Marketing Adaptations for the Mexican Market

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Introduction

Mexico has been the receiver of foreign product expansion since the turn of the twentieth century. Firms like America's Colgate-Palmolive and France's L'Oreal Groupe first solidified their Mexican presence in the 1920's. Unilever first entered the Mexican market during the 1930's, and the nation saw further expansion following World War II by corporations such as Avon Products Inc., Procter & Gamble, and Tupperware Brands Corp. Like other countries, Mexico was a receiver of a growing trend of international market expansion from corporations headquartered in developed nations.

International expansion was not equal across all nations however, and the increasing dominance of American firms in the international marketplace led to a back-lash against what was considered to be American cultural imperialism. By 2000, 62 of the 100 most valuable brands in the world were American, justifying the increasing belief that "… globalization was actually Americanization" (Quelch, 2003, p. 3). Emphasis on marketing strategies shifted back to the need for adaptation based on cultural differences and preferences.

For firms looking to expand their products into international markets, one of the greatest challenges is finding the appropriate balance between the standardization and adaptation of marketing programs designed for international distribution. This is a relatively new phenomenon, gaining importance, specifically for American firms, only within the past 10 years. During the 1980's and 1990's, marketing strategies were primarily global-oriented, centering on the belief that consumer preferences were the same across nations and regions.

While much emphasis in studying product adaptation for international markets is placed on company-specific strategies, I plan to take a comprehensive approach by analyzing the overall strategies used when entering a specific market. Mexico was selected not only because of its overall popularity as an international market but also for the particularly large presence of American and European firms. Furthermore, this analysis will concentrate exclusively on consumer goods firms, given their inherent need for cultural and local adaptation.

This comprehensive study utilizes two distinct approaches to understanding how the four P's of marketing are adjusted for the Mexican market. First, a survey was sent out to marketing professors of Mexican universities. The objective of this survey was to gain a first-hand, yet more objective perspective on the development of marketing strategies designed specifically for the Mexican market. The results of the survey will be discussed, providing the overall framework for the study.

Second, a comprehensive analysis will be presented where the marketing strategies of several brands across various consumer product categories are discussed. The brand analysis is used as evidence to corroborate the results from the academic survey. While an understanding of product, place and promotion can be determined through research of company annual reports, websites and articles, pricing strategy is harder to discern. Therefore, a greater emphasis of pricing was placed in the academic survey. For the determining of positioning, product descriptions and advertisements were particularly examined and compared to those from the goods' home market.

Prior to the study, several expectations were developed from a combination of preliminary research and prior international experience. Based on American firms' recent struggle with the backlash of its products, I predict that more adaptation should be seen on the part of American consumer goods firms regarding specific elements of the marketing mix. American-based products I expect will also be sold under different names more often than European-based products. Given the pressure placed specifically on American firms to adapt their strategies to more local tastes, these firms are more likely to introduce products under new names that are unrelated to their original brands. Advertisements (to obtain an understanding of positioning) in Mexico from American-based I predict will show a greater variation from those shown in the United States than between Mexican advertisements from European-based firms.

This recent backlash on American product expansion, however, does not mean that the need for the standardization of products is unjustified. Quelch and Edward J. Hoff (1986) discuss that the potential in R&D and manufacturing economies of scale result in a higher level of standardization regarding electronic products. This is further supported by W. Chan Kim and R.A. Mauborgne (1987), who explain that industrial-oriented products are better suited for universal product and marketing approaches than consumer-oriented products. For the former group, more "token" degrees of standardization may be required, such as voltage and plug adjustments. With this understanding, I include consumer electronics as a "standardized group", serving as a benchmark from which other consumer product marketing strategies will be compared. I should expect to see more standardization in this product category, falling in-between industrialized and cultural-specific products, regardless of country of origin.

Methodology

Academic Survey

To form the list of marketing professors working at Mexican universities, a number of universities first had to be identified. Both secondary research and prior experience with the Mexican higher education system were used. Four universities were identified through prior experience, and three were selected for professor selection. After the identification of these schools, professors were contacted whose online information stated he/she currently holds a position in the university's marketing department.

To ensure a high enough response rate, set at eight to ten, more universities were identified through secondary research. The QS Latin American University Rankings were used to identify the most prestigious universities in Mexico; all universities that were not already known of through prior experience were added for consideration. From these sources, an additional five universities were selected. For some of these universities, professor contact information was not available. Therefore, the relevant department head was contacted and asked to disperse the survey to the professors in their department. The academic survey received 16 responses from four universities.

Brand Selection

The Euromonitor International database was used to determine the firms and brands for analysis. Market shares by brands were collected for the following categories: Beauty and personal care, consumer electronics, computers and peripherals, home care, packaged food, and soft drinks. Based on 2010 market share data, the top performing brands in each product group were selected. Due to the wide variety of brands, I classified top performing brands as those having a market share of 2 percent or higher. From these brands, all whose parent companies were not American or European were dropped from the selection. Due to the market dominance of Mexican firms in the packaged goods market, the market share requirement was lowered to increase brands for analysis. This resulted in a total of 35 American brands over 14 American corporations and 13 European brands over 7 European corporations. These corporations were then selected for the analysis component of the study (see appendix B).

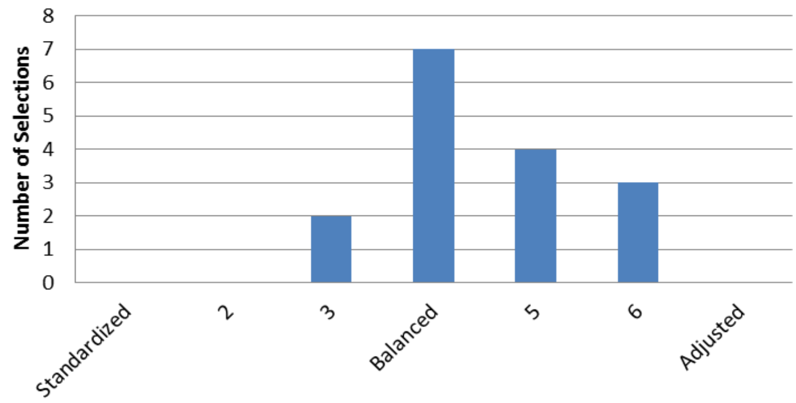
Once these firms were selected, research into each company's brands and products were conducted to gain an understanding of their marketing strategies used in Mexico and their home countries for comparison. The variety of product offerings in each market was compared, paying specific attention for unique brand names or product variations exclusive to either market. Television and magazine advertisements were also examined to look for variation in target market segments and/or brand positioning.

