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Diversity in Emerging Markets: The Case of Latin American & The Caribbean

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Latin America and the Caribbean encompasses over 40 countries in Central America, South America, and the Caribbean. Cultural influences in this region include Africa, the native groups, India, as well as the former colonizers from Europe - the British, Spanish, French, Dutch, and Portuguese, making it one of the most diverse markets in the world. Country populations within the region are also varied and range from as small as St. Kitts & Nevis with a population of only 52,175 to as large as Brazil with a population of 207,353,391, according to the CIA World Factbook (2017).

Despite lower incomes, the sheer size of this region cannot be ignored by marketers, as it numbers over 630 million people, according to the World Bank's 2016 numbers, with millennials alone representing approximately thirty percent (30%) of this group. It should also be noted that economic growth in the region is projected to increase by an average of 2.7 percent by 2020, a marked improvement over previous years (Haughton, 2018). Given their close proximity to North America, this region has represented low hanging fruit for multinational corporations. However, with the varying sizes and populations, Latin America and the Caribbean present certain unique challenges to international marketers when developing marketing strategies for the region. This panel will discuss some key considerations for targeting such a diverse region. Discussions will revolve around the marketing challenge associated with global expansion to this region and will highlight three areas most pertinent to marketers responsible for their organizations' success in the region.

Too Small to Localize? The Case of the Caribbean Market

The varying sizes of countries in Latin America and the Caribbean mean that the relative importance of smaller countries in the region when compared to larger ones may be low. Some smaller countries, as a result tend to "fall through the cracks" or, worse, fall victim to standardized marketing strategies that lack local relevance. While it can be argued that countries with very small populations likely lack the strategic importance to motivate localized strategies, some multinationals have undertaken the task of "localizing their marketing." This discussion will explore the approaches adopted by some major global brands, successes and failures, and outline recommendations for segmenting and targeting in the region given its diversity.

An Appetite for Luxury: Consumption in the Caribbean Context

While consumers in emerging markets are known to have lower incomes, GDP per capita and higher levels of unemployment than consumers in developed economies, their demand for and consumption of premium brands continue to grow. In many cases, developing countries are “punching above their weight” when it comes to the consumption of premium brands. Clothing, cosmetics, and cars are among the product categories whose premium brands are in high demand by customers in the region. This discussion will explore social and cultural factors influencing demand for these brands.

The New Middle Class in Latin America and the Caribbean

According to a 2016 IADB report, in the first decade of the 21st century, the middle class in Latin America and the Caribbean jumped by 50% to 186 million persons. Per capita income in the region, according to the World Bank’s 2017 numbers, was US\$9,244. The region’s GDP also topped US\$5.3 trillion in 2016, according to the World Bank. The growth in the global middle class has been credited with the growth in consumption of several product categories in a number of markets, particularly emerging markets. However, studies have shown that the middle class in the developing world is not the same as the middle class in developed countries. They differ not just in socioeconomic realities, but also cultural backgrounds, tastes, and preferences. It is therefore important to understand the cultural factors that influence behavior in this segment and that, given the diversity of cultures, these factors vary across the region.

The ability of brands, particularly creators of new innovations have depended heavily on their ability to understand and adapt their strategies to a different definition of middle class. However, research on middle class customers has traditionally been concentrated on those in the dominant economic centers of the world - North America, the European Union, and the Pacific Region, with little attention paid to those in the Global South. Panelists will highlight, through case analysis, the contrasts between middle class consumers in the developed and developing world and will, discuss, with the use of regional examples, how adaptation to the unique profile of this group can lead to long term market success.

ABOUT THE AUTHORS

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