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SUBSCRIPTION SERVICES IN MEXICO UNDERSTANDING GENERATIONAL AND INCOME-BASED PREFERENCES

TAILORED INSIGHTS FOR MULTINATIONAL COMPANIES TO ENHANCE
ENGAGEMENT AND RETENTION IN MEXICO

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SEPTEMBER 16, 2024

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EXECUTIVE SUMMARY

This white paper explores the key factors influencing subscription service decisions in Mexico, focusing on **price sensitivity, content preferences, and user experience**.

The data, collected through a national Mexican survey designed by **Carisa Carlton** in collaboration with **Cristian Garcia**, provides valuable insights for multinational companies looking to enhance their offerings in the Mexican market.

Key findings reveal that content is universally important across most age and income groups, with younger, low-income individuals placing high emphasis on both content and user experience. Older, high-income respondents are less price-sensitive and more focused on premium experiences.

By understanding the nuances of these preferences, companies can tailor their subscription services to better meet the needs of diverse demographic groups in Mexico.

This report outlines clear recommendations for targeting specific customer segments, such as **content-rich offerings** for younger audiences, **tiered pricing for price-sensitive older consumers**, and **premium experiences for higher-income groups**.

INTRODUCTION

Subscription services have seen rapid growth in Mexico, providing an exciting opportunity for multinational companies to expand their reach in this dynamic market and for Mexican nationals to enjoy services outside of their country.

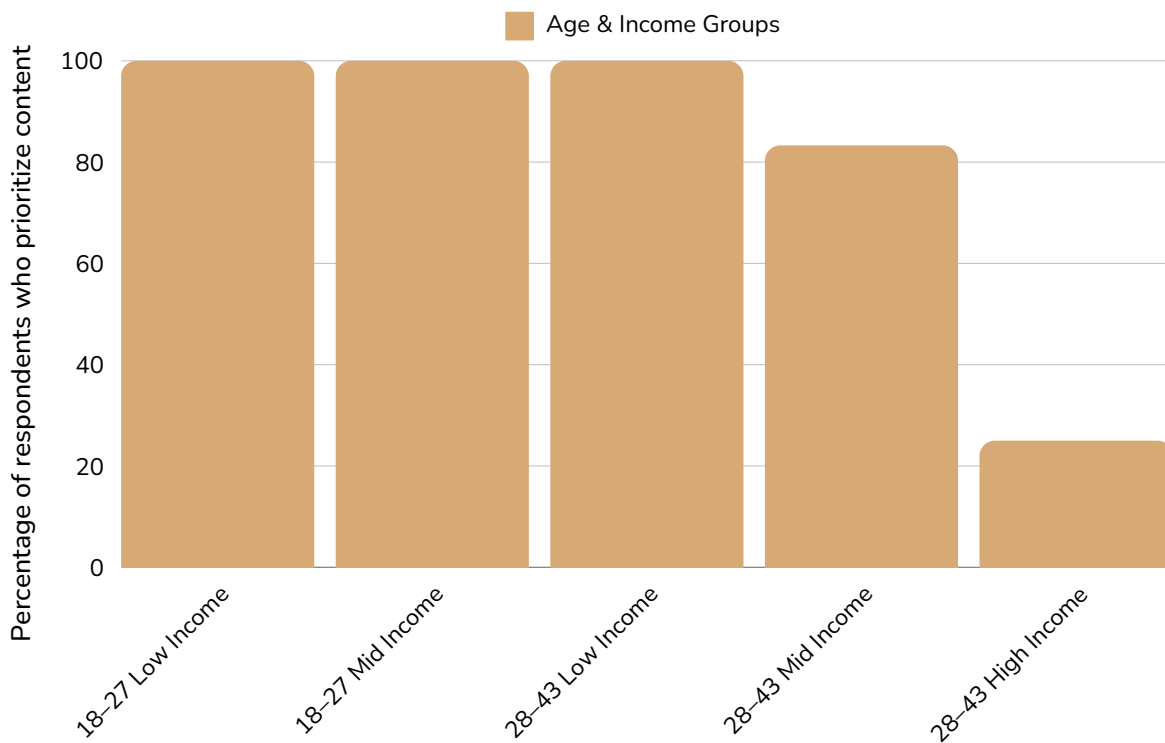
To effectively cater to Mexican consumers, understanding the key factors driving subscription choices—including price, content, and user experience—is essential. This white paper explores these factors based on insights from a comprehensive survey conducted in August 2024.

