

Contemporary Marketing Practices in Mexico

Hector Gerardo Toledo Rosillo*
Violen Hubenova Nencheva**

Summary

New market trends bring serious changes in the used marketing and advertising techniques. New technologies also play a very important role in the brand development and advertising. The aim of this article is to show the new trends in the marketing, and also the way they are applied by international companies and small and medium-sized enterprises (SMEs) in Mexico. The paper also aims to expose the growing importance of social networks in the marketing in Mexico and provide examples of international companies that have been successful in the Mexican market. The article also emphasizes on consumer behavior and some successful marketing techniques. The conclusion drawn is that no matter how important current trends are, in order to be successful, companies have to customize their activity depending on the products they offer and the consumers they are targeting.

Keywords: Marketing strategies, Marketing trends in Mexico, International companies, SMEs, Social networks.

JEL: D22, M31, L60.

Introduction:

The trends and concepts associated with marketing and advertising are continuously evolving. It is a sector that is highly innovative in nature, with innovations

and new trends that are becoming increasingly important every day, where new concepts are continually being conceived as an alternative to the existing ones, with the objective of contributing new knowledge and being competitive in a rapidly changing sector today.

1. Global trends in today's marketing

Martínez Ramírez, Elba Josefina and Romo Martínez (2006) point out that the new marketing trends show that they are effective and innovative and produce positive results, ending up imposing themselves and becoming real strategic models that can generate the emergence of new companies and branches in specialized industries. There are several new trends in marketing today that change rapidly with the development of new technologies and the most widespread are:

a) *Social Media*

The most important idea is to attract potential customers by fostering consumer trust in a brand. According to NM Incite, 71% of consumers who experience a fast and effective brand response on social networks are more likely to recommend it, compared to 19% of customers who do not receive a quick response and lose their trust in the brand. Today, one of the main goals of companies is to foster social interaction.

b) *Know the user*

Thanks to the tools that allow to analyze the data of previous purchases of clients, subscriptions and download of documents, the companies arrive at the hypersonalization. They can build a

* Prof. PhD, Faculty of Accountancy and Administration, Autonomous University of Queretaro

** PhD Candidate, Department of Industrial Business, University of National and World Economy, corresponding author

customer profile that gives them the option of offering targeted and personalized content. According to the Direct Marketing Association, 76% of consumers will share personal information with a brand if they believe it will improve their experience and that helps companies a lot to get to know the users.

c) Optimization for mobile devices

A TechNavio report shows that the average rate of investment in Social Media and Interactive mobile marketing has grown by 28.48% in 2016. The growing development and high penetration rate of mobile devices require a proper strategy that can lead to the sector.

d) E-commerce

Digital commerce has grown rapidly for several years and is beginning to consolidate, several companies create their electronic stores to live up to the demands of the consumer. That helps them respond to consumer searches quickly and efficiently.

e) Collaborative marketing

The goal of collaborative marketing is to create a cooperative relationship between consumers and brands: the idea of collaborative marketing is that users generate content online or provide feedback on product development. They become 'proconsumers'. Thus the brands have direct contact with their customers. Another option of collaborative marketing is the union of two or more companies with no conflict of interest between them but with the same target audience that carry out joint marketing actions.

f) Consumer experience

It focuses on the interaction between the consumer and the brands with the goal of creating an emotional bond and loyalty in the customer that would be maintained in the long term. Its application is to promote experiences that generate closeness with

the user; it is regularly performed at the point of sale. It is vital that companies address their consumers in a personalized way, attending their tastes, preferences and needs. Personalization will be the basis for gaining consumer confidence, achieving its interaction with the brand and converting it into a client. That is why the information and data of the client, and its correct exploitation with technologies like Big Data, become an asset of great value for the companies; they are crucial to providing a good customer experience. The best way to do influence marketing is by considering three factors: scope, resonance and relevance.

g) The rise of chatbots

The growing popularity of digital assistants like Siri, Cortana, and Google Assistant, has made people more and more accustomed to interacting with their phone. The use of chatbots makes sense for brands as they allow to answer frequently asked questions and make simple bookings automatically. In this way, the people responsible for customer service will be able to respond to more complex situations.

