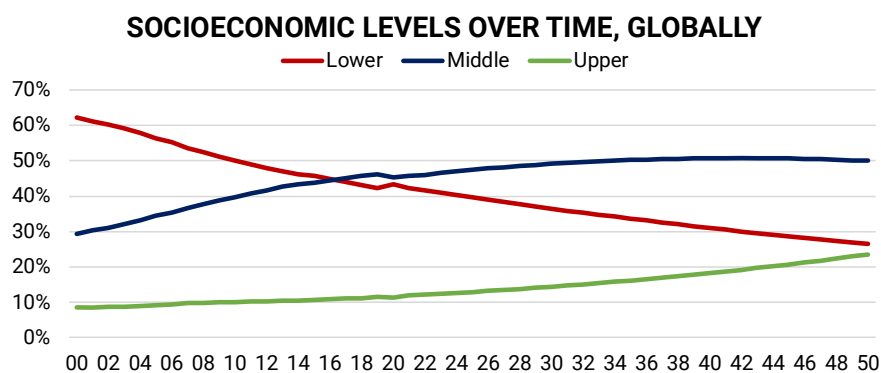
2015. This income bracket is always the same, over time, between countries, and within countries. The share of population this represents varies.

The summary definition with 3 levels is easy on the eye for presentation purposes. The detailed definition with 7 levels is more useful when applied to consumer goods markets.

The graph below shows the summary socioeconomic class composition for five countries. Not surprisingly, most Germans belong to the global upper class, few Mozambicans do. Colombia is close to the global average.

SELECT COUNTRY EXAMPLES

The graph below shows how the socioeconomic classes have shifted over time (with a prediction till 2050). You may be surprised that the global lower class is in sharp decline, but it is a well-established fact. It is easy to see why when you note that incomes increase.

SOCIOECONOMIC LEVELS OVER TIME, GLOBALLY

All of this and more is included in *TelluBase*, our global income distribution hub covering 218 countries, 2,600 cities, and 2,400 subdivisions.[2]

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[1] Middle class can also be expressed in other terms like educational attainment, but this is impossible to quantify worldwide.

[2] https://tellubase.telluplan.com