

# MARKET FOCUS ARGENTINA



## *Country Background*

Argentina is the second largest country in South America. The country is rich in natural resources including gold, silver, copper, iron ore, petroleum, natural gas and oil. The climate is predominantly temperate with extremes ranging from subtropical in the north to subantarctic in the south.

Almost all of the 40 million population are European descendants. The population is relatively young with a median age of 29.7 years and a 97 percent literacy rate. The official language is Spanish, the currency is the Argentinean peso (\$) and the capital is Buenos Aires.

In 1991 a fixed exchange rate was established between the peso and U.S. dollar to alleviate hyperinflation. Although prices stabilized in the 1990s, foreign debt increased enormously and, because the market had been opened up to foreign imports, local industry collapsed. In 2001 the country slid into economic crisis and recession.

The tie between the peso and dollar was abandoned in January 2002. The exchange rate plunged. Real GDP fell by 10.9 percent, but by the middle of 2002 the economy had stabilized, albeit at a lower level.

Since 2003, Argentina's economy has been growing at 9 percent every year, making it the second fastest-growing economy of Latin America. This has been mainly fueled by a revival in domestic demand, solid exports, an increase in international tourism and

favorable external conditions. Inflation has been rising steadily and reached 10 percent in 2006. Unemployment has been reduced from over 20 percent in 2001 to around 9 percent.

## *Marketing Environment in Argentina*

Even though Argentina is one of the world's biggest agricultural producers — in 2006 agriculture accounted for 11 percent of GDP and one third of all exports — only 10 percent of the population is considered rural. Nearly a third of the population lives in the Buenos Aires metropolitan area. Only two other cities have more than 1 million inhabitants: Cordoba and Rosario City. It is recommended to include a selection of inland cities in market research due to some cultural, socioeconomic and consumption differences compared to the larger cities.

## *Unique Challenges for Marketers in Argentina*

Over the years the Argentinean economy and its people have gone through cycles of rapid change. Marketing teams face the challenge of constantly adapting their strategies in response to this. Communication and pricing approaches must be well balanced to offset the cultural and economic differences in the population.

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## Top Lifestyle Statements in Argentina

Statement	% of people who definitely agree
It is important to continue learning new things throughout your life	92.1
If at first you do not succeed, you must keep trying	90.9
You should seize opportunities in life when they arise	90.4
I like to have a circle of close friends who support me in hard times	87.8
It is important to be well informed about things	86.9
It's important to me to be recognized by my peers	86.4
I worry about violence and crime	84.6
I like spending most of my time at home with my family	84.4
I think we should strive for equality for all	84.2
I think it's important to have a lasting relationship with one partner	81.1

Source: Argentina TGI 2006 (Oct 05 - Oct 06)

## Media Environment in Argentina

Argentina has the highest penetration of cable TV in Latin America — nearly 70 percent of all households receive more than 70 channels. The two main free TV channels, Canal 13 and Telefe, capture 65 percent of the audience.

There has been a 36 percent increase in all forms of advertising over the last 12 months. TV is still the most important medium in terms of advertising, concentrating 53 percent of all ad spend. Cable TV accounts for only 11 percent of the total spend, but its earnings have increased 46 percent in the last year.

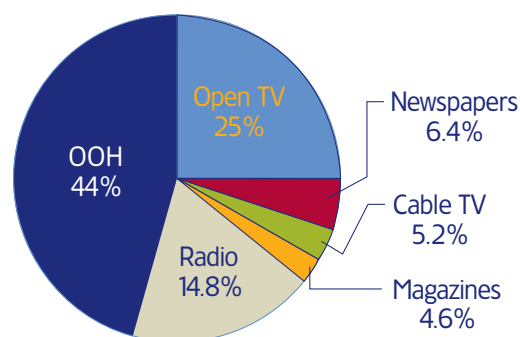
	TV	Computer Ownership	Internet Access	Broadband	Mobile
Penetration %	99	35	24.8	13.9	78
Users (MM)	39.5	14.0	10.0*	5.5*	31

\*households Source: INDEC

Over the last few years, people have watched more TV. With the rapid and progressive growth of digital media, convergence, audience fragmentation and ad saturation, there is more ad clutter and it is becoming harder to reach consumers and get the message across.

Argentines spent 50 percent of their time outside of the home so it's important to take advantage of all advertising media. Like many other countries, Argentina's advertising is saturated. On average, each person receives over 2,500 ad messages per week. We can see how this is distributed among all media:

## Share of Media



## Argentina's Top Advertisers (2006)

1. Danone Argentina
2. Unilever Argentina
3. SC Johnson & Son Argentina
4. Presidencia de la Nación (national government)
5. GlaxoSmithKline

Source: Cámara Argentina de Anunciantes

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## Top Media Outlets in Argentina

Television	Newspaper	Magazines	Web sites
Telefe Canal 11	Clarín	Noticias	<a href="http://www.deremate.com.ar">www.deremate.com.ar</a>
Canal 13	La Nación	Gente	<a href="http://www.clarin.com.ar">www.clarin.com.ar</a>
Canal 9	V. del Interior	Caras	<a href="http://www.masoportunidades.com.ar">www.masoportunidades.com.ar</a>
América Canal 2	Ole	Cronista	<a href="http://www.lanacion.com.ar">www.lanacion.com.ar</a>
Canal 7	Diario Popular	Revista Viva!	<a href="http://www.hotmail.com">www.hotmail.com</a>

## Retailing in Argentina

Argentina's retail sector is currently growing faster than the economy due to high consumer confidence, outlet expansion and higher disposable incomes. Sales in the electronics sector are at an all-time high. Companies that have introduced credit are experiencing success because consumers receive substantial discounts and are able to pay for purchases in installments without interest. As a result of this, sales have increased.

