

“If you’re trying to reach upmarket consumers, and you’re not online, then you’re missing a key audience and losing relevance.”



Setting out to win the hearts and minds of advertisers in Mexico, Mariate Arnal has been instrumental in changing the industry’s culture. In a market where TV dominates, the web is now making real headway as a significant marketing platform.

www.DigitalStrategyConsulting.com/thoughtleaders


Analyst's profile:

Danny Meadows-Klue has been a researcher and commentator in the digital networked industries since 1995. He managed the UK's first online newspaper - The Daily Telegraph - and has helped run web businesses ranging from social media and mass market portals to online stores, magazines, search and email services. He is the co-founder of the UK and European IABs, held their presidencies for four years, and has been lecturing on digital media and marketing for more than a decade.

“Success in the digital networked economy takes a different type of thinking. We created the Digital Thought Leaders series to help you meet people who have the right formula and are shaping the new digital landscape. As media and communications undergo revolutionary change, there is a sunrise on whole new sectors and a sunset on others. Reading this landscape can be the greatest of challenges, but is key to building wisdom and vision about where to take your own brand and strategy.”

Digital Thought Leader
Bringing MSN to Mexico

Eight years ago Mariate left the world of management consultancy and joined the team of just over a dozen people at MSN in Mexico City. She has played an instrumental role in helping to expand the role of commercial media on the internet in Mexico, growing the scope of online marketing in the country and raising advertiser confidence. Today the team at MSN is over 50 people and the scope of the website is a hundred times greater than back in 2000. Along the way Mariate co-founded the industry trade association and has helped accelerate the migration of marketers' focus to online. In this interview she talks about the role of reach in media planning, why high-end demographic audiences have switched to the web, and why many brand managers still don't understand what online is about.

Audiences have migrated to the web

The internet audience has grown dramatically in Mexico within a short period. The time people spend online has leapt in the last couple of years and as the price of broadband continues to fall, more consumers have access at home which is creating a new dynamic. By 2008 there were more than 25m internet users, but with the demographics concentrated among the high end 'AB+' group, that represents the main concentration of disposable income.

Just as in North America, as consumers take greater control of their media consumption in classic channels, advertising effectiveness in television and print has fallen. This creates a massive opportunity for marketers who are ready to embrace the web properly.

MSN was one of the earliest players in the digital media market in Mexico so their team saw the ups and downs. “In the early days nobody ‘got it’”, explains Mariate. “Advertisers, agencies and even many of the media owners didn't have the tools and the people to really get web marketing right.”


Meet Mariate Arnal

Mariate is the General Manager for Prodigymxn.com, the leading internet network in Mexico. She has been responsible for growing the MSN business in Mexico, with over 600% growth in revenues and with establishing ProdigyMSN as the leader across category in communication services and the portal business. She was President of IAB Mexico for its first two terms. As a recognised industry leader, Mariate has spoken at numerous conferences and was named “one of the 50 most powerful women in Mexico” in 2008 by Expansion magazine. She lives in Mexico City with her two children.

Today part of the challenge is still in the raw numbers. “If you look at the audience reach of the internet it doesn’t look that special, but when you look at the engagement, or the reach combined with other media – that’s where you start to understand the real story.”

In a country where advertising is synonymous with television and TV enjoys a 95% reach, the ‘reach’ issue can be the biggest of barriers. One of the challenges that the internet has had in Central America until now has been that it does not touch the majority of consumers. With the lower demographics excluded, it’s clearly not the right media channel for every brand, but for the consumers that are here, the scope for engagement is far greater than in classic media.

Using the web to support classic media

In markets where the majority of people do not have access to the internet, or where their volume of use of the internet is small, the model for how the web fits with other channels can be quite different from its role in the technically advanced markets of Europe, the Far East and North America.

“If you’re trying to reach those consumers and you’re not online then you’re losing relevance.”

For example, in Mexico where pay-TV has a reach of only about 45%, the combined reach with TV can push the cross media potential to 70%. With print channels there’s a similar pattern: a 69% reach of newspapers and magazines leaps to 83% when the internet is added.

“It’s even more dramatic among the 18-34s”, explains Mariate. “If you’re trying to reach those consumers and you’re not online then you’re losing relevance, it’s true that audience reach is only part of the story, but it’s a key element in explaining how the web offers brands the chance to connect with consumers.”

