

Targeting Middle-class in Emerging Markets: The Case of Brazil

Ilike Kardes

Valdosta State University

Gabriel Vouga Chueke

Universidade De São Paulo

Abstract

Traditional markets such as the U.S. and Europe provide limited growth opportunities to Western companies due to the market saturation and shrinking middle-class. Thus, targeting middle-class in emerging markets increases profit and growth opportunities. In this context, Brazil is one of the most promising emerging markets regarding the size of the middle-class. In this paper, we examine opportunities and challenges of doing business in Brazil. We discuss the size and progress of the Brazilian middle-class based on the results of Georgia State University CIBER Middle-class Scorecard. Moreover, we highlight responses of some Brazilian companies to the economic crisis and propose six strategies for multinationals to exploit market opportunities in Brazil.

Emerging market economies are an important target for multinationals since many advanced economies continue to suffer from slow growth. Growing middle-class is a reason making emerging markets attractive for foreign marketers and investors. Middle-class households have access to substantial disposable income for the first time, paving the way for discretionary consumption. As such, Brazil is one of the biggest and most promising markets worldwide. More than 29 million Brazilians emerged from poverty and stepped into the consumer class between 2003 and 2014.¹ The current size of the new urban middle-class is estimated to be over 100 million people.²

The Brazilian market is lucrative for multinationals focusing on the long-term growth. For example, the country is the largest market for the cosmetic

company, Avon. Its sales were about the double of those in the United States in 2015. Brazil is the second-largest market for the paint manufacturer, Sherwin-Williams Co., the life-insurance seller, Prudential Financial Inc., and the animal health company, Zoetis Inc., by volume.³ There are many foreign companies such as Apple, Under Armour, and Forever21 having operations in Brazil despite the recent economic and political crisis in the country.⁴

Hitting the golden pot: The remarkable rise of the Brazilian middle-class

Middle-class provides attractive opportunities for growth and market development. This consumer class tends to be early adopters of new products and are eager to buy foreign brands. By focusing on middle-class households, companies may extend their market opportunities, gain access to scale economies, and achieve high margins.

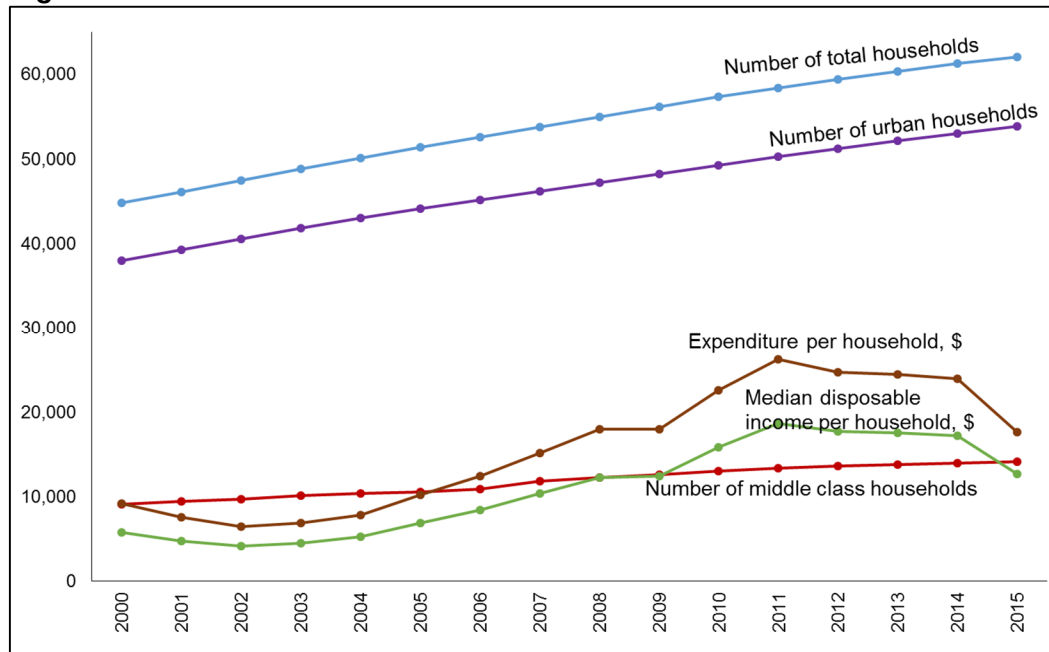
Over the past 15 years, Brazil experienced a significant transformation regarding political reforms, social changes, and economic growth. The government implemented several structural reforms to reduce poverty, social inequality, inflation, and the unemployment rate. Such initiatives boosted consumption and created a large middle-class. The minimum wage increased about 44 percent. Consumer credits rose by 28 percent a year in nominal terms from 2007 to 2009.⁵

Moreover, the use of store cards and co-branded credit cards from Brazilian retailers partnering with banks increased about 146 percent between 2005 and 2010. The value of store and co-branded card transactions grew about 160 percent during the same period.⁶

High wages and the availability of credit gave rise to a new middle-class in Brazil. The new middle-class has a strong desire for discretionary items such as flat-screen TVs, cars, bikinis, cruises, plane tickets, new rooftops, appliances, and furniture. For example, some nine million individuals got to travel by air, for the first time between 2011 and 2012.^{7,8,9}

Figure 1 shows the evolution of the Brazilian middle-class between 2000 and 2015. The number of urban households increased, and there was a healthy growth in the size of the middle-class. According to Nielsen (2015), the middle-class represented 53 percent of the Brazilian population and accounted for 33 percent of the spending growth in the country in 2013.¹⁰ Furthermore, the median household income increased about 87 percent and per capita GDP about 30 percent between 2003 and 2013.