The survey, developed by Carisa Carlton in collaboration with cultural consultant Cristian Garcia, aimed to gather data on how Mexican consumers interact with subscription services. The survey was distributed through WhatsApp across Mexico, reaching a diverse range of respondents. With 230 participants from various states, this research offers valuable insights into the preferences of different age and income groups.

The findings provide a roadmap for multinational companies looking to refine their subscription strategies and deliver more tailored services that align with the unique behaviors and needs of Mexican consumers. By understanding these local preferences, companies can enhance engagement and retention in this emerging market.

KEY FINDINGS 01.

CONTENT EMERGED AS THE MOST IMPORTANT FACTOR FOR MOST AGE AND INCOME GROUPS.



N=230

CONTENT AS THE DOMINANT FACTOR

GEN-Z (AGES 18-27)

Content emerged as the most important factor for most age and income groups.

Respondents aged **18–27 years**, particularly in the low and mid-income brackets, placed a high priority on content when selecting subscription services.

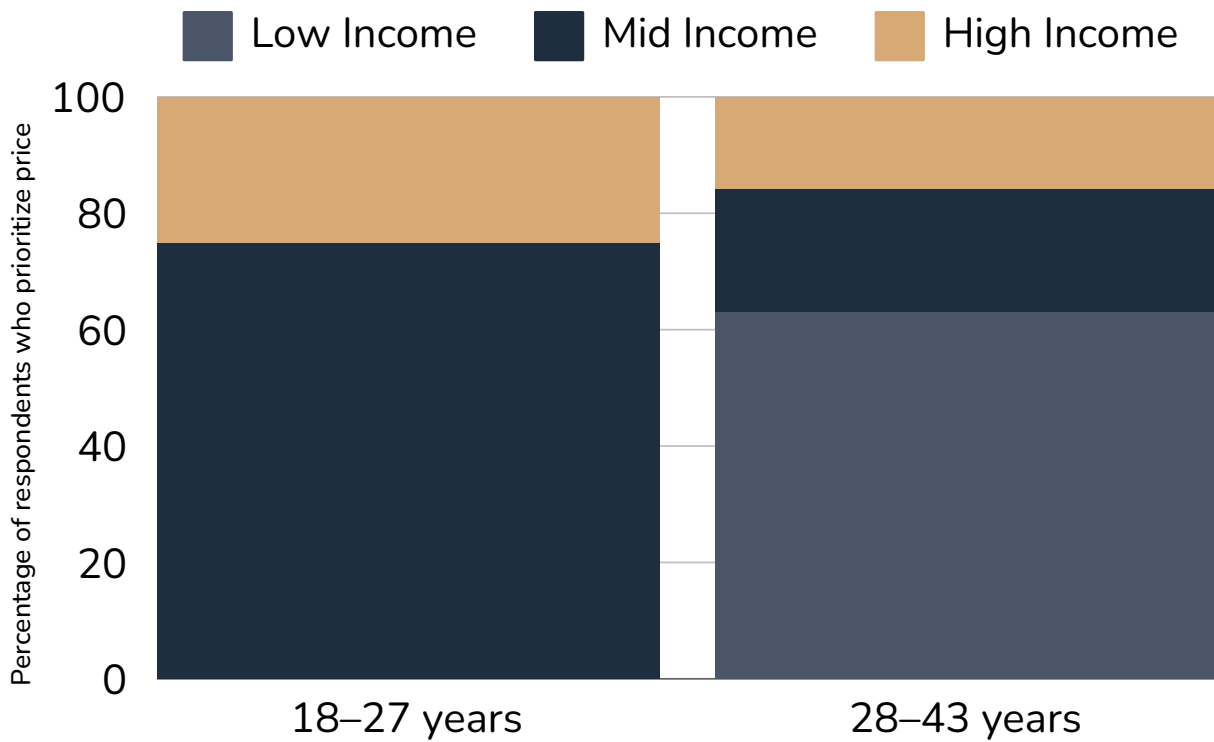
MILLENNIALS (AGES 28-43)

100% of low-income respondents aged 28–43 prioritized content.

