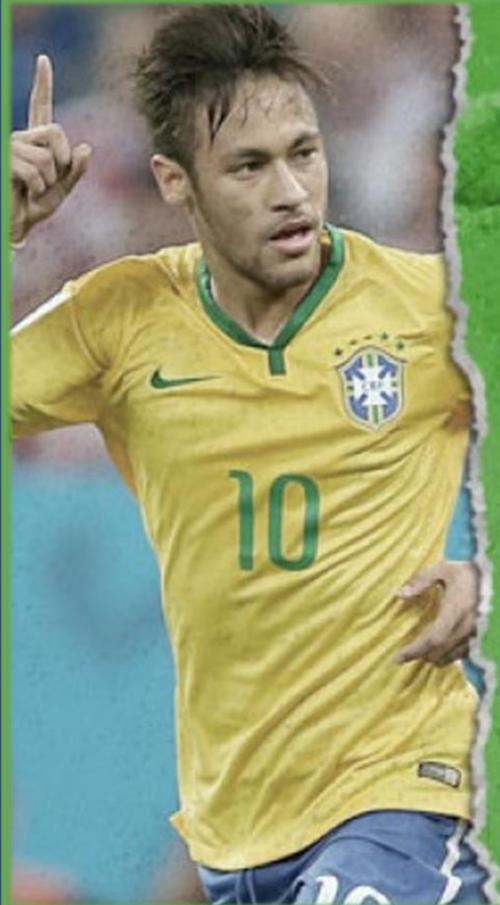




Jaybird



International
Marketing Plan for
Jaybird X3



BRAZIL

VS



MEXICO

Molly Marko
and
Lindsay Anderson



Jaybird

Part One: Brazil Analysis

Physical Characteristics: Brazil is the largest country in South America and takes up nearly half the continent's area. Brazil shares borders with Venezuela, Guyana, Suriname, French Guiana, Uruguay, Argentina, Paraguay, Bolivia, Peru, Colombia, and the Atlantic Ocean. The country is divided into 26 states and 1 federal district where the capital, Brasília, is located.

A key topographic features of Brazil is the Amazon River (the 2nd largest river in the world.) The Amazon along with a few mountain ranges help shape Brazil's unique landscape. The Amazon Basin is located in the northern portion of the country and takes up 2/5 of Brazil's area. In the northernmost part of the basin is a mountain range known as the Guiana Highlands. This is where Brazil's highest mountain, Pico da Neblina, is located. South of the basin is a plateau called the Brazilian Highlands. The highlands meet the Atlantic Ocean at a steep slope. In the lowlands of Brazil sits the worlds largest tropical rainforest, just east of the Andes.

Brazil has a tropical climate, but as one moves south, the climate becomes more temperate. Due to its location in the Southern Hemisphere, Brazil's hottest months are December to March and the coldest months are May to September.

Having the world's largest rainforest within it's borders comes with a price. Deforestation has been effecting the country's wildlife and ecosystem greatly. In 2001, only 4.4% of Brazil's natural areas were protected by law from developers. On top of the rain forest harvesting, water contamination and land erosion face the country. The rivers near industrial cities are polluted by mercury, and toxic waste. There is very little fertile soil in the country due

to the erosion caused by clearing forests. An advantage that Brazil processes is that it consumes most of South America's Atlantic coastline.

Population: As of 2017, the population of Brazil is 211,243,220 which is a 0.8% increase from last year's count. The population has been steadily increasing over the past 70 years. Most of the population is centered in the Atlantic Coast region. The states of Rio de Janeiro, São Paulo, and Minas Gerais hold about 40% of the country's total population. Most of the interior area of the country is uninhabited aside from the indigenous people who live near the Amazon Basin.

According to the 2000 census, about 75% of Brazilians are Roman Catholic, 15% are protestants, and 10% are Buddhists, Jewish, Muslim, and others.

Public education is becoming increasingly important for Brazil. In 2011, Brazil spent 6.1% GDP on public education, which is above Mexico's 5.2%. Enrollment rates for school have increased by about 30% for four and five year olds in Brazil in the past ten years. However, Brazil's enrollment rates are still lower than the OECD (the 35 country, Organization for Economic Cooperation and Development) average. The amount of youth unemployed and not in school has remained the same over the past ten years, however. Only about 11% of Brazil's working population has a post-secondary degree. In 2014 former president, Dilma Rousseff announced a new education spending plan to invest 10% of the GDP in education. This plan may prove hard with the recent financial crash, however. He wants more degree-holding citizens and to aid to this, the president, Michel Temer, recently signed a law saying that the federal universities must admit 50% from state schools and the other half must be from very poor families.

