

# Synovate Hotspots Argentina



# lifetolife



Bringing  
**Argentina**  
to life



# Bringing Argentina to Life

- This document is designed to give you an overview of Argentina, its people and some of the key issues and trends Synovate is observing.
- The core source of information is 'LifeWorlds' (Synovate's ethnographic approach) supplemented by Synovate's broader understanding of this country's culture.
- Our discussion has three main parts:
  - "Big Ideas": insights into Argentinean culture and consumers
  - Implications for research
  - Data



# **Section I: Big Ideas**

# Bringing Argentina to Life: “Big Ideas”

## Insights into Argentinean Culture and Consumers

1. **Pride Goes Before a Fall:** Argentinean consumer attitudes are very much shaped by the fact that they feel that they are “poor people” living in a “rich country”. So, they have sophisticated tastes and are proud and sensitive to being called a “third world” or developing country.
2. **Paris of the South:** Argentina is physically located in Latin America but its history means that its soul / ethos is European...
3. **Carpe Diem:** Because of recurrent economical crisis and instability, Argentine consumers are inclined to spend on tangible things rather than intangibles or save.
4. **Twenty two reasons to buy:** Argentine consumers are both value conscious and brand-driven...they are sophisticated consumers who have an unusually complicated purchase decision-making process.
5. **Obsessed with design:** Argentines are concerned with design more than with status. They appreciate well designed / well packaged products...also may place more importance on form than function.

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# 1. Pride Goes Before a Fall

## Poor People Living in a Rich Country



- Consider this entry from a 1919 Larousse Encyclopedia:
- *“Everything leads us to believe that the Argentine Republic is poised to become a competitor of the United States of America, based on the wealth of its resources, the extension of its territory, the economic activities of its population, and the development and significance of its industry and commerce.”*
- In the early 1930s economists such as John Maynard Keynes considered Argentina to be one of the seven wealthiest countries in the world.
- Today, however, per capita income is similar to what it was in 1974 and Argentina struggles with a sense of unfulfilled expectations and a touch of a split personality -- poor and rich, third world and first world.
- Perhaps more than any other country in Latin America, Argentina feels First World and many traces of its early affluence remain, despite recent economic setbacks. Its literacy rate is 95% plus, putting it on a par with industrialised nations. Its infrastructure is highly developed, and Argentina boasts one of the largest middle classes in Latin America. Its architecture, its café society, the taste for European goods, are all part of the Argentina experience, although they may reflect more a glorious past than current economic reality.
- “Rich as an Argentine” was a popular phrase at the turn of the 20th century, and Argentines still hold to this image of themselves. They are not willing to accept what they perceive as 'second-class' (or worse: Third World) status as consumers.

# 1. Pride Goes Before a Fall

## Poor People Living in a Rich Country

### Implications:

- Argentinean housewives don't want to buy Brazilian tomato products – the only exception to this rule is Brazilian ketchup which is “junk food” anyway so its origins don't matter.
- Even high prestige brands need to be sensitive to the subtleties of this. When Mercedes Benz attempted to sell A-class cars that had been manufactured in Brazil and Mexico, Argentine consumers stayed away, holding out for German made Mercedes.
- Argentine consumers' ambivalence towards their neighbours is mutual, with consumers in other Latin American countries showing antipathy to Argentinean brands. The image of the insufferably proud Argentine resonates best in two commonly told joke:

*What's the best business deal in the world?*

*Answer, to buy an Argentinean for what he is worth and  
to sell him for what he believes he's worth.*

*How does an Argentinean commit suicide?*

*Answer, he jumps from his own ego.*





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## 2. Paris of the South

### More European than Latin-Americans



- Argentines have a hard time reconciling themselves to geography. Although Argentina sits squarely in Latin America and at the centre of the economic development sweeping that continent, Argentines don't see themselves as part of the same world. They are Europeans, an Old World island adrift in a New World sea.
- While countries like Peru and Mexico have cultures which are influenced by both indigenous (i.e. Inca, Aztec) and colonial (i.e. Spanish) influences, Argentines don't make much of their country's aboriginal culture. Indeed, for most of its citizens, the modern History of Argentina starts when the Europeans arrived on its shores.
- While 80% of the population claims Italian or Spanish descent, sizeable swathes of the population have their origins in British, French, Jewish, and even Eastern European stock. In Patagonia, settled by the Welsh in the 1860s, it is common to find surnames such as Jones and Williams among the Spanish-speaking locals. A soccer player called Jose Luis Brown scored a goal for Argentina in the 1986 World Cup Final victory.

## 2. Paris of the South

### More European than Latin-Americans

#### Implications:

- Argentinean housewives don't want to buy Brazilian tomato products – the only exception to this rule is Brazilian ketchup which is “junk food” anyway so its origins don't matter.
- What do Argentina's European roots mean for marketers trying to reach potential customers? Firstly, that European brands and aesthetics that have resonance here. European car marques such as Peugeot, Renault, Volkswagen and Fiat account for more than 50 per cent of the new car market, while US brands General Motors and Ford make up around 25 per cent and Japanese vehicles lag at around five per cent.
- Hollywood films may attract the biggest audiences, but European ones get more prestige and better reviews in newspapers.
- Argentina is the second largest market in terms of share for Moët & Chandon champagne, putting it behind France but in front of California...



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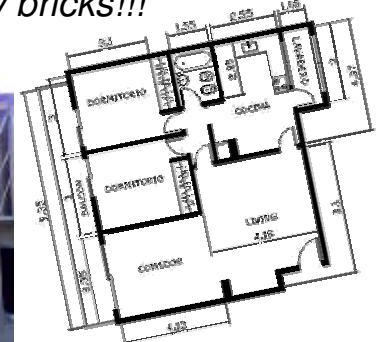


# 3. Carpe Diem

## To Spend is Better than to Save...



- Argentina has suffered a brutal series of political and economic crises in the past 75 years.
- The most recent shock, when the peso devalued in early 2002, had a particularly devastating impact, effectively wiping out the wealth of much of Argentina's middle class.
- An important effect of these problems is that the Argentine consumer lives for today instead of saving for tomorrow. Intangible products such as life insurance or other long term investment vehicles are extremely difficult to sell. Given additional income, an Argentine is much more likely to spend it on tangible, durable or consumable things than to save it.
- An index of consumer confidence in the country since 2001, measuring estimated sales of consumer durables and real estate, resembles a rollercoaster ride. The dips correspond to yet another financial crisis and the peaks to periods of recovery. A common-sense Argentinean proverb says: *"What is the best investment you can do in Argentina? To buy bricks!!!"*



### 3. Carpe Diem

## To Spend is Better than to Save...

#### Implications:

- One implication of this type of consumer mentality for marketers is that short-term brand management issues can often be more important than longer term strategy: sometimes is better to think how to build a new and short-term b-brand instead of following the premium-brand strategy; or evaluate the possibility of offer a new size packaging for obtaining a better out of pocket equation.
- It is very difficult for banking & financial companies to fix long terms goals for their operation due to the extremely low level of confidence on the local financial system...
- In financial business could be more useful to dedicate efforts on develop cash credit systems for low-income people than credit cards programs for high-income people...