However, for **high-income millennials**, content was less important, suggesting they may already subscribe to multiple platforms and are looking for more than just content variety.

KEY FINDINGS 02.

PRICE SENSITIVITY WAS MOST PRONOUNCED AMONG LOW-INCOME MILLENNIALS



N=230

PRICE SENSITIVITY WAS MOST PRONOUNCED AMONG LOW-INCOME MILLENNIALS

LOW-INCOME MILLENNIALS

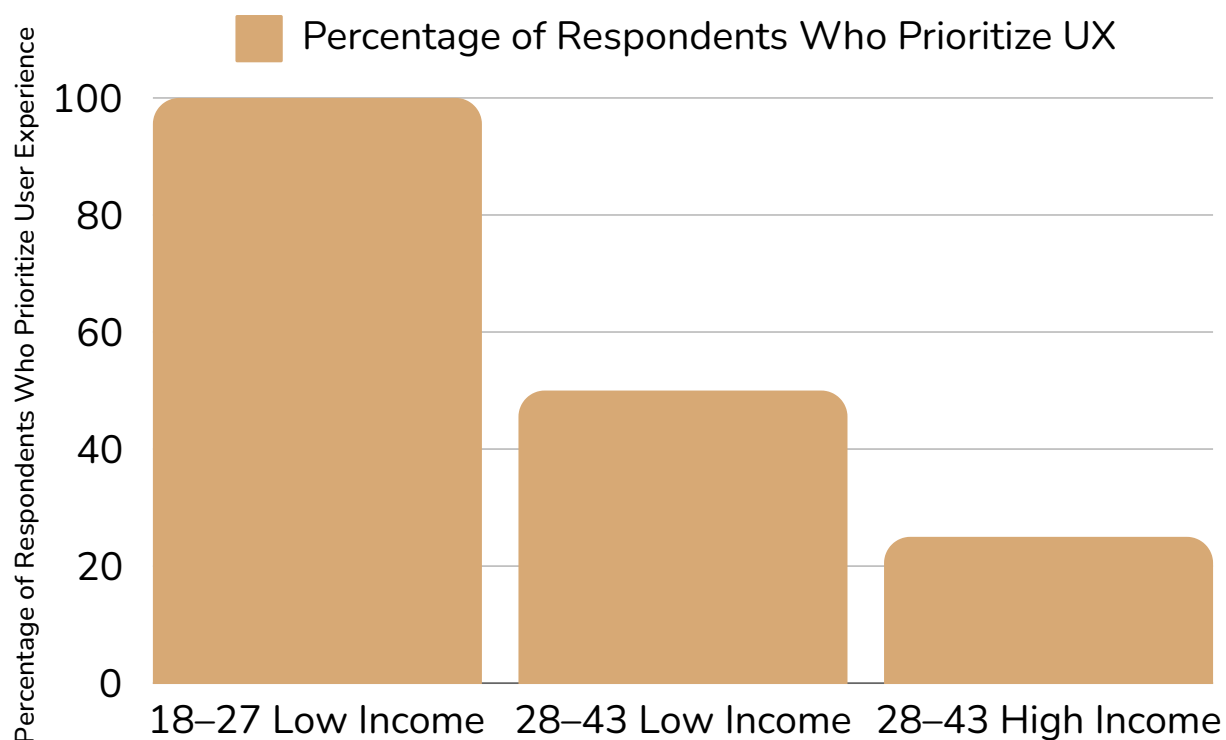
100% of respondents aged 28-43 in the low-income bracket indicated that price was a primary factor in their subscription decisions.

HIGH-INCOME MILLENNIALS

In contrast, only 25% of high-income respondents in the same age group prioritized price, showing a clear divide between economic groups.

KEY FINDINGS 03.

USER EXPERIENCE IS KEY FOR HIGH-INCOME AND YOUNGER RESPONDENTS



N=230

USER EXPERIENCE WAS MORE SIGNIFICANT FOR LOW-INCOME GEN-Z RESPONDENTS AND HIGH-INCOME MILLENNIALS

LOW-INCOME GEN-Z

100% of respondents aged 18-27 in the low-income group prioritized user experience.