Currently, citizens that have completed post secondary education (both male and female) make about 2.5 times more in salaries than their non-degree holding counterparts.

The bulk of Brazil's population tends to be younger. Only 33.5% of the almost 212 million are older than 40 years old. 42.5% of the population is between 15-40. Leaving 24% left for those Brazilian under 15 years old. Brazilians are having 1.86 children per woman.

Brazil is a mixing pot of cultures and races. 47.7% of the country are white, 43.1% are multiracial, 7.6% are black, and 1.1% are Asian.

According to NationMaster, in 2011, women in Brazil had an average life expectancy of 77 years and men had one of 71 years. In 2003, only 50% of the nation had access to sanitation. In 2011, the infant mortality rate was 21 deaths per 1,000 births. The average age of a mother at childbirth is 26.

In Brazil the standard number of hours worked is 44 per week. In fact, there is a law in place that makes it illegal to work over 44 hours a week in Brazil.

There are 103.6 million people within Brazil's workforce. Of those working 20% are within the agricultural field, 14% are in industry, and 66% are in services. In 2012 the minimum wage was \$2.18. The unemployment rate in Brazil is 7% as of 2010.

US News.com's "Best Countries" ranked Brazil 28th of 80 countries in 2017. Their top scoring area was 10/10 on adventure. Within the adventure category, they rank 10/10 in both fun and sexy. Where Brazil also holds high rankings are within the cultural influence, heritage, and movers categories. They are on the lower end of the spectrum for entrepreneurship, quality of life and power. What makes them only get a 1/10 on the quality of life area is the fact

that the country itself is not very economically stable, politically stable, or safe. They also do not have a good education or health care system. In quality of life, they are ranked 58/80.

Politics: Brazil holds a democratic federative republic (or democracy) as it's form of government. This means they elect a president who is the head of the state and Union. The president holds office for a four-year term and can be re-elected to a second term. The country's current president is Michel Temer who was elected in 2016 after Dilma Rousseff's impeachment. There are four larger political parties in Brazil: Workers' Party, Brazilian Social Democracy Party, Brazilian Democratic Movement, and Democrats. There are a total of fifteen political parties represented in congress and many politicians switch parties often.

Following Rousseff's impeachment paired with the economic turmoil, the country is currently politically unstable. The current administration has shifted from a center-left alignment to a center-right alignment with the swearing in of the new president. Temer is a member of the Brazilian Democratic Movement Party, the largest political party in Brazil. Temer would like to overhaul the pension system and labor laws, and curb public spending according to his Wikipedia page. Now in March 2017, Temer and most of political figures of Brazil are under major corruption inquiry. As the country continues in political unrest.

Economics: The official currency of Brazil is the real (BRL) and 1 real is equal to \$0.32 today. According to heritage.org's 2017 Economic Freedom Index, Brazil ranks 140th in the world, making them "mostly unfree." This compares to the United States 17th place ranking and Mexico's 70th place ranking. They have a GDP of \$3.2 trillion. Which is at a -3.8% rate of

growth. The public debt is 74% of the GDP. The per capita income is \$15,615. The current inflation rate is 9.0%. According to heritage, "Organizing new businesses remains cumbersome and bureaucratic. It is costly and time-consuming to launch or expand a business." The value of imports and exports are 27% of the GDP. And the average tariff rate is 7.8%. According to the CIA, there is a -2.6% budget deficit in Brazil. The CIA also states the GINI index is 51.9 as of 2012. Brazil's current account balance is -\$14.11 billion, which is a huge improvement from 2015's -\$58.88 billion. The most imported commodities are transportation equipment, chemical products, oil and electronics. (\$143.9 billion/2016) The US covers 15.6% of the imports. The top exported commodities are iron ore, soybeans, footwear, coffee and automobiles. (\$189.7 billion/2016) The US acquires 12.7% of these exports. Brazil is seeking to strengthen its workforce and economy by imposing a local content and technology transfer requirement for foreign businesses. Brazil is a member of the economically powerful group BRICS (Brazil, Russia, India, China, and South America.) The group used to be known for their great growth potential. Brazil is also involved in the international trade groups: Free Trade Area of the Americas, Global System of Trade Preferences among Developing Countries, and Mercosur.