h) Content marketing

Content marketing aims to inform both current and potential customers in order to increase their trust and develop the brand. According to the Content Marketing Institute, 86% of B2B organizations have a content marketing strategy. The power of content attracts and makes loyal the customers and one of the tools necessary to achieve this is to have an optimal web and create good content. 58% of consumers rely more on those companies that produce video content and 71% are left with a positive impression of them.

i) PR marketing

These methods are generally distinguished by holding press conferences, paying the media for the reviews of their

products, commercials on television, radio and newspapers.

j) *Call-to-action marketing*

This is a type of digital marketing that is characterized by turning the traffic of a website into potential customers by advertising through texts, images, videos and audios.

k) *Viral marketing*

Viral Marketing uses the publication of audiovisual material to expand quickly to many clients and in a fast way. To do this

free tools such as social networks and video sites can be employed, for example: YouTube and Vimeo that serve as a mean of publication and dissemination at the same time.

l) *Content marketing*

This strategy is used, especially if the company's goal is to market its products through internet. It consists of generating content for multiple websites, with the condition that the consumer is allowed to enter a direct link up to the address of the product that the company is selling.

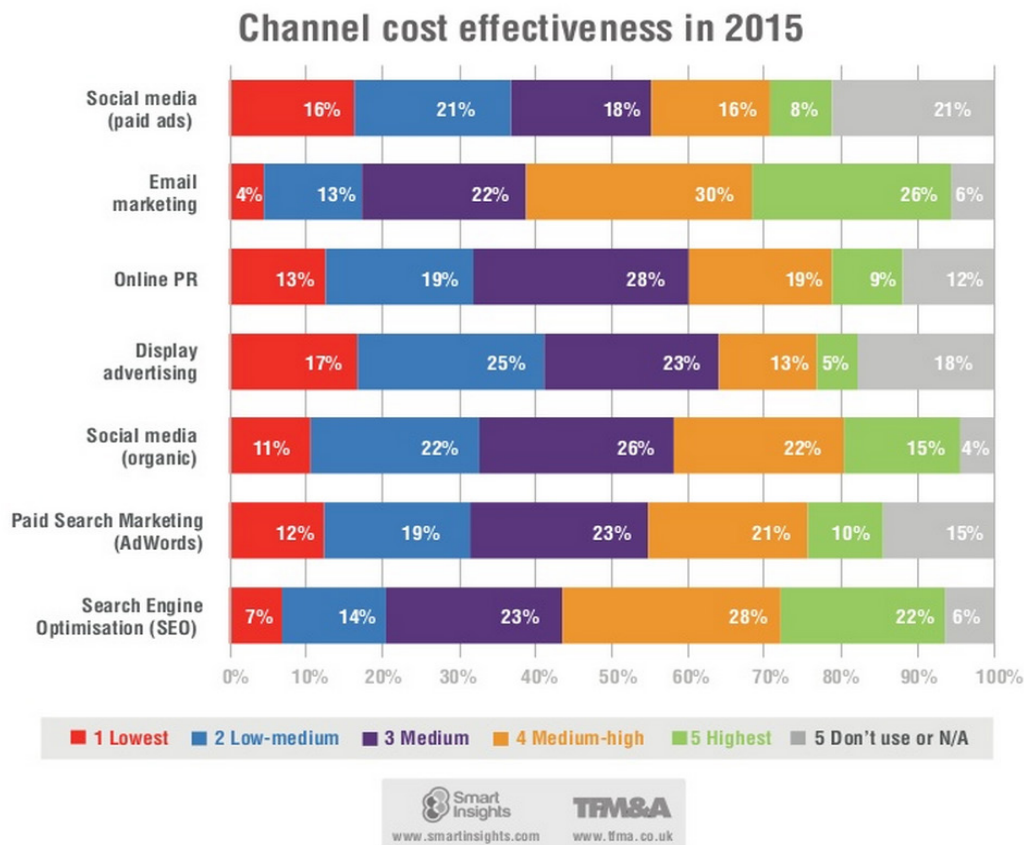


Fig.1. Channel cost effectiveness in 2015

Source: Smart Insights (2015)

