

# *International Marketing*

## **The Analysis of Chile**

Could make the  
title more  
informative

### **Group: Eleven**

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# Table of contents

<b>Introduction</b>	<b>2</b>
<b>Objectives</b>	<b>2</b>
<b>A week in the life of the target customer</b>	<b>2</b>
<b>Economy</b>	<b>2</b>
Population	2
Economic statistics and currency	3
Dominant economic activity	4
Transportation	4
Media	4
Communication and Internet	5
Trade restrictions	5
Distribution channels	5
<b>Culture</b>	<b>7</b>
Geographic	7
Social institutions	7
Political system	7
Legal system	7
Social organization	8
Religion	8
Arts	8
Living conditions	9
Clothing	9
Language	9
<b>Summary</b>	<b>10</b>
What is important to you from the economic analysis?	10
What is important to you from the cultural analysis?	10
How might the customer make your product part of their lives?	10

# Introduction

Marquetry is a technique that originated in Europe. It uses different colors and shapes of veneers to make a product unique. We want to promote marquetry to a country that has an artistic sense, so Chile became our first choice. Due to the colonial history of Spain, Chile has multiple cultures and art related to its indigenous culture and European elements. In addition, Chile is a stable and developing country. In terms of GDP, Chile is the most developed country in South America. Our report is to focus on the aspects of the economy and culture in Chile and combine these analyses to make marquetry products more attractive and meaningful in Chile.

Title

# Objectives

Number headings

In this report, we will:

Define

Particularly in terms of customers economic standing

- I. ~~Seek~~ Chile's economy to understand its local economic level
- II. ~~Try to find our target customers and how much they can afford~~
- III. Try to understand different economic constraints to set marketing direction.
- IV. ~~Search for Chile's local features to get more details on their culture.~~
- V. ~~Suppose~~ how customers will use our marquetry product.

Consider

# A week in the life of the target customer

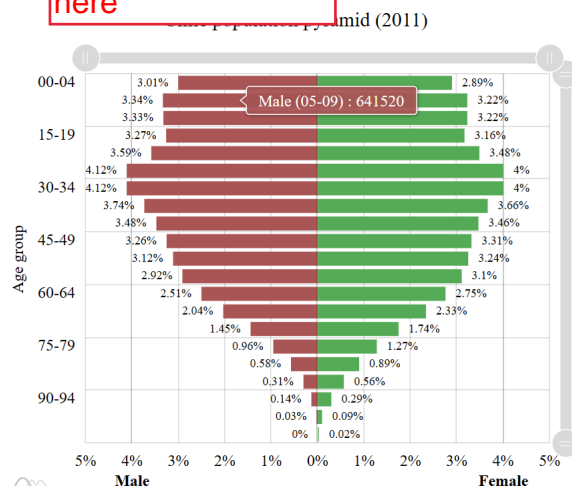
Our presumed target customers are native Chileans. No strangers to art and their own national identity. Chileans eat four meals in one day, so they may frequently use placemats or coasters which are decorated with marquetry, and eat meals with well-designed marquetry tables and chairs. Besides, they drink Chilean wine frequently during their family mealtime. They may be interested in the wine boxes with the marquetry design while enjoying the meal. The designs are about their special culture, like moái. After meals, they may use their phone full of personal-style phone cases in their spare time.

Good direction here

# Economy

## Population

According to survey<sup>1</sup>, total population in Chile is 19,574,982, and there are three indicators that can distribute these populations. First is age Distribution. Elderly population is 12.69%. This means that Chile has entered an aging society, and when it



<sup>1</sup> STATISTICS TIMES. 2021. Demographics of Chile. US.statisticstimes.com

reaches 14%, it will become an aged society. Besides, the Prime-age population and young population is 68.30% and 19.01%, respectively. Second is Sex Ratio, Chile sex ratio is 97.31, which means in Chile there are 97.31 males per 100 females. In total, there are 9.48 million males and 9.74 million females in Chile. Chile is 70th of 201 countries in terms of sex Ratio. Third is urbanization. In Chile, 16.34 million people is living in urban, this amount is equal to 87.82% of total population, more in detail<sup>2</sup>, the largest city is Santiago. There are 4,837,295 people living in it, and this amount is 9 times more than the second place, Puente Alto, which has 510,417 people living there.

