

Latin America's marketing economy: huge opportunities despite challenges

The Worldwide AdForum Summit brings together search and agency management consultants from all over the world twice annually. This select group are now meeting in New York for AdForum's NYC Summit.



Image supplied. Cesar Vacchiano, President and CEO of Scopen International talks about the marketing economy in Latin America

AdForum's managing director Carol Mason takes the opportunity to hear from these key influencers about the marketing economy in their countries, and chatted to Cesar Vacchiano, president and CEO of Scopen International about the marketing economy in Latin America.

This is an excerpt of this conversation exclusive to *Bizcommunity*.

Looking at media consumption, trends, and demographics, which are the biggest challenges for brand strategy in the region?

The most important challenge for brands and companies is to understand that it is a very diverse region with many differences and peculiarities between countries.

Firstly, there are two very different regions within Latam: Brazil, a huge country with diverse regions and huge differences between the various segments of its population, and 17 Spanish speaking countries, ranging from Mexico to Argentina to

Chile in the South Pole.

Some companies even take into account the Hispanic population in the US, as they also create strategies and campaigns for the second biggest Spanish speaking country in the World (after Mexico).

Even though there are some regional media, traditional national TV still has huge importance in the region. TV consumption still showcases large numbers in every country.

Radio is also important to bear in mind when media planning, as it has higher consumption across the region than in other countries.

In most of these countries media corporations are quite powerful, owning different media and channels within the same holding group. In some countries, we find a duopoly, with two big TV stations, two Radio stations and two leading newspapers.

Therefore, it is quite easy to plan but, at the same time, it is complicated to negotiate and obtain favorable prices. Sometimes these media companies are still family owned.



Scopen releases results of second *Sustainability Report* in Latin America

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What is your best advice to an agency which is shortlisted for a pitch? What makes for a winning proposition in Latin America?

Let's think of two kinds of pitches: firstly, those where the brand is looking for a regional solution. These are mainly media pitches and very much focused on pricing and the search of economic efficiencies.

Unfortunately for agencies, generally speaking, nowadays marketers are not trying to find the best talent, working with the best data and tools to produce the most effective campaigns. There is a focus on price and those networks that have lowered their price offer the most, have been very successful in the last couple of years.

Fortunately for agencies, marketers have realised that obtaining the cheapest often results in poor service and specially a loss of opportunities, not being able to take advantage of all the data and tools that some agencies gather. They have also realised that if they want to work with the best talent, they need to pay for it.

There are few creative regional pitches. Those that we find are regional but part of a global review. One of the reasons behind the lack of regional pitches is the huge number of differences within the region that we mentioned earlier. A consequence, and maybe also a reason, is that it is difficult to find a strong regional network of creative agencies.

Therefore, most of pitches are local, where it is key to show a strong strategic offering (understanding trends, consumers, media, and local insights) and have an admired creative leadership, as well as digital knowledge and experience.

Across the region, and not only in Brazil, as we all know it is key to have a strong leadership team in the agency. Agency CEOs and creatives are opinion leaders (sometimes almost similar to Hollywood stars) and for marketers it is important to work with some of these business leaders that they admire and that can contribute to the transformation of their business, bringing extraordinary results.

What are the biggest challenges / opportunities for a non-Latam brand seeking to enter the region?

I think that the biggest challenge is to identify, attract and retain the best talent. Talent is scarce in the region and, as outsiders, very difficult to identify. It is a huge challenge to find holistic and multitasking professionals.

In some countries there is a big percentage of expats leading companies. The political situation in some countries, first Venezuela, then Argentina and now Colombia, is making talented leaders move to other countries. Of course, the US attracts some of this talent, but other growing countries do too.

Another important challenge for foreign companies is the protectionism that exists in many countries. This makes it difficult to establish business, and also to repatriate profits if business does well. These barriers, added to the political and economic instability, discourage many companies to invest in the region.

As I mentioned before, brands need to understand that it is quite complicated to create regional campaigns because of the huge differences between Brazil and the Hispanics, and between the Hispanics themselves.

Therefore, it is vital to work with a strong network with agencies across the region that can produce specific local campaigns based on a solid common strategy. Or collaborate with strong independents in every key market that produce extraordinary campaigns.

The opportunities are huge. Latam is a region with a lot of talent, not only creatives, but also strategists and business leaders who have studied abroad and speak English and other languages fluently. There is a large population, with an increasing middle class in most of countries, huge natural resources and extraordinary tourist attractions.

If it was not for the unstable political situation and people's disappointment in their politicians, the region would be growing at double digit figures. Let us hope that these hopeful times are still to come, hopefully soon.



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Which campaign / activation / promotion caught your eye in 2022 and why?

One of the studies that Scopen develops in different countries across the region is Agency Scope. One of the questions we ask marketers is: which are the campaigns they admire the most?

Some of the campaigns highlighted by the CMOs interviewed are those of Itaú in Brazil, Mercado Libre in Argentina, Ramo in Colombia, and Nike in Mexico.

As for those which caught my eye, I would highlight the campaigns for Brahma Beer Cabelos Cremosos (Foamy Hairs) which managed to introduce beer in football stadiums, even avoiding the law, Beer Victoria in Mexico for Day of the Dead, Movistar 'Shout' that tackles homophobia in Mexico with boxing film that questions the nature of machismo, or any of the campaigns from ABInBev in Colombia or Mercado Libre in Argentina.

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