Social-Cultural Patterns: According to the Oxford University Press, "Brazil has one of the world's most unequal distributions of income. The richest 10% of the population get 47% of the income, while the poorest 10% get only 12% of the income. Around 20% of Brazilians live below the poverty line." Racism continues to be an issue in Brazil. There is racism towards blacks and mulattos. Although Brazil abolished slavery in the 19th century, people of color are still paid less by 46%. According to thebrazilbusiness.com, the most widely adopted form of defining the

classes in Brazil is by a household's gross monthly income. There are five classes A-E, A being the highest earners. The classes can also be divided by education levels and occupation type. Inequality is most visible in major cities like São Paulo and Brasília. Most rural areas house those in the D and E classes.

Legal System: Brazil has civil law with origins in Roman law. This law was first under effect when the Portuguese colonized the area. The law is based on codes and legislation. There are three government branches: legislative, executive, and judicial. Brazil claims to be open to foreign investment and pull over half of South America's foreign direct investment. According to the U.S. Department of State "There have been no expropriation actions in Brazil against foreign interests in the recent past, nor have there been any signs that the current government is contemplating such actions. In the past, some claims regarding land expropriations by state agencies have been judged by courts in U.S. citizens' favor. However, compensation has not always been paid as states have filed appeals to these decisions, and the Brazilian judicial system moves slowly." In Brazil, intellectual property rights can be generally classified in three main groups: Industrial Property, Copyright and Related Rights and sui generis (plant varieties). There is an Intellectual Property Office in Brazil like many other world players.

Physical Infrastructure: The port system in Brazil is managed by the Secretary of Ports under the Ministry of Transportation. There are 34 public sea ports, 16 owned by the state or municipal, the other 18 are owned by joint-stock dock companies. The dock companies' largest shareholder is the federal government. Privatization of the ports began in 1995. Money was

given to improve the quality of the ports making them more accessible to many ships. Now that the sea ports are working well, shipments are getting backed up on land as the roads and railways are insufficient. The transportation of goods only happens during business hours in Brazil. This makes Brazil the only major world economy that does not run the services 24 hours a day. This slows down the productivity of shipping.

Marketing and Corporate Communications: Retail makes up 20% of Brazil's gross domestic product. Supermarkets account for most of Brazil's retail industry. According to PWC, "Brazil's strong retail coverage, with nearly 14,500 convenience stores, approximately 5,300 discount stores, over 1,220 hypermarkets and more than 8,300 supermarkets is hard to dismiss, and it ranks strongly in the world market for beauty and healthcare products, food products, PCs, TVs, and medical equipment. In fact, it is amongst the three largest markets for Unilever, Nextel, Avon, P&G, TIM, J&J and the second largest global producer of organic food (after USA)." Brazil also has great potential for online sales as it has a very young population, and 78/100 citizens use 3G or 4G cell phone services.

Advertising in Brazil is a growing industry and includes restrictions like any other country. There are very strict laws about advertising alcohol and cigarettes. In 2007 São Paulo outlawed billboards and other forms of out-of-home advertising such as bus/taxi stickers and wall paintings. Many other cities are following this trend and voting on whether to remove outdoor advertising as well. Because of these restrictions and opinions of disliking the visual clutter in cities, I would guess that discreet internet advertising is a better media. Statista even says, "Internet advertising is the most promising sector in the Brazilian media and

entertainment industry, as spending of this particular sector is forecast to grow by 14.6 percent between 2015 and 2020.” Although internet advertising is growing TV continues to be the most popular medium, accounting for 55% of the market share. Genomma Lab, who makes and researches medical products, was the leading advertiser in Brazil in 2016, spending 1.95 billion reais.

There are more than 1,200 Public Relations agencies in Brazil. But it is estimated that only ten companies produce 80% of the country’s PR. TV Globo is the one truly national broadcasting company, the most influential newspaper is Folha de S. Paulo, and Veja Magazine is the leading weekly magazine in Brazil. Meaning that advertising and public relations could be driven through a variety of different channels.

Part One: Mexico Analysis

Physical Characteristics: Mexico is the third largest country in Latin America. They can be found right underneath the United States at a little less than three times the size of Texas. The Caribbean Sea, the Gulf of Mexico, and the North Pacific Ocean border Mexico, as well as the countries of Guatemala, Belize, and of course, the United States. With Mexico divided into nine major regions, the climate ranges from tropical jungles to dry deserts, but in general tends to stay consistently mellow year round. The terrain across the country ranges from high, rugged mountains, to low coastal plains, and high plateaus and vast deserts.

Mexico truly shines with its natural resources. They are one of the world’s most fruitful petroleum countries, as well as the world’s leading producer of silver, otherwise known as the Silver Belt. Mexico is also rich in copper, gold, lead, zinc, natural gas, and timber resources. A

few of the main crops grown in Mexico are corn, sugarcane, wheat, tomatoes, bananas, chilies, green peppers, oranges, lemons and limes, mangoes, barley, avocados, and coffee.