This is a big cultural shift in the perception of the roles of media channels. “Brands like Coke are now moving to the web because they understand how effectively the web can build reach as well as brand affinity.” At a time when consumers are tuning out of other media – zapping between channels during the commercial breaks and not reading newspapers the way the previous generation did – it represents a significant opportunity for brands who can change their mindset. “On the web they are in an environment where consumers really want to engage.”

The problem in Central America is that while most marketers understand they need to be doing more online, they simply don’t know how.

Experimentation is key

“Firms that succeed in online marketing go out and start experimenting. They try things and learn. And when the learnings are brought back into the business, the next campaign

becomes even smarter and more effective than the last.” “You’re never going to learn unless you are willing to go out there and make a mistake.”

“You’re never going to learn unless you are willing to go out there and make a mistake.”

The great thing is that on the web you can monitor what works and see the results straight away. That means there’s a way you can try things out and then change what you’re doing.”

For global brands familiar with online marketing in the United States there are additional challenges. The models that any one brand has in one part of the world can be a great resource for thinking about ideas that can be applied in this market, but they can’t usually be applied exactly.

“If you look at a brand like Axe from Unilever it’s clear who the target consumer is, you can see how they’ve embraced the web. There are virals in Mexico that got massive uptake ” explains Mariate. “Knowing who you are as a brand and understanding the landscape is key.”

Mariate makes the point that firms getting the web right are typically strong on their brand identity and true to their marketing values. Their brand’s sites and creative content designed in a way that not only fits consumer needs but enables consumers and non-customers to recognise there is no gap between how the brand is perceived and how it behaves online. If there is a gap (often called cognitive dissonance in marketing) then in the social environment of the web, companies are far more exposed to consumers pointing this out than they are in the traditional channels. The online marketing approaches that work are the same in Mexico as most countries and savvy brands are rolling out strategies that harness this.

Consumers taking part in the story

MSN has been a strong developer of social media places and spaces and Mariate is a strong social media fan. “People will talk about you online. The era of the consumer being a spectator - a passive person - is gone. Consumers have never had so much power as they do now.”

Mexico: key facts about online

- Internet access dominates the upmarket demographics
- Both email and the web have become a key part of office life
- Over 70% of internet users in Mexico are on broadband
- The price of broadband is falling steeply
- Consumer package goods marketers are embracing the internet in Mexico, with beverages the fourth sector in terms of online advertising and enjoying 320% growth in the last year

Why brands are not connecting to the web

Mariate is passionate about online marketing and frustrated by the failings of the industry, citing missed opportunities of where brands failed to achieve real results in their online marketing. “We still see campaigns here in Mexico that are print magazine campaigns simply copied to online, the print artwork is cut, squeezed and tidied up. This is not how you create great web advertising.”

Sometimes it’s the simplest of advice that has the biggest takeout. What’s Mariate’s golden rule for brands? “Do one thing and do it well. Really well.”

Getting the attitude right

The problem is the skills gap. And it’s the same skills gap that Digital’s team has been tracking in Europe, Asia and North America. The sudden arrival of a new media channel creates a vacuum, people have to learn the skills and companies have to develop teams that understand digital marketing. In most countries the skills gap has reached crisis point, with many firms achieving poor results from what they do online.

“There’s a danger in Mexico that some media agencies are still behind where they need to be. That presents real challenges for the brands.”

“Don’t go to the publisher and say ‘I have \$2000 to last 6 months’ – if that’s your budget then go shopping! It’s not how to engage with online media.”

A simple example of this is how many media owners still receive requests from brands for tiny ‘toe-in-the-water’ amounts of activity. It’s a behaviour pattern that was common in North America and the UK in the mid-nineties, but seems to be continuing in many of the second wave digital markets. “Don’t go to the publisher and say ‘I have \$2000 to last 6 months’ – if that’s your budget then go shopping! It’s not how to engage with online media.”

Is online marketing actually working?

“7 out of 10 internet users have claimed they’ve been impacted by online advertising. Consumers are shifting to the internet, spending more time, and more than 60% of internet users are saying that the internet is now ‘indispensable’ and that it’s their primary media.”