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## 4. Twenty Two Reasons to Buy

Origin + Price + Quality + Emotion + Quantity + Tradition + ...



- Argentina's economic instability has forced Argentineans from all social and economic groups to become savvy shoppers. The average housewife is an expert at comparing grocery prices, and understanding which channel and what sort of packaging offers them the best value.
- Consumers are similarly well informed about other goods and services, including the media messages used to promote them and how brands are marketed.
- While Argentineans will carefully study package information on product weights to determine best value, they are still tremendously attracted to prestige brands. But prestige or an emotional connection is not enough to drive an Argentine consumer to purchase.
- Argentineans are probably not going to be comfortable paying a premium simply because "I like it" or even because "it's higher quality." A financial rationale must somehow be worked out, even if it requires some mental gyrations.



## 4. Twenty Two Reasons to Buy Origin + Price + Quality + Emotion + Quantity + Tradition + ...

### Implications:

- For example: a woman in Buenos Aires, might be attracted to a premium brand of soap. An effective selling strategy would involve not just telling her that this luxurious soap will nourish her skin but that "This soap is so great for your skin, that you'll save money on body moisturizer. Ultimately, it's cheaper for you to buy this expensive soap!"
- There are myriad examples of premium products being sold on the basis of value: For beef, the thinking might be: "It's not a cheap meal, but I know as a mother about the nutritional qualities of the product."
- In the household appliance category, you will expensive dishwashers detergent being sold to lower income households on the basis that the better quality dishwashers can be used for multiple uses besides dishwashing, like cleaning clothes or the floor!
- The fact that Argentinean consumers need to generate multiple rationales for large and small purchases has an impact on brands. Marketers must make bigger efforts than in other countries to attract customers: they have to develop more sophisticated marketing campaigns and spend more time crafting their message than in other Latin-American countries...



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## 5. Obsessed with Design

### Naturally Stylish Trend-setters



- Argentine consumers may be fond of double benefits, but they're also passionate about design and style. Locals see themselves as trend-setters, and to prosper in this market, you must capture their imagination.
- Argentine shoppers adore beauty and will pay a premium for it. They constantly indulge in small pleasures and do even the most mundane things with consummate style. Consumers seek out the unusual, the beautiful and the innovative in everything, from clothing and house ware to restaurants and bars.
- The most successful restaurants and bars in Argentina are those which put an emphasis on good design, and it is also one of the main factors in any decision on what car to buy. This Argentinean focus on outward appearance over fundamentals may account for their love of French and Italian cars over more staid Japanese or American ones.



## 5. Obsessed with Design

### Naturally Stylish Trend-setters

#### Implications:

- Today, the most popular university careers are related to design: clothing, graphical, industrial, audiovisual design... A lot of young people from different parts of the country travels to Buenos Aires to follow one of these careers.
- Easy, a chain of stores similar to Home Depot in the US, doesn't stock high-end designer furniture or fittings, but it specializes in communicating to customers how lower cost items can be used in creative ways to improve the look and design of the home.
- Even the humble milk carton has benefited from a uniquely Argentine makeover. A local company recently linked up with Tetra Pak to develop a retro-look package shaped like a can. The new carton has been a success with consumers. Both stylish and easy to handle, it breaks free from the monotony of conventional boxy packaging.
- Creativity is also exported. A large number of Argentinean TV programs - especially telenovelas (soap operas) - are sold to other Latin American countries and to Europe - in particular Spain and Israel.





## **Section II: Implications for research**



# Implications for Research

- Focus groups are usually conducted in and around Buenos Aires. They offer accurate national insights into consumer attitudes and behavior towards mass consumption products. Sessions are generally conducted in rooms fitted with a one-way mirror. With higher-income groups, it is best to use hotel rooms equipped with CCTV systems (even though this means higher costs).
- Though focus groups usually consist of eight participants and last around two hours, sessions with fewer people over longer periods (up to four hours) are common. All focus groups should have at least four participants.
- If clients need more comprehensive research, sessions can also be held in other large cities, including Córdoba, Rosario, Mendoza, Tucumán, Salta, Neuquén and Mar del Plata. Such sessions are more costly. Most moderators and analysts live in Buenos Aires, and recruiting qualified people outside the capital is difficult. Two-hour sessions, held twice daily, is the norm, though this frequency may vary depending on the length of sessions.

# Implications for Research

- In-depth interviews are recommended for high-profile or difficult-to-reach targets. Generally, they are more cost-effective than focus groups. They are also significantly more expensive, given the outlay on hospitality and other incentives required. They should be conducted in a comfortable location that is convenient for respondents. Clients/brand owners should not directly participate in the interviews.
- Ethnographic research has grown in popularity in recent years. Respondents are very receptive to this method, though incentives should be proportional to the degree of intrusion involved. Such studies are usually recorded on digital media or videotape.
- Argentina's population is predominantly Caucasian and Roman Catholic. Other Christian denominations, religions and ethnic groups are also represented. However, social divisions are usually based on education & economic rather than ethnic or religious differences.
- As Argentineans enjoy the moment, punctuality is never guaranteed. A meeting could start half an hour after planned without any other inconvenience!

The background is a solid teal color. On the left side, there are several abstract, overlapping shapes in a lighter shade of teal. These shapes include a large, curved, comma-like form and a smaller circle at the bottom left.

## **Section III: Data**



# Sources



This data is assembled from a Synovate telephone survey of a representative sample of adults in Buenos Aires and the metro area, conducted in April 2006.

It is supplemented with some basic country facts, as well as economic, population and communications data from the Central Intelligence Agency's World Factbook.

# Argentina – “The Jewel of the South”



## Argentina

Is a large country in south of Latin America. It shares border with Brazil, Paraguay and Bolivia in the North, with Chile in the West and Uruguay and the Atlantic Ocean in the East.

## Basic Country Facts:

**Total Population:** 39,921,933 (July 2006)

**Rank in world by Population:** #31

**Median age:** 29,7 years old

**Adult literacy rate:** 97.1%

**Area:** 2,736,900 sq. km.

**Rank in world by Area:** #9

**Language:** Spanish

## Economy (2006)

**GDP (official exchange rate):** 182 billion (USD)

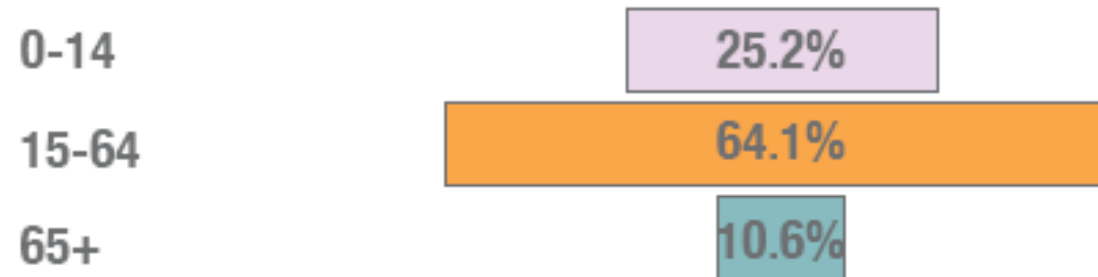
**GDP per capita:** 4,559 (USD)

**GDP real growth rate:** 9.2%

**Exports:** 40 billion (US\$)

**Current account balance:** 5.5 billion (US\$)

## Population Distribution by Age (2005)



Source: EIU

## Communication (2005)

- Telephone – landlines: 8.8 million
- Telephone – mobile: 22.1 million
- TV broadcast stations: 42
- Internet users: 10 million

## Argentina – Top 10 Brands (2008)



1. **ARCOR** (food)



2. **Coca-Cola** (soft drinks)

3. **Repsol YPF** (energy/petrol)



4. **Unilever** (household, food, etc.)

