Chapter 70
The Role and Challenges of Consumer Research in the Dynamic Economic and Social Environment of Latin America

Joseann Knight
University of the West Indies, Barbados

ABSTRACT

As Latin America moves towards 2020, consumer spending is expected to overtake resource extraction as the engine for economic growth. However, the international business community still has only a surface understanding of the peculiarities of Latin American consumers and marketplaces. More importantly, there is little academic or even practitioner-generated guidance for producing meaningful consumer research in the Latin American context. This chapter addresses some of the relevant consumer research issues and challenges in the dynamic marketplace that is Latin America and serves as a useful point of reference for international marketers and investors seeking to explore the opportunities that exist therein. The chapter also gives a brief summary of current consumption trends in Latin America, in an effort to highlight the uniqueness and dynamism that render consumer research a necessity rather than a choice for prospective entrants.

INTRODUCTION

Marketers, investors, and policymakers across the globe are paying rapt attention to the social and economic strides being made in Latin America1 (Nicholls-Nixon, Castilla, Garcia, & Pesquera, 2011; Fastoso & Whitelock, 2010). The “All Eyes on Latin America” conference held in 2012 by the prestigious Wharton School of Business is just one example of the keen interest being shown in this region of the world.

It is well-established that much of the economic growth in Latin America in the last decade has been driven by the tapping of its vast natural resources (Valores, 2012). However, the interest of international marketers and investors is better understood in light of the expectations that consumption, more so than resource extraction, will...
propel this region’s development in the years to come (Levitt, 2011). Though increased effort is being made to study the Latin American consumer (see Galgey, 2011 and Reardon & Berdegué, 2002), there is very little academic discussion on the challenges and caveats associated with conducting consumer research in this region (Fastoso & Whitelock, 2011). There is also room for greater information sharing by research practitioners and executives operating in this marketplace (Global Intelligence Alliance, 2011).

Recognizing that consumer spending will drive future growth, this chapter examines the peculiarities of consumer research in the rapidly changing economic, cultural, and technological space that is Latin America. In so doing, the chapter also provides insights from consumer researchers working in the region as a means of empowering and informing marketers and investors who have a real, yet unexplored interest. Prior to its primary discussion of consumer research in the Latin American context, the chapter sets the stage by highlighting the current trends in consumption and buying behavior.

THE LATIN AMERICAN CONSUMER AND MARKETPLACE

The first years of the new millennium have been defining ones for the countries and the peoples of Latin America (Valores, 2012). During that time, approximately 12 percent of the region’s 550 million people entered the middle class. In countries such as Colombia, the middle class has grown by as much as 30 percent (Levitt, 2011). The expansion of the middle class is a critical marker in emerging markets as it translates to an increased demand for an array of quality and high-end consumer goods (Solomon, 2009; Schiffman & Kanuk, 2010).

As expected, this growth in Gross Domestic Product (GDP) across the region has been accompanied by a virtual explosion in consumer spending across all income levels, since earnings from mining and exploration have ameliorated the social and economic conditions of even the poorest of Latin Americans (Global Intelligence Alliance, 2011; Valores, 2012; Levitt, 2011). Nevertheless, practitioners warn against adopting a regional or national mass market approach. The 2012 Wharton conference highlighted five Latin American experts: 1) Nick Handrinos of Deloitte; 2) Augusto Garzon, a Managing Director at Unilever, Latin America; 3) Joel Muniz of the Boston Consulting Group; 4) Juan Carlos Lombera of Colgate Palmolive; and 5) Andre Barbieri of Itaú Unibanco. All agreed there is no such thing as a “Latin American market”. Despite strong evidence of similarities across cities and countries – for example, the insatiable desire for Internet-based and technological products among Latin youth (Jarski, 2013) – there are some important aspects of consumer behavior which are country specific, income/class specific, or even lifestyle specific.

Muniz of the Boston Consulting Group gave the example of bread. Whereas a particular brand or type of bread may be popular with consumers across the 50 states of the USA, so-called “good bread” is quite differently defined in Mexico as it is in Colombia or Argentina. There was general agreement among the experts that though Latin America possesses vast market potential, the dynamism of its economic, cultural, technological and political environments and the sometimes overwhelming diversity of seemingly similar consumers mandate a ‘deep understanding’ of the market. In essence, success in this region is closely associated with a commitment to ongoing consumer research.

The current trends or patterns in the behavior of Latin American consumers further emphasize the need for marketers to adopt a research culture in order to pinpoint the sometimes subtle, but critical differences, between Latin Americans and the rest of the world – and, more importantly, between Latin Americans themselves. The chapter will now turn to some of the important trends, behavioral
Related Content

Small Active Investors’ Perceptions and Preferences Towards Tax Saving Mutual Fund Schemes in Eastern India: An Empirical Note
[www.igi-global.com/article/small-active-investors-perceptions-and-preferences-towards-tax-saving-mutual-fund-schemes-in-eastern-india/179915?camid=4v1a](www.igi-global.com/article/small-active-investors-perceptions-and-preferences-towards-tax-saving-mutual-fund-schemes-in-eastern-india/179915?camid=4v1a)

Broadening the Scope of Ethical Consumer Behaviour: A Study on Five Precepts of Buddhism
[www.igi-global.com/article/broadening-the-scope-of-ethical-consumer-behaviour/88089?camid=4v1a](www.igi-global.com/article/broadening-the-scope-of-ethical-consumer-behaviour/88089?camid=4v1a)

Study on E-Business Adoption from Stakeholders’ Perspectives in Indian Firms
[www.igi-global.com/chapter/study-business-adoption-stakeholders-perspectives/54904?camid=4v1a](www.igi-global.com/chapter/study-business-adoption-stakeholders-perspectives/54904?camid=4v1a)

The Effectiveness of Internet Portals on the E-Commerce Activities of Rural SME Business Owners: A Study of Rural SMEs in Scotland
[www.igi-global.com/chapter/effectiveness-internet-portals-commerce-activities/40618?camid=4v1a](www.igi-global.com/chapter/effectiveness-internet-portals-commerce-activities/40618?camid=4v1a)