



Breakfast Roundtable: Insights Into Mexico
23rd January 2019
Marx Room, Quo Vadis Club
Soho, London



Meeting Notes

Attendees List

First name	Last name	Position	Company
Astrid	Barraza	Content Coordinator	London Consulting Group
Emma	Ferguson	Head of Latin America and the Caribbean	Department for International Trade
Imogen	Almond	Planner	RPM





Laura	Forcetti	Global Marketing Sourcing Manager	World Federation of Advertisers
Lucy	Tesseract	Features Editor	Marketing Week
Marine	Roux	New Business Manager	Creative Culture
Mélanie	Chevalier	CEO and Founder	Creative Culture
Milene	Hayaux du Tilly	Executive Director	Mexican Chamber of Commerce in Great Britain
Paul	Duncanson	Managing Partner Non Executive Director	Creativebrief Creative Culture
Riley	Wilson		Ogilvy
Rob	Morbin	General Manager	ICCO
Rocio	Martinez	Head of Transcreation	Splash
Yves	Hayaux du Tilly	Chairman	Mexican Chamber of Commerce in Great Britain

Apologies from Baroness Bonham-Carter of Yarnbury, Prime Minister's Trade Envoy to Mexico.

Introductions

To open the event, Paul Duncanson first welcomed all attendees and introduced the concept of our roundtables. He then asked for everyone to briefly introduce themselves.

Guest speakers Milene Hayaux du Tilly and Yves Hayaux du Tilly, respectively Executive Director and Chairman at the Mexican Chamber of Commerce in Great Britain, as well as Astrid Barraza, Content Coordinator at London Consulting Group, were asked to share some of their knowledge and insight on the Mexican political, social and economic condition, as well as on managing marketing and communications activity in the area.





General Discussion Points

Politics and Economics

In Mexico, the political situation has recently changed, following the 2018 election of Andrés Manuel López Obrador as President, the first time that a left-wing leader has been in power in Mexico since the Revolution. This election has sparked a rise of nationalism in the country, which subsequently has impacted both the positioning and messages that foreign brands should adopt.

Mexico is also the second largest economy in Latin America, and one of the most receptive as Mexicans are very culturally curious and willing to learn from other countries. In the past 35 years, Mexico has also attracted a significant amount of foreign investment, which benefits from the same rights as local investment thanks to the country's trade agreements with NAFTA and with the European Union. There has also been interest from Asia, although Asian brands are yet to make an impact in Mexico.

The trade agreements in place mean that Mexicans are well aware of foreign brands, particularly US and European brands (thanks to Mexico's historic links with Spain). In regards to the US, the two countries have a complicated and often confrontational history, a situation that hasn't improved since the appointment of the Trump administration.

Mexico has also had a long-term relationship with the UK, especially within the manufacturing and mining sectors, an affiliation which briefly stopped after the Revolution, before resuming again.

Despite the current political transition, a great number of investments are still being made, particularly in the fields of research, health, finance and local infrastructure/ construction. Recently, and in view of protecting local businesses, new laws have been implemented requiring businesses to partner with local operators based in Mexico or to acquire a special license to do business there.

Business aside, Mexico is both socially and culturally a very diverse country, which can be split into three regions: the North, the Centre and the South/ East. The North can be described as the least liberal of the regions, followed by the South (particularly in impoverished areas), with the Centre being by far the most liberal. Although these three regions specialise in different sectors, the country's wealth of raw materials remains the main attraction for foreign investments. Nonetheless, despite generating a considerable amount of wealth for businesses, there is the feeling that the mining of raw material has not benefited the local population to the same extent, whose purchasing power is still well below Western standards.

Politics

The results of the 2018 election reflect the social gaps present in Mexico, and the willingness of the nation to take actions that benefit people in the long term, thanks to investment from the government. The fight against corruption has also been a key factor in the election, very much driven by the high participation level of millennials. The current Mexican government, which controls the Congress, has a clear mandate to implement significant changes in the country. It is important to note, however, that some of the decisions have not been popular or understood from an economic perspective, such as the one to cancel the construction of a second airport in Mexico City. The





reasoning behind this decision appears to stem from the government's populist leanings, with the end goal being one of austerity and the redistribution of wealth.

What this means for brands

In the current economic and political context, foreign brands are still welcome to invest in Mexico, as long as they promote messages that support the economic and social development of the country and the population. Although Mexico has a population of around 130 million people, it is estimated that only about 40 million of them are considered an addressable audience, as a significant proportion of the population does not have the sufficient purchasing power to be able to afford foreign brands.

There is certainly an opportunity for the UK as Mexicans love foreign brands, especially those that are modern and address the middle and upper-middle classes. British brands such as Jaguar and Burberry are successful in Mexico, although the UK's largest export to Mexico is actually whisky.

Spending money on brands is a way for Mexicans to demonstrate their status and it was raised that even drug lords are known to share pictures on social media of themselves wearing specific brands (such as Michael Kors, which is very popular in Mexico) as a way of achieving this aim.

The marketing and advertising landscape in Mexico

Internet and mobile penetration have significantly increased in the past few years; 51% of the population now has access to the internet, and therefore to social media platforms. This factor has an important impact on marketing since brands can better understand what Mexicans want and need, while at the same time Mexicans being influenced by the rest of the world.

Video interactions and visuals are very important when advertising a product, much more than any written content itself. Besides, despite a great number of inhabitants having a very low income, it is interesting to note that many of them still own iPhones and TVs.