There are natural advantages and disadvantages to Mexico though. Mexico is located in an area known as one of the Earth's most dynamic tectonic areas. Volcanos are common in the central-southern part of the country. Tsunamis and earthquakes are another disadvantage to Mexico's location. Farming is also difficult because much of country is too mountainous or dry to farm. The water in Mexico is notably unsafe due to old pipes and outdated purification methods. However, an advantage to Mexico is that they are not landlocked. They have many ports and almost act as a peninsula, making them an ideal trading partner.

Population: Mexico's population is made up of approximately 123 million people as of 2016. The majority of the population lives in the middle of the country in the cities—specifically Mexico City, the capital of Mexico. The official language is Spanish and the main religion is Roman Catholic. In fact, 82.7% of people claim that religion as their own and it influences much of the traditions and decisions in Mexican culture. Life expectancy in Mexico is 75 years for men and 80 years for women. As far as race goes 62% of the country is Mestizo (Amerindian-Spanish), 21% is predominantly Amerindian, 7% Amerindian, and the other 10% is mostly European. Right now, Mexico's population is on a steady incline because health and vaccines are becoming more accessible. They are soon expected to overtake Japans population to become one of the ten most populous nations in the world. Currently, Mexico has the highest population for a Spanish speaking country. The largest age group in Mexico is people of 25-54

years, making up 40.69% of the population. The second largest is the youngest age group, 0-14, making up 27.26% of the population.

Good education is important in Mexico, but not commonly attained. In order to get a good job, one has a better chance if they have an education and skills. However, according to the OECD Better Life Index, “34% of adults aged 25-64 have completed upper secondary education.” This is much lower than the average, which is 76% among OECD countries. Men are slightly more likely to have finished high school than women in Mexico. On average, Mexican people complete 14.4 years of education between the ages of 5 and 39. Mexican people in the workforce are becoming increasingly skilled and have lower labor costs than many parts of China.

The health system in Mexico isn't the best but work is being done to try and change that. The government has increased investment in the health system from 2.4% of GDP to 3.2% GDP. The people who reported to be in good health in Mexico was 66% which is less than the average.

Mexican people are also not as satisfied with their lives. On a scale of one to ten, one being the worst and ten being the best, Mexicans gave their lives a 6.2, again, lower than the average. While progress is being made to reduce poverty, 18% of the population still live in extreme poverty.

According to the US News Best Countries rankings, Mexico is ranked at #33. They scored high in areas such as heritage, family, affordability, and fun. But the drop in ranking has a lot to do with the income inequality, extreme violence, safety, and political corruptness.

Politics: The government type is a federal presidential republic which governs the 31 states in Mexico. Like the United States, they have three branches: the executive branch, legislative, and judicial. The president since 2012 is President Enrique Peña Nieto, who is a member of the Institutional Revolutionary Party (PRI) and the 57th president of Mexico. The president is known as the chief of state and the head of the government. He is elected by simple majority popular vote for a single 6-year term. The president appoints cabinet members for various departments. July 2018 is Mexico's next election which may take a big turn. The PRI party lost 7 of the 12 governors races in 2016. Peña Nieto is market and investor friendly and has made reforms to attempt to boost competition and production. He wanted to liberalize the sector of oil, which is a hard task considering that Petroleos Mexicanos, or PEMEX, is one fifth of the government's budget. This put PEMEX into a tough spot financially, dropping oil revenue, and not producing the blooming economy as previously thought.

The legislative branch is a bicameral congress otherwise known as the Congress of the Union. It is divided into the Chamber of Deputies, and the Senate of the Republic.

The judicial branch is organized into civil, criminal, administrative, and labor panels. Judges are nominated by the president and approved by two thirds vote of members in the senate. They serve for life. The highest court is the Supreme Court of Justice with the chief of justice and 11 justices.

In Mexico, there are nine political parties, but have three major ones dominate the scene. They are the National Action Party (PAN), the Party of the Democratic Revolution (PRD) and the Institutional Revolutionary Party (PRI). The PRI is the current ruling party but losing ground with the Mexican public. They see it as inefficient.