For brands that build experiences the web is even more powerful, but for Mariate, building experiences doesn’t mean building websites: “Consumers are already online in the big portals and media properties, they rarely go to brand websites. On the web consumers are really engaged; it’s a lean forward medium.”

Digital Thought Leaders

Meet more Digital Thought Leaders we’ve interviewed in this series
www.DigitalStrategyConsulting.com/thoughtleaders



Peter Ashman
 Publishing Director, British Medical Journal



Professor Joel de Rosnay
 CEO Biotics International



Antoine Clement
 General Manager for Digital Media, Elle.fr



Jim Sterne
 CEO Target Marketing



Jerry Yang
 CEO and Chief Yahoo!



Joseph Jaffe
 Author and President of Crayon



Pete Clifton
 Head of News Interactive, BBC.co.uk



Vince Broady
 Founder, GameSpot.com



Christopher Wagner
 CEO 24/7 Real Media



Craig Newmark
 Founder CraigsList.org

Why do some firms get it so right, their audiences and revenues explode? Our Digital Thought Leaders interviews bring you closer to people and brands shaping the digital networked economy. They are based on discussions we’ve had with them since 2000 and are published monthly.

Liked this report? Then you may also like some of the other reports we’ve recently published. To get hold of your copies email Team@DigitalStrategyConsulting.com

In digital channels the consumer is choosing to interact with the content and services they select. This is a massive contrast to television where there isn't the same focus and engagement. In Mexico television takes over three quarters of all advertising spend and is the main focus for brand marketers. This means that the TV dominates the marketing sector, but has become so entrenched most brand managers are scared of reducing it in the media mix. "The internet industry is now at a point in Mexico where we can have the conversations about reach and frequency."

“The internet industry here is now at a point where we can have the conversations about reach and frequency.”

It doesn't mean that the web should be bought and planned like television, but for brands who want to build on the approach of television thinking, those structures are in place.”

Yet the contrasts in development between classic media and online are extreme: "In the TV industry there has been little innovation in 30 years yet on the internet there is innovation all the time, every year it's different".

MSN has always been strong at researching the effectiveness of online advertising. Their teams in North America pioneered the research into cross-media effectiveness in 2001 by partnering with Unilever to research the optimal media mix for the launch of a Dove soap bar. They followed through with more than a dozen heavyweight studies into media neutral planning and from this helped uncover new insights into how to build the right mix of media.

What's big in Mexico today?

Brands are investing more in their websites and more in their email programmes. There is a leap in the use of search and for those who sell direct, a shift – company by company – into harnessing the web as a channel for sales leads and customer acquisition.

What's big in Mexico tomorrow?

For Mariate, the missed opportunity is around branded content. "Most companies are still busily creating their own websites and producing content." In practice this means that most brands build websites people don't come to. The challenge is that they are not publishers and have to both produce compelling content and then effectively market it. This is where the process falls down most of the time, and why many brand websites are filled with second rate content that never gets looked at. "The solution is simple" explains Mariate. "Online media properties already have the audiences so brands that want to make the connection simply need to partner. Branded entertainment and sponsored content is where advertisers are now switching their budgets and their focus in Mexico. It's a significant trend already but will be one of the main areas of activity from here onwards."



Marketing through social media
Digital Social Media Academy (acceleration course)
 Social media can transform a firm's image, creating cut-through and delivering engagement and trust with customers. Harnessing social media demands understanding the culture of Facebook, MySpace and the social networks, harnessing the scope of blogs and forums, and ensuring your brand and presence is consistent.

Digital Social Media Academy
 Connecting intimately with consumers
 Harnessing social media, consumer generated content, social networking and Web 2.0 trends
 Blogs and online communities are just some of the ways to harness social media and user-generated content. The sudden rise of social media has created new publishing and marketing techniques. There are many more publishing tools to get the most from social media. We start thinking about the practical use of how to harness social networking and collective intelligence to give your website increased traffic and an editorial edge. We explore different types of UGC, and practical forms and tips on how brands and website publishers can make their content more easily discoverable to help drive audiences.