Analysis

Overall Marketing Strategy

Marketing professors were next asked to rate what they felt was the typical balance found between standard marketing strategies from the country of origin and the level of adaptability needed for consumer products for the Mexican market. For this question, a non-comparative semantic differential scale was used. Responders were given seven options, ranging from Completely Standardized (1) to Completely Adapted (7), with a neutral Balanced (4) option included (see figure 1 for a display of the results). No responder selected the extreme of either side, with a 44% selection for the balanced option. The (5) and (6) options in between Balanced and Completely Adapted received a 25% and 19% response selection respectively. Overall, it can be concluded, according to academics, that marketing strategies for consumer goods are typically balanced, with adjustments for adaptability when necessary.

Figure 1



United Kingdom-based Unilever Group [Unilever] provides another example of how marketing strategies are leaning toward marketing local adaptability. Starting in 2000, the consumer products firm embarked on its "Path to Growth" strategy, which included a re-structuring of its marketing strategy. Among the changes included the dropping of 1,200 under-performing brands and the addition of a global brand director. This has allowed the firm to spend more money tailoring strategies for its various markets, such as finding local celebrities to serve as spokespeople (Hicks, 2008). When the firm started this new strategy, it was spending an annual $200 million in Mexico for marketing (Dempsey, 2002).

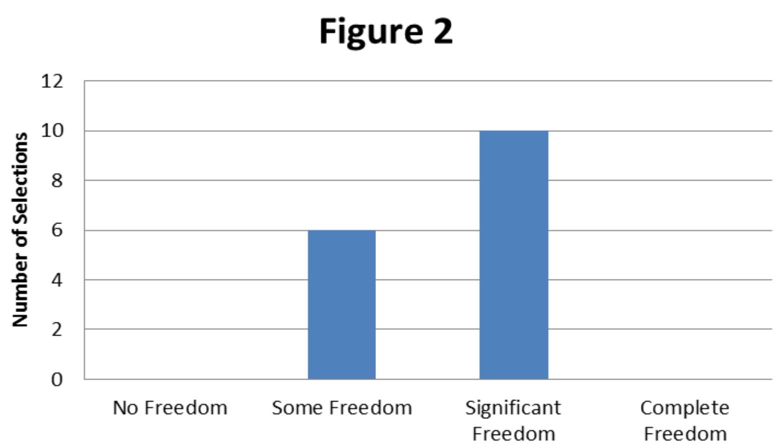
Both Henkel AG [Henkel] and Kraft, Inc. [Kraft] provide examples of how some firms simultaneously pursue global and local strategies through different brands. In 2000, Henkel bought Colgate's Mexican Heavy Duty Detergent business with the goal to enhance its presence in the market, which included the brands Viva and Mas ("Henkel," 2000). Since then, the firm has worked toward introducing global products such as the instant glue Loc Tite and Schwarzkopf (Rodriguez, 2011). Henkel, by first enhancing its unnoticed consumer presence in Mexico by buying established brands, has been able to maintain a localized feel while leveraging its global presence.

Kraft followed a similar pattern of behavior to strengthen its presence in Latin America. In 2010, Kraft acquired Cadbury specifically for its strong presence in markets including Mexico, where brands such as *Trident* dominated packaged food. Cadbury's transportation and distribution system was then used to sell more Kraft products like Ritz (Cordiero, 2010).

While these results reflect the expectation that consumer goods will be adapted for the Mexican market, not all major firms have developed their strategies in this manner. The beauty and cosmetics firm L'Oreal Groupe [L'Oreal], for example, until 2010 maintained a standardized, global image throughout all of its brands. When comparing the company's product offerings in Mexico with those of France (the country of origin), all of the brand names and positioning were identical. L'Oreal has had great success in Mexico utilizing this approach: the firm's Garnier and L'Oreal Paris brands have 2.5% and 4.1% of the nation's beauty and cosmetic's market share respectively ("Beauty," 2011).

This marketing strategy can also be seen at Avon, which maintains a very standardized image, centering about beauty and women empowerment. This observation is corroborated by their use of centralized global brand marketing and global sales departments (Avon, 2010). This universal approach is working for Avon; revenue for the Mexican market increased by 8% in 2010 due to an increase in sales representatives and an increase in average order value (Avon, 2010). In its product category, Avon's market share increased to 7.3% in 2010 from 6.9% in 2009 ("Beauty," 2011).

The second question related to overall marketing strategies asked the respondents to select the degree of freedom they thought Mexican subsidiaries have with the development of overall marketing strategies in relation to their firm's corporate headquarters. Similar to the previous question, a non-comparative semantic-differential scale was used. The responders were given four options, ranging from No Freedom (1) to Complete Freedom (4) (see figure 2 below). In another similarity to the previous question, no responder selected the extremes of either side: 38% of professors selected some amount of freedom (2), while the other 62% selected Significant Freedom (4).



Jafra presents an interesting case not only for its pricing strategy but also for its parent corporation's structure. The company's parent corporation, Germany-based Vorwerk & Co. KG [Vorwerk] has its divisions headquartered in various countries. Jafra, having its headquarters located in California prior to it being bought by Vorwerk in 2004, remains there today (Carey, 2004). This degree of freedom given to the divisions allows each one to develop and cater its marketing strategy as it sees with regard to expanding into international markets. In this case, Jafra has decided to take a standardized approach, relying on direct selling, similar product offerings and a universal image for its Mexican market.