Most of the premium brands have recovered from the big losses experienced during the 2002/3 crisis and have reestablished their market share. Their growth now outstrips that of non-premium brands.

There are distinct differences between socioeconomic levels and choice of retail outlet. Supermarkets have 40 percent of the market in sales of household goods and attract upper and middle income earners who typically work long hours and are looking for convenience. Lower-income households prefer more traditional retail channels like corner shops, grocers and discount stores. Internet retailing has increased its

market share as a result of increased availability of computers, credit cards and innovative payment systems.

## Tips for Advertisers

Although Argentinians are increasingly exposed to a greater variety of media, due to its popularity TV is still the most dominant medium.

After the economic recovery, advertising investment levels followed an upward trend. But recently there have been signs of clutter with reduced ad recognition and persuasion levels. This has led to a greater need to create impact and achieve sufficient engagement to promote recall. The key lies in the emotional involvement linked to branding. However, Argentinians also value information-based ad approaches.

Brand activation and sponsorship are other widespread means of communication, which tend to add value since they maintain consistency with the rest of the brand's activities.

Ads are not permitted to mention or make direct reference to competitors' brands. The average ad length is 30 seconds, although 45- and 60-second ads are also used. Many local ads have won prizes for creativity in international competition.

## Key Millward Brown Metrics

	Awareness Index	Persuasion	Enjoyment	Involvement
Argentina	5	26	3.79	4.2

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## Fun Facts and Trivia

- Though rarely played, the national sport of Argentina is a game called Pato, which combines elements from basketball and polo.
- The Argentina Polo Championship during October and November attracts tourist from all over the world. The top 19 polo players in the world are Argentinian, according to the World Polo Tour rankings.
- The country offers a wide variety of natural landscapes that can satisfy all tastes (ecology, culture, sport and countryside).
- From Usuahia, the most southern city in the world, to the Iguazu Falls in the northeast of the country, the landscape and weather vary widely. Easily reached by plane, there are excellent ski resorts in Bariloche and beautiful beaches located only 220 miles (350 kilometers) away from Buenos Aires.

## Top Tips

### Where to visit:

- January/February: Mar del Plata beaches.
- July/August: The biggest ski fields in Latin America can accommodate all levels of expertise.
- September/October: At Peninsula Valdez you can watch whales from only meters away.
- All year round: The province of Mendoza is world renowned for its Malbec wines.
- The Glaciers of Perito Moreno, located in the province of Santa Cruz, are included in the UNESCO World Heritage list. A number of guided trekking activities are available for all levels of experience.
- U.S. dollars are welcome almost everywhere. Most places accept credit cards, but identification is requested.
- Tipping is common, with 10 percent the average in most restaurants.
- Argentina has a lively night life. People do not go out for dinner before 9:00 pm and it is common for dancing to start well after 3:00 am.
- Normal banking hours are Monday to Friday from 10:00 am to 3:00 pm.
- If you are a sports fan we recommend that you watch a soccer game between the two most popular clubs in the country, River Plate and Boca Juniors. This is considered one of the most spectacular sporting events in the world.
- In the capital city, Buenos Aires, you can find a wide variety of cultural activities, including over 90 theaters.
- There are a great variety of places that offer tango dinner shows where you can experience the combination of great food, live music and incredible dancing.

- The city has three major transport systems.:

*Buses:* There are a great number of lines that can take you anywhere around the city.

*Subways:* With five lines, they are a fast way to move around the city. As in any major city, avoid peak hour traveling times from 8:00 am–10:00 am and 5:00 pm–7:00 pm.

*Taxis:* Compared with many countries, they are economical and, even though many of the drivers do not speak English, they have a great knowledge of the city and its tourist attractions.

## Eating Out

- You cannot visit Argentina without trying its world famous beef. There are a wide variety of restaurants in the city where one can enjoy an "asado" (Argentinean barbecue). You can start with an empanada (a mincemeat filled pastry), followed by a second course of meat including chorizo (sausage), achuras (offal), and asado (meat cooked on a grill). All of this can be enjoyed with some homemade red wine.
- La Caballeriza and Cabañas Las Lilas are restaurants that always guarantee a great-tasting asado. Visit [www.lacaballerizapuertomade-ro.com](http://www.lacaballerizapuertomade-ro.com) and [www.laslilas.com/restaurant.php](http://www.laslilas.com/restaurant.php).
- Mate is a popular drink in Argentina. It is made by infusing the dried leaves of the yerba mate plant in hot water and is drunk from a special cup called a gourd.

## To Buy

- All leather products, especially jackets and shoes, are essential purchases for tourists.
- Most international clothing brands are available at competitive prices, but a visit to Sunday's San Telmo street market is a must for tourists.

## Must Read

- There are a great variety of books with glossy photographs of Argentinian scenery by local photographer Aldo Sessa.

## Useful Links

Argentinean Ministry of Tourism: [www.sectur.gov.ar/eng/menu.htm](http://www.sectur.gov.ar/eng/menu.htm)  
Argentinean Tourist Guide: [www.argentinaturistica.com/](http://www.argentinaturistica.com/)  
Aerolineas Argentinas, the local/international airline: [www.aerolineas.com.ar/home.asp](http://www.aerolineas.com.ar/home.asp)