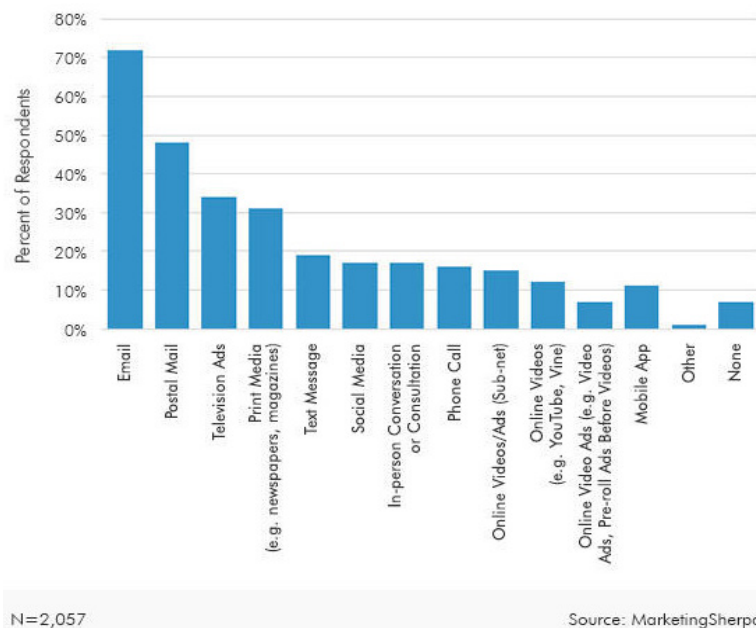


Fig. 2. Marketing tools or channels used by companies
Source: Marketing Sherpa

2. Methodology

In terms of methodology the global marketing trends applied in Mexico are determined by qualitative analysis by means of comparison to explain the different strategies employed in transnational and national companies. The analysis is useful to discover the impact those strategies cause in the operations of the international companies and to be able to suggest alternatives that lead to a greater rapprochement between the different companies, also to the extent of penetration of global strategies in the growing Mexican economy.

2.1. Marketing in big companies in Mexico

Experts from *The Forbes* magazine show that the strategies adopted by the Mexican companies in their marketing activities depend on the set objectives.

Digital marketing has recently gained a lot of power in marketing activities. The budget for online advertising in Mexico is twice of the size of the investments in Argentina, for instance. Nevertheless, the country is still lagging behind what is invested in Brazil or the United States. Twitter for example is a very good tool for raising brand awareness, whereas Facebook and Google are much better for generating sales. Below are several examples of the marketing activities employed by the larger companies in Mexico:

A. Coca-Cola

According to *The Expansión* journal, in Mexico Coca-Cola has several factories in different states and many venues that produce and sell not only the drink Coca-Cola, but also all other company products. As for digital marketing, the company has eight Twitter accounts, which together have 725 000 followers, nine profiles on Facebook,

with 129.4 million followers, 13 profiles on YouTube, three on Flickr and four blogs through which the company interacts with its customers and clients. Some strategies that Coca-Cola has boosted and have been successful are: firstly its unique formula in the market. During the last century, except for minor changes, the recipe has remained practically the same. This has contributed to the growth of the company on a large scale, since they do not invest time trying to adapt the flavor to regional markets worldwide. Their logo is another key point of the company because it uses a timeless source. When created it was decided that the Coca-Cola logo should be written on the accounting sheets to differentiate itself from its competitors. The company standardized the logo in 1923 and, like the recipe, and decided that while packaging could adapt to the times, the logo should be untouchable. Thus a logo was created that has remained more than 100 years in the market all over the world. The packaging of the product corresponds to the strategy of defensive marketing, and began the promotion campaign, in parallel with the logo, although the packaging has undergone some modifications over time, in accordance with the consumer trends. Another key point in the company's marketing strategy is that it shares with retailers the responsibility of maintaining its high level as a brand. The Coca-Cola team considers the drink to be consumed at 36 degrees Fahrenheit.

