

UNDERSTANDING OF CONSUMER DEMAND AND THE ABILITY TO COMPETE IN THE CARIBBEAN (LATIN AMERICA)

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Abstract

The Latin American region is a region that has Abundant natural resources Owned natural resources can strengthen the potential Economy, especially in terms of increasing cooperation with Indonesia which can be pursued through incentive and well-planned economic diplomacy.

Keyword: *Understanding Consumer Demand And Competitive Ability*

INTRODUCTION

Latin America region is Potential area for market expansion Non-traditional Indonesia. The extent of the continent Owned by this area accompanied by The large number of population makes This non-traditional area goes wrong One product trade market share Indonesian exports. GDP of this region as well Reached more than USD 5.3 trillion in 2015 with three countries namely Brazil, Mexico and Argentina go inside Group of 20 developed countries (G-20). America Latin has potential natural resources Which is very rich especially in yield Agriculture and animal husbandry. This area too Is a major producer of mineral and energy biofuels.

KTHEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Theory

The Latin American region has great potential for expansion Indonesian non-traditional market. Latin America which consists of 33Country Has a continent area of 42,292,000 square km, and a population of 634 million (2015) of which 60% of the population Located in 3 countries, namely Brazil, Mexico and Colombia. Total Growth The development product (GDP) of this region reaches more than US\$5.3 Trillion (in 2015). There are three countries in this area In the Group of 20 developed countries (G-20), namely Brazil, Mexico and Argentina. Latin America is a region with potential natural resources Very wealthy, among others as the main producer of agricultural products And livestock, such as soybeans which account for almost 50% World production, beef which accounts for almost a third of production World, and a third of the world's fresh water supplies as potential land For agriculture. This area is also a major producer of minerals and energy World biofuels.

Currently, the Latin American region is facing a downturn Economic growth marked by two contractions in Latin America's GDP throughout 2016 was between 0.5% and 1.5%. Matter This was triggered by falling commodity prices and economic conditions Domestic in several major countries in the region. However Thus, economic growth in the Latin American region is predicted Starting to improve in 2017, and will reach 2.6% in year 2019. In recent decades, the Latin American economy has started More open and integrated with the world economy. In The region has also formed several regional organizations To accommodate economic cooperation for the countries within Latin America region, such as UNASUR (Union of South American Nations), Mercosur (Southern Common Market). Besides, it has Also formed FEALAC (Forum for East Asia-Latin America Cooperation) Which became America's only regional cooperation mechanism Latin with countries in East Asia. Judging from the economic interests, Latin

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America can be Potential market share of Indonesian export products. However, Indonesia's trade value with Latin American countries Currently does not reflect the magnitude of the potential that exists, so Indonesia needs to further optimize economic work with the Latin America region Latin American Economy Latin American countries' economic growth rates very diverse. This condition is a challenge for the government to map the countries that have the potential to serve as prospective market for Indonesian products, attractive target investment from countries in the region, as well as investment destinations for national investors, as well as foreign tourist targets that need to be targeted to visit Indonesia.

Unstable Brazil and the crisis in Venezuela are likely to be the main focus of news about Latin America. it makes many parties generalize conditions in Latin America as non-priority target market development areas. However there is some positive momentum in Mexico, Colombia and Peru which at this time actually need to be utilized as a prospective market. Besides Meanwhile, Chile also experienced steady growth and Argentina started rise with the opening of access to global capital markets. Besides a number of prospects above, several other considerations for business actors in looking at the Latin American market can be interpreted based on 4 Cs framework, namely Consumer, Climate, Competition and Capabilities of companies.

Potential Consumers

In the context of potential consumers from a demographic perspective, America Latin is the fourth largest market after the US, Europe and China. Current population of Latin America and the Caribbean reached 648 million people, with the main distribution in Brazil, Mexico, Colombia, Argentina and Peru. Americas Market Intelligence(AMI) projects Latin America's GDP to increase by almost two times from US\$5.9 trillion in 2012 to US\$10.4 trillion in 2020. Meanwhile, the World Bank predicts the middle class will reach 43% of the total population in Latin America by 2030. This figure is more than double the record in 2005. With the demographic potential and the number of middle class that continues growing, there are opportunities to make America Latin as a market for Indonesian export products.

