

# ROMANCING THE HISPANIC CONSUMER

*Growing U.S. population lures marketers.*

**F**or food and beverage companies, the blossoming Hispanic market holds much of the appeal of a youthful romance. It is young and flourishing, and Hispanics are eager to be courted by marketers.

Experts say Hispanics are particularly receptive to marketing efforts targeted to them. "The Hispanic market is kind of grass roots," says Robert A. Whitt, chairman of Dallas-based Mar-

keting Mercadeo International. "It's not jaded.

"Hispanics are responsive when someone appeals to them on a personal basis," he adds.

Unlike most U.S. shoppers, Hispanics have not necessarily been bombarded with advertising and promotional messages from childhood on. "The Hispanic consumer in huge numbers is a recent immigrant," says Isaac

Lasky, vice president for Hispanic marketing in the Detroit office of W.B. Doner advertising agency. "They have sort of a blank in their positioning system," continues Lasky, a native of Mexico. "Brands and products need to talk to that position. In Latin America, there is not such an assortment of product categories and brands.

"Right now there is so little clutter, so few established brands [among Hispanics] that it's still pretty much a field open for conquest. That makes it really attractive."

In Mexico (the source of the largest percentage of U.S. Hispanic immigrants), most advertising targets the 10 percent of the population considered upper class, says Elaine Hartong, account supervisor for San Jose & Associates, Chicago, an advertising and marketing agency that specializes in the Hispanic market. This makes Mexican immigrants particularly receptive to brand advertising, according to Hartong. "When immigrants arrive in the United States and begin making money that they never had before," she says, "the tendency is to buy the name brand advertised products which they could not previously afford."

Strategy Research Corp., Miami, a leading tracker of Hispanic market statistics, found that 61.7 percent of U.S. Hispanics say they intend to continue using the same brand name products they currently use. Strategy Research also found that 64.1 percent of Hispanics say they "completely" or "somewhat" agree that nationally advertised brands are best for their family.

"You can't assume a great deal of product sophistication," says Carlos E. Garcia, research director of Research Resources, Agoura Hills, Calif., a firm that specializes in the Hispanic market. "In many ways the Hispanic consumer is like the American consumer of the 1950s. They [Hispanics] need specific product information: How do you use

## HISPANIC MARKETING DOS AND DON'TS

*Food Business* asked veteran Hispanic marketers to offer some dos and don'ts for successfully targeting the Hispanic market. Here's what they had to say.

■ If your company has Latin American operations, do ask to have a staff representative participate in selecting a Hispanic advertising or public relations agency, says Robert A. Whitt, chairman of Marketing Mercadeo International, Dallas.

If your company has no Latin American units, Whitt suggests turning to Latin American consulates in the United States. Many consulate officials will work as consultants after hours for a reasonable fee.

■ After an agency is selected, don't hesitate to relinquish some control. "There has been so much talk about the mistakes [in Spanish-language ad campaigns]," says Isaac Lasky, vice president for Hispanic marketing at W.B. Doner, Detroit. "There is a lot of apprehension. People need to develop a confidence level [with their agency]."

In addition, says Lasky, Hispanic marketing efforts "need a champion internally, someone who has the power and the budget to make this a priority. It's not something that can be delegated as a third-level function to a brand manager."

■ Do the necessary homework on Hispanic consumers' food preferences before developing any advertising or promotion campaign. Pepsi has been quite successful in its Hispanic marketing efforts even though it is playing catch-up to Coca-Cola, says Carlos Garcia, research director of Research Resources, Agoura Hills, Calif. The reason? "They've done their research, and they've done it right," he says of Pepsi. "They're not promoting Diet Pepsi to Hispanics."

■ Don't underestimate the Hispanic consumer. "There's an assumption that if you make a token attempt to address Hispanics, you'll get an immediate payback," says Ted Gardner, marketing manager for Festin Foods, a Carlsbad, Calif.-based manufacturer and importer of Mexican foods.