Coca-Cola kept the same price for 70 years. Nowadays it is frequent that the new companies start offering a service for free and as soon as customer loyalty has been achieved, they start charging a higher price to consumers and advertisers. One can say that Coca-Cola did the same to position itself in the United States and the rest of the world, except that they took more than 70 years to raise the price: from 1886 to 1959 a bottle of Coca-Cola costed only

five cents. On the basis of these actions it is clear how the company has become a benchmark in the prices of cola products in the market. The company was a pioneer in merchandising and the different types of advertising boosted its growth and brand recognition. Coca-Cola is much more than a drink, it is a consumer brand, an idea consumers could identify with, and for that purpose implements different marketing strategies. Advertising campaigns have been launched, first on the national level and then worldwide, with variations of „Drink Coca-Cola“ and „Delicious and refreshing“ that fit in a standardized style. Coca-Cola has several very successful marketing campaigns that are an example to be followed by several companies: the recent campaign „Share a Coca-Cola“ that made thousands of people go to the stores in search of their names captured in cans, shows even more the success of the company every time they customize their product. This is an idea of personalization, where the plan is for the consumer to feel that the products were made just for him/her. Another successful marketing campaign has been the advertisement with the strategy of dayketing (marketing campaign for a special day once in a year) that the company makes for several special occasions like Christmas, brand anniversaries etc.

B. Bimbo

The Mexican company Bimbo also has several marketing practices that are an example to follow. Bimbo has a large market of millions of consumers in Mexico and brands that have been more than half a century in the market. Its brands like „Gansito“ or „Pan Blanco Bimbo“ have become consumer bulwarks in all homes and part and tradition in Mexican families. The company has several exemplary strategies such as product strategy: „We develop tasty, healthy and innovative products“; the

brand strategy: „We establish long-term relationships with our consumers“; or also, the strategy of market penetration: „We get more and more consumers.“

One of the most important competitive advantages for Bimbo is its ability to reach the most distant points of sale. In Mexico, Bimbo has managed to place its products at an average of less than one kilometer away from each consumer and seeks to reach the same level of market penetration in the other countries where it is located. Bimbo has always sought to increase its efficiency and effectiveness and therefore has developed its own technology for the production of its products, which has allowed it to optimize its resources, shorten its production time and raise the quality of its products through the use of better packaging.

In 2007, Bimbo acquired new assets in Chile, Peru, Panama, Brazil and Uruguay. This growth has been achieved through the acquisition of local bakeries and food processors, which have the respect of the consumers in their markets. In this way, Bimbo reaches new audiences by exploiting brands and products already known by them, while launching and introducing new brands.

C. Starbucks

The Starbucks coffee company has decided to have an unconventional marketing campaign. The strategies it has are unique and perfectly fit the company's concept. Starbucks' first strategy is related to the loyalty and the emotions of the customers. For the company this is one of the ways in which its employees establish significant connections and relationships with the consumer. The success of this company's model is such that it has more than 21,000 stores in 65 countries and has become the first toaster and specialty coffee vendor in the world.

Another important strategy for the company is the quality of its products. Although they use expensive coffee, there are many consumers and coffee experts

who assure that their flavor and aroma is worth it and would prefer it to another brand. Market strategies have expanded to create a whole community that revolves around the brand. For example, on the official Starbucks website, customers have a dedicated section to share their stories and experiences in the coffee shops creating an entire Starbucks Community. Throughout the years Starbucks has sought to innovate its beverages, products and coffee shops: from exterior renovations to the interior of each cup of coffee. Part of their strategies is that they have added different flavors to their menu, seasonal drinks, and have also created special desserts to accompany the drink. To this, we can also add the fact that they have been among the first coffee shops to integrate the free internet service. Starbucks has always focused its marketing in the publicity, their advertisements send a clean message to the customers without needing a lot of content. This point is key for customers or people familiar with the brand because they know how to distinguish their advertising from any other cafeteria; thus creating the marketing strategy of the brand.