Figure 1. Household in Brazil between 2000 and 2015



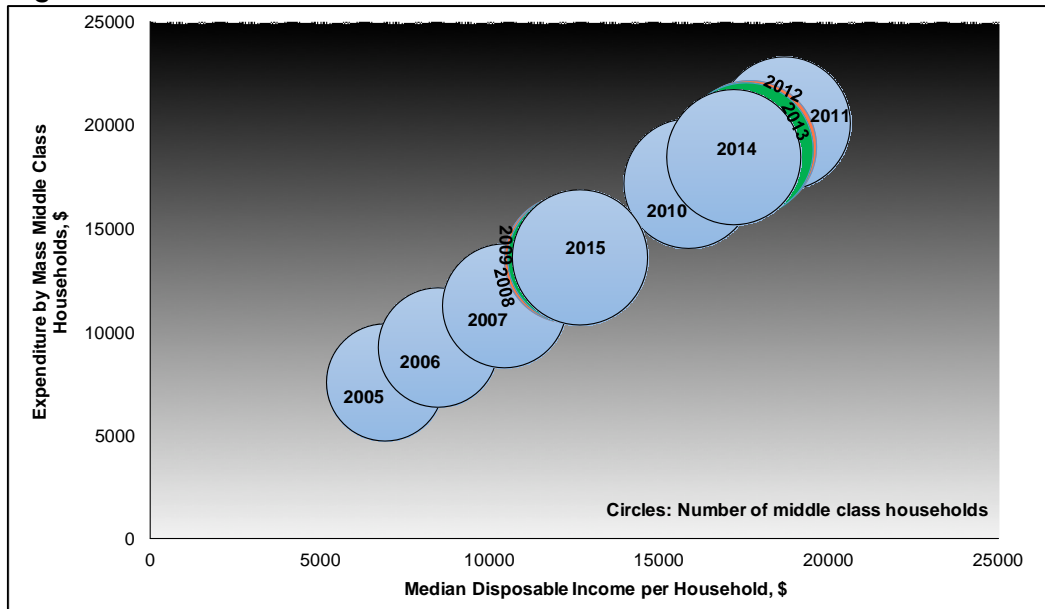
Calculated using the data from Euromonitor International, 2016

Figure 2 indicates the progress of the mass middle-class between 2005 and 2015. There was a remarkable rise between 2005 and 2011. Expenditure per household and median household disposable income experienced a substantial growth from 2009 to 2011. More than 42 million people joined the middle-class since 2003, making Brazil one of the biggest consumer markets worldwide.^{11,12} However, the enrichment in middle-class households has been declining since 2011 as a result of the economic downturn.

Economic downturn in Brazil

Some inevitable factors caused the latest recession in Brazil. First, Brazil's economy depends on the demand for, and prices of commodity products. Brazil is the second biggest supplier of iron ore after Australia. Unfortunately, prices of commodity goods like the iron ore have been declining worldwide since 2011 and the global food prices since 2014.¹³ Moreover, demand from major trading partners like China has slowed down. Third, a massive budget deficit and the slowdown in investments of the state-owned oil company, Petrobras--a key contributor to the Brazilian GDP which has been mired in a massive corruption scheme--has contributed to the economic crisis.¹⁴

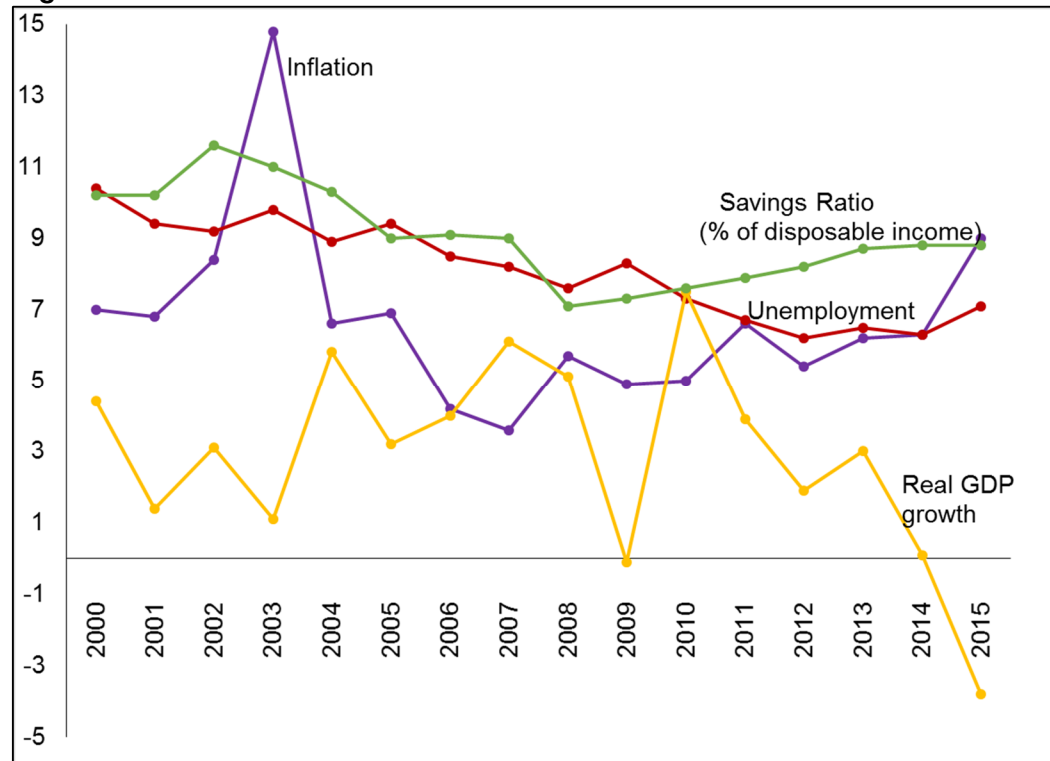
Figure 2. Growth in Brazilian Mass Middle-class