## Economic statistics and currency

The currency in Chile is called Peso. It is a currency unit that has historically circulated mainly in Spain and its former colonies. Exchange rate<sup>3</sup> between Dollar and Peso is 1\$ dollar = 818.7CLP Peso, and it is still depreciating because of the Ukrainian-Russian War and virus, Chile's annual inflation rate is higher than average country. In 2023/4/6 the rate is become 11.1%<sup>4</sup>.

Average salary<sup>5</sup> in Chile is 1,870,000 CLP/month. However, The gap between rich and poor is huge in Chile. According to the survey<sup>6</sup>, 49.6% of total wealth is concentrated in the top 1% of the population, and in the top 10% of the population, the rate becomes 80.4%.

Nonetheless, there is a negative wealth in the bottom 50% of the population which is -0.6% of total wealth.

And in country's economy, according to a 2021 survey by

World Bank data<sup>7</sup>. GDP is 317.06 US billion dollars, the highest figure than before. GDP per Capita is 16,265 US dollars, and it is 3,171 US dollars more than in 2020, which is \$13,094 US dollars. In terms of GNP, it is \$298.64 billion dollars, it also grew 26% compared to 2020.



<sup>2</sup> World Population Review. 2023. Population of Cities in Chile 2023. US. worldpopulationreview.com

<sup>3</sup> Wise Payments Limited 2023. 1 thousand US Dollar to Chilean Peso. US. wise.com

<sup>4</sup> TRADING ECONOMICS. 2023. Chile Inflation Rate. US. tradingeconomics.com

<sup>5</sup> Time Doctor. 2022/3. What is the average salary in Chile?. US. timedoctor.com

<sup>6</sup> Statista. 2021. Percentage distribution of wealth in Chile in 2021, by wealth percentile. Hamburg. www.statista.com

<sup>7</sup> The World Bank 2023. 2021. GDP (current US\$) - Chile. US. data.worldbank.org

The World Bank. 2021. GDP per capita - Chile. US. data.worldbank.org

The World Bank. 2021. GNI (current US\$) - Chile. US. data.worldbank.org

The World Bank. 2021. GNI per capita - Chile. US. data.worldbank.org

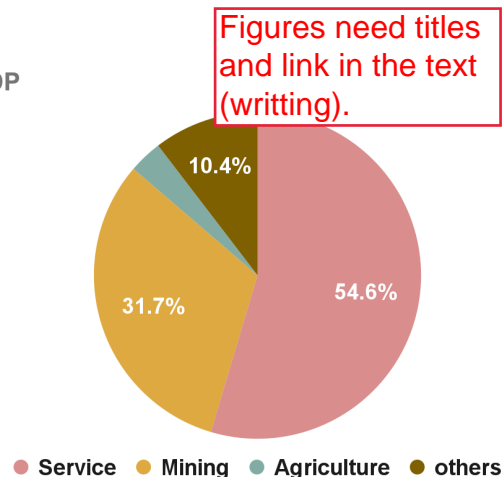
The World Bank. 2021. GDP per capita, PPP (current international \$) - Chile. US. data.worldbank.org

GNP per capita is 13,251 US dollars. And talking about the GDP per Capita PPP is \$28.372 US dollars.

## Dominant economic activity

According to the survey, The biggest industry is the service industry. It accounts for 54.7% of GDP; besides, it is also the industry with the most people engaged, which is around 68.8% of the population. Chile is especially famous for its astronomy. As a result, the astronomical tourism industry develops rapidly. The second large industry is mining, mainly mining copper and lithium. Due to large amounts of copper reserves, this makes Chile become the largest copper producing country, occupying 1/3 of the global copper output.

% of GDP



Figures need titles and link in the text (writing).

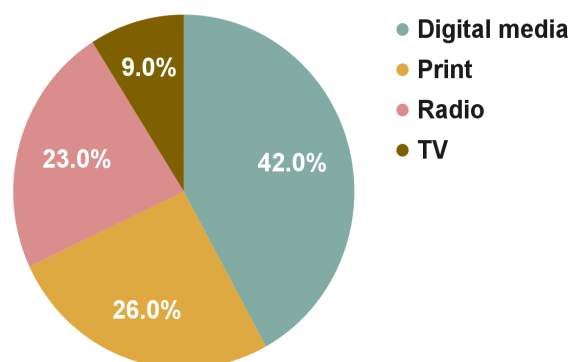
## Transportation

Chile has a fast and modern metro system between cities. In cities, buses are the most convenient way to get around. Because it is inexpensive, quick to use, and even some buses are serviced in 24 hours, the buses have become the most popular way they take. Besides, there are two kinds of buses in Chile. One is a "small bus", and the other is a "metro bus". The former drive inside one city, and the latter drive between cities and cities. About 83% of people take it during a week.