5. **Techint** (engineering)

6. **American Express** (financial)

7. **Cervecería Quilmes** (beer)

8. **Procter & Gamble** (household, food, baby care, etc.)

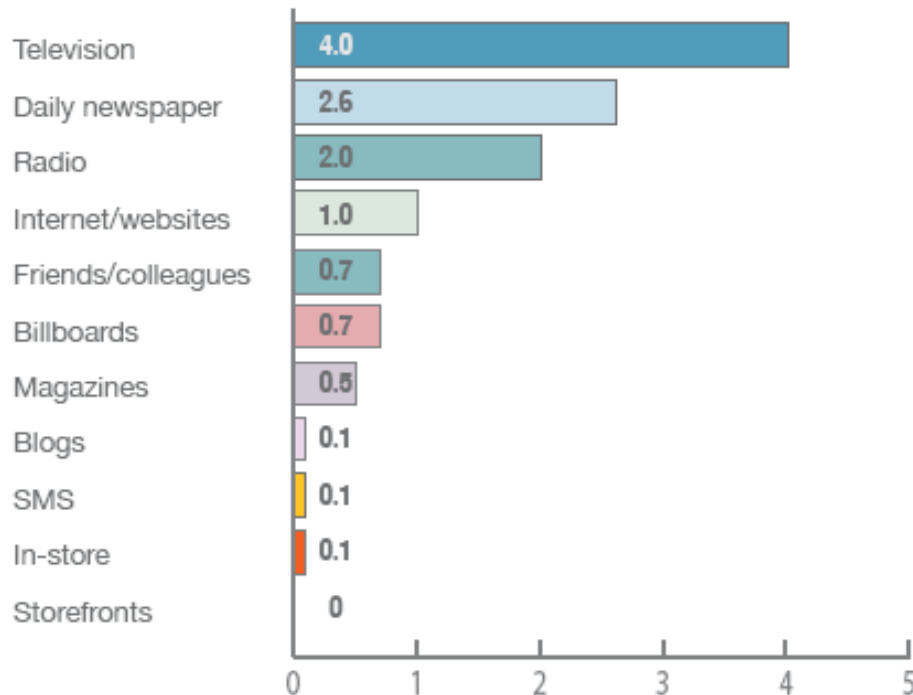


9. **Mastellone Hnos.** (diary products)

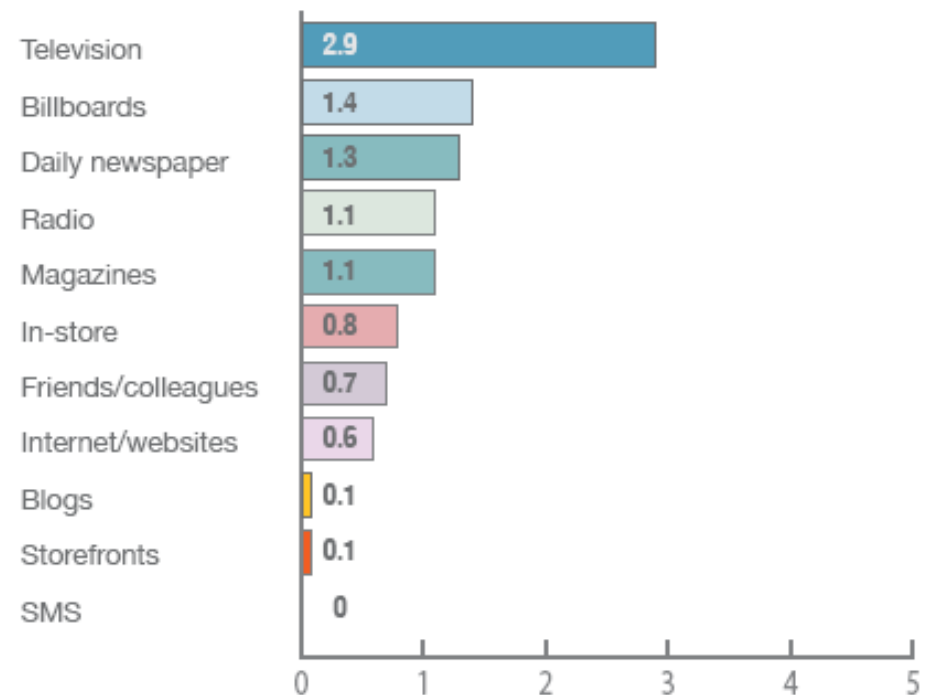
10. **Mercedes Benz** (automotive)