For Starbucks, it is also essential that users perceive their importance to the company through a personalized and friendly treatment, and that customers can choose the type of beverage and mixes they want. The digital strategy used by Starbucks has distinguished itself as a paradigmatic model of what is now known as emotional marketing. This type of marketing is based on a strong affective connection between the brand and the customer. Built on the basis that most buying decisions are based on emotions and creating an emotional connection with the consumer, Starbucks creates very strong ties with its customers.

D. Heineken

Another current marketing trend is mobile-first and Heineken combined it with

crowdsourcing for the 120th anniversary of the birth of the beer Indio which belongs to the Heineken company. The company opened a blog where Mexicans published designs for the 120 labels that the brewery used in 90 million bottles. Thus the company managed to create even stronger ties between the consumer and the brand.

E. Motorola

When Motorola launched its new RAZRtm mobile phone in Mexico in 2013, it utilized a three-stage digital marketing strategy that helped it increase its sales and make this cellphone one of the most well-known and wanted. The first stage was aimed at generating an expectation about the new smartphone, so the company posted ads on Google and YouTube. The second stage was the launch of the product where massive advertising was used on YouTube, both mobile and computer. Thus more than 10 million people had knowledge about the product. The third stage was the sale of the new product. The purpose of that stage was to make more sales, for which Motorola used a more aggressive advertising strategy, which included ads with the click to call functionality, with which one could easily buy the phone with a phone call.

F. Nissan Mexico

Nissan Mexico along with Google, Nissan's National Association of Car Dealers and the online marketing agency Go Virtual worked together to create a strategy in Google AdWords, with the goals of increasing the traffic of the different websites of its distributors and the result that the number of driving tests and quotations be increased. The outcome was a great success: a 257% increase in visits to websites, a 249% increase in quotations and a 350% increase in management tests. There are three keys that were taken into account for the creation of the digital marketing campaign,

mobile devices, web search engines and digital channels. Basically, what they did was to create a Google AdWords account for each of their distributors, taking into account the keywords and needs of each of the distributors who participated in this campaign.

2.2. Marketing in small and medium-sized enterprises in Mexico

Granica. Chiavenato, I. (2009) point out that micro, small and medium enterprises (SMEs) are fundamental for the economy of the country, since at present 95 percent of the companies that exist in Mexico belong to these categories and employ 78.5 percent of the Mexicans. Digital marketing is becoming more relevant for SMEs in Mexico. The reason is the increase in access to digital media in the country and as a result, users are modifying their behavior in relation to purchasing decision making, and both SMEs and entrepreneurs adapt to this reality to maintain competitiveness in their niche market. Today, only one in ten SMEs in Mexico have a Web page. Cost is the main obstacle for SMEs to start marketing campaigns (Figure 3).

Currently it is essential for any firm to use social communication platforms since they can also be used as powerful marketing tools. Considering that at least 2.7 billion people in the world use these networks, it can be fundamental for emerging brands to reach this path, since the function of social media is to enhance the visibility of the company with an effective marketing strategy.

In Mexico, SMEs make up 99.8 percent of business units and generate 52 percent of the Gross Domestic Product (GDP), according to data from the National Institute of Statistics and Geography (INEGI).

For this business model to be effective, it must rely on several factors of importance for the growth of its business:

1. To create strategies to publish quality content, to provide credibility and confidence through the content that the client considers to be essential.

2. To focus on a specific market, public and consumer. According to the type of product the company has, it must attend and search for consumers in the sector, search for groups and digital spaces in which it can develop its activity.

3. To provide a channel of communication with the consumer and promptly answer any questions or suggestions. For brands to stand out from the competition, giving a good service from the beginning can determine the follow-up with the brand.

4. To adapt to the formats that are used by the public. It is important to know in which social networks the client is connected, in addition to adapting to its channels.