Source: GSU-CIBER Middle-class Scorecard. GSU-CIBER Middle-class Scorecard has been developed by Professors Cavusgil and Kardes to estimate the size of middle-class in emerging markets. Information on the methodology and analysis are available at: Cavusgil and Kardes 2013a, 2013b, 2013c. Calculated by Cavusgil and Kardes. Data from Euromonitor 2016. Latest data for 2015.

Figure 3 displays the economic indicators for Brazil from 2000 to 2015. The inflation rate has increased substantially since 2014. The unemployment rate jumped from 6.3 to 7.1 percent in the same period. While the GDP growth experienced ups and downs in 15 years, a sharp decline of 3.8 percent was realized in 2015. On the other hand, the savings ratio of household income increased as a result of the economic recession that weakened consumer confidence.¹⁵

Figure 3. Some Economic Indicators from Brazil, 2000-2015



Calculated using the data from Euromonitor International, 2016

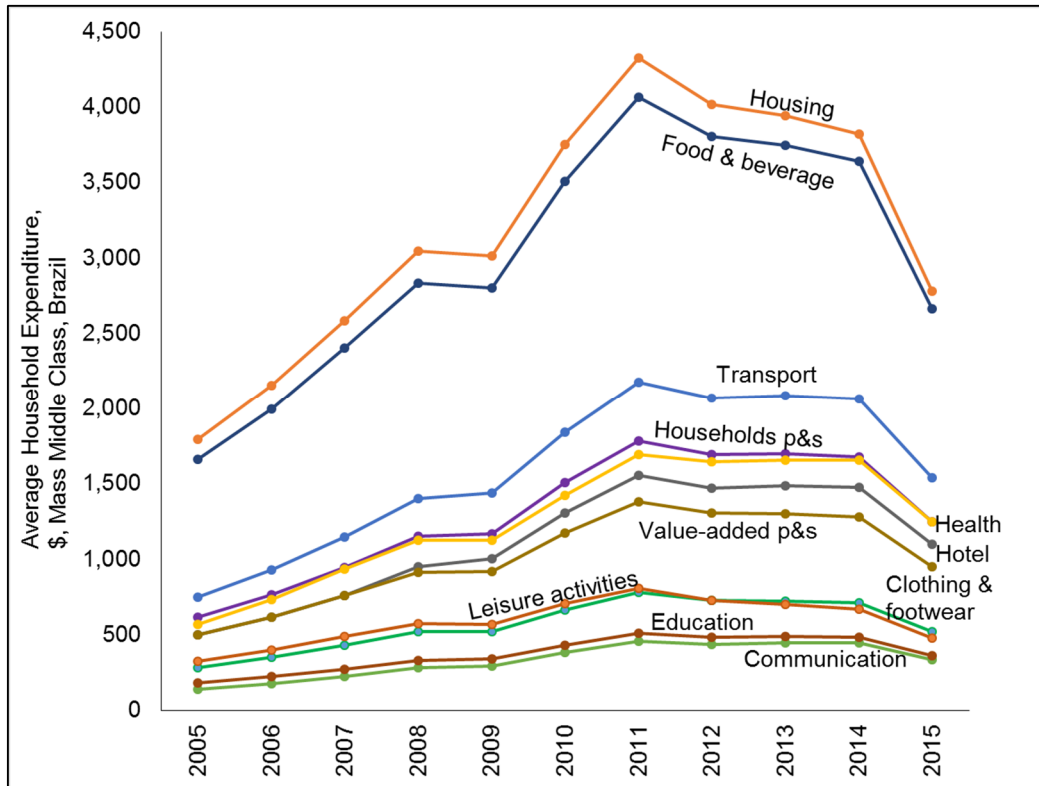
The adverse impact of the economic downturn has been relatively dramatic in several sectors. Spending by mass middle-class declined especially in housing, food & beverages, clothing & footwear, and leisure activities respectively since 2009, as seen in Figure 4.

Based on available data, we expect some 10 percent growth of the mass middle-class spending in all consumption categories, except housing, food & beverages, clothing & footwear, between 2015 and 2020. The largest consumption growth is forecasted to be in communications. This category was the highest achiever among other spending items regarding the share of wallet in 2005-2015. Additionally, it declined the least between 2010 and 2015.