# Most Important Media Sources (5 = most wanted)

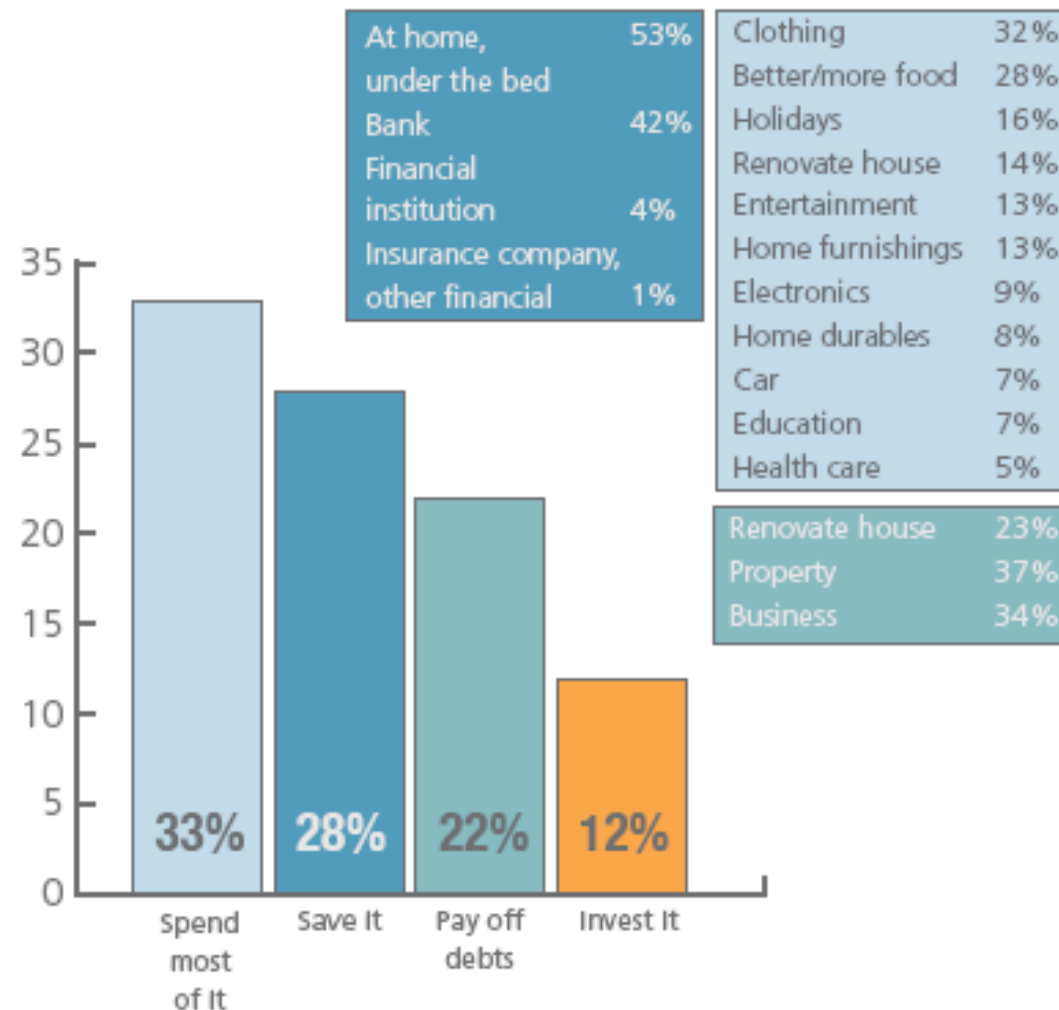
Most important sources for news



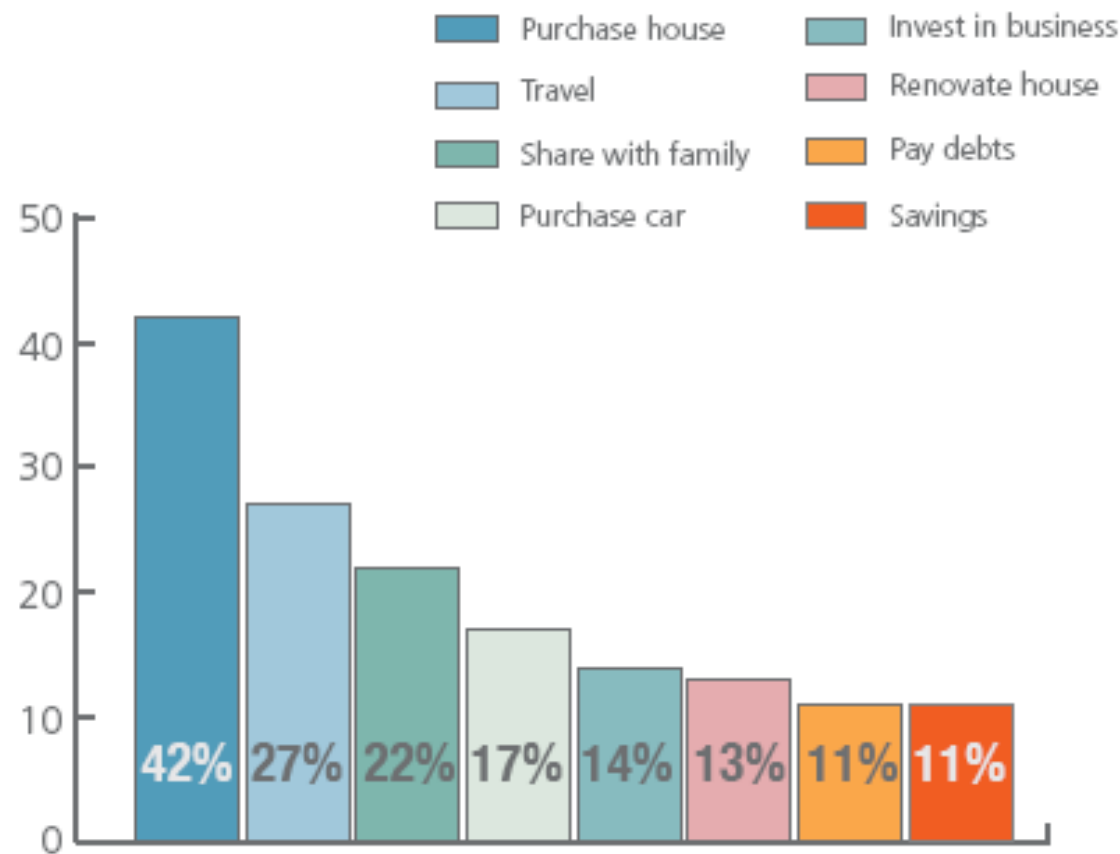
Most important sources for product information



