

LATIN AMERICA'S RACIAL CASTE SYSTEM: SALIENT MARKETING IMPLICATIONS

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ABSTRACT

Latin American societies are structured in a visible, albeit fuzzy, racial caste system. At the top are the Creoles, whose ancestry is exclusively European. In the middle are those of mixed European and Indian or mixed European and African ancestry, the Mestizos and the Mulattos, respectively. At the bottom are the Indians and the blacks. Integral to this system is an overt preference for European appearance and, among many Creoles, the firm conviction that Mestizos, Mulattos, blacks and Indians 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 the generalized perception that Latin American products are of poor quality.

INTRODUCTION

In colonial times the Latin American societies were organized in strict, racially determined, caste systems. Today, some 185 years after most Latin American nations obtained their independence, the colonial racial caste system is barely mentioned in history books and, throughout the Latin nations, there is the firm conviction that race plays no role in the business, politics and economics of their societies. Despite this firmly held conviction, wealth, power and social position in the Latin societies tend to be highly correlated with race. The Creoles, the *Criollos*, the descendants of Europeans, mostly Spaniards, are at the top. People of mixed European and Indian ancestry, the Mestizos, or of European and African ancestry, the Mulattoes are in the middle. At the bottom, like in colonial times, are the Indians and the blacks. Thus, although not nearly as rigid as in colonial times, the racial caste system is still present in the Latin American societies. The resilient, racially determined, caste system has political, economic, social and business implications. In this paper, the discussion deals only with the implications that this system has in one area of business, namely: marketing.

THE RESILIENT RACIAL CASTE SYSTEM

The Latin nations inherited from Spain a rigid social stratification, authoritarianism in government, paternalism in organizations, neglect of technological development, Catholicism, and of course, the language. Brazil, which was a colony of Portugal, inherited a different language (Portuguese), but similar cultural patterns since Spain and Portugal, as parts of the Iberian Peninsula, have always been culturally very close. This common cultural and linguistic heritage did not, however, result in racial homogeneity throughout the Latin nations. As can be seen in Table 1 below, there are four nations where whites are the majority, three nations where the racial majority is Indian, and 12 nations where racially mixed individuals, either Mulattos or Mestizos, are the majorities.

TABLE 1
Racial Classification of the Latin Nations

White or European	Racially	Mixed	Indian
	Mestizo	Mulatto	
Argentina (97%)	Colombia (58%)	Brazil (38%)	Bolivia (55%)
Chile (95%)	Ecuador (65%)	Dominican Republic (73%)	Guatemala (43%)
Costa Rica (94%)	El Salvador (90%)	Cuba (51%)*	Peru (45%)
Uruguay (88%)	Honduras (90%)		
	México (60%)		
	Nicaragua (69%)		
	Panama (70%)		
	Paraguay (95%)		
	Venezuela (NA)		

Source: CIA World Factbook, 2005

*Due to its political regime Cuba will be excluded from the discussion.

IMPLICATIONS OF THE RACIAL CASTE STRUCTURE ON ADVERTISING AND PROMOTION

The most visible marketing effect of the racial caste system is on promotional elements. From Mexico to Argentina there is an unwritten rule that the models used in T.V. commercials and printed ads must be of European appearance. This rule applies to all the advertising and sales promotional elements for all kinds of goods and services. Despite the Latin societies avert preference for the European appearance there are three exceptions to the rule of using models of this appearance exclusively. One is in Brazil, the second one is in the area of celebrity marketing, and the third exception corresponds to the publicity and advertisement of messages of social interest. Latin America's resilient racial caste system has also affected promotion activities such as expositions, fairs and presentations of new products. In these events, if the product is sophisticated or perceived to be sophisticated, not only the models are expected to have a European appearance, but the hostesses are also expected to have this appearance. In the Indian and racially mixed nations this practice constitutes a problem for the firms organizing the expositions or presentations of new products, for there are very few young Creole women who are willing to work as hostesses and even less that have the need to do this type of work. In some countries, like Mexico, the firms that organize this kind of events have solved this problem by hiring as hostesses American, European and Argentinean young women who are living in Mexico. Hiring foreign women may, however, violate the laws of the Latin nations. This violation has nothing to do with the racial preferences described above, but with the fact that most of these foreign women have visas that do not allow them to work.

EFFECTS OF THE CASTE SYSTEM ON PRICE, PRODUCT AND PLACE

Luxury consumer goods in Latin America have higher prices than in the United States. Often, these goods are even pricier in the Latin nations than in Europe. In some of the Latin nations, like Brazil, Venezuela and Mexico, sales taxes could reach 30%; while in practically all of the Latin countries oligopolies and monopolies continue to dominate the retail sectors [1]. This is the strong status orientation of affluent Latin American consumers, i.e., the extra high prices of luxury goods in Latin

America is, in part, result of the consumers' desire to show, through the purchasing of these goods, that they belong to the privileged classes [3]. Place or distribution, the last element of the marketing mix, is probably the least affected by the resilient racial caste system. Throughout the Latin nations the distribution of goods and stores follows the geographical distribution of wealth. Thus, stores that only sell normal and inexpensive goods are found in the areas where the poor and working classes live, areas where the clientele is almost exclusively dark skinned. High quality and luxury goods are sold in stores and department stores located in wealthy and upper-middle class neighborhoods. Thus, selling through high end stores does mean excluding from the potential clientele dark skinned buyers. On the other hand, selling exclusively through stores that sell only inexpensive and normal goods precludes selling to the Creoles and racially mixed individuals who identify with the Creole oligarchy.

CONCLUSIONS

Latin America's racial caste system has been quite resilient. It endured the political transformations brought about by independence and the rapid economic growth experienced during the Export-led era (1850-1945). It became fuzzy during the times of Import Substitution Industrialization, when stern protectionism flourished and the Latin economies were inward oriented (1945 to early 1980s). It has survived the Neo-liberal model (late 1990s to the present), because despite its free market orientation, this model has failed to transform the business environment of Latin America, from its present and historical aristocratic organization into a meritocracy. Thus, the racial caste system is not likely to disappear in the foreseeable future.

As long as the racial caste system continues, the overt preference for the European appearance will also persist. Hence, only models of European appearance should appear in T.V. commercial and printed ads. Also as long as the business organization continues to have its aristocratic form, the racist convictions of the Creoles will persist, which means that the racial ego of affluent consumers will continue to allow the inclusion of an extra charge in the price of luxury goods. For Latin American producers of high end goods, however, the continued presence of the racial caste system means that they will have to maintain their struggle with the stigma of poor quality that has accompanied Latin American manufactured products.

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