## Media

Of the media in the Chilean database, a majority are classified as digital media. And it is followed by print, radio, and then television.

Based on this pie chart, we can know that digital media is the dominant form of media for Chileans. Then, the common usages of social media are WhatsApp, Messenger, and Snapchat.



How are these used? Do not assume people use social media in the same way as they do in Taiwan

## Communication and Internet

From the research<sup>8</sup>, we can know the information below. In terms of network access devices, about 70% of mobile users in Chile use smartphones to access the network. Currently, the mobile network covers 96.3% of the population, with more than 25 million mobile users, and the mobile penetration rate is close to 130%. Short message (SMS) and instant messaging (IM) applications are common information communication methods in Chile. Thanks to this, e-commerce and fintech are developing rapidly in Chile.

## Trade restrictions<sup>9</sup>

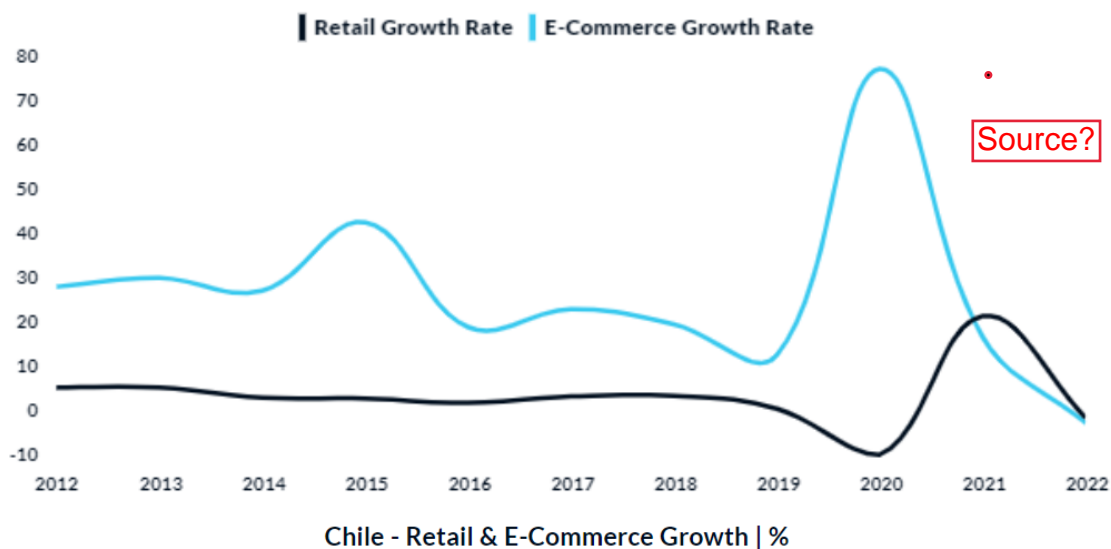
Chile has very few barriers to imports or investments, allowing foreign firms to enjoy the same protections and operate under the same conditions as local firms.

According to the U.S.-Chile Free Trade Agreement (FTA), since January 1, 2015, all trade between the U.S. and Chile became duty-free (i.e., zero tariff). For those products not of U.S. (or other FTA country) origin, Chile generally applies a uniform 6 percent tariff.

Other special products like luxury goods and alcoholic beverages are subject to higher tariffs.

## Distribution channels

### Types of retail outlets



Chilean retail has three trends which are grocery retailing, e-commerce, and last-mile delivery. Grocery retail in Chile is highly developed and concentrated in a few prominent players. The leader is Walmart, followed by the Chilean companies Cencosud, which stands out for being an important player in several markets in Latin America, SMU and Falabella.

<sup>8</sup> Global Insight, 2023. Chile SMS and Cloud Communication Market Research and Selection Guide.

<sup>9</sup> Chile - Country Commercial Guide, 2022. *International Trade Administration*.

Despite being negatively affected by the pandemic, Chile's e-commerce sector saw a significant 77% increase in sales in 2020<sup>10</sup>. Despite the economic challenges caused by the pandemic, Chile's overall economy has recovered quickly in 2021, with a 11% growth in GDP. As a highly developed economy and member of the OECD, Chile remains a strong market for retail and a high-growth-potential market for its e-commerce.