American food company McCormick & Co Inc. [McCormick] is one firm that supports the opinion that adaptability is more common than standardization. McCormick de Mexico, the firm's joint-venture with Mexican food company Grupo Herdez [Herdez], provides a wide variety of food products apart from the herbs, spices and mixes from the American market. These products include dressings, teas, salsas and marmalade, and are all sold under the

McCormick name. The use of a joint-venture also signifies McCormick's willingness to learn from an established Mexican firm. The resulting distinct product offerings also imply that a great degree of freedom exists in order to determine how to best serve Mexican consumers.

On the opposite side of the spectrum, the Coca-Cola Company [Coke] has built its company on the global image of its iconic drink, Coca Cola. In Mexico, the company has 39.8% market share of the soft drink industry; *Coca-Cola* alone has 18.1% ("Soft Drinks," Euromonitor). This global strategy shows no signs of changing: in a four-day conference in early 2011, top executives met to discuss how to continue to grow the business into 2020. Among the most significant factors was the synergy needed across its marketing campaigns around the globe. Chief marketing and commercial officer Joe Tripodi explained that the firm is, "wired and networked," with the aim to, "...shortening the learning loop" (Choueke, 2011).

Product

When asked to select all of the ways in which the packaging of consumer goods is adjusted for the Mexican market, 69% of the responders selected language (32% of total selections). Next was package information with a 56% selection (26% of total selections). Third was pack size or quantity with 50% selection (24% of total selection). The two least selected responses were color with 25% responder selection (12% of selection) and other with 12% responder selection (6%). Under other, one respondent wrote main product benefits/claims. The other respondent explained that the packaging adjustments vary across products. Aunt Jemima, the respondent explained, is not adjusted while Green Giant is adjusted for language, translating to *Gigante Verde*. Figure 3 displays the number of selections for each option, while figure 4 shows each option as a percentage to the total number of selections.

Figure 3

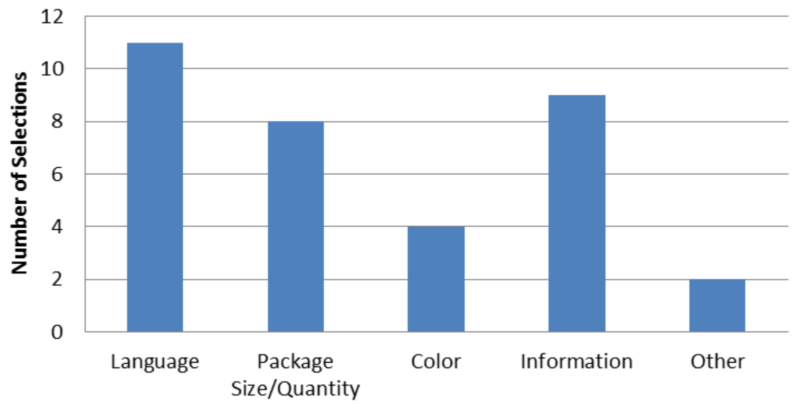
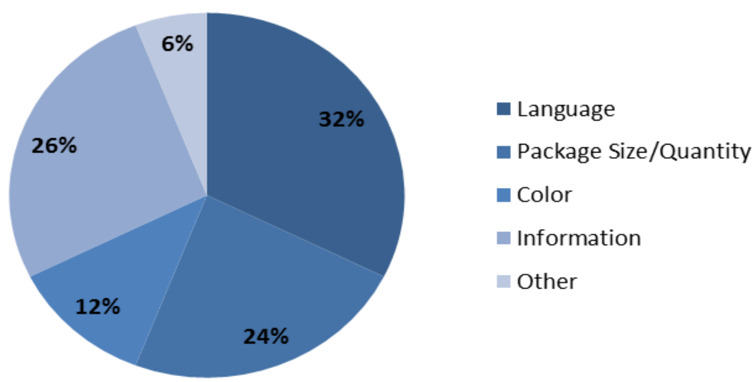


Figure 4



The variation in adjustments one professor explained can be seen through the wide variety of products offered by one corporation. Colgate-Palmolive [Colgate], for example, offers a greater selection of products for the Mexican market than for the United States. The company offers 65 product lines across four broad product categories in the United States compared to 94 product lines across the same categories in Mexico. These include both greater variety within products that carried established names (such as the Colgate Herbal toothpaste) as well as alternate brands (such as the laundry detergent brand *Vel Rosita*), with heavier emphasis on the former (see figure 5) (http://www.colgate.com; http://www.colgate.com.mx). In 2010, Colgate-Palmolive had a 9.0% market share in the beauty and personal care industry ("Beauty," 2009).

Figure 5

This pattern was seen also in SC Johnson & Son Inc. [SC Johnson] and Nestle SA [Nestle]. SC Johnson only offers three unique brands for Mexico while only adjusting two other products for name (e.g. home cleaning spray *Duck* to *Pato*) (http://www.scjohnson.com/en/home.aspx; http://www.scjohnson.com.mx/). Nestle offers many of the same products in both markets with only one or two Mexican-specific brands in each product category. *Almon-Ris* and *Seducción*, for example, are two chocolate products offered alongside brands such as *Crunch* and *Kit-Kat* (http://www.nestleusa.com/brands.aspx; http://www.nestle.com.mx/nestle/BrandsChocolatesListing.asp#). As of 2009, Nestle had a 4.3% market share in packaged food, while in 2010 SC Johnson had a 5.9% market share in home care products ("Packaged," 2011; "Home," 2011).

Unilever utilizes a different combination of global and local brands in their Mexican product portfolio. When the personal care brand portfolio of the United Kingdom (11 brands) is compared to that of Mexico (10 brands), a cross-offering of only four brands can be found (including the minor brand name adjustment of *Vasenol* from the original Vaseline, see figure 6). Similar to Colgate, the brands consistent across markets have the same positioning. Unlike

Colgate, Unilever appears to place greater emphasis on adapting its products for the Mexican market, preferring to create new brands rather than expanding existing product lines.

