MARKETING IN LATIN AMERICA

Introduction

Latin America comprises a large geographical area. Sharing a parallel history and common language - except for Brazil - has misled many who simplistically may have assumed more commonalities than differences among these countries. Historically reliant on commodities, most of these underdeveloped economies with significant inequalities in the distribution of wealth have shown pronounced cycles of boom and bust during the last quarter of the XXth century and first decade of the XXIst century. Inflationary processes and sudden currency devaluations have framed both challenging opportunities and huge pitfalls for local and regional family controlled business as well as for global corporations. The opening of these economies together with the development of trade blocks has had a significant impact, and during the latter part of the last decade most of these countries have shown several years of sustained growth, heavily based on the creeping surge of commodity prices and attraction of foreign investment and trade flows. This has translated in an increase in welfare that has had a direct impact on the consumption patterns of different segments of the population.

Marketing management comprises the process of creating, capturing, communicating and sustaining value for the firm’s selected customers. Do the aforementioned processes have any particular connotations in Latin America? Context naturally plays a key role in the definition of the appropriate market strategies and companies have learnt - sometimes the hard way - how to identify, anticipate and serve customer and consumer needs in these economies.

Since the beginning of the 2008 financial crisis and later recession in most of the developed world, many of these Latin American economies have drawn to themselves the attention of both practitioners and academics. A series of acronyms like BRICs and CIVETs have arised and are being increasingly studied and cited.

Objectives

To discuss and understand what some of the key underpinnings of the practice of marketing in Latin America are, and how companies can address them.

The purpose of this course is to go beyond the purely circumstantial “flavor of the month” approach,
and discuss and understand what some of the underlying issues and peculiarities of the practice of marketing in Latin America are. The course include presentations of company’s guest.

**Learning Outcomes**

Marketing in Latin America is a course aimed at students who want to develop skills in:

- Identifying segments and customers at the so-called “Base of the Pyramid”.
- Defining marketing strategies for targeting low-income consumers
- Articulating brand portfolios and learning how to respond to “b” and “c” brands
- Spotting trends in customers and newly incorporated consumers who trade-up.
- Developing brands and launching new products and services adapted to local / regional needs
- Understanding cultural differences and market connotations of adopting regional strategies.
- Challenging the myths of emerging market customers and consumers
- Developing and implementing successful demand generation strategies
- Adapting business models and going to market strategies to an environment where informal business has an important participation
- Marketing of talent - addressing the cultural and business impact of sports marketing and analyzing the viability for marketing initiatives in this context
- Identifying the challenges of Latin American companies seeking to develop and capture opportunities beyond their region and or country of origin

**Competences**

The specific competences expected to be developed in this course are:

- Understanding the role of context in the process of making decisions related to consumers, pricing, brands, and channels to market in a particular region of the world
- Exhibiting a “reasonably doubtful attitude” when making judgments on “exporting” marketing strategies from elsewhere, both in terms of design and implementation.

**Content**

See outline below

**Methodology**

The course will be mostly case discussions together with some interactive lectures.
Evaluation

Class participation (70%) and a short term paper (30%), in teams. Teams will be of two or three students and the topics will be agreed with the instructor during the week of the course. Students should identify and research upon a marketing success story in LATAM, highlighting the key success factors that made it happen—especially those that were context-specific, both in design and execution.

The learning outcomes will be measured in the following ways:

- Class participation - reflecting original insights into the peculiarities of making marketing decisions in a different context

- Term paper - where students delve into specific marketing success (or failure) stories highlighting factors behind design and execution that have led to these successes or failures.

Course Outline & Bibliography

TITLE OF SESSION & MATERIAL

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<td>How much does Context shape your Strategy? Case: Club Atlético Boca Juniors (HBS 9-508-056)</td>
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<td>Expanding the Business Model Case: Grupo Elektra (9-502-039)</td>
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<td>4</td>
<td>How Global Companies Manage Bottom-of-the-Pyramid Approaches. Case: Procter &amp; Gamble Brazil (A) (HBS 9-308-081) and P &amp; G Brazil (B) - to be distributed in class - Recommended reading: Leadership for change: Enduring skills for change masters (HBS 9-304-062) Tap your subsidiaries for global reach (HBR Nov-Dec.1986)</td>
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<td>5</td>
<td>The New Middle-Class Brazilian Consumer. During the last 8-9 years more than 40 million people have accessed this category that now has 104 million people and consume more than R$1, 03 trillion. Guest speaker of a local company.</td>
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<td>Marketing Commodities abroad Case: Café de Colombia (9-502-024)</td>
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<td>7</td>
<td>Country of Origin Branding Case: Concha y Toro (9-509-018)</td>
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General Background Reading:

Case Preparation Questions:

Club Atlético Boca Juniors
1. What is Boca Junior’s business model like? How does it differ from that of the top European football clubs?
2. How would you describe the Boca Juniors brand? What are the club’s tangible and intangible assets?
3. Who are Boca Juniors’ customers?
4. Should Macri enter negotiations to sell these two players to the Spanish and Italian clubs?

Grupo Elektra
1. What are the respective roles of the retail offer and the consumer credit offer in the Elektra business model?
2. Is Elektra´s business model transferrable or is it Mexico specific?
3. Which of the growth options would you recommend?

Trome. News for the Base of the Pyramid
1. What major problems was Trome facing at this time?
2. What was the company’s situation at the time?
3. What changes should be introduced?
Procter & Gamble Brazil (A)

1. Examine the roles of Farahat and Azevedo in the first two experiences. Where was each one particularly effective? What barriers did they encounter? How were they overcome?
2. What conditions made the two Básico innovations possible?
3. The Ace Básico innovation is basically stalled and might not take-off. What if anything can Farahat and Azevedo do to offset this?

Café de Colombia

1. How would you evaluate the “100% Café de Colombia program?”
2. What are the alternatives now?
3. What would you recommend? Why?

Concha y Toro

1. Evaluate Concha y Toro’s marketing strategy. How can it avoid the problem of oversupply?
2. To what extent does the “country-of-origin effect” weigh more than its own brand?

Lan Airlines in 2008

1. Why does LAN pursue a model that mixes passengers and cargo? What advantage does this give to LAN? Why does this make sense for LAN and not for its European and American competitors?
2. How would you evaluate the change to the low cost model?
3. What changes do you think LAN needs to make in order to grow?

Professor’s Biography

Full-time Professor
IEEM Business School, Universidad de Montevideo, Uruguay

Former Dean
IEEM Business School, Universidad de Montevideo, Uruguay

Visiting Professor in several business schools in Latin America

PhD in Management, IESE Business School, Universidad de Navarra

Master of Business Administration, Cranfield School of Management, United Kingdom

Degree in Accounting and Finance, Universidad de la República, Uruguay