The decline in consumer confidence caused a reduction in spending for discretionary items like cars, LED televisions, and vacations abroad. Consumers become thrifty and price-conscious seeking for discounts to save their income. To create value for consumers, Esmaltec, a leading gas stoves manufacturer, offers a range of products to mass middle-class consumers.¹⁶ Regarding the branding behavior, Brazilians have two reactions. Firstly, in some product/service categories where the loyalty still exists, they buy brand name products and services, but during sales promotions and/or in small quantities. Secondly, in some other categories, especially for laundry

supplies, household cleaning products, and bottled water, Brazilians switch to less expensive brands.¹⁷

Figure 4. The Progress of Household Expenditure by Brazilian Mass Middle-class



Source: GSU-CIBER Middle-class Scorecard. Calculated by Cavusgil & Kardes. Data from Euromonitor 2016. Latest data for 2015. Note: p&s represents products and services

Sales in the real estate market dropped by 6.6 percent in Sao Paulo, the biggest city in Brazil, from 2014 to 2015.¹⁸ In the retail sector, the clothing company Zara described the sales for the 2015 Christmas as “very disappointing” and reported the continuation of the decline in sales due to difficulties in access to the consumer credit.¹⁹ A report published by Brazil’s Central Bank points out that spending on overseas travel dropped about 32 percent in 2015, which was the lowest volume since 2000.²⁰

In response to the downturn in the Brazilian economy, the government revised monetary, fiscal, and macroeconomic policies. However, latest economic policies were not sufficient to control inflation, consumer debt payments, and the depreciation of the currency.²¹ Thus, the household debt increased about 45 percent from 2005 to 2015.²²

How do Brazilian companies respond to the economic crisis?

Table 1 presents three Brazilian companies from retailing, education, and personal care sectors that target middle-class households. The cases provide some insights on strategies to mitigate the economic crisis in Brazil.

Table 1. Strategic Responses to The Economic Crisis

Company	Magazine Luiza	Kroton Educational	Boticário
Sector	Retail	Education	Personal care
Portfolio	Electronics, furniture, cell phones, beauty products, hobbies and leisure activities.	Undergraduate and graduate programs.	Perfumes face care, body care, home spa, and make-up products.
Size	<ul style="list-style-type: none"> - 787 stores. - 45 million customers. - 20,000 employees. 	<ul style="list-style-type: none"> - 130 higher education units. - Presence in 18 Brazilian states and 83 cities. - 726 Distance-Learning Graduation Centers. - More than 1 million students. 	<ul style="list-style-type: none"> - 4,000 shops in Brazil - International presence in 8 countries.
Company profile	<ul style="list-style-type: none"> - The largest non-food retailer in Brazil. - Operations in finance, insurance, and consortium management. This strategy allows Magazine Luiza to grow fast. Gross revenue increased from R\$ 3.4 billion in 2008 to R\$ 10.5 billion in 2015. - One of the first Brazilian retailers to become publicly traded. 	<ul style="list-style-type: none"> - One of the largest private educational organizations worldwide. - A market value of R\$ 12 billion (~\$ 6.29 billion). - Listed on the São Paulo Stock Exchange - BM&FBovespa (KROT3) and the OTCQX in New York (KROTY). 	<ul style="list-style-type: none"> - Products: cosmetics and perfumery. - Distribution of products: online, direct sales, and stores.

Targeting Middle-class in Emerging Markets

Company	Magazine Luiza	Kroton Educational	Boticário
Risk mitigation strategy	Corporate strategy: - Multi-channel strategy, - Portfolio diversification, - Focus on social media.	Corporate Strategy: - Acquisition of other educational groups.	Corporate Strategy: - Prices are 50 percent less than competitors' ones (Avon and Natura). - A brand reputation based on quality and fair prices.
	Middle-class-orientation: The company provides credits to the middle-class and reinforces their digital aspirations.	Middle-class-orientation: In the last ten years, the growth of the middle-class increased the number of students enrolled in higher education. Many of them are the first member of their family to have access to higher education. Kroton provides scholarships and student loans in order to allow them to access to post-secondary programs.	Middle-class-orientation: Beauty and well-being are important to the Brazilian middle-class. Being beautiful is also a form of social inclusion. The new Brazilian middle-class is the customer segment that mostly spends for hygiene and beauty products. The company focuses on this segment.

Companies highlighted in Table 1 improve their business models in order to respond to the economic downturn. One popular strategy is the integration of the social media in marketing activities. Another one is to offer customers store credits and lower prices. Such strategies may help to keep existing customers and capture new ones.

What should foreign managers know about the Brazilian middle-class?

Scholars and practitioners proposed several ways to define the middle-class concept. These classifications include both absolute and relative measures. Absolute measures characterize middle-class using a fixed dollar-based band, for example, daily per capita household income between \$2 and \$10.²³ In contrast, relative measures consider the income/expenditure range in each country, for instance, between 75 and 125 percent of the median household per capita income.^{24,25}