Figure 6

Vasenol (MX) **Vaseline (U.K.)**

German-based Henkel AG & Co. [Henkel] offers a more extreme global/local brand combination. The firm offers completely separate brand offerings for its laundry detergent brands, featuring Viva, Mas, and 123. Viva and Mas have 4.7% and 3.1% of the Mexican home care market share respectively ("Home Care," 2011). Throughout its consumer good offerings, spray cleaner Bref and hair styling/treatment Schwarzkopf are the only two offered in both the German and Mexican markets (http://www.henkel.de; http://www.henkel.com.mx).

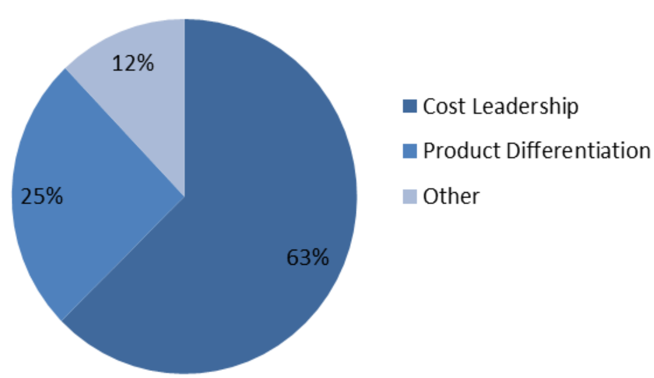
Tupperware Brands Corp. is another example of a company that adapts its product offerings for the Mexican market. When compared to the American product offerings (the firm's country of origin), the Mexican market has a wider variety of kids offerings, complete with appropriate name translations (*Bob Esponja* from SpongeBob, for example). Furthermore, all of the collections of product offerings have been completely adjusted for Mexico. Seven of the twenty-two collections begin with the word "Mesa" (meaning table) followed by another adjective that encompasses the collection's theme. "Mesa Mexicana," for example, features all the dining dishes and bowls necessary for a traditional Mexican meal. Within these collections unique products can be found, such as Tupperware for avocados and chillis. Product colors are also adjusted: the Mexican offerings feature more orange, red and yellow while the American offerings feature more blue, green, purple and clear (http://www.tupperware.com; http://www.tupperware.com.mx).

In some instances, companies rely on older product offerings for the Mexican market. American-based Dell, Inc. [Dell] continues to sell its Inspiron and Inspiron Mini in Mexico while selling the Vostro, Latitude and Dell Precision in the United States. Alienware is the only laptop sold in both regions (http://www.dell.com/mx; http://www.dell.com/us).

Price

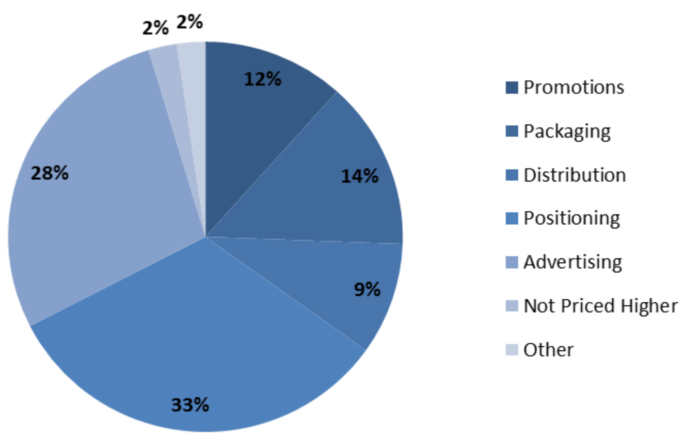
The second question involved the marketing professors to give their opinion on what they think is the most common pricing strategy used for consumer products. This question applied to all products sold in Mexico, and was used to obtain a general understanding of pricing strategy which could then be compared to the strategies of foreign firms. The majority of the respondents selected low pricing through cost leadership, followed by price premium through product differentiation (see figure 7). 12% of the professors selected other, and were then asked to specify their response. The first responder wrote that the pricing strategies were mixed, while the other wrote that competitive pricing was used.

Figure 7



The following question asked responders to select all marketing aspects that are adjusted to compensate for higher pricing when utilizing a differentiation strategy (see figure 8). The most frequent adjusted marketing aspect, according to marketing professors, is positioning with an 88% responder selection (33% of total selection). The second most selected aspect was advertising, with 75% responder selection (28% of selection). Following these two responses were packaging, promotions and distribution. Only 6% of responses (2% of total) selected that products are usually not priced higher than those of local competition. The same response rate held for the other option, under which the respondent wrote that an implicit perception of higher quality than local brands was present.

Figure 8



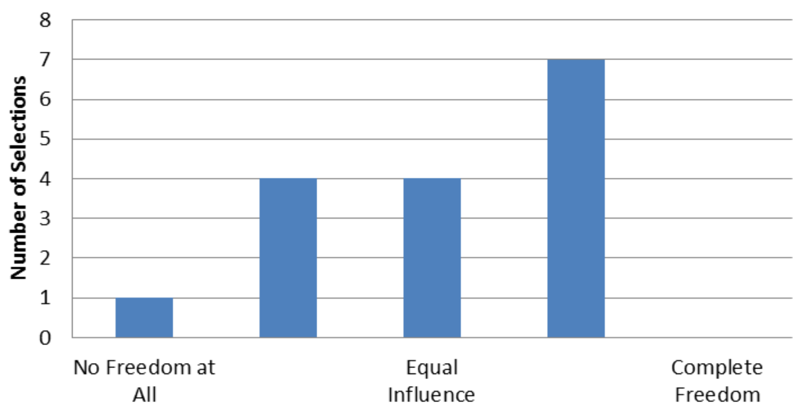
The comment regarding the implicit higher quality of foreign brands appears to have merit. In the increasingly competitive bottled water market, labels such as Danone Group's [Danone] *Bonafont* and *Evian* are able to charge premiums for their association with a healthier lifestyle. In rural areas, Coke's *Ciel* and Pepsi Co Inc.'s [Pepsi] *Electropura* compete with local, unknown brands whose quality is questioned. *Electropura* has a leading position in the 20-liter market, the typical household size (Barclay, 2006).