However, the significant influx of active players via e-commerce and higher consumer demand led to the collapse of the distribution system, with retailers and couriers unable to cope. In this context, last-mile delivery platforms have proven their importance in the e-commerce ecosystem. Many soon realized that it would be difficult to compete with these platforms and sought to bring their partnerships closer to the last-mile delivery apps.

### **Characteristics in the market of pull**

The Chilean market for marquetry or other artworks mainly uses a pull strategy. Pull marketing is effective for selling something people may have never heard of before and for creating demand where there was none or little to begin with. Pull marketing products are typically one of a kind in some way and may require telling audiences exactly what they are. Through this strategy, customers have high brand loyalty, and companies are more likely to have a fixed and long-term customer base.

Good direction

### **Dominant payment methods<sup>11</sup>**

1. Debit and credit card payments: Debit and credit card payments have become increasingly popular in Chile and have become one of the most preferred payment methods in the country. According to data from the Central Bank of Chile as of September 2021, credit card transactions accounted for 43.5% of total transactions, while debit card transactions accounted for 33.5%.
2. Transfer payments: Bank transfers and electronic payments have gradually become popular in Chile, especially online transfers and mobile payment applications. According to data from the Central Bank of Chile as of September 2021, transfer payments accounted for 6.8%.
3. Cash payments: Although Chile is moving towards non-cash payments, cash payments are still a payment method used by many people. According to data from the Central Bank of Chile as of September 2021, cash payments accounted for 16.2%.
4. Other payment methods: Other payment methods in Chile include prepaid cards, cash on delivery, and checks, among others. However, the adoption rates for these payment methods are relatively low, and they account for a small proportion of total transactions.

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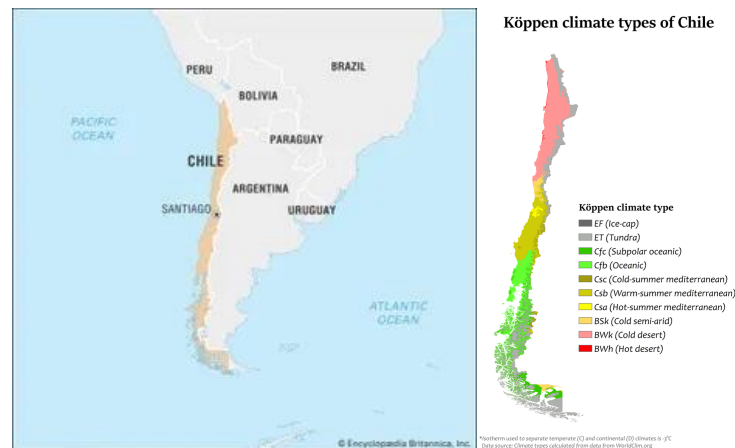
<sup>10</sup> Chile - E-Commerce Market Outlook & Retail Trends in 2023, 2023. OOSGA.

<sup>11</sup> Payment System, 2023. *Central Bank of Chile*.

# Culture

## Geographic<sup>12</sup>

Chile is located in western South America and is the southernmost country in the world. It is a narrow strip of land between the Andes Mountains and the Pacific Ocean. Chile lies between latitudes 17° and 56°S, and longitudes 66° and 75°W. It is among the longest north-south countries in the world. The climate of Chile in the north is a desert climate, in the center is a Mediterranean climate, and Easter Island is humid subtropical. It is the oceanic climate in the south, including alpine tundra and glaciers.



## Social institutions<sup>13</sup>

The role of family in Chile is the fathers are family providers and the mothers are to fulfill domestic duties and care for the children. Most parents have one or two children and families are some of the smallest in Latin America. They tend to be very family-focused, and children are taught to have a strong respect for their parents. Young people are not encouraged to be as independent as in other cultures. As to the education level in Chile, their literacy rate for 2021 was 97.04% and the education ranking by country in 2021 is 48.

out of?

## Political system<sup>14</sup>

The government of Chile is a representative democratic republic. The president of Chile is both head of state and head of government. The government is a formal multi-party system. The Economist Intelligence Unit rated Chile a “full democracy” in 2022. As for Stability of Chile’s government, the political stability index is 0.06 in 2021 (-2.5 weak; 2.5 strong) and the world average in 2021 based on 194 countries is -0.07.

## Legal system<sup>15</sup>

Chile’s legal system is based on civil law, which emphasizes the importance of written laws and legal codes. Judges must follow and interpret the laws. The legal system in Chile defines the rights and obligations of Chilean citizens and influences various aspects of their lives. For

<sup>12</sup>Wikipedia, 2023. Geography in Chile.