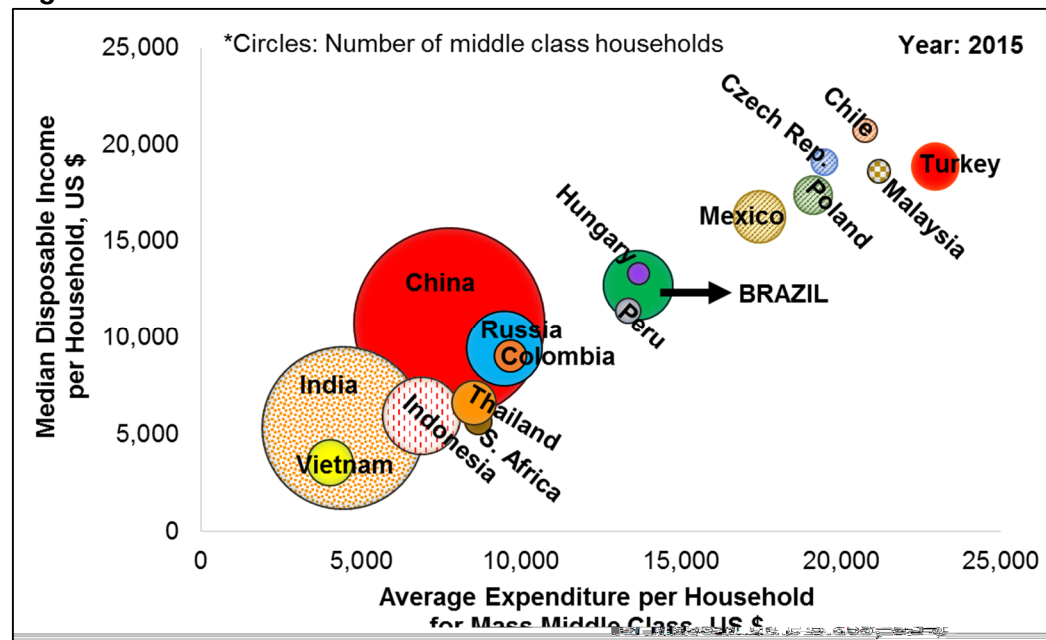
The GSU-CIBER Middle-class Scorecard measures middle-class using household median income, expenditure per household, and the number of middle-class households retrieved from the Euromonitor database. It utilizes the relative measurement rather than the absolute approach. The Scorecard

Targeting Middle-class in Emerging Markets

considers the proportion of disposable income and expenditures accounted for each of the ten deciles in total household income. Decile 10 refers to the most affluent segment while the poorest 10 percent of households are represented by Decile 1. Among ten deciles, Deciles 5 and 6 are analyzed to measure the size of the mass middle-class.^{26,27,28}

Despite the political and economic crisis, the GSU-CIBER Middle-class Scorecard, in Figure 5, indicates that the Brazilian middle-class is an attractive target in terms of its size and disposable income. In 2015, the Brazilian middle-class household spent more than their counterparts living in China, Colombia, India, Indonesia, Russia, South Africa, Thailand, and Vietnam.

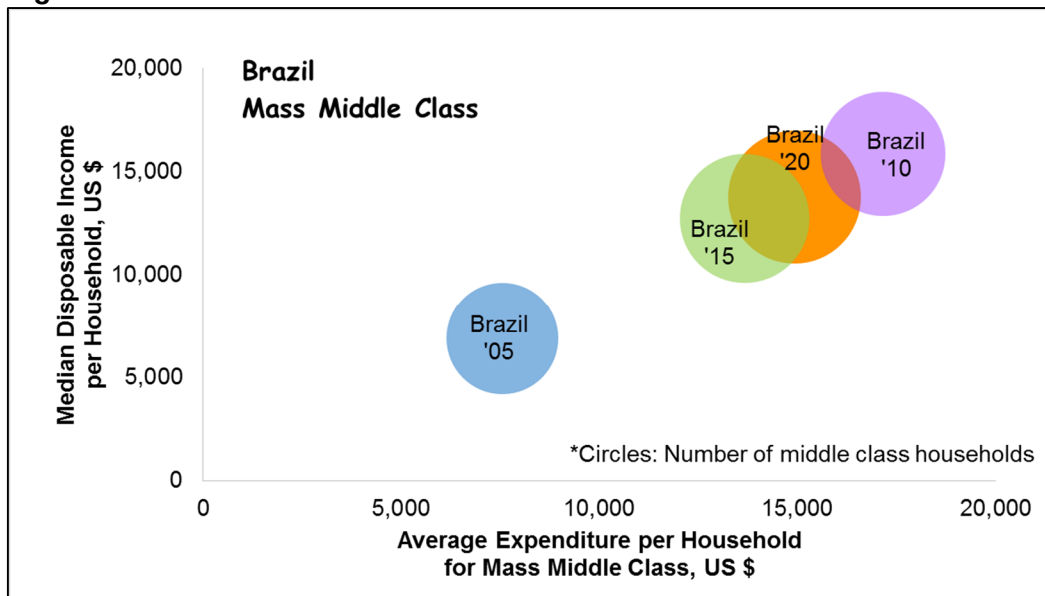
Figure 5. Brazilian Middle-class on GSU-CIBER Middle-class Scorecard



Source: GSU-CIBER Middle-class Scorecard. Calculated by Cavusgil & Kardes. Data from Euromonitor 2016. Latest data for 2015.

Our analysis in Figure 6 indicates the remarkable rise of the mass middle-class between 2005 and 2010 and the unexpected decline in its development between 2010 and 2015. According to our calculations, spending by Brazilian mass middle-class households increased about 127 percent between 2005 and 2010, but decreased about 20 percent from 2010 to 2015. During 2005-2010, 2,423 households joined the middle-class. Unfortunately, this number dropped more than half to 1,090 in 2010-2015. Although a recovery is forecasted for 2020, Brazilian households will not have the same economic condition as they had in 2010.