Apple, Inc. [Apple] is one firm that excels at justifying higher prices through product differentiation. The computer and personal electronics firm entered the Mexican market fairly recently: the nation's own iTunes store, for example, opened in 2009. Nevertheless, Apple understood that Mexican consumer tend to follow the trend of American consumers and was quickly able to gain a strong market share with previous product introductions such as the iPhone (Ben-Yehuda, 2009). Apple has kept the same brand image in Mexico as in the United States based around modernity, exclusivity and ease of use. The pricing of portable electronics in Mexico are between $10 and $30 higher, while the pricing for laptops are about $100 higher (all in USD). The higher pricing of products in Mexico further suggests that Apple utilizes the same differentiation strategy in both markets (www.apple.com; http://www.apple.com/mx/).

This strategy contrasts sharply with PC makers Dell, and Hewlett-Packard Development Co. [HP], who appear to be pursuing a low-cost strategy. Both companies are seeing their notebook sales grow particularly as Mexican small and medium-sized businesses, in part due to their low prices ("AMI," 2009). Dell's cheapest laptop in Mexico, the Nueva Inspiron 15, is priced at an equivalent $515. On the other side of their laptop portfolio, gamer-positioned Alienware laptop is priced at an equivalent $1,250 in Mexico (16,999 pesos) while priced at $19,999 in the US (http://www.dell.com/mx; http://www.dell.com/us). HP follows this trend, with their cheapest model HP Mini 110 priced at an equivalent $315 (4,299 pesos) (http://www.hp.com/; http://www8.hp.com/mx/es/home.html). What this shows, particularly for the consumer electronics industry, is that these companies leverage their core competencies and apply them to the Mexican market.

Next, the marketing professors were asked to rate the degree of freedom they think Mexican subsidiaries have over the pricing products in their Market in relation to their corporation's headquarters. For this question, the non-comparative semantic differential semantic differential scale was used. The respondents had five options, ranging from No Freedom At All (1), Equal Influence (3) and Complete Freedom (5) (see figure 9). 44% of respondents selected 4, signifying they think that Mexican subsidiaries have some freedom in the determining of their product's pricing strategies. Only 6% of respondents thought that Mexican subsidiaries had no freedom at all in the formation of pricing strategies.

Figure 9



Marketing professors were then asked to rank, in order of importance, what they think are considered when pricing products for the Mexican market. To measure these responses, a comparative rank-order scale was used with seven options. In order to reduce the number of factors as well as the amount of time spent on this question, the "other" option was left without the need to specify what the respondent meant (see table 1 for breakdown of response ranking). 44% of respondents ranked competition as the most important factor considered when pricing consumer products. This was followed with consumer demand by 31% of respondents, product costs by 19% of respondents and economic conditions were selected as the most important factor by 6%.

Table 1

	Rank						
	1	2	3	4	5	6	7
Competition	7	2	6	1	0	0	0
Product Costs	3	4	3	3	1	0	2
Global Objectives	0	3	2	2	1	5	3
Consumer Demands	5	2	4	4	1	0	0
Distributor Needs	0	0	1	5	5	3	2
Economic Conditions	1	4	0	1	5	4	1
Government	0	1	0	0	3	4	8

While these responses were the ranked among the most important factors when determining pricing, government regulations and standards along with distributor needs were ranked as the least important. Although one professor ranked government regulations and standards as the second most important factor, 50% ranked it as the least important, 25% as the second least important (sixth), and 19% as the third least (fifth). Distributor needs was ranked as the third most important 6% of the time, fourth and fifth 31% each, sixth 19% and seventh 12%.

Interestingly, global objectives and guidelines were not selected by any marketing professors as the most important consideration when pricing consumer products. This finding is consistent with the earlier responses indicating varied opinions regarding the degree of freedom Mexican subsidiaries have in pricing strategies relative to their corporation's headquarters. Depending on the strategy, some firms will prefer to have complete control of pricing as part of a global, standardized marketing strategy. On the other hand, firms pursuing a more localized strategy will give more freedom to the subsidiary regarding pricing strategy. This is consistent with the earlier question related to marketing aspects adjusted for a pricing strategy focused around differentiation, where positioning and advertising made up 61% of total selected responses.

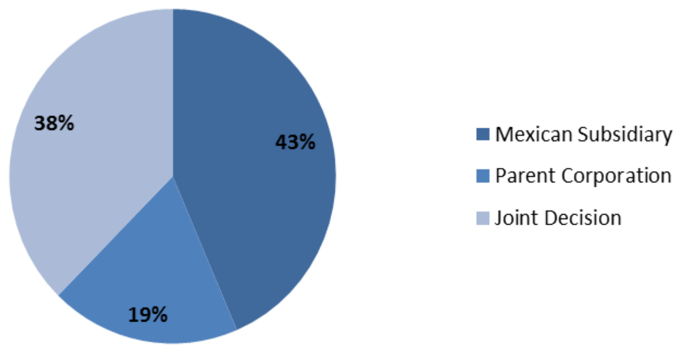
California-based Jafra Cosmetics (owned by Vorwerk), while offering the same products in both the American and Mexican markets (with the exception of name translations), utilizes a pricing strategy in which only some products are priced at premiums. Through a comparison of the pricing of products (adjusted for current exchange rate data), it was found that more basic products were priced lower in the Mexican market (http://www.jafrausa.com; http://www.jafra.com.mx). The Legend for Men deodorant stick, for example, while priced in the United States at $8.50, is an equivalent $7.16 in Mexico (100 pesos). On the other hand, higher-scale products were priced higher for the Mexican market than for the American market. The firm's Royal Jelly Lift Concentrate, while priced at $45.00 in the United States, is priced to the equivalent of $75.85 (1,058 pesos).

