Best Practices for Market Research in Latin America

by John Price, Americas Market Intelligence
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Americas Market Intelligence is Latin America’s leading independent market research and intelligence consultancy.

Our founding partners helped pioneer the field of market intelligence in Latin America.

Our consultants have advised over ½ of the region’s 100 largest strategic investors over a span of two decades.

AMI consultants have conducted close to 2,000 client engagements in Latin America since 1993.

Our consultants have worked in every market in Latin America.

Our holistic approach to market intelligence is unique. We combine market research, competitive intelligence, political analysis and economic forecasting in our studies. Few others do the same in Latin America.

AMI is an affiliate of the Global Intelligence Alliance (GIA), the world’s leading independent Market Intelligence network with 26 representative offices spread across six continents.

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Why is Latin America a challenging place to conduct market research and gather market intelligence?
Little or no protection of intellectual property impedes the development of a market research publishing model, i.e. it is not feasible to invest in and market research reports in Latin America.

Little or no enforcement of non-disclosure agreements limits how much strategic corporate information moves downstream beyond C-level managers, resulting in intelligence bottlenecks.

Conversely, those who do hold information are legally free to share intelligence if one knows how to access them and earn their trust.
#2 Crime & Punishment: The Fearful Remain Quiet

- The top 5% of LatAm society—which controls roughly 50% of disposable income—is very skeptical about sharing any personal information or opinions with researchers (especially online or via phone).
- Market researchers in Latin America are afraid to conduct door to door surveys with SES D/E segments who tend to live in dangerous neighborhoods.
- Proactive behavior by lower or middle ranks in business and government is never rewarded, often berated. This further adds to the intelligence bottleneck found amongst C-level executives in companies.
- Customers and employees are not vociferous with their criticism but will walk with their feet or act out of resentment. Researching customer/employee satisfaction is therefore challenging.
Government agencies that are mandated to conduct primary research and circulate results will hold back key data in search of hefty graft.

NGO funds aimed at developmental research are often siphoned into political pockets, undermining the quality of the primary research results.

Companies avoid taxes by under-quoting true sales and profit figures and then pay bribes to shake the scent of inquisitive auditors.

The opinion and analysis of journalists is often for sale, turning a lot of media into PR vehicles.
#4 Technology Infrastructure: Without It, Market Research in Latin America Remains Labour-Intensive

- PC-Internet penetration remains low among socio-economic classes C/D/E in Latin America.
- Survey databases (B2B and B2C) are notoriously under-developed and ill-maintained in Latin America.
- Online panels attract survey trolls who disguise themselves in order to qualify and earn the incentive.
- Business databases focus only on largest firms.
- Landline telephones do not penetrate more than 25% of homes and businesses.
- Local and domestic long distance phone costs remain high in Mexico, Costa Rica, Colombia, Peru and other Latin American countries.
- Domestic air-ticket prices are 50-100% more per mile vis-à-vis American flights in Brazil, Colombia, Argentina and Mexico.
#5 Economic Volatility Limits the Shelf Life of Market Research in Latin America

In Latin America, all normal business drivers are overshadowed by the volatile movement of the economy.

In most markets, forecasts longer than 24 months are not reliable.

Any published/completed market research for Latin America is instantly outdated once any economic volatility is triggered.

Research costs rise and fall much faster in Latin America than more stable markets.
Best Practices for Market Research and Market Intelligence Gathering in Latin America
#1 Secondary Research

## Challenges

- A dearth of published information
- Public sources are probably poorly researched, misreported, unverified and lacking analysis
- Private sources vary in quality both from company to company and within companies from market to market.
- The most valuable research may have to be paid for, extra-officially.

## Implications

- Can be 2 to 10 times more costly than the US and yield less information.

## Best Practices

- Do not make business decisions based upon secondary research alone unless it is a privately researched source that you have scrutinized.
- Do not expect to be able to size the market, or study your competition through secondary research alone.
- Key data that is first lifted from secondary sources should be cross-verified via high level “expert” interviews or at the very least reality checked by local consultants.
#2 Consumer Surveys

## Challenges

- The wealthy can be inaccessible and secretive in Latin America.
- Researching door to door in working class neighborhoods can be dangerous.
- Less than 20% of households (in most LatAm markets) have a landline.
- Online panel samples can be misrepresentative.