Figure 6. Growth in Brazilian Mass Middle-class



Source: *GSU-CIBER Middle-class Scorecard*. *GSU-CIBER Middle-class Scorecard* is developed by Cavusgil and Kardes to estimate the size of middle-class in emerging markets. Information on the methodology and analysis are available in Cavusgil and Kardes (2013a, 2013b, 2013c) referenced in Endnotes. *Calculated by Cavusgil and Kardes. Data from Euromonitor 2016. Latest data for 2015. Forecasted data for 2020.*

Six strategies to reach the Brazilian Middle-class

Middle-class consumers spend proportionately more of their income on discretionary purchases. They use credits to extend their purchasing power, are brand-oriented, and sometimes very sophisticated shoppers. In the next section, we recommend six strategies to capture the Brazilian middle-class.

Target regions or cities, not the country as a whole. Many foreign companies focus on traditional destinations such as São Paulo, Salvador, and Rio de Janeiro. However, these locations experience market saturation due to the intense competition. Moreover, São Paulo, Rio de Janeiro, and Salvador had the worst economic performance during the recent crisis in 2011-2017. They experienced a sharp, double-digit decline in real GDP, labor productivity, wages, and profits.²⁹ Thus, companies should target new urban areas such as Manaus, Belem, Natal, and other promising cities.

The growth in small and medium-sized cities is higher than it in large ones. Moreover, such second-tier cities host a large number of middle-class households who are eager to buy branded products. For example, Curitiba is one of the richest and greenest cities with an annual GDP growth rate above the Brazil's average one. The city management actively works on improvements in the infrastructure, living conditions, and technology.³⁰

Due to the fragmented structure of the society regarding the income level, lifestyle, and preferences in Brazil, there are regional differences in consumer behavior. For example, customers living in the Northeast buy more perfume products than ones in the Southeast. Additionally, people living in the Southeast spend on the health insurance more than individuals in other regions.³¹ The most successful stores of Chilli Beans', a local sunglasses company, are located in the Northeast region. McKinsey (2015) estimated the Southeast region as the nation's biggest consumption location from now through 2024 although the fastest growth in consumer spending will be in the Northeast.³²

Consider the digital revolution. Today's middle-class consumers are online. In 2015, Brazil was ranked 10th in the e-commerce revenue among other countries. The average online shopping revenue per customer was about \$350.³³ Brazilian consumers like to establish an interaction with brands and seek detailed information on companies online. Thus, offerings, advertising, and distribution in digital platforms may help businesses to increase their footprint in this market. For example, Magazine Luiza gains about 22 percent of total sales from e-commerce transactions. Furthermore, the increase in the use of mobile devices for online purchases was about 70 percent in 2016. Healthcare and beauty were the most popular sectors for online purchases among others, receiving 25 percent of all online purchases.³⁴

However, some product categories are still immune to the online trend. The Brazilian middle-class prefers to shop grocery items at discount chains and the cash-and-carry stores.³⁵ Online stores are not favorable in this category. Xiaomi, a Chinese phone producer, noticed that many consumers in Brazil are not eager to buy cell phones on the company's website. Thus, the company recently changed its distribution strategy. It now uses channels of some third-party providers to sell its products.³⁶

Price and quality matter. Due to the decrease in wages and purchase power, Brazilian middle-class households become more price-sensitive. Therefore, sales of private labels offered by Brazilian supermarkets rapidly rose in the last years. Nielsen (2015) noted that planned shopping, avoiding impulse buying, and preferences on discount items as well as retail brands are the current trend regarding the shopping behavior of Brazilian middle-class consumers.³⁷

For example, Danone and Nestle already adapted the value proposition of their offerings to the needs of price-conscious middle-class consumers. Products in small packages and quantities with the same quality but fewer prices are one strategy to satisfy their customers.³⁸

Speak the same language as middle-class consumers. It is important to understand the local mindset as well as adapt the marketing strategy accordingly. For instance, Netflix targets young middle-class consumers who actively use digital devices such as smartphones, laptops, and tablets. Moreover, the company produces some original Netflix series in Brazil to increase the subscription rate. These series include pieces of the Brazilian landscape and local actors that facilitate the adaptation.³⁹ Coca-Cola announced in 2016 that the company targets the coffee market and sells the roasted gourmet quality Arabica beans as well as ground coffee under the name Café Leão to Brazilian consumers.⁴⁰

One strategy to get the local knowledge is acquisitions that enable the foreign company to own existing resources such as customers, distribution networks, and suppliers of a local firm. For example, L'Oréal purchased a Brazilian hair products manufacturer, Niely, in 2013. The acquisition of Niely was a strategic step for the French company to expand in Brazil that is one of the largest and fast growing markets for hair products worldwide.⁴¹ Moreover, the current adverse economic situation offers a favorable environment for acquisitions.

Collaborating with local companies is another strategy of foreign firms. For example, the Dutch retailer, C&A, was able to create a brand positioning for its middle-class customers after the company established partnerships with Brazilian designers and celebrities.⁴²

Relationship matters. Building a personal relationship with customers is essential to the company success. It increases customer loyalty. For example, the competence of understanding emotional needs and buying habits of middle-class customers makes Casas Bahia one of the biggest retailers in Brazil. The company recognizes their customers by name. Likewise, Nestle sells its products through door-to-door marketing in Brazil. The Swiss company creates a direct contact with customers using micro-distributors and individual sellers from the community itself.⁴³

The Brazilian government actively supports foreign direct investment, especially in the automobile, renewable energy, life sciences, oil & gas, transportation, and infrastructure sectors. Multinationals creating good relationships with the government may benefit from tax exemptions and the low-cost financing as domestic companies do.⁴⁴

In some sectors where government incentives are not likely, foreign companies may create partnerships with local firms to penetrate the market. For example, American Qualcomm established a joint venture with Taiwanese ASE Group and the Brazil national bank in 2017 to develop 5G and IoT (Internet of Things) products in Brazil.⁴⁵

Sophistication. Many middle-class consumers in Brazil prefer stores that offer a sophisticated atmosphere and shopping experience. For example, *Quem disse, Berenice?* a cosmetic brand, created an attractive in-store atmosphere to capture middle-class consumers for its makeup products.