Economics: Mexico is the 12th largest export economy in the world along with having the 2nd largest economy in Latin America. They are a huge oil exporter with 54.9% agricultural land. The GDP, which is at approximately \$1.144 trillion has grown more than 32% and the growth is said to continue at 2.5%. This is the 15th largest GDP in the world and largely due to the NAFTA trade agreement with the United States and Canada in 1994. They are currently at \$17, 894 per capita income with a growth rate of 2.4%. According to Investopedia, the middle class makes up 47% of the population. But this cannot necessarily be viewed as a good thing because the definition of middle class has changed dramatically in Mexico and is not the same as American middle class. It is a wide range of incomes. They spend conservatively, even though are still relatively optimistic about the future of the economy. The peso has also reduced in value in comparison to the US dollar. Still, while most of Latin America is slowing, Mexico is accelerating, little by little. For the first time in 70 years Mexicans are moving to Mexico and not to the United States. Their GINI index, or income equality, is at 48.1. This shows just how unequal their economy still is, regardless of the steps they have taken to correct it.

Social-Cultural Patterns: If the Mexican culture could be described in one word, it would be family. Family is the center of which their social structure is based. Families are very large and go into the extended families. They are structured traditionally, with the father as the head of the family. They are the ones to make decisions and the mother is still greatly revered and respected but stays in a secondary role. Business is structured in this same way. Rank in a business is very important and above all, they are expected to treat those ranked above with

great respect. That being said, however, businesses can feel like one big family, which has its advantages. Mexico also runs on polychronic time (p-time) as most Latin countries do. They don't stick to schedules or strict deadlines and aren't typically ones to plan ahead.

The distribution of wealth in Mexico is simply put, unfair. And the income gaps continue to grow. According to telesurtv.net, 1% of the country owns half the country's wealth. So for every upper class person, there are 49 in the lower class. They state, "The wealth of the Mexico's 16 billionaires multiplies five fold each year, while the country's GDP increases by less than 1 percent annually. Mexico is among the top 14 richest countries in the world by GDP, yet over half its population, or 53 million people, live in poverty." The middle class in Mexico is a huge demographic; they made up 47% of the country's total households in 2015. However, the middle class is difficult to define because the income levels vary so greatly. Just from 2000 to 2010 the middle class increased by 11.4%, and the middle class is only expected to continue growing and predicted to reach over 18 million households by 2030.

Mexico used to have a caste system that was brought to them from the Spanish. It determined how high one could go based on three categories of race: Peninsulares, or the Europeans, Native Indians, and African Negros. These were broken up into even more categories and it became a very complex system. Though the caste system is officially gone now, it still happens in the country all the time. There is a problem with race in Mexico, but no one wants to talk about it. Light skinned people in Mexico are much better off in education, jobs, and wealth, while the natives are viewed as poor, working class, peasants. Racial identity is a large social construct. They even Día de la Raza ("Race Day") on October 12th. This is where they celebrate their race and whether they are among those three categories.

Legal System: Mexico has a civil law system, which means the creation of codes is made by legal scholars. It has U.S. constitutional law influence, but is also based on Greek, Roman, and French legal systems. Like much of life in Mexico, the legal system is issued by the catholic church. Only legislature can create new laws, but the judicial branch must review of legislative acts. In Mexico, they do not look to previous court decisions to make a decision about the case at hand. When a law is found to be unconstitutional it only applies for the people who filed the case. This aspect makes doing business there bothersome and inefficient.

An advantage though, is that the Mexican law in certain areas is more defined than the U.S. Mexican law is sometimes seen as more manageable than US law, but it is not always predictable because Mexican judges need to find their own interpretation to the law. Instead of innocent until proven guilty, one is considered guilty until proven innocent.

Mexico's biggest moment of expropriation was the Mexican Expropriation of foreign oil in 1938. President Lázaro Cárdenas signed an order that seized nearly all of Mexico's foreign oil companies operating there which created the monopoly of PEMEX, or Petróleos Mexicanos. Mexico was the very first country to nationalize its oil industry.

Mexico is a part of the Patent Prosecution Highway (PPH) which speeds up the process of patents and helps to prevent backlog. Business method, programs for computers, and rules for performing mental acts are not considered an invention. Ideas cannot be patented either. They have the First-to-File method, with a 20-year patent term. Mexico is a part of the Madrid trademark filing system and joined in 2012. The trademark authority is the Mexican Institute of Industrial Property (MIIP). The Opposition System is defined as the "legal instrument that

allows anyone to oppose an application for trademark registration, advertising slogan or trade name, considering that might incur in any of the legal impediments of the Industrial Property Law". Opposition lasts three months.

Physical Infrastructure: Mexico has one of the most extensive road systems in Latin America.