Building audiences to your websites
Digital Marketing Academy (masterclass)
 Which tactics will really boost audiences? And which will boost them cost-effectively? Find out how you can instantly drive more traffic and how those customers can be locked into relationship marketing programmes. We explain the framework for all your digital marketing and then help you build a plan with the key tools that work for budgets of all sizes

Digital Marketing Academy
 It's all about marketing
 Marketing concepts and planning
 The world of marketing is changing and to understand the potential of digital marketing techniques fully you need to appreciate the wider objectives and trends in the industry. In this lecture we explore some of the main drivers within the marketing industry, and we then consolidate them to explain how gradually consumers are offering the perfect solution to the marketer's challenge of getting closer to the customer, building engagement and delivering value.



Effective email publishing
Digital Email Academy (acceleration course)
 A packed day of email newsletter and campaign creation covering publishing design, planning, delivery, content and strategy. We look at how email can build brands as well as generate sales, in acquisition and retention marketing. You'll write a plan for your next email marketing campaign and enjoy frank advice from experts.

Digital Relationship Marketing Academy
 Turning strangers into acquaintances, acquaintances into friends and friends into high value consumers.
 Digital marketers give marketers the chance to build meaningful relationships with identified high value consumers. They create a valuable, measurable in digital media and track both greater cost efficiency and greater return to consumer acquisition and activation. Relationship marketing should be at the heart of all high value consumer strategies, and it offers marketers an important arena of discovery, product and channel challenges in creating digital consumers to build on CRM programmes that change the way businesses work.



Getting to grips with search marketing
Digital Search Academy (acceleration course)
 Search engine marketing is key to getting your websites discovered. Pay per click advertising can switch on a stream of customers and effective search engine optimisation can ensure long term discoverability for thousands of phrases.

Digital Search Academy
 Getting to grips with search engine marketing
 Getting your products found online can be like seeking your consumers to find the proverbial needle in the haystack. Search engines are key to your business and our strategy orientation gives you all the basics you need to get started in effective search engine advertising and marketing. It concentrates on the essential knowledge you need, gives you a framework for the future, and delivers practical tips your company can use straight away.

Digital Training Academy programmes

Intensive digital marketing and publishing coaching that boosts the effectiveness and productivity of digital teams in media owners, brands and their agencies.



Copyright: Leland Beaumont, 2006

“I’ve been in digital for many years, but the Digital Training Academy you ran for our senior management has transformed this company. Congratulations.”

Media company board director and participant, in-company Digital Training Academy programme

Boosting your digital teams

Our programme of training for media owners, consumer brands, agencies and business service firms covers more than 40 different disciplines within digital marketing and publishing. We cover everything from improving the effectiveness of search marketing to writing smarter email campaigns, from harnessing social networks and blogging, to strengthening media sales teams.

How can we help you?

Call one of our Academy Managers today on + 44 (0) 20 7244 9661 or talk with us by simply emailing Admissions@DigitalTrainingAcademy.com

Our strategy and training programmes

- Corporate and product strategy development
- Business plan analysis and risk assessment
- Executive digital management coaching
- Digital skills and knowledge training
- Customer acquisition strategies
- Market research and analysis

If you have any questions about our approach to training, or the detailed content of the course then please email or call the team.



Making sense of a digital world

Digital Strategy Consulting Limited & Digital Training Academy Ltd

Tel +44 (0)20 7244 9661

Email Team@DigitalStrategyConsulting.com

Company 4342602

Copyright, marks, limits of liability, disclaimer and the small print

Copyright © 2008 Digital Strategy Consulting Limited. All rights and marks remain are our property. You should always take advice before investing and Digital Strategy Consulting cannot extend any duty of care to anyone reading this report. Remember that the young digital markets are volatile and as business models and practices change you should seek ongoing advice for the decisions you make. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means without the prior written consent of the publisher. While every effort has been made to ensure the accuracy of this paper, neither the publisher nor the author(s) make any warranties with respect to the accuracy or completeness of the contents of this work and specifically disclaim all warranties, including without limitation warranties of fitness for purpose. The work is offered on the understanding that neither the publisher nor the author(s) are engaged in rendering legal, accounting or financial advice and shall not be liable for any damages herefrom. The fact organisations or websites are referred to does not in any way mean we endorse them. We offer no guarantee or warrantee on the information contained herein. Nothing in this document forms any part of a contract and our approach to research, consultancy and training is subject to change without notice. For a full schedule of terms and conditions for working with us contact our team.