"One of the beliefs is that Hispanics are very brand loyal," he continues. "I think that's been taken to too far of an extreme. I think that's part of the reason that Anglo marketers act the way they do. [They think] if I can get them to buy it once, they'll buy it again."

That's just not so, says Gardner. "You have to give them [Hispanics] a reason to be brand loyal. If you don't, they'll change like any Anglo."

## MARKETING

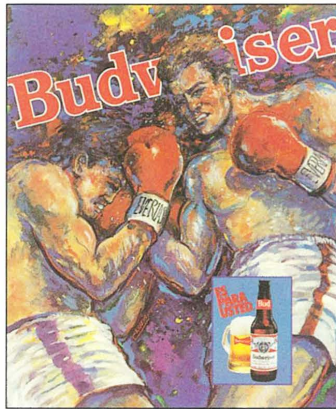
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ceive as unhealthful, as an example.

"The potential is there," says Garcia, "because a larger and larger percentage of Hispanic women are working." He suggests that processors begin not with frozen dinners, but with frozen fruits and vegetables, which Hispanics might use as ingredients in home-cooked meals.

The process of targeting Hispanic consumers is not a simple one. Nor is it inexpensive, which helps to explain why Hispanic advertising and promotion is undertaken primarily by major companies with large marketing budgets, such as Philip Morris, Procter & Gamble and Anheuser-Busch.

Small and medium-sized companies sometimes suffer from "sticker shock" when they learn the cost of Hispanic market research programs, says Garcia. "Every aspect of the study from questionnaire design to translation to field implementation to report writing has to be different," he says. "In many of



**Beer companies targeted Hispanics early.**

those cases it is a double job [because of the need for bilingual researchers and marketers]." Garcia adds that some of the costs of Hispanic marketing programs are offset because the cost of

Spanish-language media is less than English-language media.

The Best Foods Division of CPC International, Englewood Cliffs, N.J., has been promoting its Mazola brand corn oil to Hispanics for about 10 years, and the efforts have paid off, says Cecelia Inwentarz, associate product manager for the brand. She explains that Best Foods initially decided to target U.S. Hispanics to capitalize on the strong brand equity the Mazola brand had established in Mexico.

In the United States, Mazola's Hispanic marketing program is completely different in theme and execution from its general market campaigns, Inwentarz says. For the general population, Best Foods emphasizes the fact that Mazola may help reduce serum cholesterol. The ad slogan is "Mazola: Together, we're beating cholesterol."

In its Hispanic advertising, the tag line is "With Mazola, you're never alone." It is directed to women and is designed to show how Mazola corn oil

## HISPANIC MEDIA COME OF AGE

With budgets bolstered by double-digit growth in Hispanic advertising, the U.S. Spanish-language media are advancing in scope and in stature.

The strides in Hispanic television have been particularly dramatic. Until recently, U.S. Spanish-language television relied heavily on programming made in Latin America, which was not particularly relevant to many viewers, especially younger ones.

"When you import programming from Mexico or Venezuela, it is not as easy for a U.S. Hispanic to identify with it," notes Frank Kopilak, a Miami-based Hispanic marketing consultant for a number of major food and beverage companies.

There are two major Spanish-language networks, Univision and Telemundo. Founded 27 years ago and acquired by Hallmark last year, Univision is the older and larger of the two, but Telemundo has grown quickly since it was created in 1986. Univision currently reaches 85 percent of Hispanic households, and Telemundo reaches 75 percent.

U.S. Hispanic television is "improving daily," says Evelinda Urman, a specialist in the Hispanic market for Coors Brewing Co., Golden, Colo. "The two networks are becoming much more sophisticated now that there's competition," she adds.

This summer the networks took a major

step toward establishing credibility with advertisers when they closed a \$38 million deal with A.C. Nielsen Co. to establish a Nielsen Hispanic ratings service.

Nielsen is installing peplemeters in Hispanic households in Los Angeles now and plans to begin monitoring viewing patterns there in November. The ratings service will be expanded nationwide in the coming two years.