# What Would You Do with 20% More Household Income?

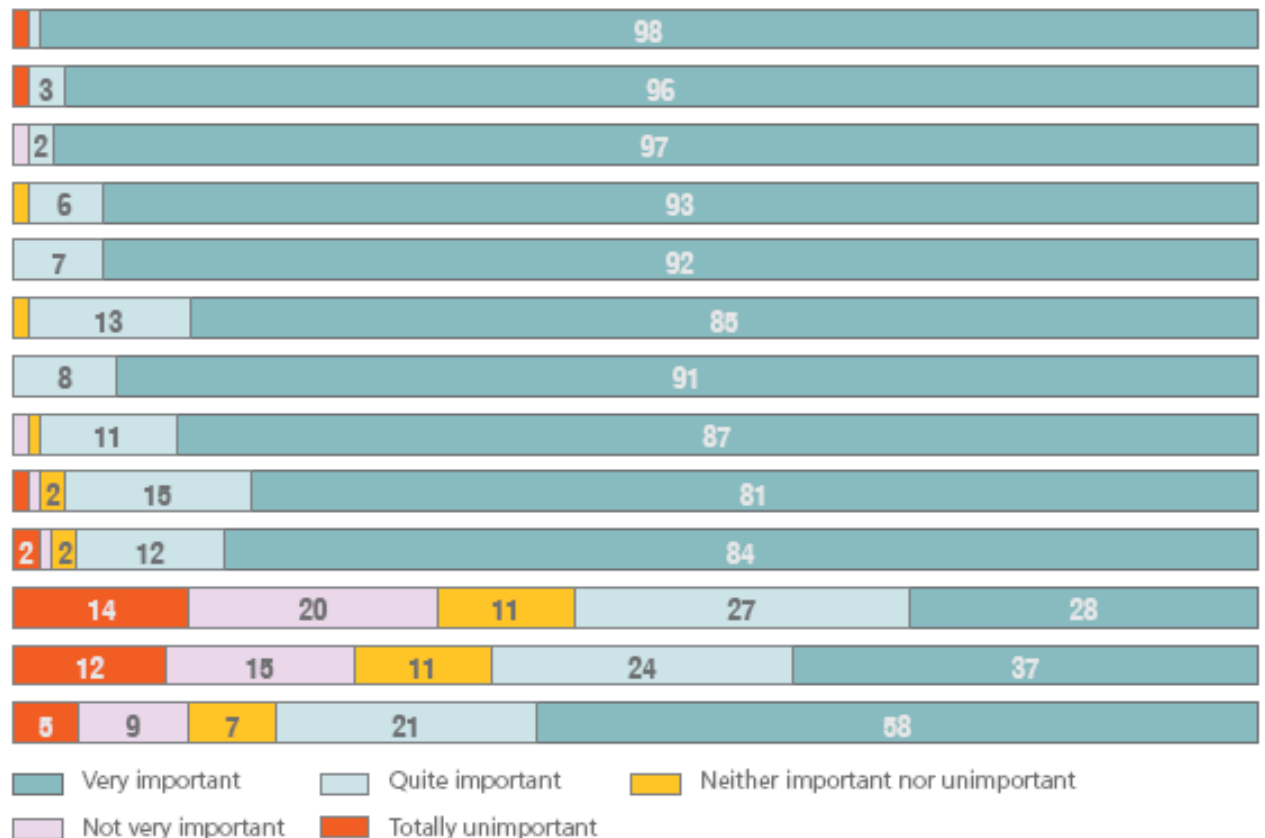


# What Would You Do if You Won US\$100,000 in a Lottery?



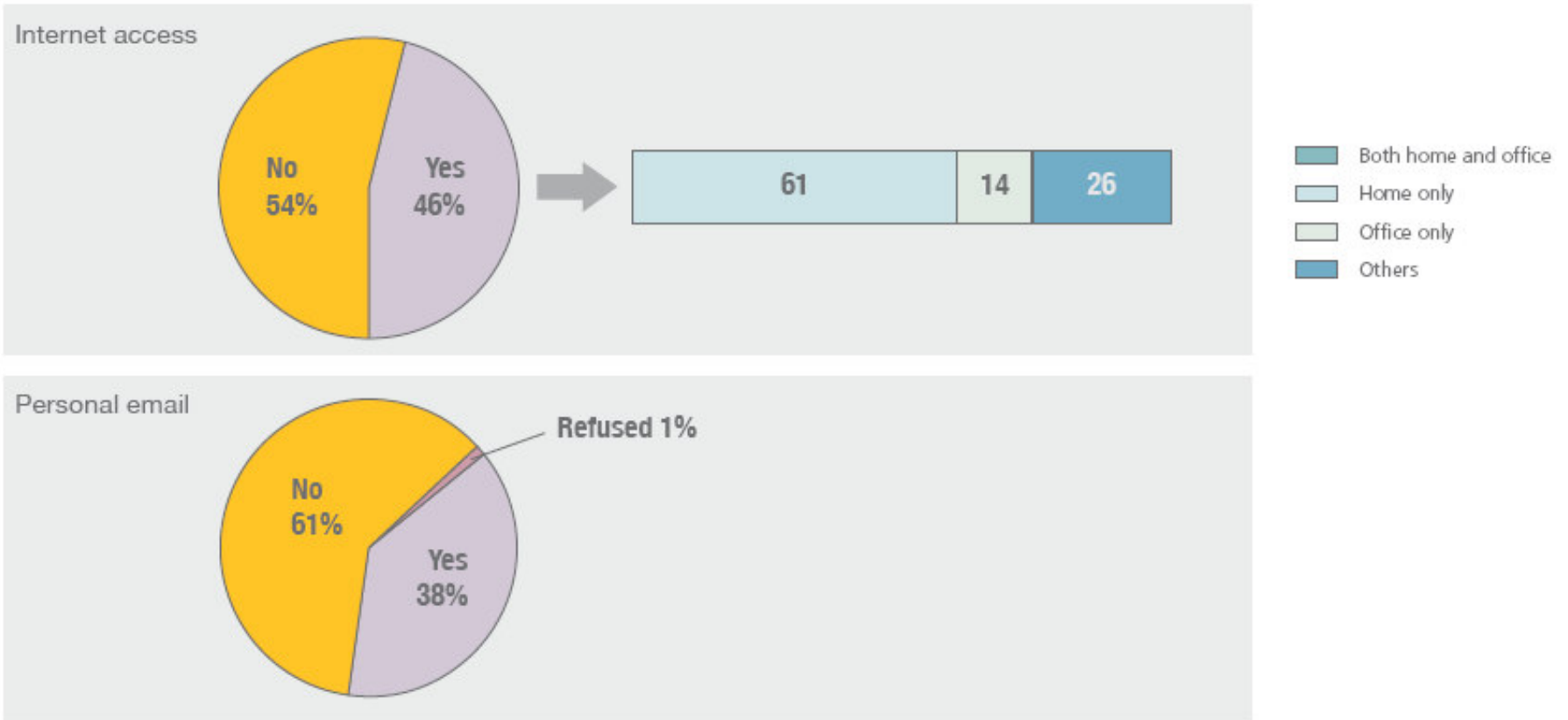
# Lifestyle Personal Importance (numbers in percent)

Family  
Health  
Education  
Having a clean environment to live in  
Having a good home to live in  
Having enough food to eat  
Having enough savings for emergencies  
Having a good income  
Physical security  
Having enough savings for retirement  
Political stability  
Religion  
Appearance






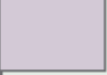










# Cyberspace



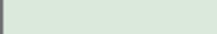
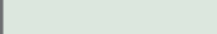
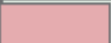
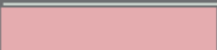



# Products and Services – Usage during Past Three Months and Brand Image

	Used past 3 months	Best Brand	2nd Brand	3rd Brand
<b>Travel</b>				
Hotel group	 4%	-	-	-
Airline	 4%	-	-	-
<b>Alcohol</b>				
Beer	 52%	Quilmes	Heineken	Brahma
Whiskey/Sootoh	 6%	J&B	Chivas Regal	Ballantine's/White Horse
Brandy/oognao	 3%	-	-	-
Red wine	 39%	Michel Torino	Navarro Correa/ Santa Ana/Termidor	Colon/Toro
White wine	 21%	New Age	Michel Torino/Termidor	Santa Ana

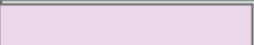
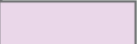

# Products and Services – Usage during Past Three Months and Brand Image

	Used past 3 months	Best Brand	2nd Brand	3rd Brand
<b>Soft drinks</b>				
Fruit Juloe	-%	-	-	-
RTD Tea	-%	-	-	-
RTD Coffee	-%	-	-	-
Cola	 76%	Coca-Cola	Pepsi	-
<b>Vehicle</b>				
Fuel for your car/motorcycle	 30%	YPF	Shell	Esso/Petrobras
Motorcycle	 6%	Honda	Kawasaki/Yamaha	-
Car/pick-up truck/SUV	 21%	Ford	Peugeot	BMW/Chevrolet
Lubricant for your car/motorcycle	 22%	YPF	Shell	Castrol