Jafra's pricing strategy has interesting implications for its approach to the Mexican market. The combination of high and low priced goods could imply that the premiums are used to help cover the costs of the low priced basic goods. This allows for higher selling rates for basic goods to hold its own against its competition, particularly its direct-selling rival Avon, Inc. [Avon]. Consistent with the academic survey, the recognition of the firm's more expensive products as high-end (through positioning) and foreign justifies the price premium.

Promotion

The first question related to promotion asked the marketing professors to select who they thought has complete influence over approving promotional strategies in Mexico. 44% said that the Mexican subsidiary has complete influence, while only 19% said that the parent corporation has complete influence. The remaining 38% thought that promotional strategies were approved in a joint decision (see figure 10 below).

Figure 10



Respondents were next asked to rank what they thought were the most important sales promotion tactics used in Mexico for consumer goods products. Similar to the question related to factors determining pricing strategy, a comparative rank-order scale was used with seven options. 44% of respondents ranked point-of purchase displays to be the most important tactic; Direct selling was ranked as the most important promotional tactic by 25% of respondents, followed by product sampling by 19% of the respondents (see table 2 below for breakdown of respondent ranking).

Table 2

	Rank						
	1	2	3	4	5	6	7
Coupons	0	1	1	2	5	5	2
Demonstrations	1	4	6	2	2	0	1
Direct Mail	0	0	1	1	4	8	2
Product Sampling	3	4	5	3	1	0	0
Point-of-Purchase	7	6	2	1	0	0	0
Other	1	1	0	0	2	1	11
Direct Selling	4	0	1	7	2	2	0

The remaining choices were ranked by professors across the whole range. Demonstrations, while selected as the most important tactic by 6% of respondents, were also selected as the least important tactic by another 6%. The remaining respondents ranked demonstrations second 25% of the time, third by 38%, and fourth and fifth by 12% each. Coupons, while having a similar spread, was concentrated closer to the lower rankings (fifth and sixth were ranked by 31% each). Nevertheless, coupons were also ranked second and third by 6% each, and last by 12%. The other selection, while having the highest concentration of all responses (69% for last place), was ranked first and second by 6% each of respondents. Direct mail was the only tactic not ranked first or second by any professor, with its highest ranked concentration in fifth and sixth place with 25% and 50% respectively.

There is evidence from company promotional strategies that support the academics' opinions that point-of-purchase displays are of vital importance in Mexico. Proctor & Gamble hires workers to travel to stores where its products are sold to organize, group together, and ensure customer visibility of its products. Apple relies heavily on the sales of prepaid iTunes gift cards in Mexico, where the rate of credit card use is low (Ben-Yehuda, 2009). Therefore, the visibility and accessibility of these cards at convenience store counters and on supermarket lines are especially critical.

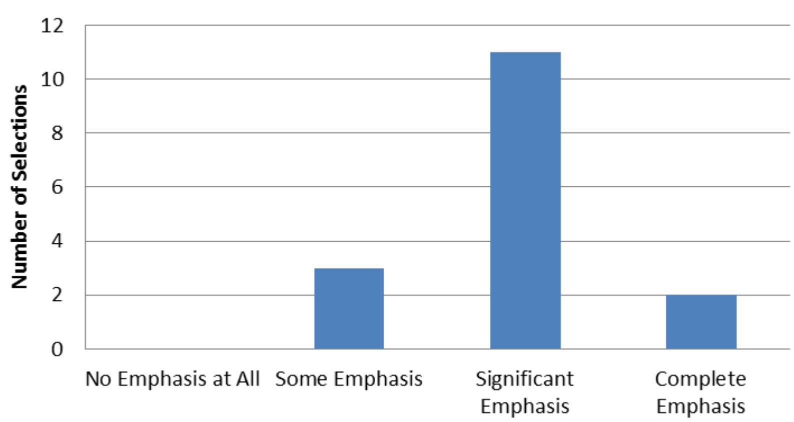
The sales promotions strategies of consumer electronics firms show evidence of adjustment for the Mexican market. While markets such as the United States consider portable music players as the main device for carrying digital music content, Mexican consumers rely more on cellphones. The lack of a digital music store (prior to iTunes in 2009) coupled with the lack of licensing agreements across Latin America contributed to this trend. This has led to a common strategy in which music promotions are tied with cell phone plans and devices. American-based Motorola, Inc. [Motorola] has previously secured a deal with the mobile phone company *Movistar* to promote its Z6 phone, featuring preloaded exclusive music content (Cobo, 2008). Finland-based Nokia Group [Nokia] joined with *Telcel* to promote the Nokia 5800

XpressMusic phone, featuring access to the subscription-based "Comes With Music" service (“Nokia,” 2009). For these firms, mobile-based music content was seen an opportunity to tie Mexican-specific needs with their products.

Several food and beverage companies are tying their promotional campaigns to one growing trend in Mexico: health awareness. French-based Danone Groupe [Danone] has seen sales for its water brand *Bonafont* increase following its Bonafont diet ad campaign. This has led to other companies, such as Nestle to develop their own premium water bottle brands (Barclay, 2006).

Marketing professors were next asked to rate the emphasis they think is placed on country of origin in the promotions and advertisements of consumer products. For this question, a non-comparative semantic differential scale was used with four options, ranging from No Emphasis At All (1) to Complete Emphasis (4). 69% of respondents said that significant emphasis was placed on country of origin (see figure 11). Interestingly, there was a zero response rate for no emphasis being placed on country of origin. Based on these responses, it can be expected that almost all foreign consumer products will be marketed as such in Mexico.

Figure 11



Place

The first question related to place asked academics to rank what they think is the most important distribution channels for consumer products. For this question, a comparative rank-order scale was used, having six options for the academics to rank. 81% percent of respondents ranked superstores, such as *Superama* or *Mega*, to be the most important distribution channel (the remaining 19% of respondents ranked superstores as the second most important). 12% of respondents ranked small local stores as the most important channel. Traditional retail/department stores had the great spread of rankings of those ranked as the most important distribution channel: it was ranked as the most and least important distribution channel by 6% of respondents each (see table 3 below for responder rankings).

