

# SuperMarketing

STRATEGIES & SOLUTIONS FOR BUILDING YOUR CUSTOMER BASE

SuperMarketing

## TARGET YOUR MARKET

*Specialized marketing campaigns have proven effective for many manufacturers. Now supermarkets are learning to cater to and reap the rewards from ethnic consumers.*

By Laura Heller

**S**i está leyendo esto, entonces es posible que esté un poco confuso. La verdad es que un buen porcentaje de los clientes habituales de su supermercado también experimentan confusión tratando de leer la publicidad, las ofertas y las etiquetas en inglés.

If reading the previous paragraph was a problem, then imagine what it's like for shoppers in supermarkets who do not speak or read English. Clearly, if a store has a large percentage of Hispanic customers and isn't posting signs and distributing advertisements in the native language, it is missing out on some sizable sales.

Several large manufacturers, recognizing the buying potential of certain ethnic groups, have stepped up marketing campaigns targeting these groups. By creating advertising that speaks directly to ethnic groups in their own languages and working closely with communities on a grass roots level, both manufacturers and supermarkets are seeing the fruits of their labor.

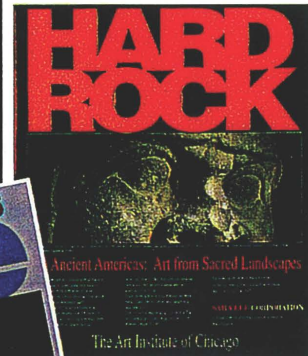
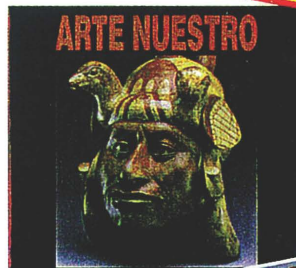
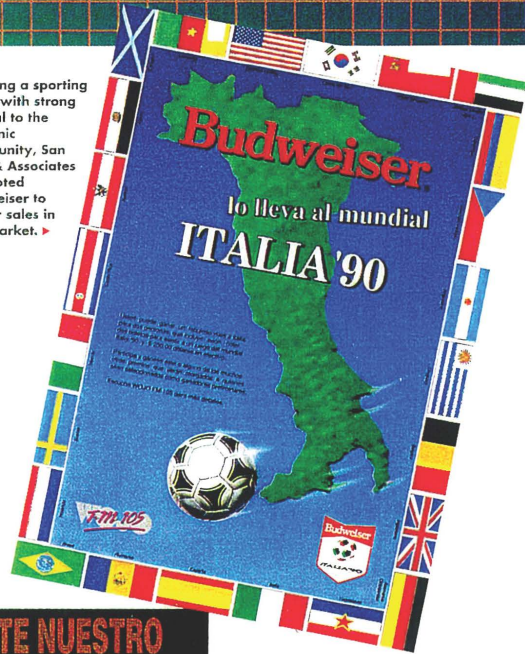
### Changing demographics mean changing policies

According to the U.S. Census Bureau, by the middle of the next century, ethnic minorities will constitute half the total U.S. population, and may eventually become the majority.

*Continued on page 26*

San Jose & Associates targeted the Hispanic, African-American and general market with three different ads for the same event. The ads ran separately, in targeted media outlets. ▶

By using a sporting event with strong appeal to the Hispanic community, San Jose & Associates promoted Budweiser to higher sales in this market. ▶





"Ignore minorities now, and lose the majority later," cautioned Colette Phillips, president of Colette Phillips Communications Inc., a Boston-based firm that specializes in targeted marketing strategies.

Moreover, it's predicted that by the year 2000, minorities will have a combined buying power of more than \$1 trillion. According to a survey by Packaged Facts, a New York-based market research firm, the Hispanic community alone spends more than \$235 billion a year. Of particular interest to retailers: Most ethnic minorities spend a higher percentage of their income in the supermarket than does the general public.

**Fixed prices fix loyalty**

According to Morrie Notrica, owner of 32nd Street Markets, Los Angeles, supermarkets that are trying to gain loyalty from Hispanic consumers need to keep prices on staples low, despite market fluctuations.

Notrica, who has five stores all located in distinctively different ethnic communities in Southern California, has managed to successfully target each one.

At the main store located in a largely Hispanic community near the University of California, Los Angeles, Notrica gets between 7,000 and 9,000 customers daily. "I'm doing more business than I ever had," he exclaimed.