They form a triangle between Mexico City, Guadalajara, and Monterrey. However, they are poorly maintained because of a lack in government funds. According to nationsencyclopedia.com, "As of 1997, Mexico had 323,761 kilometers (201,185 miles) of highways of which 96,205 kilometers (59,792 miles) were paved." They tried to enforce toll roads, but that lead to high tolls and reduced the traffic on roads. Mexico's infrastructure hasn't grown with the number of cars and there is congested traffic and thick smog. They have railways, but don't use it to transport cargo because it is outdated. Nationsencyclopedia.com also states, "As of 1999, Mexico was estimated to have 1,806 airports of which 233 had paved runways." Like railways, they have worked towards privatizing the majority of airports. Except for Benito Juarez International Airport in Mexico City—Mexico's main airport, the government controls that. Seaports are also privatized.

Mexico currently ranks 64 of 148 countries in terms of infrastructure, according to the Global Competitiveness Index of the World Economic Forum. Infrastructure is their weakness and responsible for their low underdevelopment. But Mexico realized this and released a plan. It is called the National Infrastructure Program for 2014-2018. It includes projects that would cost the public and private sectors a combined total of about \$600 billion. This is very import for making an impact in the trade market.

Marketing and Corporate Communications: The distribution channels are good. Many experts call it the land of opportunity. The new National Infrastructure Plan outlines planned improvements to the highways, railways, and ports. This will modernize transportation. According to export.gov, “55.8 percent (of transports) is moved by trucks, 12.5 percent by trains, 31.6 percent by ship and only 0.1 percent by airplane.” Railroad transportation is increasing. They also have found that Mexico’s main, “ports have the infrastructure and equipment to facilitate intermodal, door-to-door merchandise transportation.”

Mexico is the fourth fastest-growing social media population in the world, according to eMarketer. Their population is very engaged and active in social. However, they only have a 36% internet connectivity rate. This means that little ecommerce happens there, but the middle class is growing. And it is one of the fastest growing in the world. More of these people are spending time on the internet and for longer durations of time. The percentage of internet users went up by two percentage points from 2015 to 2016. The majority of Mexicans access the internet through mobile, a generous 77%. Desktop and laptop usage are not too far behind though, and growing as well.

The Mexican consumer wants good quality products that will save them time and money. Because they are growing so quickly and already have such great numbers, they have more purchasing power than ever. According to Santander, different forms of the media are more effective than others in Mexico. TV is a good channel to reach woman and children, but it is very expensive. When making a commercial it is difficult to determine who has rights over the content due to The Copyright Law. It tends to make ownership of the ad complex and complicated. There are also rules against certain ads at certain times of the day. For example,

alcohol commercials cannot air until 10 p.m. to avoid children seeing them. The press is viewed as a creditable source and can reach a large amount of people. Direct mail is typically used by the banks, but flyers and posters are plastered everywhere around the city. Radio is very powerful channel and listened to daily. Radio broadcasts plays everywhere in Mexico at all times. Internet campaigns are gaining in popularity with the increase of internet usage and brands tend to gain good public opinions versus those who don't.

Some of the main marketing agencies in Mexico include, O21, J. Walter Thompson Worldwide, Grupo KP, and FCB Mexico. According to Santrader, it is important that the ads be, "expressed in Spanish, but there is no bias against adding expressions from other languages."

Other Factors: There are other factors that may have an effect in the Mexican market. Crime and corruption is at an extreme high. In fact, the murder rate is three times higher than the U.S. Drugs have been spreading across the country. According to BBC, "Tens of thousands of people have been killed in drugs-related gang violence in the past decade. Powerful cartels control the trafficking of drugs from South America to the US. Security forces ordered to crack down on them have been accused of abusing their power and acting with impunity."

Another factor effecting Mexico's relationship with America is President Trump and his possible elimination of NAFTA. Trump has called it, "one of the worst trade deals" and threatened to cancel it which would get rid of the free trade with the U.S. that Mexico has so greatly been profiting from. This would mean less companies in Mexico and more in the United States. However, now, after a draft letter, Trump seems to have a softer opinion about NAFTA. Mexicans however, are somewhat relieved, but are still wary about Trump and his demeanor

and decision making. Also, Trump plans on building a wall and forcing Mexico to pay. As the relationship with the U.S. and Mexico goes, it is on the fence.

Part Two: Country Selection

Brazil is the South America county with the most buying power, however they have a flopping economy currently. Mexico is a North American country with an up-and-coming economy. Brazil has about double the population of Mexico. The people of both countries both face extreme inequality between the rich and the poor. They also have similar poverty rates with 18% and 20%. Mexico has about \$2,000 more per capita income. The people of each country hold similar cultural values focused on family and Catholic religion. Their national languages are Spanish (Mexico) and Portuguese (Brazil). People of Mexico enjoy the radio as their form of entertainment. Brazil is slowly getting rid of outdoor advertising to de-clutter their most populous cities. While Brazil has many seaports, they have unfortunately bad infrastructure. Mexico's roads and infrastructure may be just as bad; however, they have a newly submitted plan to increase infrastructure spending and development. The quality of life is higher for residents of Mexico than their counterparts in Brazil.