## Best Practices

- Wealthy consumers should be researched via face-to-face interviews and recruited using the “snowball” technique (hint: remember grade 7 dances...)
- Mass market surveys designed to interview multiple layers of society are best via intercept.
- Do not ask anyone directly how much money they or their household earns or invests.
- Use the internet to reach the upper-middle class.

## Implications

- Wealthy consumers are slightly more expensive to research in Latam than in the US.
- Surveying middle and low income consumers in Latam costs about 50% as much as in the US.
#3 Qualitative Consumer Research

## Challenges

- Different socioeconomic levels in LatAm will not mix in one focus group.
- Latin American women over 30 tend to grow quiet in mixed gender focus groups.
- Wealthy Latin Americans can be offended by cash incentives.
- Very few moderators can be effective in more than one or two countries.

## Implications

- Focus groups cost 20-25% less in Latin America but more of them are needed to ensure participant quality and interaction.

## Best Practices

- Enough focus groups should be budgeted for to separate men from women, if over the age of 25.
- If more than one SES level (A to E) needs researching than separate sessions must be organized for each level.
- Focus groups for wealthy Latin Americans are best run in upper-scale restaurants where a free meal provides a tasteful incentive and the act of eating and drinking puts participants at ease.
- If a regional benchmark analysis is needed than one regional moderator should be augmented by local moderators who can sort through local dialect nuances.
#4 Business Research

## Challenges

- In Latin America, C-level executives of large firms and heavy sought after respondents (e.g., IT buyers) do not respond well to impersonal interview techniques (telephone, internet) unless referred by a trusted contact.
- Small businesses in Latin America may not have a land line PC-internet access.
- Business contact lists are limited and generally of poor quality.
- Some sectors have massive black/grey market components.
- Companies guard their information secretively.
- Traffic is far worse than any American city, hampering the ability to recruit focus group participants.

## Implications

- SME interviews are 30% less than the USA.
- C-level executive interviews are 50-100% more than in the US because most must be face-to-face.

## Best Practices

- High level interviews almost always need to be conducted in person.
- Developing good sampling lists is an extra cost that must be budgeted for.
- Converting quantitative surveys into market size must incorporate the size of the grey/black market in the calculations.
- Focus groups are often not viable.
- Interview questions should not ask directly about sensitive information (profit, market share, sales).
#5 Competitive Intelligence

## Challenges

- Annual reports of MNCs operating in LAC rarely include regional or market level data.
- Publically traded LAC firms may be 1-2 years behind on their reporting.
- Industry experts (e.g. IDC, Forrester, Gartner) are restricted by NDAs. Also, they are staffed by “desk analysts”, a different skill set from that of a CI professional.
- Intrusive methods (often used in LAC) may place you, the client, in a legally precarious position.
- In many segments of ICT, competitive pricing is negotiated in 7-digit contracts.
- The ICT industry is quite effective at muzzling its own employees.
- Straight forward approach of interviewing competitors rarely yields results.

## Implications

- Mystery shopping in LAC is 30% less than the USA.
- Competitor profiling can be 2-3 times more expensive in LAC versus Latin America.

## Best Practices

- For field level CI, hire a CI professional, not an industry analyst.
- Use mystery shopping heavily to make an impact.
- All CI methods should be approved by the client to ensure legal compliance.
- Investigative level CI activities should be subcontracted via your law firm.
- Rely on 3rd party distributors in order to profile your competitors – they love to talk!
We completed more than 2,000 client engagements throughout Latin America for market research, competitive Intelligence, opportunity benchmarking and more in a wide range of sectors, including:

- **Payments** (credit/debit cards, virtual wallets, e-commerce, m-commerce etc.)
- **Logistics** (freight forwarding, pricing studies, market forecasts, etc.)
- **Healthcare** (market sizing, competitive analysis, health trends, etc.)
- **Mining** (risk analysis and assessment, competitive intelligence, forecasts, etc.)
- **Industrial** (market sizing, intelligence for investors, brand awareness, etc.)
- **Consumer** (shopping tendencies, demand, market analysis)
- **Auto** (market intelligence, brand awareness, competitive analyses)

Contact us at **info@americasmi.com** to find out more about how we can solve your strategic data challenges