His secret? "We went to fixed pricing." No matter what the cost, Notrica said he will continue to sell bags of potatoes for 99 cents and lettuce for 19 cents a head.

While some ethnic groups, especially African-Americans and Hispanics, have a reputation for extreme brand loyalty, low prices on staple items help create store loyalty. Notrica claimed a store will always make up in volume what it might lose on those price-fixed items.

"The customer we're dealing with is spending \$100 to \$150 each time they go to



▲ The first rule of marketing to ethnic consumers is to stock the products they want.

the store. I'm selling 47,000 pounds of watermelon a day," he said.

Each ethnic group, be it Hispanic, black or Asian, has distinctive products and services they require. Notrica, who also caters to the rapidly growing Asian market in the Los Angeles area, asserted that product selection is everything. To find out what they want, talk to your customers, he said.

Whether a store separates specialty ethnic food, or integrates it throughout the store, retailers must offer ethnic foods. But catering to targeted markets goes beyond simply stocking items; retailers must also know what peripheral services different groups desire.

For example, communities with large numbers of new immigrants may require cash-checking services, as few have bank accounts. Hispanics tend to send money back to families in their home countries and frequently use money ordering services.

"Set your store apart. Not just with product set, but amenities as well," urged Jerome Lloyd, editor of the Mexican American Grocers Association's *MAGAZINE*. He recommended installing banks of pay phones in or near a store, so customers can call home.

Independent operators seem to have an easier time adapting to a changing marketplace than large chains. As reported in the May issue of *Grocery Marketing*, established chains are playing a decreasing role in inner-cities, where many homogenous ethnic com-



munities are located.

When many chains were leaving the inner-city, Notrica's family-run business stayed and prospered. "The chains can't react as fast as I can," both price-wise and to what drives customers, Notrica said.

"It's very hard for a chain with a central buying office to be flexible like an independent can," agreed Lloyd.

Ralphs is one supermarket chain that has recognized both the need to target different ethnic groups and the potential benefits. The company has identified 60 stores with demographics of 35 percent or less Anglo-American. Most of these urban stores have a mixture of Hispanic, African-American and Asian customers.

Chains that have created a company-wide image for themselves need to recognize where and when it should be altered. Mike Frank, vice president of merchandising at Ralphs, said typically, the chain has an upper-middle class market and stores that

**The Most WORLDWIDE™ de SPRINT**  
2 Tarifas  
2 Horarios  
20% de descuento "Más Minutos"

**MEXICO**  
Tarifas de Servicio / Servicio / Tarifa

País	Horario	Tarifa
Estados Unidos	08:00 - 18:00	\$ 0.15
Estados Unidos	18:00 - 08:00	\$ 0.25
Canadá	08:00 - 18:00	\$ 0.25
Canadá	18:00 - 08:00	\$ 0.35
Europa	08:00 - 18:00	\$ 0.35
Europa	18:00 - 08:00	\$ 0.45
Asia	08:00 - 18:00	\$ 0.45
Asia	18:00 - 08:00	\$ 0.55
Oceania	08:00 - 18:00	\$ 0.55
Oceania	18:00 - 08:00	\$ 0.65
América Latina	08:00 - 18:00	\$ 0.65
América Latina	18:00 - 08:00	\$ 0.75

**Tarifas / Rates**

País	Horario	Tarifa
Estados Unidos	08:00 - 18:00	\$ 0.15
Estados Unidos	18:00 - 08:00	\$ 0.25
Canadá	08:00 - 18:00	\$ 0.25
Canadá	18:00 - 08:00	\$ 0.35
Europa	08:00 - 18:00	\$ 0.35
Europa	18:00 - 08:00	\$ 0.45
Asia	08:00 - 18:00	\$ 0.45
Asia	18:00 - 08:00	\$ 0.55
Oceania	08:00 - 18:00	\$ 0.55
Oceania	18:00 - 08:00	\$ 0.65
América Latina	08:00 - 18:00	\$ 0.65
América Latina	18:00 - 08:00	\$ 0.75

¡Llámanos al 1-800-755-7711 hoy mismo!

▲ This colorful mailer sent to Hispanics illustrates the usefulness of direct mailings to ethnic markets. Hispanics are more likely to take advertisements to heart, show them to others and keep them for reference.

convey that image. With its new strategy, it is trying to convey an image that appeals specifically to an ethnic market.