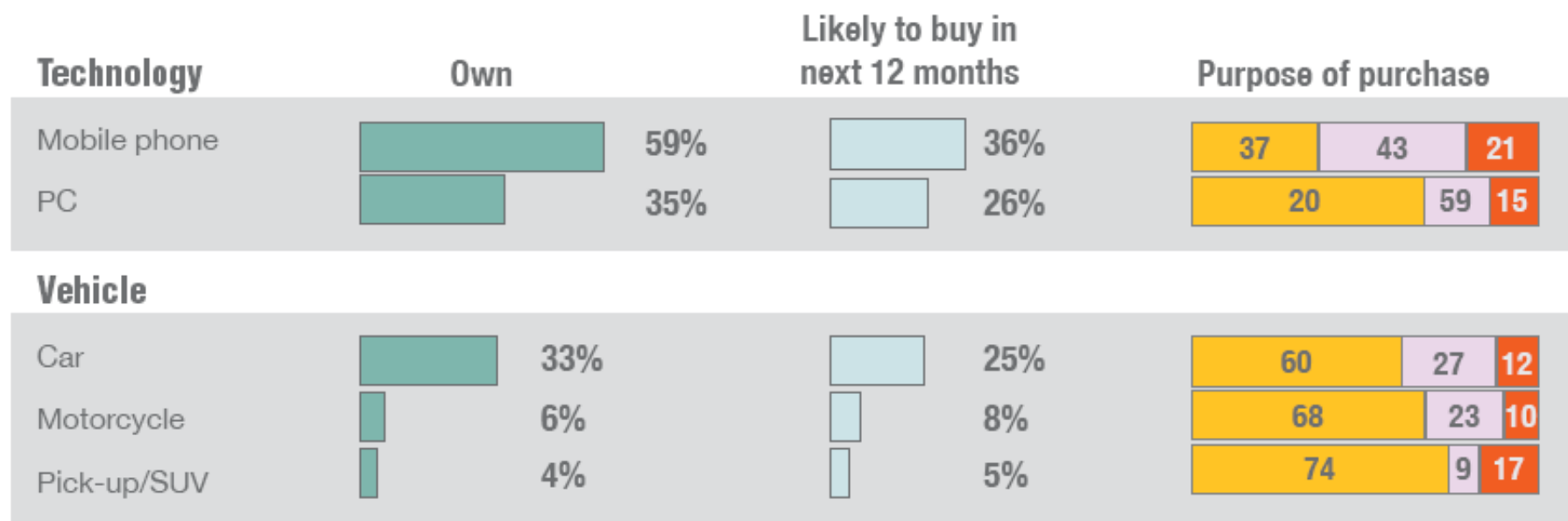
# Products and Services – Usage during Past Three Months and Brand Image

	Used past 3 months	Best Brand	2nd Brand	3rd Brand
<b>Retail</b>				
Everyday clothing store	 0%	-	-	-
Designer clothing store	 0%	-	-	-
Fast-food chain	 40%	McDonald's	Burger King	Noble Repulgue
Grocery	 80%	Carrefour	Coto	Jumbo
<b>Technology</b>				
Mobile phone	 59%	Motorola	Nokia	Movistar
MP3 player	 14%	Sony	Philips	Apple
Large screen/flat TV	 15%	Philips	Sony	Sanyo

# Products and Services – Usage during Past Three Months and Brand Image

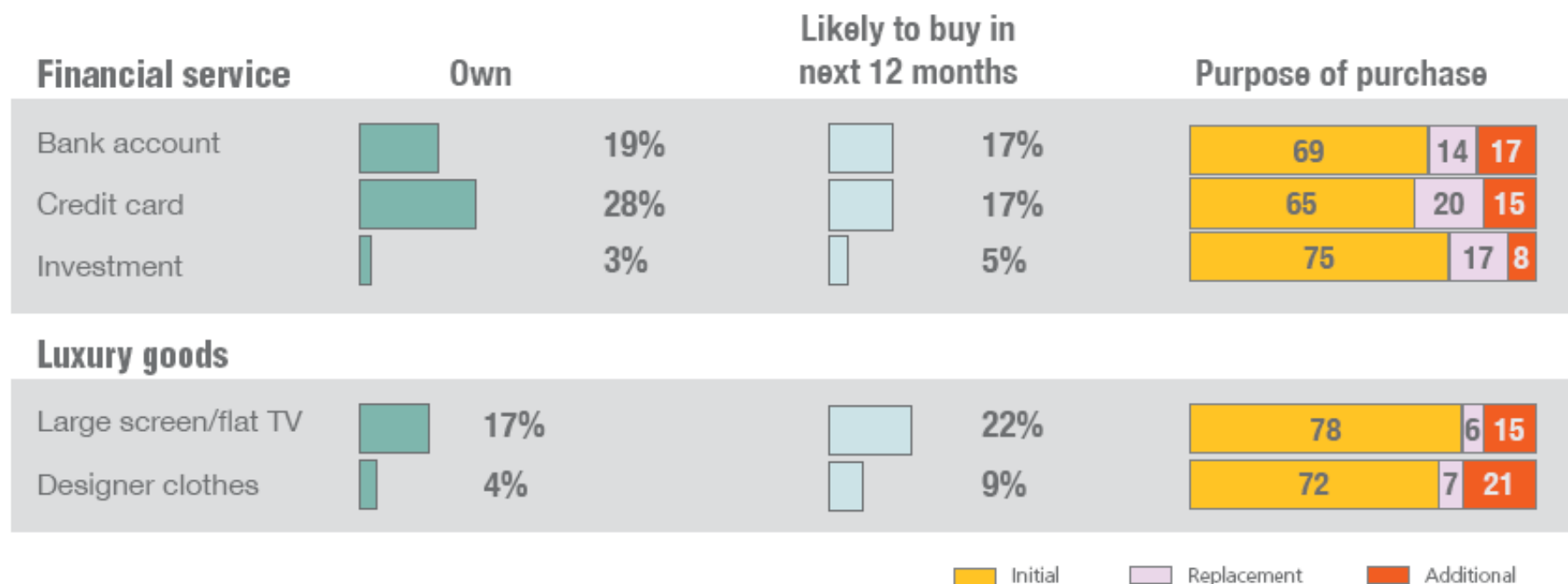
	Used past 3 months	Best Brand	2nd Brand	3rd Brand
<b>Personal care</b>				
Soap	 95%	Lux	Rexona	Dove
Shampoo	 94%	Sedal	Pantene	Plusbelle
Lipstick	 32%	Avon	Revlon	Miss Ylang
Conditioner	 51%	Sedal	Pantene	Plusbelle
Face powder	 17%	Avon	Miss Ylang	Angel Face
Eye make-up	 29%	Avon	Revlon	Miss Ylang
Face make-up	 25%	Avon	Revlon	Mary Kay/Miss Ylang
Facial moisturiser	 40%	Avon	Nivea	Pond's
Shower gel	0%	-	-	-
Facial cleanser	 24%	Avon	Pond's	-