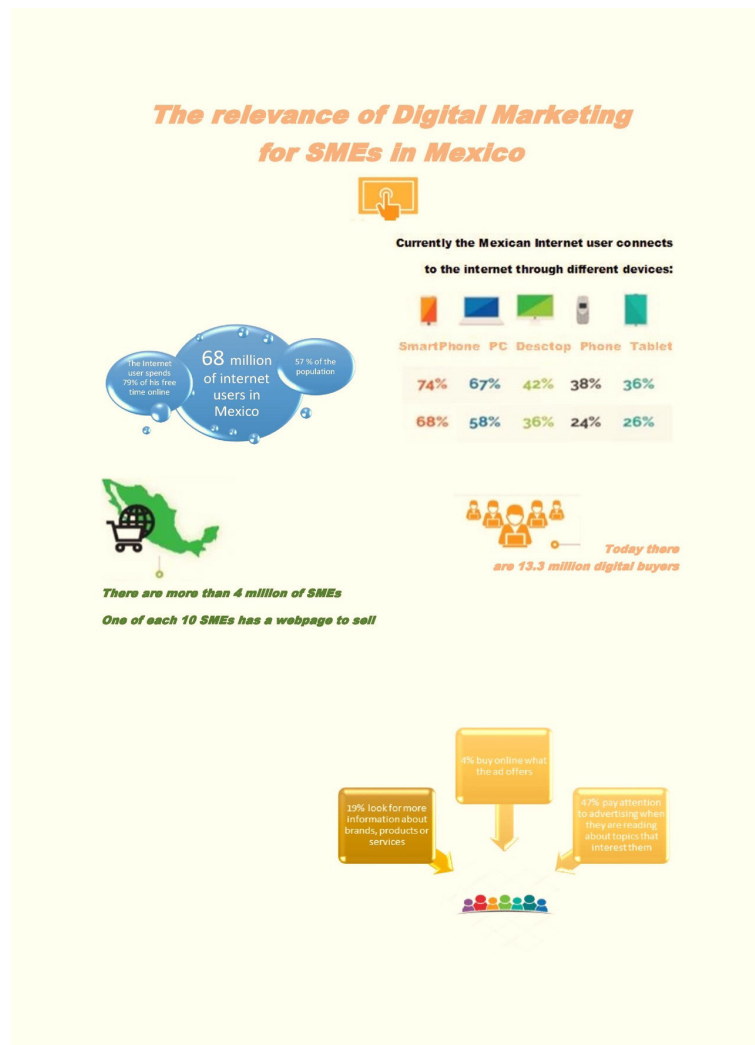


Figure 3: Digital Marketing for SMEs in Mexico

Source: Study IAB, Consumption of Media and Devices among Mexican Internet users, (2016)

3. The current power of social networks

Bernal, A. I. and M. A. Cabrera. (2010) explain that social networks have the power to influence and work with perceptions to strengthen or weaken brands, propose ideas or implant concepts in the minds of consumers. The wishes and needs of consumers or clients must be understood in order to anticipate the desired behaviors and reactions. Social networks have evolved to influence political, economic and social activity in the countries of the world. Social networks, in particular Twitter and even more Facebook, have now become a mechanism not only for communication between friends and people but also an important mean of communication that companies count on to be able to communicate with their stakeholders, especially the customers.

Of the 100 largest companies in Mexico, 80% have a presence in social networks; 79% are on Facebook and 80% are on Twitter, according to the Digital Marketing and Social Media study of the Mexican Internet Association (Amipci). According to the IAB and Pricewaterhouse Coopers (PwC), online advertising invoiced 8,355 million pesos in 2013, a 31% growth over the previous year. Of this amount, 23% went to social networks, which represented a 155% increase over 2012. Approximately 30% of digital budgets go to social networks.

The most socialized products and with more followers on facebook are: drinks and beer, consumer products, car manufacturers and departmental commerce and on twitter are the airlines services, telecommunications and logistics and transportation. According to data published by SocialBakers, Mexico is the leader in Latin America in social media marketing in terms of consumer brands. According to statistical data in Mexico, brands such as Doritos, Kinder and Ferrero Rocher lead with the highest percentages on Facebook.