Beauty and physical appearance are important to the Brazilian middle-class. Consumers perceive beauty products or services as necessary. Thus, they spend a significant amount of money in such offerings. As a result of the high consumer spending, Brazil is the number one country for liposuctions, number two for plastic surgeries, and number four for the gym membership.

Additionally, the Brazilian middle-class tends to buy products with a sophisticated brand image. For instance, Riachuelo, one of the largest apparel retailers in Brazil, launched a Versace collection. Another item that is favorable of the Brazilian middle-class is boat cruises.⁴⁶

Conclusion

In this paper, we discuss opportunities and challenges of doing business in Brazil. Although there are some obstacles related to the recent economic and political environment, Brazil is one of the most promising emerging markets regarding the size of its middle-class.

We examine the magnitude and progress of the Brazilian middle-class based on the results of the GSU-CIBER Middle-class Scorecard. Accordingly, there is a decline in spending of middle-class households in from 2010 to 2015. However, the middle-class in Brazil still spends more than those living in its counterparts such as China, India, and Russia. We project a recovery of the Brazilian economy by 2020. Likewise, we expect over 10 percent growth in mass middle-class spending on transport, households products, and services, health care, hotel, value-added goods and services, education, leisure activities, as well as communications between 2015 and 2020. The largest consumption growth is forecasted to be in communications by 2020.

Despite the positive expectations for 2020, there is a long way for Brazil to turn back to its glamorous days where it achieved a remarkable development for the middle-class in 2010. Moreover, the recovery is forecasted to be slow. Low consumer confidence, indebted households, high-interest rates, and the slowdown in employment are primary reasons for shrinking household expenditures as well as less favorable expectations for the recovery.

Finally, we propose six strategies for multinationals targeting Brazilian middle-class consumers. These strategies may be helpful to access this promising market. We believe that advantages resulting from the devaluation of the currency and the availability of local companies to be acquired may motivate foreign companies to invest in Brazil. Another

opportunity consists of new business models such as Fintech startups. Today, there is a high demand to fulfill funding for consumers and small businesses that continue to emerge despite the economic crisis.⁴⁷

Authors

*Ilke Kardes is an Assistant Professor of Marketing & International Business at Valdosta State University. Dr. Kardes worked as a Faculty and Research Director at Georgia State University from 2014 to 2017. Her responsibilities included teaching classes in International Business at the Institute of International Business as well as research and IT services at Center for International Business and Education Research (CIBER). Her research interests focus on emerging markets, middle class, branding, and IB pedagogy. Her academic career and abilities have been shaped in different cultures during years. Ilke was a faculty member and taught many courses at the University of Applied Sciences, Duesseldorf in Germany and at Marmara University, Istanbul in Turkey for several years. She was also a research associate at Robinson College of Business, Georgia State University for one year in 2011. Ilke is fluent in English, German, and Turkish.
email: ikardes@valdosta.edu*

*Gabriel Vouga Chueke is the founder and coordinator of the Brazilian Multinationals Observatory, a research center engaged in generating and disseminating knowledge about Brazilian FDI worldwide. Gabriel holds a Master in International Management by ESPM (Brazil) and will receive his Ph.D. in business from the University of Sao Paulo (Brazil). Gabriel was a Visiting Scholar at GSU and MBA exchange student at the University of Chicago. Also, he is a Global Mindset Facilitator through the Thunderbird School of Global Management. Gabriel is a member of the Academy of International Business (AIB) and the European International Business Academy (EIBA). His research interests include emerging market multinationals, host-country institutional environment and entry mode strategy. He was assistant-editor of the Review of International Business published by ESPM, and he is a professor in the same school. Gabriel developed consultant projects for the Brazilian government, the Switzerland Chamber of Commerce in Brazil and others.
email: gabrielbrasil@gmail.com*

Endnotes

1. World Bank (2017). Brazil. Retrived from <http://www.worldbank.org/en/country/brazil>
2. Leahy, J. (2015, June). Special report Brazil: The fortune hunters. *The Financial Times*.
3. Murphy, M. & Chasan, E. (2015, September 21). For multinational firms, Brazil becomes a pain in the wallet. *The Wall Street Journal*.
4. The retail and consumer industry in Brazil: Navigating the downturn. (2015). *PriceWaterhouseCoopers LLC*.
5. Building a presence in today's growth markets. (2011). *PricewaterhouseCoopers LLC*.