Social media is very strong in Mexico, and in fact, one of the most popular influencers in the world, Yuna, is Mexican. Social media and advertising play on the foundations of Mexican culture itself and more particularly on the "F factor": family, friends and followers. Family in particular is a very good way for brands to attract, engage and convert Mexicans. On quite a different note, an unusual phenomenon has developed over the past few years whereby social media users follow top leaders of drug cartels who themselves have become influencers - they sell their lifestyle, which mostly focuses on their wealth and what they can afford to buy, such as expensive cars.

Unsurprisingly, US brands are very popular in the country. In the drinks industry, Coca-Cola is one of the top brands locally and is sometimes perceived, by some of the population, as actually being Mexican. There is a great blurring and confusion between American and Mexican brands as the former have been established on the market for such a long time. Alongside Coca-Cola, Corona is another major player in the Mexican landscape and craft beers are seeing a strong rise in popularity. There is also a great beauty culture in Mexico and beauty products across the board, not necessarily big brands, are very successful in the country. It is also worth adding that thanks to the expansion of Mexicans in the USA, more specifically in Chicago, California, Florida and New York, Mexican brands are becoming





more well-known and popular, outside of Mexico itself. Some TV ads are even played in Spanish, despite being aired in the USA.

Certain brands naturally appeal more to certain social classes, given the various levels of economic wealth throughout the country. As well as considering the social and economic classes, brands should also consider the diversity of the different regions in Mexico, with Mexico City naturally being quite cosmopolitan and accepting, and the North being more introspective. It is worth noting that the North is a lot closer to their American neighbour, while the Centre is more readily associated with Western values. A different marketing strategy should therefore be applied to the different classes and regions. Thanks to the variety of sectors and social classes in Mexico, this market has come to be known as a good “test zone” for international brands.

While on the subject of the USA, the recent campaign launched by the airline Aeromexico offered US citizens a discount if they accepted to take a DNA test which showed they had Mexican origins. While most Americans were initially reluctant to being associated with Mexicans, they became more and more enthused as the levels of discount increased. The campaign was very successful and around 54% of Americans who took part in the campaign in fact discovered their Mexican ancestry.

E-commerce

Mexicans were initially very reluctant to turn to e-commerce, however this attitude has changed over the past five years. The recent rise of e-commerce is well illustrated by Walmart’s change in strategy, who 10 years ago refused to open an e-commerce division in Mexico, but has now done so just last year. However, one of the main challenges is that some addresses in Mexico are not localised in Mexico and are therefore hard to find. Parcels could take up to several weeks or months to be delivered.

The rise of social media and decline of TV advertising

Because of the growth of social media in the country, TV ads are not as popular as they used to be and Televisa, Mexico’s main television broadcaster, is struggling to keep up. Companies like P&G have simply stopped advertising on TV to focus on other platforms instead. Ads are increasingly focused on YouTube and social media channels, which might be due to the fact that social media platforms are perceived by users as being more truthful and allowing for more freedom. However, because about half of the population doesn’t have access to the internet, brands wishing to establish themselves in Mexico should still advertise on TV as well as on social media channels. At the moment, mainly big cities, located in the North and Centre of the country, have access to the internet but this is planned to be expanded to other regions. Radio is still an important channel for advertisement, which can reach lower social classes given that a greater proportion of the Mexican population has access to this medium.

Social responsibility

While the way brands advertise needs to be more subtle and focused on social issues, it does not mean that there has been an increase in CSR coming from local brands. None of them seem to have ever stated that they were not affiliated to drug lords nor that they did not support them. Moreover, they have not come forward to support social causes like gay marriage. However, there has recently





been some criticism towards brands that promote unhealthy food or drinks across the country. It is worth noting that Mexico is the country with the highest obesity and diabetes rate, combined with one of the highest soda consumption levels, in the world. Slow changes are occurring and brands like Coca-Cola have started to promote sports in their communications and low-calorie products are becoming more popular, in addition to non-alcoholic drinks.

Environmental issues are not particularly high on the agenda in the country, although there is a call to develop tourism in a more sustainable way, especially in and around coastal areas. This is especially important considering tourism is a key sector in Mexico, and some areas, like Cancun, are very well protected by the government. Overall, people need to be better informed about environmental issues but no changes seem to be arriving in the foreseeable future.

Sense of humour

We ended the roundtable on a light note, one about humour. One final aspect for global brands to bear keep in mind when advertising in Mexico is the power of local humour. Shrek, for example, has become a huge success in the country because the Mexican adaptation employs very local jokes and humour. In general, to succeed in the country, brands need to show that they want to belong there and that they understand Mexicans. This can be seen on TV, where most adverts a few years ago would only show white people, but who have now been replaced by casts that are more representative of the Mexican population. It is believed a wider access to social media is partially responsible for that change, where and influencers now look more Mexican, rather than only white.

The meeting concluded with our experts sharing some quick do's and don'ts related to communicating in Mexico.

Do:

- Promote trust and honesty in your ads in Mexico, since Mexicans struggle to trust brands
- Engage and collaborate with Mexican partners, and capitalise on Mexicans' strong creative skills.
- Be daring as Mexicans have a strong stomach and a thick skin
- Learn and care about the country

Don't:

- Insult religion or traditions, since these are important aspects of Mexican culture
- Lecture Mexicans or tell them what they must do
- Be afraid of the news (particularly around corruption, violence and drugs), Mexico is a beautiful country with good opportunities which will give you many things in return

Conclusion

At the end of the roundtable, Paul Duncanson thanked everyone for attending.

The meeting concluded at 10.35am.

