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Growing & Passionate

Latino marketing experts encourage connecting with the demo's passion points, like family, to reach them at retail



7-Eleven conducts a major market study every two to three years to better understand its Hispanic shoppers.



This shelf talker for Clorox bleach targets Hispanics with a picture of a child's birthday party and Spanish as the first language.

These ads for El Jimador tequila are designed specifically to connect with Hispanic shoppers. The brand recently introduced New Mix (below), a tequila cocktail in a can.



By April Miller

The 2010 Census is expected to show that the Latino population is almost 50 million strong (15.5% of the total U.S. population), up from 35 million in 2000. By 2050, Hispanics are projected to number almost 103 million, says the U.S. Census Bureau.

In terms of spending, Rockville, Md.-based Packaged Facts reports that the Latino community's buying power is expected to reach \$1.3 trillion in 2013, up from \$984 billion in 2008 (a cumulative growth rate of 31%). According to a November *Adweek* article, Hispanics have about \$863 billion in discretionary annual income, more than any other minority group in the U.S.

In short, for many well-established brands and retailers, the Hispanic market represents a potentially huge growth opportunity.

The Association of Hispanic Advertising Agencies (AHAA) reported that the top 500 advertisers allocated 5.4% of ad dollars "during last year's recession to reach and connect with Hispanic consumers, up from 5.1% in 2008." But as brand managers realize the need to allocate more money to attract Latino consumers, expect to see more arm wrestling for marketing dollars, says Michael Olguin,

"Hispanic shoppers are looking for value, whether it be a cost value or entertainment value in terms of their in-store experience."

Liz Arreaga, partner, Mercury Mambo

president of New York-based Formulatin (a national Hispanic public relations agency).

"There will be a greater play for Hispanic marketers who really understand that space," he says.

The key word being "understand." Rolling out true Hispanic shopper marketing programs requires more than using Spanish copy on a header card. It's knowing the Hispanic shoppers' purchase behaviors, origins and passions.

Characteristics of the Hispanic Shopper

"Marketers know that Hispanic shoppers represent a huge and growing customer base, and that this group is critical to the

Hispanic chain shoppers appear more interested in almost all forms of in-store communication and activity than other shoppers, with store events and contests topping the list.

	Hispanic Chain Shoppers	All Shoppers
Store Events/Contest	31.8	30.5
Store Loyalty Cards	31.1	42.5
High Odds/Small Prize	27.6	N/A
Parking Lot Event	25.0	19.1
In-Store Signage	22.8	27.0
Checkout Lane Ads	21.6	9.9
Low Odds/Big Prize	20.5	N/A
Info Kiosks	19.2	11.4
Floor Graphics	18.9	9.0
In-Store TV	18.9	13.5
Cart Ads	18.0	6.9
In-Store Radio	17.2	12.2

Higher interest from Hispanic chain shoppers

Lower interest from Hispanic chain shoppers

Source: PanaVista 'Nvista and BIGResearch SIMM

future success of their brands,” says Donald Longo, editorial director for Stagnito Media Food Group, New York (producers of the Hispanic Retail 360 Summit). “The difficulty with reaching them effectively stems from the many different types of Hispanics — it’s not a homogenous group.” Those individuals who trace their origin or descent to Mexico, Puerto Rico, Cuba, El Salvador and other Central and South America countries all fall under the Hispanic label, and within the demographic there are varying degrees of acculturation.

Less-acculturated shoppers tend to retain more of their habits from their home country, essentially living a lifestyle in the States as they would back home, Olguin says. They tend to choose stores that offer products from their home country and appreciate bilingual signage and Spanish-speaking employees, adds Mark Bacon, U.S. brand director for Casa Herradura Tequilas (a division of Brown-Forman), Louisville, Ky.

“For those who rely on Spanish as their primary language, it sends a message that those shoppers are welcome,” says Gisela Girard, AHAA chair and president and COO of Creative Civilization, a San Antonio-based agency. “For more acculturated Hispanics, the

use of bilingual messaging is still an important way to create a sense of engagement and respect. Even though the Hispanic consumer in this case may not be fluent, or even Spanish-capable, they still feel acknowledged and important.”

“The Hispanic shopper today is much more savvy and sophisticated than before,” adds John Echeveste, principal at VPE Public Relations, a firm dedicated to the Hispanic market with clients like McDonald’s and Nestlé in South Pasadena, Calif. “We know that they shop more often, make larger purchases and over-index in many key categories, especially baby products. We also know that moms are the primary decision-makers in the household, but that kids are strong influencers.”



Cristina Saralegui — “Oprah for the Hispanic community” — is the spokesperson for Nestlé Pure Life. The brand’s integrated campaign encourages Latina moms and their families to drink more water via TV and radio ads, in-store promotions, grassroots events and sweepstakes.

“Hispanic shoppers are looking for value, whether it be a cost value or entertainment value in terms of their in-store experience,” adds Liz Arreaga, partner of Austin, Texas-based agency Mercury Mambo. “As seen in our own shopper study among Spanish-speaking shoppers, shoppers are paying more attention to promotions. Both retailers and Hispanic shoppers alike told us that discounts, BOGOs and store events were appealing. Shoppers are using store circulars as shopping guides and actively searching for promotions and deals, rather than passively purchasing the same brands.”

