

MEXICO'S RESILIENT CASTE SYSTEM: SALIENT MARKETING IMPLICATIONS

Vish Iyer, Monfort College of Business, University of Northern Colorado, Greeley, CO 80639, 970-351-2348, vish.iyer@unco.edu and Rutilio Martinez, Monfort College of Business, University of Northern Colorado, Greeley, CO 80639, 970-351-1106, rutilio.martinez@unco.edu

ABSTRACT

Mexican society is structured in a visible, albeit fuzzy, racial caste system. At the top of this caste system are the Creoles, whose ancestry is exclusively European. At the bottom are the Indians. In the middle are those of mixed European and Indian ancestry, the Mestizos. Integral to this system is an avert preference for European appearance and, among the Creoles, a feeling that the Indians and Mestizos of Indian features are racially inferior. These result in exclusive use of models of European appearance in T.V. commercials and printed ads, higher prices of luxury goods, and perception that Mexican products are of poor quality.

A RESILIENT CASTE SYSTEM

In Mexico, like in all of Latin America, wealth and income continue to be very unequally distributed. The table below uses data from the year 2000 to demonstrate this economic inequality.

Table 1
Income Distribution 2000

Socioeconomic Class	Percent of the Population	Share of National Income
Wealthy	10%	38%
Upper-middle	10%	17%
Lower-middle	40%	32%
Poor	40%	13%

Source: National Trade Data Bank: Mexico Country Commercial Guide, FY 2002

Mexican institutions, like the federal government, that generate statistics and do studies on wealth distribution, do not consider race as a factor affecting such distribution. Ergo, the precise nature of the ethnic composition of each one of the socioeconomic classes included in the table above cannot be determined. Nonetheless, studies done by foreign scholars have shown that Creoles own and control a very disproportionate share of the wealth, while the great majority of the Indian population lives in severe poverty. Furthermore, these studies have also shown that among the Mestizos, there is a visible direct correlation between economic position and European appearance [Nevaer 1995]. From this it follows that, in the table above, Creoles are the majority in the wealthy class, Mestizos of predominant European appearance prevail in the upper-middle class, Mestizos of dominant Indian appearance prevail in the lower-middle class, and Indians constitute the majority of the poor. Accordingly, on per capita basis, the Creoles have about 2.23, 4.75, and almost 12 times the incomes of, the Mestizos of European appearance, the Mestizos of Indian appearance, and the Indians respectively.

IMPLICATIONS OF THE CASTE STRUCTURE ON ADVERTISING AND PROMOTIONS, PRICE, PRODUCT AND PLACE

The most visible marketing effect of the caste system is on promotion and publicity. There is an unwritten rule that the models used in T.V. commercials and printed ads must be of European

appearance. Publicity and advertisement of goods that are neither sophisticated nor expensive are no exception to this rule. For instance, printed ads and T.V. commercials of diapers use babies whose looks are Scandinavian. Nor are exempt from this rule consumer goods like cubes of chicken broth, sodas, and cheap cigarettes, whose main consumers are from the working and poor classes. Some American and European T.V. commercials and print ads that are being used in Mexico have models that, racially, are African. Doesn't this violate the rule of using models of European appearance only? Yes indeed. However, there are very few individuals of obvious African ancestry in Mexico. They live in isolated rural communities; thus, they do not have a place in Mexican society. These African models are, therefore, not challenging Mexico's the racial hierarchy. Endorsement of products by prominent athletes is another area of promotion affected by the caste system. Television and growing incomes make the watching of sports an important recreational activity for the Mexican population. Furthermore, accomplished athletes are admired. Yet, there are very few athletes, less than ten that endorse products.

Racial views also seem to form the link between the caste system and products. Mexican products have the stigma of being relatively lower quality [Mizrahi 2000]. Prior to NAFTA, economists explained the consistent poor quality of Mexican products as a consequence of the lack of competition, excessive regulation, and use of obsolete prevailing technologies [Weintraub 1984]. However, many Mexican consumers, especially of the wealthy and upper-middle classes, consider that the poor quality of Mexican products was and continues to be result of the incompetence and laziness of the labor force⁴. That is, for many Mexican consumers, especially for those who are affluent, Mexican products are inferior because Mexican workers are inferior. For domestic producers of consumer goods the problem with this view is not whether it is valid or invalid; but rather, that it gives foreign producers a competitive edge. This edge cannot be taken lightly because Mexico has 10 free trade agreements, which include 32 countries, and is one of the most open economies in the world [Diaz 2000 and Quintin 2002]. One of the tactics that domestic producers of high-end goods usually follow to deal with this negative image is to link their products to technology or inputs from the USA or Europe. This link could be real or just an advertising gimmick; whatever the case, the producers make sure to communicate this connection to the consumers. Domestic producers of common or inexpensive goods, in general, cannot use this tactic. Thus, they have to either compete through prices or quality to avoid the fulfillment of the negative expectations of the consumers.

Place or distribution, the last element of the marketing mix, is the least affected by the caste system. The distribution of goods and stores, does indeed, follow the geographical distribution of wealth. Thus, stores that sell normal and inexpensive goods are found mostly in lower-middle class areas, where the clientele is predominantly of non-European appearance. High quality goods are sold in high-end stores, which are located in wealthy and upper-middle class neighborhoods. The clientele of the high-end stores is not, however, exclusively formed by Creoles and Mestizos of European appearance. High-end stores are selling to a growing number of Mestizos whose appearance is not European. Many of these customers live in lower middle class areas, but for reasons that will be explained below, have the income to occasionally buy high quality goods. Marketers must be aware that products introduced to the Mexican market through stores that serve the lower middle class, will be identified as goods purchased by the non-European consumers. Once this identification has taken place, it will be very difficult to try to introduce these products into the high-end stores.

LONG TERM PERSPECTIVES

The demand for normal and luxurious consumer goods is very likely to continue growing in Mexico. Two facts support this optimistic view: a young population and the free market orientation of the

economy. Of Mexico's population of 103 million, 33% is below the age of 14, close to 67 % is below the age of 30, and only five percent is over 65 [INEGI 2000]. This means that large numbers of new consumers will be coming into the markets of consumer goods in the next two decades. Additionally, these new consumers will have smaller families, since the rate of growth of population stands at 1.6% and has a clear tendency to decline [INEGI 2000]. Thus, Mexico's current and future young families will have more income to devote to purchasing consumer goods. The free market orientation of Mexico's economy began with the implementation of NAFTA in 1994. Since then, Mexico has entered into 9 additional free trade agreements, including one with the European Union and one with the European Free Trade Association. This openness has been accompanied by a slow but steady deregulation, and by fiscal discipline. As a result of these policies, Mexico has become the third recipient of foreign direct investment in the world and in 2000 was given investment grade status by Moody's Investors Service Inc. [Friedland and Druckerman 2000]. Also as results of these free market policies, Mexico has developed a dynamic export-of-manufactures sector, competition has started to appear in internal markets, inflation is low and declining, and income per head is slowly but securely growing [Quintin 2003]. Thus the macroeconomic conditions are favorable for economic growth, and hence, for the expansion of the demand for consumer goods. The free market policies are also transforming Mexico's business world, from being an aristocracy to being a meritocracy. This is increasing the number of professionals, executives and business owners of Indian appearance. Thus, the number of people of Indian appearance in the upper echelons of society is bound to increase. Eventually, such increase will force the disappearance of the caste system. When this happens, the marketers will be able to use as models people who, racially, are the same as the majority of the population.

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