<u>Rankings of Decision Factors</u>	Brazil	Mexico
Ports (Sea and Land)	1	2
Roads/ Shipping /Distribution	2	1
Per Capita Income	2	1
Advertising Access	2	1
Trade Agreements/ Proximity	2	1
State of Economy	2	1
Size of Population	1	2

We believe that ease of access is important in our choice. This includes proximity, trade agreements and infrastructure. Without distribution that works, our product will not get out to our market. Another thing that makes or breaks our choice is whether the company will be able to make money in either country. This part of the choice is determined by how much disposable income each market has, since our product is not a necessity. This also relies on how much investment we will see in each country depending on how well the local economy is doing. Money is what makes the world go round, if the country cannot spend money then we will not make money. These are our two biggest umbrella factors to consider. We spoke briefly to these items in the opening paragraph of part two.

We chose Mexico to sell our headphones in for several reasons. Mostly we feel that we have the easiest access to the Mexican market. They are currently working on a \$600 billion project to improve infrastructure. We also share a border with the country and are involved in a powerful trade agreement (NAFTA) with them, at least for the time being. It would save us money to produce the product within our own borders and then ship them just to the south. Speaking of money, Mexico has slightly more of it to spend. They have a higher per capita income by about \$2,000 and their economy is on the rise. While Brazil's economy is not doing very well at all. We also really enjoy Mexico's love of traditional radio and we feel it would be a good media to advertise our headphones with.

Part Three: Mexico's Strategic Marketing Plan

As one researcher stated, "Mexico is a land of opportunity." Recognizing and taking advantage of the myriad of potential marketing opportunities there, Mexico is the optimal country for the Jaybird X3 to enter and find success in. There are several market segmentations that would be the most beneficial to penetrate in Mexico.

Market Segmentation: The first market is the, "city youth." Cities are growing quickly in Mexico, especially in the capital city of Mexico City. However, many other urban areas are popping up around Mexico. 70% of the population live in these urban areas. Young people, ages 17 to 30 in particular, are the ones causing this rapid growth. They see more opportunities in the Mexican cities than in rural farm land. This segmentation makes up a huge portion of the population. In fact Mexico is known as a young country, 53% of the population is under 30 years old. The majority of this segment is a part of the middle class who is in need of jobs and pressed for time. The City Youth are interested in new and unique products and are usually early adopters of new technology. Nearly all of Mexican millennials, born in between 1981 to 2000, use social media or instant messaging. 96% percent of them said they have used social media and 60% of them own smartphones and that number is growing. Keeping close communication with loved ones is very important to this market.

The next market is known as the, "Informal consumer." These people, found in the large middle class, make up almost half of Mexico's population with a strong purchasing power. In fact, they contribute 26% of the whole economy GDP. Many marketers in Mexico want to reach and dive into this market because of the massive potential that they have. Though this market sounds attractive, these consumers are risky. They do not have access to credit, health

insurance, or have rights protecting their jobs. The informal consumer is typically a male with a family, earning a net income of \$5,808. They value convenience, time, and affordability more than ever before.

And the third potential market segment in Mexico is the, "Formal consumer." This consumer is very similar to the informal consumer, but lives a much more comfortable life. The formal consumer enjoys benefits like health care, access to credit, and a steady job. This market is also typically a working male in their mid 30's and 40's with a family and a house. The formal consumer makes a larger net income than the informal consumer. They make a net income of \$6,842. The man is the one making the decisions.

Positioning Strategy: The goal of Jaybird's positioning strategy is to make the headphones appeal to our target market by emphasizing the strength of the product that would be the most beneficial and attractive to them. Mexico has just begun to increase in technology penetration so it would be crucial to show that Jaybird is high quality and cutting edge. It is also important to center the positioning around time and ease, being that Mexicans today feel more pressed for time than ever before. One of the over arching themes in Mexico is communication, mostly with family but also with friends. Jaybird will be seen as the headphone that lets them keep relationships and communication anywhere they go. They are also able to share music they are listening to with friends, making Jaybird the ultimate headphone for togetherness. Currently, Jaybird is positioned as a sporty, athletic, and active headphone. Being that Mexico is struggling with high rates of obesity, very few people are working out or have time for it. However, it would be beneficial to position Jaybird as a headphone that can help Mexicans get healthy for a better and more fulfilling lifestyle. Thus, Jaybird headphones would be positioned not as an

athletic headphone, but a healthy one. Given all this, the positioning statement for the Jaybird X3 wireless headphones in Mexico is:

The Jaybird X3 headphones are the only headphones you will ever need. With a battery that lasts 8 hours and innovative wireless blue tooth capabilities, Jaybird lets you communicate while living life with both hands.