Table 3

	Rank					
	1	2	3	4	5	6
Superstores	13	3	0	0	0	0
Traditional Retailers	1	8	1	3	2	1
Small Local Stores	2	5	6	1	2	0
Other	0	0	2	0	0	14
Direct Sales	0	0	4	5	6	1
Open Markets	0	0	3	7	6	0

The remaining three responses were not ranked first or second by any marketing professor. Open markets were the most concentrated of all the options, ranked third by 19% by respondents, fourth by 44% and fifth by 38%. The majority of respondents ranking other as the least important can be understood to draw two separate conclusions. First, the options available captured a comprehensive set of distribution channels for Mexico, leaving little need for the other option. Second, the fact that the other option was consistently placed last means this comprehensive list included all significant distribution channels.

It can be concluded from the clustered responses from this question that there are distinct distribution channels that are very important for consumer goods. Proctor & Gamble, for example, explain that small local stores ("high-frequency stores," as the firm calls them) generate more profits in total than in large supercenters such as Wal-Mart. In Mexico there is a large poor population characterized by low daily wages and who live in small quarters. For these people, consumer goods are bought as needed, and are therefore purchased in the single-size packages sold at these small stores (Byron, 2007). Kraft Foods, Inc. [Kraft] at one point attempted to buy the Mexican juice company *Jugos del Valle* specifically to have product available in high-frequency stores (Silver, 2002). Coke has adjusted the sizes of its soda and other beverages, sometimes as small as 6.75 ounces, to sell in these stores which contribute around 60% of Coke's profits in Mexico (Esterl, 2011; Hanaranth, 2002).

The selection of stores is also heavily dependent on the type of product that the firm sells. While Proctor & Gamble and Kraft can adapt its products for high-frequency stores, consumer electronics firms such as Motorola are limited to large supercenters such as *Palacio de Hierro* and *Liverpool* to sell their products (Rubio, 2011).

Nevertheless, these responses give a general overview of how consumer products are distributed, and can vary depending on the firm's overall strategy. Indeed, the cosmetics firm Avon Products, Inc. [Avon] offers the same products in both the Mexican and American markets. The only difference between the two markets is the distribution channels. Although both markets rely heavily on personal selling, Mexico does not have an online store. Additionally, Mexico only has four stores physical stores located in the country, while the United States has stores nation-wide. This almost exclusive reliance on direct selling in Mexico is also utilized by Tupperware, which purchased Sara Lee's Latin American beauty business. The firm was the number two direct seller of cosmetics as of 2007, and had a 4.1% market share of the whole beauty and cosmetics market in Mexico for 2010 (Neff, 2007; "Beauty," 2011).

Discussion and Conclusion

From both the academic survey and the product analysis, several conclusions can be drawn regarding how the four P's of marketing are adjusted for foreign consumer goods in Mexico. Figure 12 below gives an overview of how the companies in this analysis appear to balance standardization and adaptation in their marketing strategies.

Figure 12

Product features are the most commonly adjusted aspects for the Mexican market, mostly regarding language and information (such as nutrition and safety). Tupperware brands showed the greatest degree of product adaptation of any firm, adapting its entire product line for Mexico through expanded offerings, unique products and characteristic modifications. Henkel demonstrated a similar degree of product adaptation through its Mexican-specific brand offerings. Contrary to one expectation, European-based Unilever and Henkel created more new brands specific for the Mexican market, while the American-based Colgate and P&G focused more on expanding existing product lines.

The pricing strategy of products, particularly in the electronics industry, tended to manifest itself more clearly in the Mexican market. Apple, pursuing a differentiation strategy, priced its products higher than the premium already placed in the American market. Dell and HP, who both pursue a low-cost strategy, priced their products either the same or lower than in the American market. Further research in this area could determine if this pattern is industry-specific (consumer electronics) or market-specific (Mexico), or has implications across international marketing strategies. Apart from pricing, computer electronics appeared to be the most standardized of all the consumer products in this study.

For overall marketing strategies, it appears that the country of origin is not a reliable factor in the determining of the level of adaptability needed in marketing strategies. Beauty and Cosmetics firms Avon and L'Oreal, while being based in two geographically different locations (United States and France respectfully), both pursued a standardized marketing strategy for the Mexican market across their brands. Unilever and Henkel contradicted previous assumptions by selling more products under Mexican-specific brands while Colgate used established brands in the American market.

Overall, the lean toward adaptability as stated in the academic survey can be seen through the company analysis. Apart from beauty and electronics, companies appeared to find a balance between their home and Mexican marketing strategies. Companies such and Henkel and Kraft, while having distinct Mexican brands, appear at the same time to be pushing their established products through their Mexican-acquired distribution systems. Proctor and Gamble adapted its global products for availability in the Mexican high-frequency markets. Distribution is also the one area that Avon adapted its marketing strategy, relying almost exclusively on direct selling.

While overall it appears that marketing strategies remain slanted toward adaptation across consumer good categories, this does not necessarily mean that this analysis is entirely accurate. The objective of this study is to provide an overview of marketing strategies in Mexico, which in itself does not allow for an in-depth analysis of every brand where subtle differences in marketing strategies are more likely to be found. Surveys or interviews with marketing directors of these companies would provide more insight into how marketing strategies are adapted for Mexico.

Despite these areas of concern, this study does show that firms are more likely to find a balance that fits their individual circumstances when marketing their products in Mexico. This allows them to take advantage of their multinational competitive advantages while still ensuring local adaptability. For some firms, this means introducing new brands alongside their worldwide ones. For others, packaging and product adjustments are the most appropriate. The evolution of international marketing strategies from complete standardization to local adaptation appears to have settled at an appropriate medium. Mexico will continue to be an attractive market for international expansion, and firms looking to expand in the future can learn from the many strategies utilized today how to best balance their own marketing strategies and ensure success.