Targeting Middle-class in Emerging Markets

6. Rise of store cards in Brazil key in driving sales of consumer appliances. (2011, July 4), *Euromonitor International*.
7. Rocha, A.R.C., Rocha, A.D., & Rocha, E. (2016). Classifying and classified: An interpretive study of the consumption of cruises by the "new" Brazilian. *International Business Review*, 25(3), 624-632.
8. Hoefel, F., Kiulhitzan, D., Broide, J., & Mazzarolo, M. (2015, February). Mapping the mindset of Brazil's not-so-new middle-class consumers. *McKinsey and Company*.
9. Gallucci, M. (2016, April 25). Road to Rio: Brazil's middle-class dreams on hold as recession hurts households. *International Business Times*.
10. Consumer confidence: Concerns and spending intentions around the world. (2015). *The Nielsen Company*.
11. Neri, M. (2015), Brazil's new middle-classes: The bright side of the poor. In J. Dayton-Johnson (Ed.), *Latin America's emerging middle-classes* (pp. 70-100). UK: Palgrave Macmillan.
12. Leahy, J. (2015, June). Special report Brazil: The fortune hunters. *The Financial Times*.
13. Canuto, O. (2016, February 17). 4 factors that explain Brazil's economic woes. *World Economic Forum*.
14. Brazilian waxing and waning. (2016, April 18). *The Economist*.
15. Matheson, T. (2016, December 20). Looking beyond consumption-led growth in Brazil. *International Monetary Fund*.
16. The retail and consumer industry in Brazil: Navigating the downturn. (2015). *PriceWaterhouseCoopers LLC*.
17. Donatelli, M., Hoefel, F., Resstom, S., & Stul, F. (2016, June). Meet the new Brazilian consumer. *McKinsey and Company*.
18. Americas real snapshot. (2016, August). *KPMG International*.
19. Biller, D. (2016, February 16). Brazil's retail sales fall most on record in 2015. *Bloomberg*.
20. Berrigan, T. (2016, March 2) Brazilians spending overseas dwindled down by 32% last year. *INBOUND*.
21. Broken lever: Are dire public finances hindering the central bank from tackling inflation? (2015, October 29). *The Economist*.
22. Brazilian waxing and waning. (2016, April 18). *The Economist*.
23. Banerjee, A.V., & Duflo, E. (2008). What is middle-class about the middle-classes around the world? *Journal of Economic Perspectives*, 22(2), 3-28.
24. Graham, C., Birdsall, N. & Pettinato, S. (2000). Stuck in the tunnel: Is globalization muddling the middle-class? *Brookings*.
25. Chun, N., Hasan, R., & Ulubasoglu, M. (2011). The role of the middle-class in economic development: What do cross-country data show?" *Review of Development Economics*, 21(2), 404-424.
26. Cavusgil, T. & Kardes, I. (2013a). Defining and measuring the middle-class in emerging markets: The GSU-CIBER middle-class scorecard. *Research World*, March-April, 46-49.
27. Cavusgil, T. & Kardes, I. (2013b, September 26-28). GSU-CIBER middle-class scorecard: Quantifying the rise of the middle-class in emerging markets. Paper presented at *Middle-Class Phenomenon in Emerging Markets Conference*, Atlanta, GA, USA.
28. Cavusgil, T. & Kardes, I. (2013c). Brazil: Rapid development, internationalization, and middle-class formation. *Internext*, 8(1), 1-16.
29. Brazil's cities to see better growth prospects after a nasty recession. (2017, March 5). *Euromonitor International*.
30. The competitiveness of cities (2014, August). *World Economic Forum*.
31. BCG (2013, July). Redefining Brazil's Emerging Middle-class.

32. Castiglione, M., Meunier, R.G., Hirose, R., Lee, S., Rio, T., & Stul, F. (2015, September). How to go small for big growth opportunities in Brazil's consumer markets. *McKinsey and Company*.
33. Richter, F. (2015, September 11). How much online shoppers around the world are spending. *Statista*.
34. Conference Call Transcript: 1Q16 earnings. (2016, May 6). *Magazine Luiza*.
35. Donatelli, M., Hoefel, F., Resstom, S., & Stul, F. (2016, June). Meet the new Brazilian consumer. *McKinsey and Company*.
36. Vitre, P. (2016, May 28). Xiaomi shifts strategy in Brazil amid market challenges. *AndriodPIT*.
37. Consumer confidence: Concerns and spending intentions around the world. (2015). *The Nielsen Company*.
38. Alonso, P.G. (2015, November 19). Strategies for succeeding in today's Brazil. *Harvard Business Review*.
39. Shaw, L. (2017, January 12). Netflix wants the world to binge-watch. *Bloomberg Businessweek*.
40. BRIEF-Coca-Cola Brasil enters coffee segment with Cafe Leao. (2016, July 14). *Reuters*.
41. Completed the purchase of Group Niely Cosmetics by L'Oréal. (2015, April 1). Retrieved from <http://www.cosmeticosbr.com.br/conteudo/en/completed-the-purchase-of-group-niely-cosmetics-by-loreal/>
42. Possato, M. (2015, March 10). Top 9 clothing stores in Brazil. *The Brazil Business*.
43. Door-to-door sales of fortified products: Brazil. (2012, September 18). *Nestle*.
44. Bureau of Economic and Business Affairs (2016). *Investment climate statements for 2016-Brazil*. U.S. Department of State. Retrieved from <https://www.state.gov/e/eb/rls/othr/ics/2016investmentclimatestatements/index.htm#wrapper>
45. Mari, A. (2017, March 10). Qualcomm invests in semiconductor factory in Brazil. *ZDNet*.
46. Hoefel, F., Kiulhitzan, D., Broide, J., & Mazzarolo, M. (2015, February). Mapping the mindset of Brazil's not-so-new middle-class consumers. *McKinsey and Company*.
47. Rodrigues, R. (2017, May 13). Brazil's fintech boom offers new vertical opportunities for investors. *TechCrunch*.