Currently ratings at Univision and Telemundo are tracked by research companies, but the estimates are not exactly comparable to Nielsen's. "It's going to make people [marketers] a lot more comfortable with the Hispanic media, but I wonder how many are going to be willing to pay for them," says Kopilak, referring to anticipated rate increases for commercial spots at both networks.

"This will really put us on the map," says Roxanna Brightwell, Telemundo's public relations manager. "For a long time, our problem has been credible numbers."

Television is the medium of choice among most Spanish-language advertisers because Hispanics spend more time watching television than listening to the radio or reading newspapers and magazines. Of the \$550 million spent on Hispanic advertising in 1988, 45 percent of it went toward television, according to *Hispanic Business* magazine, a leading

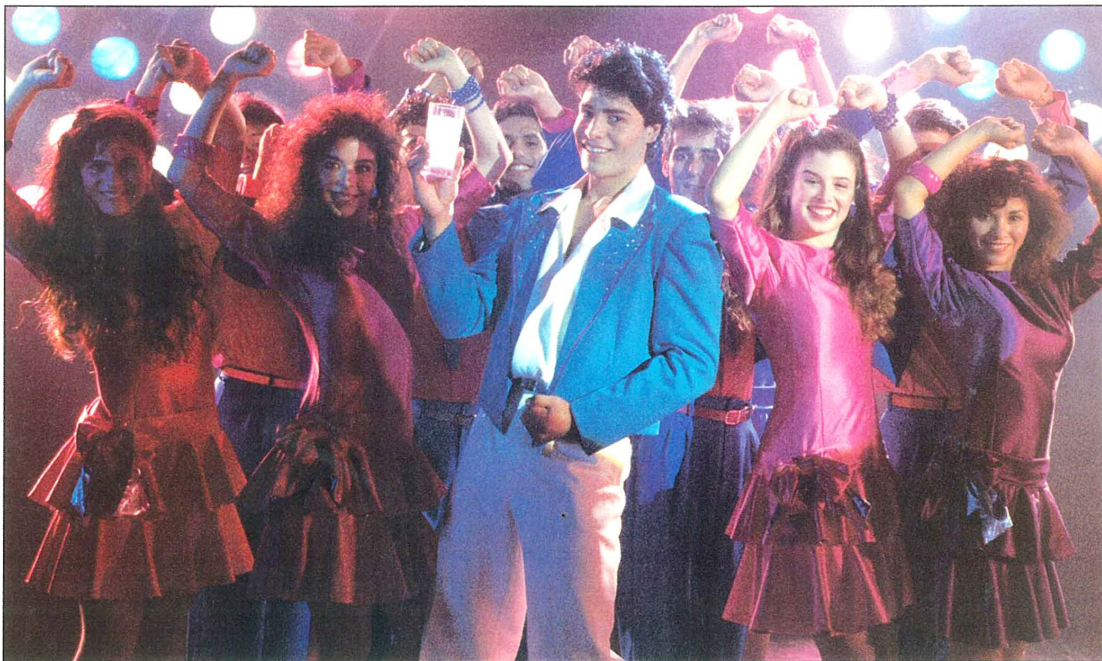


**Mas magazine debuts this month.**

tracker of the market.

Advertisers allocated 32 percent of the total to radio. The number of Spanish-language radio stations has grown from 67 in 1976 to about 225 in 1989, estimates Manny Ballester, vice president of Caballero Spanish Media, a New York City-based rep firm for 66 independent stations.

Print media have traditionally been the



**The California Milk Advisory Board advertises to Hispanics with upbeat commercials promoting whole milk.**

it? When do you use it? What are the product benefits? They are less moved by image advertising than by information."

The allure of the Hispanic market grows stronger with each passing population count. The number of U.S. Hispanics has increased by 62 percent since 1980, according to Strategy Research Corp. There are currently about 23.7 million Hispanics in the United States, with purchasing power totaling \$171.1 billion.

**T**argeting this market is easier because 87.6 percent of the Hispanic population is concentrated within nine states. They are, in order of Hispanic population: California, Texas, New York, Florida, Illinois, Arizona, New Jersey, New Mexico and Colorado.