# Product Ownership



 Initial
  Replacement
  Additional

# Product Ownership



# Global Retailers' Image

	Awareness	Very positive	Positive	Neutral	Negative	Very Negative
Carrefour	93	22	43	25	8	3
Wal-Mart	84	17	32	44	4	5
Tesco	-	-	-	-	-	-

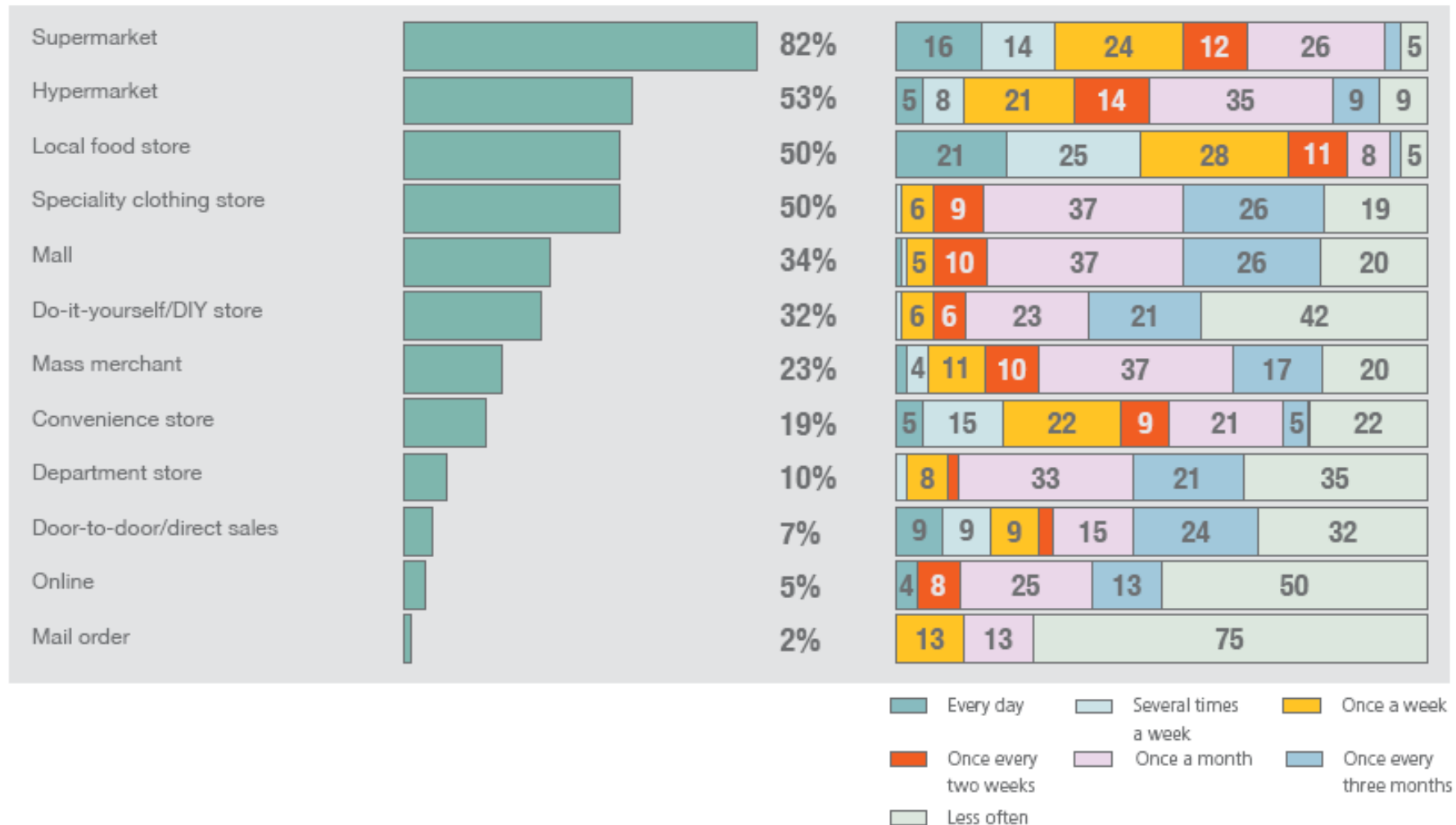


# How Do I Spend My Weekday/Weekend (hours)

	Media/Information			Sleeping
	Reading newspapers/magazines	Surfing the Internet	Watching TV	
<b>Weekday</b>	0.55	0.43	1.73	6.8
<b>Weekend</b>	0.65	0.42	1.97	7.1

	Working/school			Exercising/ Playing sports	Staying at home
	Commuting	Housework	Work/school		
<b>Weekday</b>	0.69	1.27	4.35	0.42	0.61
<b>Weekend</b>	0.1	1.23	0.66	0.39	0.72

# Retail Penetration and Frequency (past year)



# Local or International

Locally manufactured brands are just as good as international brands



Local retailers are just as good as international retailers



Most people don't know the difference between local and international brands



If a local and international brand are of equal quality and price, I would prefer the local brand



Completely agree    Agree somewhat    Neither agree nor disagree  
Completely disagree    Disagree somewhat    Don't know