In September 2016 this network had 1.790 million active users, LinkedIn - 450 million users, Instagram - 600 million users, Twitter - 313 million, Google Plus - 300 million and Pinterest -150 million users. Facebook is the most used social network today and is designed for all types of public. Its users fluctuate between 18 and 50 years of age approximately, although the most active majority group is in the 30 to 44 years age bracket. Youtube is the second most used social network by the public. Nowadays it is the most used social network to upload videos and to advertise. It has more than 1 billion users. Twitter is a microblogging network born in 2006 that has over 500 million users. Google+ is Google's social network and has more than 300 million users worldwide. This social network is widely used to create events and circles among people. LinkedIn is the most used network among professionals. It has more than 260 million users and focuses mainly on people looking for jobs. Instagram, created in 2010, is one of the most used and fastest growing social networks in a short time. It has more than 150 million users uploading photos and videos every day at all times.

4. The most powerful brands in Mexico

In recent years several international companies have positioned themselves in the Mexican market and have been able to develop very well thanks to its marketing strategies, logistics, development and innovation. In the same way in the Mexican market, the national companies also have a large share. The international Telcel, Cemex and Bimbo are the three most valuable brands in Mexico, according to Brand Finance, which places Corona in the fourth position. Among the first on the list is Grupo Bimbo which is the company with the most valuable consumer brands: Bimbo, Marinela, Tia Rosa and Oroweat. It is followed by the

conglomerate of Carlos Slim, owner of five brands within this list, including number one Telcel, Telmex, Sanborns, Inbursa and Condumex. Other companies with a lot of power in the Mexican market are: Oxxo, Banamex, Banorte, Soriana and Liverpool.

Conclusions:

The current marketing strategies used in most Mexican companies follow global trends and are constantly updated in accordance with the development of new technologies in different areas. Similarly, changes in marketing are closely related to the changes in other areas of the company such as finance or distribution logistics and for the techniques that are used to succeed. It is necessary to design strategies for personalization, so that a distinctive that allows to position the company can be generated, improving its brand and image.

Some good practices that would help SMEs would be:

- *To establish an unmistakable brand identity*

The secret to business success is determined by the ability to communicate and present a business accurately and the ability of the company to deliver a clearly defined and consistent product; also to make „Branding“ and in this way ensure a prosperous business with all the customers that the company needs. It is very important to establish a strong brand identity that clearly shows its distinctiveness and uniqueness. That is why it is essential to establish brand identity before starting any marketing activity.

- *To build a deep connection with the primary target audience of the company*

In marketing, you get a lot more value if the company focuses its efforts on a defined group and generates a connection with this group, to identify their tastes and

needs in order to offer a better product to their customers.

- *To design convincing offers that appeal to customers*

80% of all buying decisions are based on emotion and feeling. The marketing work of the company is to know what interests the customers to get to see how their services can meet the demands of the clients.

- *To assemble a grounded and achievable marketing plan*

Identifying the target market, the availability of the product and positioning the brand are marketing activities that each company must have to establish its target market. The plan also includes advertising, sales promotions, direct marketing and communication oriented to existing customers. For SMEs it is quite challenging to create the marketing plan because they have limited resources, which leads to the creation of increasingly innovative strategies that in turn yield results with little investment.

SMEs prefer to use direct marketing to reach their markets, since it is the best alternative to reach specific niches and segments. Using methods like email messages helps companies to provide information about their products and increase their sales. Like all companies, SMEs need to clearly define their promotions to attract customers or stay ahead of the competition. They also need to make sure their offers are relevant to impact on their target market. If the product or service does not align with the target markets, wants or needs of the company, the sales promotion will not be fully considered, even if they are very generous. The combination of promotional elements selected must take into account several factors, including: the resources and skills available, the type of product or service, demographics, the target market lifestyle and the size of the market, among others. Smaller companies with limited resources

and a local market may choose to advertise on radios, local newspapers and websites or social networking sites for the community; or use the „face to face“ strategy. Currently the most used techniques in SMEs are web pages and emails first, as well as virtual communities, forums, blogs, chats and virtual stores. Other practices also used by some of the SMEs are the virtual catalogs, the online auctions, the own chats in the web pages and the search engines of reference.

Small companies can use these tools to increase their sales, since they can reach different types of people through them; in addition, they can offer the specific characteristics of each product and present it to captive and potential customers. In virtual stores, for example, customers can pick the order of their products as well as pay them immediately or wait until the sale is confirmed by the company.

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