Ralphs removed the 60 stores from its regular mailing program and is using targeted, bilingual advertising, said Frank. In addition, both product selections and in-store decor has changed.

According to Frank, it's a matter of "overcoming your image" by using a consistent, subtle approach.

The targeted stores now have a new pared-down look. Gone are the canopies and wood fixtures. A budget-buy area sits in the center of the store, featuring low-cost, rather than specialty items. "We tried to communicate subtly what was going on in the store," said Frank. At the same time, "we still want to have a great looking store. You still want to have a Ralphs, you don't want to dilute that."

By separating the block of stores and giving them more "entrepreneurial ability as to schematics and merchandising," Ralphs is not only serving inner city communities, but also cashing in on the buying power of ethnic communities.

According to its advertising agency, Dominick's Finer Food Stores regularly targets the Hispanic market in the Chicago area through Spanish-language media and advertising developed especially for this market.

Developed by San Jose & Associates, a Chicago-based Hispanic advertising, marketing and public relations agency, the ads are not only in Spanish, but also speak to their audience about a different lifestyle than the general public's.

"We're appealing to the Hispanic consumer, specifically to Hispanic women—who are traditionally the main meal provider and grocery shopper—by featuring images and music that are clearly recognizable," said George San Jose, president and executive creative director of San Jose & Associates. "Even the cuts of meat that we selected for the commercials are different from those commonly used within the general market because this is what the Hispanic consumer is accustomed to buying."

While Dominick's has been targeting the Hispanic community for the last 15 years "at different levels and intensities," said San Jose, "this is the first time we've positioned differently with an image-based TV commercial."

San Jose has also run marketing campaigns to the Hispanic community for Pepsi Cola and Anheuser-Busch, both with good results. Budweiser, for example, has experienced a 350 percent increase in sales in the Spanish market, according to San Jose, while Pepsi has seen double digit growth in supermarkets. Neither company was available for comment.

San Jose credited a strong grass roots marketing campaign for increasing both companies' sales. Indeed, he recommended manufacturers and retailers who want to stimulate sales and create strong customer loyalty among targeted ethnic groups should get more involved on the local level. This includes sponsoring community events, increasing visibility in ethnic media and entertainment outlets, and working with community leaders and schools.

Colgate-Palmolive, for example, has been successful in the Hispanic market due to a "combination of grass roots and fully integrated marketing," stated Ruth Gaviria, director of Hispanic marketing for the company. After 15 years of marketing to the Hispanic community both locally and globally, "in most categories, we are the leader" in the Hispanic market, she said.

#### Develop a strategy

Phillips listed seven points retailers (and manufacturers) should take into account when assessing their ethnic marketing strategies:

- Make a commitment. Don't treat ethnic consumers as a segment of the general market, but rather as distinctive markets unto



▲ In a promotion with a Spanish-language radio station, Pepsi and Dominick's increased their presence in the Hispanic community.

themselves. Phillips cautioned that to enjoy far-reaching success, a program must have acceptance at all levels of the company.

Colgate's successful program illustrates this point. Gaviria believes the company's strength lies in the fact that "we have such a commitment from senior management on down. I think that is something that doesn't happen in a lot of companies."

- Support diversity. Hire employees from, and do business with ethnic communities.

"You need to have people who look like the people who shop in your store," stated Phillips, "people who reflect them, look like them and understand what their needs are."

- Address cultural sensibilities. Don't treat all ethnic communities alike, she cautioned. Learn and appreciate the unique cultural characteristics of each group.

- Use research to establish goals. Data on ethnic consumers will help tailor targeted marketing programs.

- Evaluate competitors. Analyze and understand what others are doing in this area. Competition isn't restricted to the general market.

- Evaluate yourself. Examine perceptions of your store among ethnic consumers. Are you providing the products and services they need and marketing to them in an effective manner?

- Identify support expertise. Specialized marketing firms can help accurately target ethnic consumers and help to avoid costly errors.

#### The heat is on

"In the mid-1970s and early 1980s, agencies were out knocking on doors, educating (manufacturers and retailers) on Hispanic customers," said San Jose. Today, most companies have reassessed their position on marketing directly to ethnic communities.

MAGA has recently experienced an increase in membership from supermarket chains, according to Lloyd, and San Jose referred to the current time as "the boom years" in ethnic marketing.

"It absolutely makes sense," said Phillips. "It's not politically correct, it's how you impact the bottom line." ♦