HIGH-INCOME MILLENNIALS

50% of high-income millennials also emphasized it.

THIS TREND HIGHLIGHTS THE IMPORTANCE OF CREATING A SEAMLESS, INTUITIVE USER INTERFACE FOR THESE SEGMENTS.

RECOMMENDATIONS

FOR SUBSCRIPTION SERVICE PROVIDERS IN THE MEXICAN MARKET

Content-Rich Offerings for Low-Income GEN-Z (Currently Aged 18–27) Consumers

Gen-Z consumers, especially those in the low- and mid-income brackets, prioritize content. Subscription services should focus on offering a diverse, content-rich experience with localized options and affordable pricing to attract and retain this segment.

Tiered Pricing Models for Price-Sensitive Millennials (Currently Aged 28-43)

Low-income millennial respondents are highly price-sensitive. Companies can appeal to this group by offering tiered pricing models that provide basic services at lower price points, with additional premium options available for upsell opportunities.

Premium Experiences for High-Income Users

High-income individuals are less concerned with price and more focused on user experience and niche content. Offering premium tiers with exclusive content, higher-quality streaming, and personalized recommendations will help engage this demographic.

Localized Content for Greater Engagement

Across all segments, content remains a key driver of engagement. Multinational companies should invest in expanding their content libraries and offering localized content that resonates with Mexican audiences. Partnering with local creators will help build a connection with users and enhance loyalty.

CONCLUSION

Subscription services in Mexico must carefully **balance content, price, and user experience** to cater to diverse demographic segments. The survey data makes it clear that each of these factors holds different levels of importance depending on the demographic, and multinational companies must adopt tailored strategies to engage these distinct groups effectively. Importantly, **understanding consumer behavior based on generation cohorts—Gen-Z consumers (aged 18–27) and Millennials (aged 28–43)—is crucial, as their preferences tend to evolve within their cohort rather than shifting drastically with age.** This generational understanding offers companies the ability to design long-term strategies that can remain relevant as these consumers age.

CONTENT AS THE CORE DRIVER FOR GEN-Z AND MILLENNIALS

Content emerged as the most **universally important factor**, especially for Gen-Z consumers. In the 18–27 age group, **100% of respondents across income levels prioritized content** when selecting subscription services. For this generation, content is not just entertainment; it represents cultural engagement, identity, and connection to global trends. Offering diverse, localized, and culturally relevant content is vital for attracting and retaining this cohort.

For Millennials, content remains important, but its priority diminishes slightly, especially for higher-income groups, where other factors such as user experience begin to play a more significant role. Nonetheless, **100% of low-income Millennials still place a strong emphasis on content**, indicating that for those with limited financial flexibility, maximizing the value of content is crucial.

For multinational companies, this means investing in **localized content** that resonates with Mexican audiences, while also ensuring diversity to meet the evolving tastes of both Gen-Z and Millennial consumers. Content libraries must offer a **balance of global hits and regional productions**—such as telenovelas, local films, and culturally relevant programming—that these generations can connect with.

PRICE SENSITIVITY AMONG MILLENNIALS

Price sensitivity is a key factor for Millennials, especially those in the low-income bracket. In the 28–43 age group, **100% of low-income Millennials indicated that price was a primary factor** in their subscription decisions. This reflects their financial obligations and the need to seek value in their purchases. In contrast, **only 25% of high-income Millennials emphasized price**, revealing that financial flexibility alters the focus from price to user experience and premium features.

This generational insight shows that, as Millennials continue to age, their emphasis on value-driven decisions will likely persist. Companies targeting this demographic need to offer tiered pricing models that cater to both budget-conscious Millennials and those willing to invest in higher-tier services. This can include offering a **basic, low-cost subscription option for price-sensitive customers**, while providing premium tiers with added benefits such as exclusive content and early access for higher-income consumers.