The median family income for a Hispanic household is \$24,700. While this does not compare favorably with the median income of \$35,600 for the general population, Hispanics represent attractive prospects for food and beverage marketers.

They eat out less often than non-Hispanics, their families are larger and they spend about 25 percent of their household income on food. In addition, because the family is so highly valued, Hispanics tend to place product reputation and quality before price, despite their lower household incomes.

"There are areas where they have to

scrimp and save," says Garcia. "Food is an area where they do not."

There are many food and beverage categories that hold particular promise for those who target Hispanics because consumption levels are much higher among Hispanics than among the general population. Baby food is a good example; Strategy Research Corp. found that Hispanic households use baby foods at a rate 118 percent greater than non-Hispanics.

Other products consumed more frequently by Hispanics than non-Hispanics include bottled water, soft drinks, ground and instant coffee, sher-

bet and frozen fruit pops. Overall, more than nine out of 10 Hispanic households purchase margarine, mayonnaise and rice. More than three-fourths also purchase cold breakfast cereals, cookies, dessert gelatin, pudding and ice cream.

The Hispanic market also offers opportunities to revitalize a flat or declining category. The California Milk Advisory Board found that while whole milk has been losing share to low-fat and skim milk among the general populace, it is very popular among Hispanics, who tend to be less interested than non-Hispanics in low-fat and diet products. Whole milk represents only 43 percent of overall milk consumption in California, but it represents 65 to 70 percent among Hispanics, according to CMAB statistics.

CMAB has been doing Spanish-language advertising for milk in the California market for the past six years. The board hasn't measured the impact of the campaign directly, but it seems to be working, says Cal Crandall, CMAB's fluid milk program director. Milk sales for 1988 were up 2 percent in California, accounting for half of the total U.S. increase in milk consumption.

There are numerous still-untapped food and beverage opportunities in the Hispanic market, according to Research Resources' Garcia. He cites frozen foods, which many Hispanics per-

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**Coors relies on community relations.**

can help them prepare good meals for their families. There is a secondary message that Mazola is cholesterol-free.

The U.S. Hispanic population is not a homogeneous group, and language usage, purchasing patterns and food preferences vary depending upon ethnic origin. Hispanics of Mexican origin make up 61.7 percent of the U.S. Hispanic population, by far the largest share. Of the remaining U.S. Hispanics, 12.6 percent have roots in Central or South America; 11.9 percent are Puerto Rican; and 5.6 percent are Cuban. The breakout also includes 8.2 percent of other Hispanic ethnic origins.

The predominance of Mexican Hispanics should not be overlooked. Even Goya Foods, Secaucus, N.J., which emphasizes Caribbean Hispanic foods, has begun paying particular attention to this large subsegment. In Chicago, where many Mexican Hispanics reside,

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weak links in the Hispanic media triad. Newspapers and magazines together garnered only 9 percent of all Hispanic ad dollars in 1988.

However, this month marks the debut of a glossy general interest magazine called *Mas*, which promises to add some excitement to the world of Hispanic print media. With a circulation of 500,000, *Mas* is the largest Spanish-language magazine ever published in the United States.

"Print has been underutilized mainly because it's been mediocre," says *Mas* publisher Roger Toll. "My belief is that it is a problem of underinvestment."

Scoring a hit with a Spanish-language magazine will not be an easy task, Kopilak predicts. For one thing, he says, young people educated in the United States may be more comfortable reading English than Spanish.

Because *Mas* is published by Univision, it has several advantages. One is Univision's financial backing. Another is on-air promotion. Univision developed the circulation list for *Mas* by airing 60-second spots inviting viewers to call in and request a free one-year subscription.

Toll says food and beverage companies have responded favorably to the publication. First-issue advertisers include Kraft General Foods, Miller, Coca-Cola, Coors and Anheuser-Busch.

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*Pepsi has profited from music-oriented campaigns.*

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Goya is promoting products from its line which are already popular with Mexicans, such as jalapeno peppers and mango and guava nectars.