And breaking the notion that they don’t use coupons, Kim Finnerty, vice president, consumer/shopper insights at PanaVista, a Hispanic marketing promotions agency in Dallas, says that in its most recent ‘Nvista Hispanic Shopper Tracker, 45% of Latinos said they are using more coupons due to the economy.

Other characteristics that industry experts say define this segment include: They consider shopping to be a family outing; they are disciplined shoppers who plan their shopping trips and are more likely to stick to a budget; word of mouth is important; they tend to prepare more meals at home; they are influenced by celebrities for purchases; less-acculturated Hispanics



MOBILE DEPENDENCE

The sweet spot with Hispanics may actually be in the palm of their hands, as the group over-indexes on mobile phone usage. According to Kim Finnerty of Hispanic marketing agency PanaVista, Latinos are more likely than the general population to own cell phones: 90% vs. 88% of 18-to-34-year-olds and 87% vs. 85% for 35-to-54-year-olds, according to data from Forrester's 2010 Global Consumer Technographics Survey.

"According to Experian Simmons, one-third of Hispanic respondents said they could not imagine their lives without their cells," Finnerty says. "Marketers should take note because, according to eMarketer, this dependence on mobile technology causes this de-

mographic to be the most receptive to mobile marketing initiatives and also prompts these consumers to use their cell phones in store aisles to check prices, inventory and competitor stock items."

Hispanics are also the biggest users of data applications on their cell phones. A July *Washington Post* article cited data from the Pew Internet & American Life Project: About 83% of Hispanics send or receive text messages, compared with 79% of Americans and 68% of whites. Forty-seven percent of Hispanics said they send or receive e-mail, compared with 41% of blacks and 30% of whites surveyed, and 18% of Hispanics said they purchased a product over their mobile device compared with 13% of blacks and 10% of whites.

may still prefer independent retailers, while the more acculturated are more likely to visit chains; and radio, Spanish-language TV (especially novellas) and the Internet are good ways to reach them.

In-store, they claim to be more heavily influenced by all types of merchandising than general market shoppers, says Finnerty, citing the NVista Shopper Tracker. "In-store sampling is cited by 57% as significantly influencing purchase," she explains, compared to 52% of the general market. "Hispanic shoppers are also drawn to shelf coupons and special displays (both 47%)," Finnerty adds.

Learning More

CPG companies and retailers are employing a number of methods to learn how they can penetrate this segment. More than 20 major brands such as Clorox, Kraft Foods, McDonald's, Nestlé and Subway have joined the Latinum Network, a business network devoted exclusively to helping corporations tap into the Hispanic market. The organization provides peer-to-peer collaboration, strategic analytics and research.

"One of the challenges of the Hispanic shopper marketing experience," adds Noemi Ricalo, president of PanaVista, "is the lack of sales data to support program expansion. Nielsen panel data is not always available and typically under-represents Hispanic results." She cites regional chain Jewel-Osco as one retailer with a comprehensive Hispanic marketing program: "They not only partner with their manufacturers, but more importantly, provide metrics at the end of the promotional period."

Dallas-based 7-Eleven, a member of the Latinum Network, created a senior director of Hispanic marketing position about 18 months ago to better understand this consumer. The senior director, Irene Sibaja, says the retailer uses its major market study — conducted every two to three years — for a

sense of what percentage of customers are Hispanic, what they tend to buy and how much they spend. Proprietary research also elicits insights.

"Last year we conducted focus groups among Hispanic male shoppers, and parts of our current strategy are based on what we learned," says Sibaja. Industry and CPG studies are also used, although she notes that they'd like to see more studies that differentiate Spanish-language-dominant from non-Spanish-dominant consumers.

At White Plains, N.Y.-based Tecate, vice president of marketing Felix Palau says they employ several approaches to analyze and test campaigns with Latinos. These include demographic analysis, psychographic research and direct market information.

Multicultural shopping studies across categories and channels have been done at The Clorox Co., Oakland, Calif. And more recently, the company has embarked on deeper path-to-purchase studies for its key categories, says Jennifer Reiner, multicultural team lead — specialty.

Hispanic-Dedicated Stores

To attract this coveted target, some retailers have opened "Hispanic" stores. Last year, Walmart opened two Supermercado de Walmarts — one in Houston and one in Phoenix — and a Mas Club discount warehouse club in Houston. Walmart declined to be interviewed, but a June 2009 company press release says the Phoenix Supermercado de Walmart "features a new layout and product assortment designed to make it more relevant to local Hispanic customers." The 39,000-square-foot store carries fresh tropical fruits and vegetables; fresh corn tortillas; meats such as milanesa; and an in-store cocina serving such items as tacos and tortas.

Yet, PanaVista's Ricalo finds these large-scale type formats to be knockoffs of the Hispanic supermarket chain, Pro's Ranch

Markets, that she says "set the standard for 'authentic' formats." Ricalo says retailers would succeed by enhancing their variety offering to suit their neighborhoods. "Providing what your shoppers need," she explains, "is more important than trying to convey a sense of Hispanic authenticity that doesn't quite meet real standards."

