

CEMEX

- 1) How did CEMEX fundamentally change the way it conducted its business?

After doing a study about their customers, CEMEX decided to focus more on their informal customers that have a market potential of \$500-600 million annually, and is not vulnerable to business cycle swings as compared to their formal customers.

- 2) How does information system contribute to CEMEX competitive advantage?

CEMEX invested on information systems to boost their productivity, and manage its operations more efficiently than their competitors.

- 3) What is social capital? How does CEMEX build social capital?

Social capital refers to connections within and between social networks. CEMEX build social capital through the Patrimonio Hoy system.

- 4) How is the low-income savings characteristics of Mexican society characterized?

Low-income families on Mexico don't have access to banks and credit so they adopt a different savings method which they do within a community, neighbors, families, and friends form "pools", where they gather their money, and each week one member can win the pool through a lottery. This method is typically used for emergencies whenever a pool member needs money.

- 5) How are the entrepreneurial characteristics of the women in Mexican society tied to the CEMEX BOP strategy?

Women are very entrepreneurial in nature and they actively participate on the pool system. Men do the job and give their paycheck to the women, and then women manage the expenses saving money to build a house, on children's education, etc.

- 6) What did the CEMEX initial market research in Guadalajara discover?

They discovered that most houses being built on Guadalajara, Mexico uses only a small amount of cement, they are using clay and limestone instead.

- 7) What is the role of *socios* in the Patrimonio Hoy system? How important are they in the making the system successful?

Socio means partner. They are the actual customers in the Patrimonio Hoy system; they are the source of their income.

- 8) Why do you think it was important to CEMEX to position itself as a complete solutions provider vs. just another product provider?

I think that if CEMEX became a complete solutions provider, it gives them an edge over their competitors, because they give the public an easier way on looking for materials for building their homes, people now just need to go to CEMEX stores and they could find all materials they need.

9) How is the social capital of Patrimonio Hoy promoters related to economic capital?

Their social capital serves as their buying power

10) What, in brief, is the value of Patrimonio Hoy to a) it's promoter b) its socios & partners c) its suppliers and d) its distributors?

- a) For promoter – they do it for social cause and also money
- b) For socios & partners –to build social capital
- c) For suppliers – steady demand and quick growth in sales in locations of operations of Patrimonio Hoy
- d) For distributors – they can easily distribute because of the steady demand

11) What is patrimonio? Why is this important for the marketing efforts for the Patrimonio Hoy system?

Most Mexican people believe on leaving property/wealth to their sons/daughters, which is called Patrimonio. The program is trying to motivate the people to “save today”.

12) How can Patrimonio Hoy offer a slightly higher price than its competitors and maintain a competitive edge?

The slightly higher price than its competitors is justifiable because of the value-added services being offered by Patrimonio Hoy to its socios.

13) How does the concept of freezing prices encourage socios to do more business for Patrimonio Hoy?

The concept of freezing prices lets socios set aside a fixed amount of money for every payment period, giving them financial flexibility.

14) Intuitively, doing with business with a low income group would be riskier than traditional lending models but it is profitable for Patrimonio Hoy. Why?

Patrimonio Hoy is profitable in doing business with a low income group because of three important factors; group commitment, social capital, and penalty fee structure.

15) What is the role of peer/community pressure in the Patrimonio Hoy lending model?

Part of their marketing is the idea of being a part of a family, with this idea, people are persuaded to pay their bills on time or else their group will pay a late fee penalty and their deliveries will be delayed by one week

16) How has Patrimonio Hoy changed the consumer behavior in Mexico?

With the Patrimonio Hoy, consumer behavior also changed, they started to save money and learned to be more responsible on paying their bills.

17) What are the challenges of the Patrimonio Hoy program?

Customer retention is a huge problem for Patrimonio Hoy because of the nature of the business. Most socios cannot afford weekly payments for raw materials and mason fee for construction at the same time.

- 18) What does Construmex take advantage of the existing remittance market between U.S.A. and Mexico?

Construmex takes advantage on the cumulative amount of remittances from U.S.A. by Mexican workers sending money directly to the cement distributors.

- 19) CEMEX Philippines is exploring the possibility of replicating the Patrimonio Hoy system in the Philippines. What are the parallels between the Mexican and the Philippine market?

In the Philippine market, I know people from our baranggay doing “pools”, there are a lot of people that doesn’t have a proper home, we have a lot of overseas Filipino workers that sends remittance.

- 20) As an IT practitioner looking at the Construmex business model, what IT-driven systems can you propose to make CEMEX more competitive? (name 10-15)

Transaction Processing System

Inventory System

Online procurement