Los Angeles-based Carnation Co. takes regional ethnic preferences into consideration when developing radio commercials. A new campaign for Libby canned meats, for example, uses different background for different market areas, depending upon the Hispanic subsegment that predominates in that market. "The Hispanic consumers in Mexico like Tex-Mex, in Miami they like salsa, and in Los Angeles, we like everything," notes Leticia Quezada, Carnation's manager of Hispanic marketing and consumer relations.

Usually, however, it's not necessary to develop different marketing campaigns for different ethnic subsegments, Quezada says. "We actually find that there are more things in common [among the subsegments]," she says. "I believe that those differences are greatly exaggerated." She includes "language, family values, tradition and a strong belief in the work ethic" among the characteristics that most Hispanics have in common.

**T**he Spanish language is perhaps the greatest unifying factor, and as such is a vital tool in targeting Hispanics. About 90 percent of U.S. Hispanics are fluent in Spanish, by Strategy Research Corp.'s calculation. Also according to Strategy Research, Spanish is the primary language spoken at home and in social settings by at least two-thirds of Hispanics in the United States. And almost a quarter of U.S. Hispanics say they cannot speak, read or write Eng-

lish at all.

"Undeniably, there are Hispanics who read and understand a lot of English," says Lasky. "But there is research which shows that the message received in Spanish is much more effective.

"Spanish was the first language they learned," continues Lasky. "Therefore, it remains the dominant language. And it is the language of emotion and love. Advertising is that kind of language. It is an emotional language. Hispanics will react better to Spanish."

In addition to advertising, community relations is a key component in the Hispanic marketing mix. Strategy Research Corp. reports that 63.6 percent of U.S. Hispanics say they purchase products from companies that sponsor Hispanic festivals and events.

Goya Foods supports a multitude of church, school and sports activities, says Mary Ann Unanue, granddaughter of the company's Puerto Rican founder. She stresses that to Hispanics, community involvement means much more than merely shipping some product samples to a festival. It's important for company representatives to actually be on hand at events to demonstrate their commitment, she says.

"Hispanics are very sensitive people, more so than Anglos," says Unanue. "They like the attention."

"Being visible" within the Hispanic community is important, agrees Quezada. She has been instrumental in developing Carnation's community relations program, and as part of that effort, she regularly conducts career planning workshops in Los Angeles high schools. Carnation also under-

tributes a book of brief biographies of prominent Latinos. The book was developed to inspire and motivate Hispanic students.

In San Antonio, Pace Foods, which recently launched a campaign to promote its picante sauce among Hispanics, is sponsoring a program called the Pace 25 Club, which offers tutoring and academic support to Hispanic junior high school students.

There is no shortage of causes and events to support, says Evelinda Urman, assistant national program manager of community relations for Adolph Coors Co., Golden, Colo. Coors has sponsored a campaign encouraging Hispanics to register to vote, financed a touring exhibit of works by Hispanic artists, and organized a paint-a-thon for elderly Hispanics' homes.

**D**espite the attention Hispanic consumers have been receiving from major food and beverage marketers, experts say much of the market's potential remains untapped. Overall, less than 1 percent of packaged goods marketing dollars in the United States go to the Hispanic market, despite the fact that Hispanics make up about 9.5 percent of the population.

W.B. Doner's Lasky points out that the U.S. Hispanic population is as large as the entire Canadian population—"and a lot of manufacturers would go through hoops to sell in Canada," he notes. Similarly, he says, many companies that are aggressively pursuing a presence in Europe are ignoring U.S. Hispanics. "Everybody is rushing to establish a foothold in Europe. That means buying a company, establishing a brand.

"There are companies like Kellogg and Pillsbury and a dozen others that have not realized there is such potential in the Hispanic market. To reach the Hispanic market in the U.S. you don't need to acquire anybody, you don't have to surmount food and drug requirements . . . All you need is a marketing effort. All you have to do is talk to the consumer in a different language," Lasky says.

It may be a bit more complicated than that, but it can definitely be worthwhile. As Whitt observes, "After all, we live in the world of segmented marketing," and the Hispanic market is "just another segment that requires another kind of expertise."

—Mary Ellen Lieb