<sup>13</sup>Chile - AFS-USA, Literacy Rate 1982-2023

<sup>14</sup>Wikipedia, 2023. Politics of Chile, Chile Political stability - data, chart TheGlobalEconomy.com

<sup>15</sup>DLA Piper, 2020. Overview of court system-Chile, Global litigation guide



example, labor law regulates wages, working hours, working conditions, and more. It directly impacts the lives and work of the Chilean people. Similarly, businesses must navigate strict regulations when entering the local market. We should be familiar with the relevant laws such as tax laws and trademark laws.

## Social organization

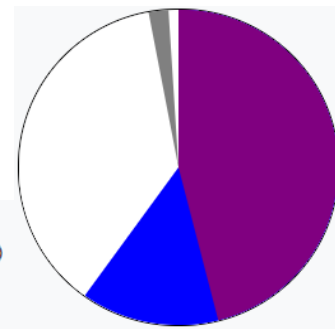
In Hofstede Insights, Chile scores low on the individualism dimension with a score of 23. It indicates that Chile is a collectivist society. People work together in groups and think about what is the best way for the group. Apart from this, Chile is a multicultural society, with a rich and diverse cultural heritage that includes indigenous cultures, Spanish colonial culture, and the cultures of other immigrants such as Germany, Italy, France, and China. The influence of those cultures can be seen in architecture, cuisine, and art.

Good use of Hofstede --- but source?

## Religion

The main religion in Chile is Christianity, specifically Roman Catholicism. According to the statistics in 2021 estimate, around 46% of the population in Chile identifies as Roman Catholic. This is followed by Protestant with 14%. However, roughly 37% of Chileans have no religion.<sup>16</sup> Recently, not all Chileans are devoutly religious because of a growing trend towards secularization in Chile. We can find that the number of religious people is less and less but people who have non-religious beliefs are more and more.

■ Catholicism (46%)  
■ Protestantism (14%)  
■ None (37%)  
■ Others (2%)



<sup>17</sup>Nevertheless, religion remains an important part of the national identity and cultural heritage of Chile. Religion has played a significant role in social, political, and daily life throughout Chilean history. They attend Mass on Sundays and religious holidays. In their daily lives, they usually say grace before having meals. Religion also has a strong influence on social issues. Chileans advocated for human rights, social justice, and environmental protection.

## ← Arts

With the conquest of the Spanish, Chilean art is a combination of European and Latin American styles. Chile shares a similar artistic background and development with European countries, and its cultural diversity provides a platform for a rich exchange of cultural and artistic skills there. For instance, street art in Santiago, the capital city of Chile, is famous for colorful urban works of art created by both local and internationally renowned artists. It

<sup>16</sup> Wikipedia, 2023. Religion in Chile.

<sup>17</sup>Australis Cape Horn & Patagonia, 3 June, 2017. A Quick Guide to Religion in Chile.

represents the compatibility with different artistic trends that coexist in this multicultural country. Therefore, all of these imply the potential to develop unique marquetry styles and market segmentation in Chile. ✓

## Living conditions

Chile has made tremendous progress over the last decade in terms of improving the quality of life of its citizens. In the 2022 Global Hunger Index<sup>18</sup> (GHI), Chile is one of 17 countries with a GHI score of less than 5, which indicates that Chile has a low level of hunger and better lives in this aspect of life.

Mealtime holds great significance in the family life of Chileans. Family members always eat together at home, and most Chileans have four meals a day. Different from the usual three meals, most families have *once*, or teatime, between 6 and 10 p.m., which is essentially an evening snack and a cup of tea. As a result, creating placemats and coasters of marquetry that are close to Chileans' daily life products can cater to their demands. ✓

Additionally, Chilean wine is popular worldwide. According to OIV's report in 2022<sup>19</sup>, Chile ranks as the world's fifth-largest wine exporter and the seventh-largest wine producer currently. Wine also stands as the main drink in the Chilean family. If adding marquetry patterns onto the wine boxes, it would certainly create a huge business opportunity for its unique design and collection value.



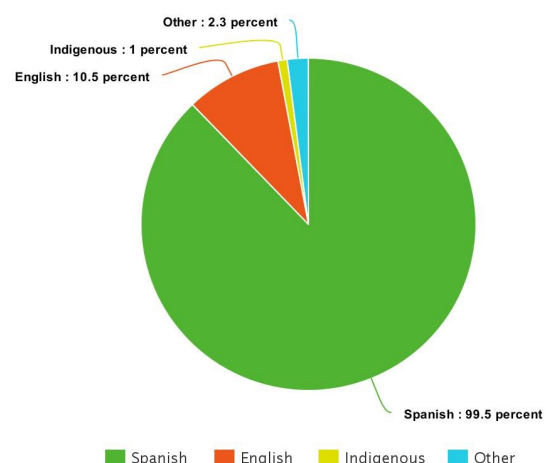
Chilean wines are quite delicious!