Target Market: The chosen target market is the city youth. This is the best market to target for multiple reasons. One is that this market is reachable. They live in the cities and surrounding areas where stores are close by. They don't even need a car to get to one in most cases. The city youth is a young demographic that is receptive and captivated with new technology.

Wireless headphones, like the Jaybird X3, are just the kind of product that these young people who are always using their smartphone would be interested in. And this market is large and growing. Their impact on the economy and purchasing power is also great. This group of people is influential to the people surrounding them and not going away anytime soon.

Marketing Mix: The product is the Jaybird Wireless Bluetooth X3 headphones. These headphones allow for wireless listening with a smaller build and bigger sound. It includes features like a MySound App, ShareMe, sweat proof, longer battery, and better and stronger signal. It also guarantees a one-year warranty. The sweat proof feature is perfect for consumers in Mexico being that the climate is warm year round. Its long lasting battery will be attractive to Mexicans who are constantly short on time and in search of products that are reliable. The ShareMe feature is also relevant for the strong family and relational themes throughout Mexico. They no longer need to listen to music alone, instead they can share it with friends.

Due to our choice to reduce the price of the headphones in Mexico, they will not come with the universal secure fit.

The price of the X3 should be at a high enough point to show quality, yet low enough that it is accessible and not too expensive for the younger generation to purchase. When looking at the competitors like Apple, who has theirs set at \$159, and Beats by Dr. Dre, \$199, it seems as though this price point may be too expensive for the target market. In America, the Jaybird X3 headphones sell for \$129 dollars. This price is closer, however, Americans have higher incomes than Mexicans do in the same age category. After looking at the prices of headphones in Mexico, they range from \$5 to \$110. Starting the price at \$70 American dollars which translates to 1311 pesos. We found this to be in the middle of the higher end headphones being sold in Mexico. This price point will still show that Jaybird headphones are quality performance, but gives them an edge against competitors with the younger market.

The place of distribution will start in cities. The cities with the best purchasing power in the Northern regions. But though Mexico City is in the South in a region of lower purchasing power, it is another city worth distribution because it alone is a powerhouse. Our target market, along with thousands of other markets, live and work in these cities. We will continue to manufacture the headphones in Salt Lake City, Utah, and transport them to Accel in El Paso, Texas, where they would store and distribute them throughout Mexico via their semi-trucks. This way we aren't investing too much of our resources or making a lasting commitment there, just in case it doesn't work out. The Jaybird headphones would be distributed to department stores and stores which specialize in electronics, such as Best Buy, Distribuidora Santiago, and Radio Shack. Though e-commerce in Mexico isn't high right now, it is growing, especially with our younger

target market. Being that the time our target market is online is growing and delivery infrastructure is growing, selling the headphones online would be a beneficial place to be as well. We sell through both our retailers websites and through our own.

The promotion of the Jaybird X3 headphones will be done using three types of advertising mediums to reach our target market—radio, billboard, and social media. Radio is one of the most effective forms of advertising in Mexico. Mexicans have the radio on nearly 24/7 all week long. It is played in stores, homes, on the streets, and in cars and taxis. A catchy, cut-through the clutter radio advertisement would be highly effective in Mexico. The second form of promotion is billboards. Mexico is plastered with print ads and flyers along the streets and alleyways. However, billboards are one of the most cost effective ways to advertise a new product in Mexico. And while like in American cities, billboards seem to be everywhere, they are hard to ignore whether you are driving, biking, or walking. Finally, the third promotional tactic is social media. Nearly 100 percent of the target market is on social media, making it the optimal place to reach them. Mexicans say that when a brand is on the internet it gives them more creditability and resonance than if they weren't.

The next type of promotion is a sales promotion. Sales will be run and intergraded throughout social media and traditional media such as flyers, radio, and possibly and TV commercial spot. Consumers will be able to redeem the promotion by entering the code during purchase for online sales only. This will drive traffic to our website and strengthen our brand name.

The final type of promotion for Jaybird will be a publicity stunt. In order to attract the city youth, our target market, we will coordinate a silent flash mob in the cities, starting in Mexico

City. The dancers will be using our headphones and listening to music that only they can hear, utilizing the ShareMe feature using only one iPod. This will hopefully draw attention, build social media presence, and get Jaybird's name out there in a positive and fun way.

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