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SPANISH TRIB? NADA CHANCE, RIVAL SHOWS

By: Jeff Borden October 21, 1996

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It looked like a classic mismatch: Tribune Co., the \$2.2-billion voice of Establishment Chicago taking on Luis Rossi, immigrant owner of a Spanish-language weekly with \$4 million in annual sales.

In fact, it was Tribune's slick new tabloid, Exito, that found itself outthrust by Mr. Rossi's La Raza, the leading paper for Chicago's 1.2 million Hispanics.

Three years after Exito's launch, Mr. Rossi has left no doubt it takes more than money to win over a fast-growing ethnic audience.

A native of Uruguay who hitchhiked into Chicago in 1970 and never left, the 47-year-old Mr. Rossi stands toe-to-toe with Tribune, daring the media conglomerate to knock him from his perch.

La Raza continues to capture more advertising dollars and remains a stronger opinion leader, while Tribune scrambles to make up ground in a community its flagship Chicago Tribune has offended in the recent past.

"We know our market," boasts Luis Rossi, La Raza's president and publisher. "It's like soccer. This is my field. I know my game and I know my field. There will always be competition, but I am going to survive."

Indeed, La Raza owes its market position to the indefatigable Mr. Rossi, a dapper dresser with the instincts of a street brawler.

Adversaries say he's not above fighting dirty—a charge Mr. Rossi vigorously denies—and he clearly relishes the faceoff.

"I'm looking down from the top," he says. "It's good to have a company like Tribune in the business, but no way am I going to let them become No. 1."

Exito isn't backing down either.

Acknowledging that it's missed profitability projections and is running more than a year behind its original business plan, Tribune is promising stepped-up efforts to make Exito a more potent force in the Hispanic community.

Exito 'making strides'

"If we didn't think we had a good long-term formula for success, we wouldn't do it," says Kathy Waltz, Tribune vice-president and director of developing businesses. "Exito is not profitable yet, but it's making strides."

Traditionally, Spanish-language newspapers scrap for the crumbs left by radio and TV, which siphon off more than 70% of advertising dollars. Chicago, the fourth-largest U.S. Hispanic market with ad spending of about \$50 million, is no different.

Mr. Rossi claims about \$4 million in annual sales for La Raza—rivals put the figure at less than \$3 million—while industry sources say Exito is doing about \$2 million a year.

La Raza has an audited paid circulation—the paper costs 25 cents—of about 50,000, though a weekly advertising-driven supplement reaches another 100,000 Hispanic households. Exito has an audited free circulation of 69,000.

Incomes also are on the rise, with total buying power here estimated at \$8 billion to \$9 billion annually as Hispanic household income nears \$33,000 a year—about 8% higher than the national Hispanic average.

Those numbers are the lure for Tribune, which wants to use Exito to hook first-generation Hispanics, then funnel them and their families to the Chicago Tribune.

Tweaking the plan

achieve that, Tribune plans to tweak its plan.

Exito soon will get an editorial page, published in Spanish and English, that executives hope will make it more of a player on political and social issues. A recently completed marketing study will underscore which Latino groups Exito is reaching—or failing to reach. And there are plans to co-sponsor more community events.

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Most important, perhaps, Tribune last month hired an energetic new president and publisher, Liza Gross, 39, who fills a position vacant since December.

A journalist and educator who most recently was an instructor at Florida International University in North Miami, the Argentine-born Ms. Gross has her mandate from Tribune executives.

"They wanted someone who could offer leadership, develop links to the community at all levels and broaden the paper to be more inclusive," Ms. Gross says, adding, "And for the publisher to be more involved (in the Latino community)."

The last item is key if Exito is to overtake La Raza, which was launched in 1970 and purchased by Mr. Rossi and investors in 1982 for less than \$500,000. (Mr. Rossi also owns Rossi Advertising Inc., an advertising agency he says has sales of about \$2 million a year.)

While Exito executives point to their solid journalistic product and see the advertising gap narrowing, La Raza enjoys the benefits of incumbency and Mr. Rossi's peripatetic personality.

"La Raza is an established pillar of the community in many respects, but more importantly, it's the entrepreneurial spirit Luis Rossi brings to the equation," says George San Jose, president of San Jose & Associates Inc., a Chicago media buyer that places advertisements in both newspapers for clients such as Dominick's Finer Foods Inc., Allstate Insurance and Pepsi-Cola.

"Exito is a fine newspaper, but it's owned by a large corporation," Mr. San Jose adds. "The publisher is Hispanic, but someone else is pulling the strings. It's a little different dynamic."

Certainly, Exito has been hurt as much as helped by its ties to Tribune Co.

When Tribune columnist Mike Royko offended Mexican-Americans with an attempt at satire in March, it was Exito, not the Chicago Tribune, that bore the brunt of the backlash. Spanish-language radio stations blasted the columnist, but invariably mentioned Exito's parentage, prompting numerous advertisers to defect. (Exito Advertising Director Michael F. Rodriguez says all but one real estate firm have returned.)

Exito sales people gripe that Mr. Rossi and his La Raza salesforce take pains to play up the Tribune link when they visit advertisers. They continue to believe he used his extensive radio and TV contacts to help whip up the post-Royko furor, and charge that he funnels additional ad dollars to his newspaper through his advertising agency.

"I deny doing anything like that," Mr. Rossi replies. "I am a person of respect. In business, a man who uses dirty tactics to harm the competition is not going to be a success. La Raza isn't doing anything to Exito. They're doing it to themselves."

Exito has more of a magazine look because every front page is dominated by a color photo, but Editor Alfredo S. Lanier bristles at any suggestion that the paper is soft and feature-driven. He points to recent lengthy stories on overcrowding in the Chicago Public Schools, the impact of AIDS on the Latino community and extensive political coverage.

"Our paper is more colorful and well-designed than La Raza, which may cause some problems," he says. "But if you (measure) both papers, the percentage of news is probably higher in Exito than La Raza. I don't equate bad layout and unreadability with newsmanship."

Like Tribune vs. Sun-Times

La Raza Editor Jorge Oclander, who recently rejoined the paper after 21/2 years at the Chicago Sun-Times, draws comparisons between the two Spanish-language weeklies and the two metropolitan dailies.

"Our stories are a bit shorter, more concise," he declares. "Their cover is a full-page picture. Our cover has three stories. It would not be unfair to say the differences are similar to those between the Tribune and Sun-Times."

The battle for the Hispanic market will be a lengthy war of attrition for Exito.

"La Raza has longevity and a record of taking on tough issues, of getting out there and taking a stand and drawing together this very diverse Latino culture under one voice," says Hippolito "Paul" Roldan, president of Hispanic Housing Development Corp. in Chicago. "Exito is something that will take time."

From this week's In Other News

George L. San Jose, president & chief creative officer of The San Jose Group, a multicultural advertising agency. To view this document on the web click on this link.