CONCLUSION

USER EXPERIENCE FOR HIGH-INCOME MILLENNIALS AND GEN-Z

For Gen-Z consumers, especially those in the low-income group, user experience is critical. **100% of low-income Gen-Z respondents prioritized user experience**, indicating that this generation values ease of use, intuitive interfaces, and seamless access to their favorite content. As they are digital natives, their expectations around technology and design are high, and platforms must meet these expectations to engage them effectively.

Millennials, particularly those with higher incomes, also prioritize user experience over price. **50% of high-income Millennials emphasized user experience**, showing that this generation is willing to pay for premium features such as ad-free experiences, personalized recommendations, and early access to content. This trend will likely continue as Millennials age, as they seek convenience and high-quality services that enhance their overall experience.

For multinational companies, the takeaway is clear: investing in premium user experiences will help attract and retain high-income Millennials, while intuitive, accessible platforms will resonate with Gen-Z consumers. Providing features such as personalized recommendations, high-quality streaming options, and efficient navigation are key to maintaining engagement with both generations.

LOCALIZED AND CULTURALLY RELEVANT CONTENT: AN INFERRED OPPORTUNITY

While the survey data does not explicitly distinguish between global and local content, the high prioritization of content across both Gen-Z and Millennial consumers suggests that **offering diverse and relevant content is crucial for attracting and retaining subscribers**.

For **Gen-Z consumers (18–27)**, content was the most important factor in choosing a **subscription service**, with 100% of respondents in this age group prioritizing it. Given that this generation often seeks content that reflects their cultural identity and social values, we can reasonably infer that culturally relevant, localized content would enhance engagement among this group.

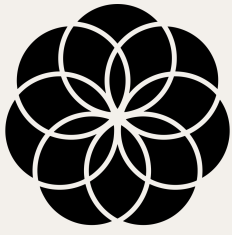
Similarly, Millennials (28–43), especially those in the low-income bracket, also prioritize content. This suggests that **providing a blend of global and local programming**—from telenovelas to regional films—can help subscription services **meet the expectations of both generations**. Localized content can create a deeper emotional connection with users, particularly in Mexico, where consumers often appreciate content that reflects their cultural context.

While the survey does not explicitly address preferences for localized content, it's well-established that **culturally resonant content** drives engagement in markets like Mexico. Multinational companies can enhance their offerings by partnering with local creators and producing content that speaks directly to the experiences and values of Mexican audiences, further strengthening customer loyalty.

KEY TAKEAWAYS FOR STAKEHOLDERS

- Gen-Z consumers (18–27 years) are driven by content and user experience. They respond well to diverse, content-rich platforms that offer intuitive, seamless access. Investing in localized content and ensuring an easy-to-use interface is crucial to engaging this generation.
- Millennials (28–43 years), especially low-income individuals, are highly price-sensitive. Offering tiered pricing models with basic and premium options will cater to this demographic's varied financial flexibility.
- High-income Millennials prioritize user experience and premium services, and as they age, they will continue to seek high-quality, premium experiences that justify higher costs.
- Localized content is a priority across both generations, making it essential for companies to offer culturally relevant content in addition to global programming. Partnering with local creators will help maintain long-term engagement.

Understanding consumer **behavior through the lens of generation cohorts enables companies to anticipate and meet the evolving needs of their customers.** By recognizing that Gen-Z and Millennials will continue to prioritize similar preferences even as they age, multinational companies can create **long-term strategies** that build lasting relationships with these key demographics. Focusing on content, price, and user experience through this generational lens will help companies capture and retain a broad customer base in Mexico's growing subscription market.



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Carisa Carlton

Carisa Carlton is an American anthropologist, demographer, and founder of **Carlton Research, LLC**, a boutique research firm specializing in bridging markets between the USA and Mexico.

With extensive experience in global research strategies, Carisa is known for her nuanced understanding of cultural dynamics and consumer behavior across borders. Having lived in six different countries, she has a unique perspective on how local cultures influence global trends, particularly in the subscription service sector.

Her research firm, Carlton Research, provides data-driven solutions and human-centered relationships, helping companies navigate complex multinational markets. With a focus on Mexico, Carlton Research offers unparalleled expertise in gathering actionable insights through **culturally sensitive research methods**. By leveraging **local knowledge and advanced analytical techniques**, Carlton Research helps companies tailor their services to meet the evolving needs of the Mexican market.

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