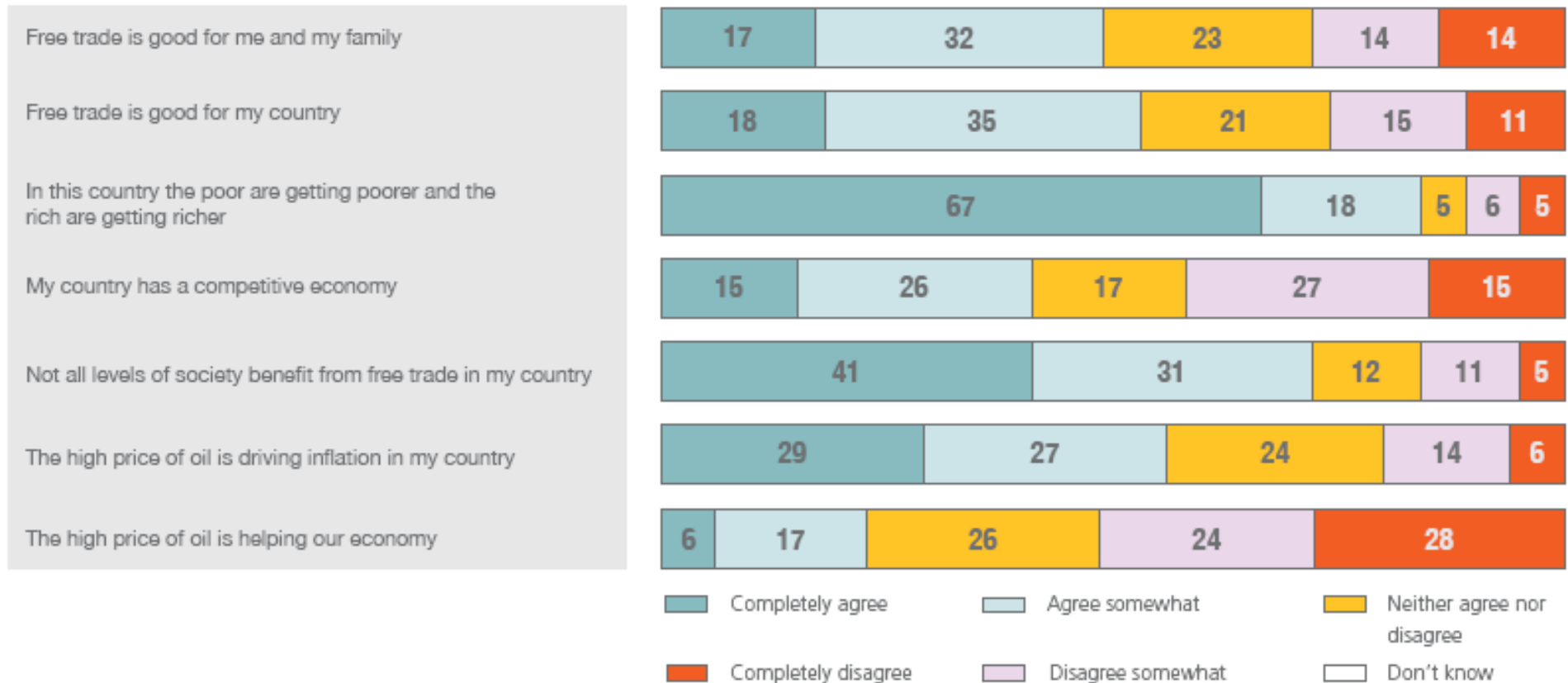
# Have You Experienced Any of these Distressing Situations in the Past Year? (figures in per cent)

	Total
None	45
Been asked for a bribe by a corrupt official	12
Been sick and could not afford medical attention	15
Been sick and could not get medical attention	10
Had to accept a pay cut	14
Had to skip a meal because did not have money for food	15
Lost primary job	14
Been a victim of discrimination	9
Been the victim of a crime	19

Base for all questions: Adults from Buenos Aires and metro area  
Percentages may not total 100 due to rounding off

# Attitudes (Figures in percent)

## Economy



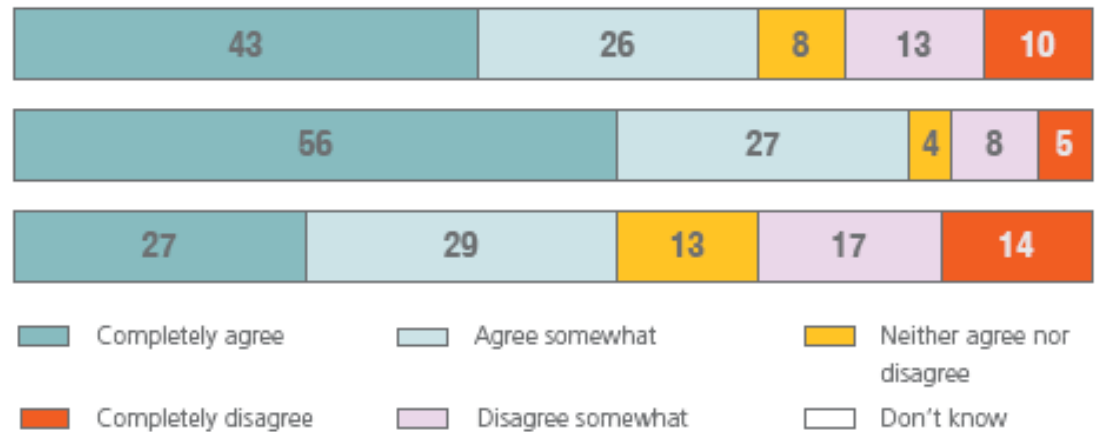
# Attitudes

## Environment

Environmental degradation is a major issue in my country

The environment in my country is too polluted today

There is a good chance that my country will suffer a major natural disaster in the next 12 months



# Attitudes

## Personal

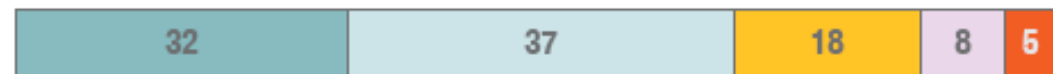
Five years ago, things were better for me



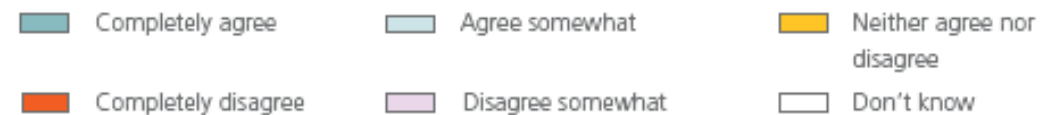
I would like to live and work in another country



In five years' time, things will have improved for me

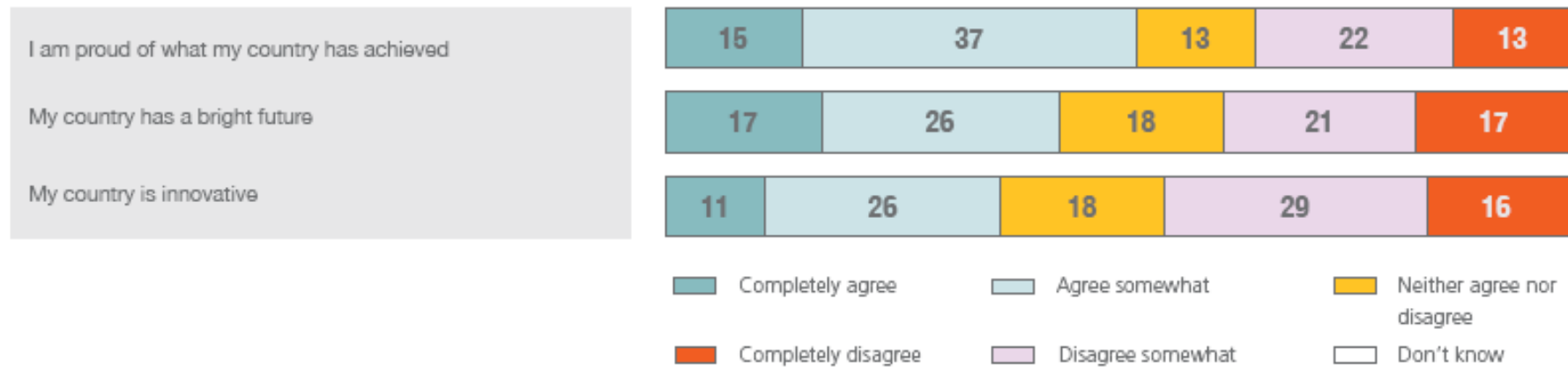


Today, life is good to me and my family



# Attitudes

## Social





Bringing  
**lifetolife**



Thank you