Providing what the neighborhood needs is the goal of the recently opened HIT Mobile in

The advertisement is for Tecate beer, featuring a promotion for the Manny Pacquiao vs. Joshua Clottey boxing event. The top part of the ad has a red background with the text "POR LOS QUE LO DAN TODO EN EL RING" in white. Below this is a poster for the boxing event, showing the two fighters. To the right of the poster are a can and a bottle of Tecate beer. The bottom part of the ad is a white box with a red border, containing the text "Ahorra hasta \$20.00 por correo. Save up to \$20.00 by mail." and details about the promotion, including the date "En el Fight For Ever de HBO: de la noche entre Manny Pacquiao vs. Joshua Clottey, día 12 de marzo de 2010 (fecha de compra de \$49.99 antes de impuestos)." and the Tecate logo.

Tecate has had success with its sponsorship of boxing matches. The brand uses demographic analysis, psychographic research and direct market information to study its shoppers.

Cudahy, Calif. In partnership with T-Mobile and the first of the company's T-Mobile Premium Retailer Latino program, it features a wide variety of wireless products and services. Mauro Martinez Jr., HIT Mobile's president and CEO, says wireless can be pretty confusing and there's a need for customers to feel comfortable. He says that the list of the top 10 handsets in the general market and top 10 in the Hispanic market are radically different.

While HIT Mobile has the same look and feel of a T-Mobile store, all materials and signage are bilingual, as are all employees. "I have spent years working in the Latino community. I fully understand and appreciate its shopping habits, buying patterns and much more," says Martinez, himself a second-generation Hispanic. "That includes hiring from the area, building a team reflective of the community and giving back to ensure success for everyone."

As one of T-Mobile's "playground" stores, it allows for lots of interactivity and includes a children's play area. Two more stores, also in Southern California, are currently under construction. Martinez says key to the stores' success is training employees on each generation. "A first-generation Latino speaks in Spanish, wants International plans and all literature in Spanish," he explains, "while a third generation might be labeled Hispanic but is more similar to the general market. Yet they feel comfortable in the store because of their upbringing and the cultural connection."

Formulatin's Olguin, a third-generation Mexican American, says it's about finding a

To strengthen its relationship with Jewel-Osco's Hispanic shoppers, the Clamato brand leveraged a summer sweepstakes tied to shoppers' loyalty cards that included sampling and retailtainment events, circular ads and bilingual P-O-P. PanaVista, a D.L. Ryan company, executed the campaign.



habits for a better life" campaign in June that encourages Latina moms to get their families to drink more water. The campaign uses Hispanic TV host Cristina Saralegui as its spokesperson — "Oprah for the Hispanic community," says Carolina Rodriguez, marketing manager, Nestlé Pure Life. National TV, regional radio, in-store promotions, grassroots events and sweepstakes are all part of the effort.

A variety of targeted approaches as well as inclusion in broader campaigns is the key to success for The Coca-Cola Co., says Diane Wallace, vice president, shopper marketing. "Our efforts are a combination of 'depth' and 'breadth.' The depth programs allow us to connect with Hispanics' specific needs and passions; the breadth programs leverage universal communication and properties that are relevant to all consumers," she explains. "An example of this approach is the recent FIFA World Cup campaign, where we used the 'Join The Global Celebration' message across the market, but at the same time we added depth to this message among Mexican Hispanics with an association to the Mexican National

Team." The Powerade campaign included TV, radio, print, out of home, digital and P-O-S materials.

Sponsorships and events are another way brands are making a Latin connection. Chicago's MillerCoors' Coors Light brand sponsored the National Puerto Rican Day Parade in Manhattan this past June. The brand made a \$75,000 donation to the parade foundation and Diversity Foundation Scholarship Funds. Its "Emboricuate" campaign invited all to share in the pride of being Puerto Rican and included visuals in supermarkets, bodegas and bars.

Last fall, Clorox teamed up with the South Central Family Health Center in Los Angeles to offer a free flu clinic. "Pon el Virus de la Gripe Fuera de Acción" (Take the Flu Virus Out of Action) was part of the brand's national campaign and featured Dr. Aliza Lifshitz, internist at Cedars-Sinai Medical Center and editor of vidaysalud.com, a health website. In addition to being the keynote speaker, she answered participants' questions and provided advice.

"The Hispanic culture is rooted in the family and community," says Clorox's Reiner. "It's 'we' vs. 'I,' so finding a way to connect at the local level with consumers is an area that we're beginning to place more focus." **SMI**

"Providing what your shoppers need is more important than trying to convey a sense of Hispanic authenticity that doesn't quite meet real standards."

Noemi Ricalo, president, PanaVista

cultural connection. "For Hispanics, the four passion points are family, music, food and fashion/beauty. When building a community or marketing platform, utilize one or more of the passion points."

To tap into the importance of family, Greenwich, Conn.-based Nestlé Waters' Nestlé Pure Life brand launched its "Better