

Marketers should cautiously use LSMs



By [Rose Setshoge](#)

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In the course of my profession, the interaction with marketers who have ideas to launch new products and services in the market is enthusing. Defining the market is one of the hardest exercises that marketers are confronted with.



Among other aspects of defining the market, the Living Standards Measure (LSM) is most favoured. Some marketers feel that by mentioning the targeted LSM group, the work of labeling the audience is complete. Here are some of the reasons why marketers need to use LSMs appropriately or not use them at all.

1. **LSM have potential to mislead:** Many marketers, both old and new to the field would bluntly say "I am aiming at LSM 9-10 group" or any other LSM set for that matter. What they mean to say is, "this market has a monthly household income of R14 000+". But, what they are actually saying without realising it, is that they are aiming at a group that has more household possessions than the other. Market segmentation must be detailed both demographically and more importantly, mentally, which marketers struggle to achieve, especially in the emerging market.

2. **LSM does not mean affordability:** Does the fact that there is a combination of assets within the household imply affordability? How about an age group of 16-20 within LSM 10 but without a personal income? Or an age group of 25-35 within LSM 8 with a household income of less than R3 500 per month? Marketers need to be careful when classing their audience through LSM. Do not assume their affordability.

3. **LSM doesn't mean anything unless....:** Once a marketer has accurately segmented a market and conducted research to help achieve for instance how many 20-30 year olds, their race (i.e, if selling hair or skin product, a vernacular publication, etc.), household income, level of education and where they live, he can perhaps assume their media consumption but not just through LSM. The demographic information that the marketer has accumulated assists to draw a rough picture of how they might look like but not how they think.

4. **Wrong assumption:** Being a metropolitan dweller, having home security and some household appliances does not generally conclude purchaser's media consumption. Sure, if you are an online marketer, by all means find out how many people have access to the internet at home, work, educational institution or wherever. But, do not make a mistake and assume that those consumers are within the LSM 8 group for instance as they might not have a combination of other possessions.

5. **The marketplace transformed rapidly after the late 80's:** LSMs were significant in the late 80's where household assets were not common to the total population - hence a marketer could easily draw a picture of how a consumer with a washing machine and television, for an example looks like. SAARF modifies LSM concept according to the ever changing marketplace... Numerous factors that construct the LSM concept have become universal; they are not as luxurious as they were 10 years ago. Many households have a microwave, stove, television, cellphone, etc, although few of them have a domestic helper and a car. Countless shacks have a DVD player, washing machine, television - and I have witnessed a DSTV dish in an informal settlement. These mentioned possessions easily put this market within middle to higher LSM groups.

6. **LSMs are more likely to fence potential consumers:** Hypothetically, let's say that you have segmented your market to LSM 9-10 for selling a lavish vehicle... Would it make any difference if LSM 8 was included in the bracket? A significant number of consumers purchase products simply for the status symbol and association purposes; hence celebrities are used in adverts to promote some products.

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