Appendix A: Academic Survey

Marketing Strategies for Consumer Products in Mexico

Marketing Strategies for Consumer Products in Mexico

Page 1 - Question 1 - Choice - Multiple Answers (Bullets) [Mandatory] [Randomize] [Up To 4 Answers]

In your opinion, how is the packaging for consumer goods adjusted for the Mexican market, compared to the product's home market? (Select all that apply)

- ❑ Language
- ❑ Pack size or quantity
- ❑ Color
- ❑ Information (safety, nutritional etc.)
- ❑ Other, please specify

Page 1 - Question 2 - Choice - One Answer (Bullets) [Mandatory] [Randomize]

In your opinion, what do you think is the most common pricing strategy used for consumer products for the Mexican market

- ❍ Low pricing through cost leadership
- ❍ Price premium through product differentiation
- ❍ Other, please specify

Page 1 - Question 3 - Choice - Multiple Answers (Bullets) [Mandatory] [Randomize]

For products using a differentiation pricing strategy, what marketing aspects, in your opinion, are adjusted to compensate for higher pricing (select all that apply)

- ❑ Promotions
- ❑ Packaging
- ❑ Distribution
- ❑ Positioning
- ❑ Advertising
- ❑ Our products are usually not priced higher than those of local competitors
- ❑ Other, please specify

Page 1 - Question 4 - Rating Scale – Matrix [Mandatory]

Please rate the degree of freedom you think Mexican subsidiaries have over pricing products for the Mexican market in relation to corporate headquarters

No Freedom At All		Equal Influence		Complete Freedom
❍ 1	❍ 2	❍ 3	❍ 4	❍ 5

Page 1 - Question 5 - Ranking Question [Mandatory] [Randomize]

Please rank, in order of importance, what you think are factors considered when pricing products for the Mexican market

Competition	☐	☐	☐	☐	☐	☐	☐
Product Costs (i.e. manufacturing, logistics etc.)	☐	☐	☐	☐	☐	☐	☐
Global Objectives and Guidelines	☐	☐	☐	☐	☐	☐	☐
Consumer Demand	☐	☐	☐	☐	☐	☐	☐
Distributor Needs	☐	☐	☐	☐	☐	☐	☐
Economic Conditions	☐	☐	☐	☐	☐	☐	☐
Government Regulations and Standards	☐	☐	☐	☐	☐	☐	☐

Page 2 - Question 6 - Choice - One Answer (Bullets) [Mandatory] [Randomize]

In your opinion, who has complete influence over approving promotional strategies for Mexico?

- ❍ Mexican Subsidiary
- ❍ Parent Corporation
- ❍ Joint Decision

Page 2 - Question 7 - Ranking Question [Mandatory] [Randomize]

Please rank what you think are the most important sales promotions used in Mexico for consumer products (most important first)

Coupons	☐	☐	☐	☐	☐	☐	☐
Demonstrations	☐	☐	☐	☐	☐	☐	☐
Direct Mail	☐	☐	☐	☐	☐	☐	☐
Product Sampling	☐	☐	☐	☐	☐	☐	☐
Point-of-Purchase Displays	☐	☐	☐	☐	☐	☐	☐
Other	☐	☐	☐	☐	☐	☐	☐
Direct Selling	☐	☐	☐	☐	☐	☐	☐

Page 2 - Question 8 - Rating Scale – Matrix [Mandatory]

Please rate the emphasis you think is placed on the country of origin in advertisements and promotions of consumer products

No Emphasis At All	Some Emphasis	Significant Emphasis	Complete Emphasis
❍ 1	❍ 2	❍ 3	❍ 4

Page 2 - Question 9 - Ranking Question [Mandatory] [Randomize]

Please rank what you think are the most important distribution channels for consumer products (most important first)

Superstores (Superama, Mega etc.)	☐	☐	☐	☐	☐	☐
Traditional Retail/Department Stores (Suburbia, Liverpool etc.)	☐	☐	☐	☐	☐	☐
Small local stores	☐	☐	☐	☐	☐	☐
Other	☐	☐	☐	☐	☐	☐
Direct Sales	☐	☐	☐	☐	☐	☐
Open markets	☐	☐	☐	☐	☐	☐

Page 2 - Question 10 - Rating Scale – Matrix [Mandatory]

Overall, please rate the typical balance found between standard marketing strategies (from country of origin) and the level of adaptability needed for consumer products in the Mexican market

Completely Standardized			Balanced			Completely Adapted
❍ 1	❍ 2	❍ 3	❍ 4	❍ 5	❍ 6	❍ 7

Page 2 - Question 11 - Rating Scale – Matrix [Mandatory]

Overall, please select the degree of freedom you think local subsidiaries have with the development of marketing strategies for Mexico in relation to global headquarters

No Freedom	Some Amount of Freedom	Significant Freedom	Complete Freedom
❍ 1	❍ 2	❍ 3	❍ 4

Page 2 - Question 12 - Name and Address (General)

Please provide the following information if you choose

- Name
- University

Survey Closed Page

Thank you for your participation.

Appendix B: List of Firms from Analysis

Company name (GBO)	Origin
Avon Products Inc	US
Colgate-Palmolive Co	US
L'Oréal Groupe	Europe
Mary Kay Inc	US
Procter & Gamble Co, The	US
Tupperware Brands Corp	US
Unilever Group	Europe
Vorwerk & Co KG	Europe
Apple Inc	US
Motorola Inc	US
Nokia Group	Europe
Dell Inc	US
Hewlett-Packard Development Co LP	US
Henkel AG & Co KGaA	Europe
SC Johnson & Son Inc	US
Cadbury Plc (Kraft, Inc.)	US
McCormick & Co Inc	US
Nestlé SA	Europe
PepsiCo Inc	US
Coca-Cola Co, The	US
Danone, Groupe	Europe
European Firms	7
US Firms	14

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