OPPORTUNITIES AND COOPERATION REGIONAL ECONOMY LATIN AMERICA.

In the current global uncertainty, every Countries face risks and threats of financial crises. Not only Limited to the financial sector, financial imbalances will also Effect on the consumer goods industry / consumer goods industries. The public is generally aware that the collapse of the commodity market Will affect the availability of jobs and Weak household economic capacity. However, the market Finance is not the sole factor in determining the condition of emerging markets. Brief understanding of consumption patterns in some The Latin American countries, it can be concluded as follows: Consumption patterns are influenced by the level of affluence and conditions Local economy. Electronic commerce is experiencing rapid growth in Most Latin American countries, particularly in countries with The demographic composition is dominated by young people.

Household products, electronic products and products Body care, among others, is a product with market share Tall. One thing that needs to be monitored is how Electronic commerce is changing consumption patterns in the Americas Latin. The trend of using electronic commerce will Strengthened in countries with generational composition Young and highly educated. From composition Demographically, the Latin American region is projected to have a composition The population is increasingly dominated by young and productive ages. For Period 2000–2020, percentage of productive age population (16–65 years) is expected to increase from 42% to 53%, That drives economic growth. From 2010–2020 total Population aged 25–59 years will increase by 41 million, meanwhile The population under the age of 15 will decrease by 11 million.

Trading Scheme Optimization

Optimization of trading schemes Is one of the national export strengthening policies from Indonesian Ministry of Trade. As has been described in The previous chapters, the market characteristics of each country in the Americas region Latin may vary, but in general it has nuances The same one. Although the Latin American region is not a region With the perfect business climate conditions, Indonesia still can Attempt to meet these challenges using maneuvers A trading scheme adapted to the way players play in the region.

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Strategy

Identify the most potential market in the Americas Latin is following the direction of the President of the Republic of Indonesia regarding acceleration Trade negotiations with 12 countries, including Peru And Chile. Positive trade trends with Argentina, Brazil, And Mexico can be seen as a driving factor to Efforts to formulate an optimal trade policy strategy To these countries. However, the three countries are still Imposing high import tariffs on products Indonesia so that specific negotiations are needed regarding tariffs In bilateral negotiations.

Barter system

Trade returns or barter in foreign trade on Essentially the same as the traditional meaning of barter, namely one Goods are exchanged for other goods of the same value. In the context of international trade, exchanges take place Between countries where the exporter does not receive payment In the form of foreign exchange, but in the form of other goods that can be Resold domestically.

Trade Remedie

Are instruments allowed by the WTO for its member countries to deal with unbalanced international trade (anti-dumping and anti-subsidies) and balanced trade (safeguards).

Retail payment services in Latin America and the Caribbea

Are characterized by high fees and inadequate access for a large portion of the population in those regions. To overcome these limitations, some of the region's larger central banks have taken the lead to introduce fast retail payments and develop an open banking ecosystem.

Marketing

Is an activity carried out by companies to market or promote their products or services. Marketing covers a wide range of things from advertising, sales to product delivery either to direct consumers or to other companies. In promotion there is a target that must be adjusted to the product being marketed. No wonder there are many businesses involving celebrities, celebrity programs and so on that have popularity to boost sales. Not only that, in marketing there is a section that is tasked with making the design or packaging as attractive as possible with the aim of making consumers interested in seeing it.

CONCLUSION

As a potential area for Into non-traditional markets, the Latin America region noted Relatively low trade value with Indonesia, ie About 3% of Indonesia's total foreign trade. This value is still Lagging behind compared to other ASEAN countries such as Singapore, Malaysia and Thailand. As a non-traditional market, The Latin American region can be used as counterweight to trade and Alternative market to reduce Indonesia's dependency on Traditional market countries and major trading partners. Based on the results of an analysis of regional economic conditions Latin America, some countries in this region still do Closed trading. This can be seen from the percentage value Trade which is still below 50% of total GDP. Growth The region's economy is also quite influenced by these factors External developed countries around it especially the United States As well as developments in regulatory reform at the domestic level of each country.

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