## Clothing

Chilean business dress codes are generally formal and conservative. Most men wear a suit and tie in dark colors, and women wear a discreet business suit (skirt or trousers) for work. It reflects Chileans' tendency to be low-key and traditional from their clothing.

## Language

Chile is a multilingual country. Spanish is Chile's official language. According to the pie chart<sup>20</sup>, it shows 99.5% of Chileans speak it. The indigenous languages still exist as minority dialects. For instance, Aymara, Quechua, and Alcalufe are still common languages in Chile, as is Rapa Nui, which is spoken by locals on Easter Island.



<sup>18</sup> Global Hunger Index. 2022. Chile.

<sup>19</sup> International Organization of Vine and Wine. 2022. *World Wine Production Outlook*.

<sup>20</sup> Marc, 2022. Chile: *A Diverse Country With A Variety Of Languages*. Learn From The Best | ILoveLanguages

## Summary

### What is important to you from the economic analysis?

- Income and GDP make me know the average economic level of my target customers, and how much my target customers can afford.
- Transportation and the Internet make me know where I can sell my product profitably
- Exchange rate makes me know what price I can sell my product profitably in the value of the original country's currency.
- Local trade restrictions make me understand the strategy I should use to get the best benefit.

Inflation is a risk  
Can people afford  
the product -  
wealth is in skewed  
to a small group

### What is important to you from the cultural analysis?

- We can design our product's appearance, style, and pattern to correspond with Chilean art.
- Chilean people are conservative. They wear dark colors, so our product packaging or pattern should not be too exaggerated or brilliant.
- Chile is a multicultural society. We can blend traditional colonial culture, and immigrant culture into design. Christianity is important to local people. We can also use this feature in the product.
- Because of the strict laws in Chile, before we enter the local market and expand our business, we have to understand the relevant laws such as Tax Law, Labor Law, and Trademark Law.

Family / "we"  
culture too

Yes - but vibrant or  
not vibrant colors

Import restrictions  
probably the most  
critical here at an  
early stage

### How might the customer interact with your product part of their lives?

- Phone is a frequently used tool in Chile. If someone wants a unique design for a phone case, marquetry can be used on it. Different colors and sizes of veneer can make it have a good appearance.
- Chile has beautiful scenery and culture. Marquetry can be used on these products to have advantages to make it meaningful. When these meaningful products are used, Chileans will be more willing to purchase them.
- Mealtime holds a very important place in the family life of Chileans. Therefore, designing placemats and coasters of marquetry that are close to their daily life products can be beneficial.
- Chilean wine is popular around the world. Chilean people also drink it frequently at their family mealtime. We can add the marquetry patterns onto the wine boxes and let the marquetry design be more attractive and with the collection value.

This section is  
strong - many  
interesting ideas  
beyond coasters  
Good.

**NCUE, - FEEDBACK, CLASS PRESENTATIONS**

<b>THE GROUP YOU ARE ASSESSING:</b>		<b>Save your file. Use this format: group being assessed your group.doc So an example would be TIV Voltes5.doc – where TIV is the group being assessed and Voltes5 is your group.</b>	
ELEVEN			
YOUR GROUP NAME:			
INSTRUCTOR			
A	B	C	D
Are ideas presented connected with the aim of the presentation?	Are the ideas presented clearly supported with evidence and logical argument?	Is it easy to follow & to understand? (Are the slides clear and easy to follow e.g. use of new pictures, words, graphs)	Overall impression (is it a group presentation etc.?)
40%	30%	20%	10%
5%	5%	5%	5%
Comments (space will expand as you type) Good start -  The animation is very helpful - good  Overlay of figure on words is messy avoid this  We can see this in this figure / This figure shows / This graph shows  That is about all I want to say on (e.g., the economic situation). Now, .... will continue the presentation.  The food looks delicious!  Report: You have found some useful information that has helped you, particularly, connect with the Chilean culture. Good job. That is helping you focus on specific ideas for product adjustments. Revisit the economic analysis - can most people afford this product or is this a luxury item for the few (who can afford it)?  90% (group grade)			
Grade (%) 20%			