

Marketing Tactics

Connecting with Hispanics



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It has been said that marketing is the total system of business activities designed to plan, price, promote, and distribute needs satisfying products to potential customers. Sounds like a mouthful, but it is actually quite simple. The key point of this definition is identifying the needs of a particular group. Once that is accomplished with a certain degree of confidence, a person or firm can satisfy them through offering a product or service while making a profit. This business ideology has been around ever since the first marketplaces where individuals exchanged simple agricultural goods. Obviously, modern times are much more complex and on a larger scale. Instead of only dealing with those in a small, homogeneous community, large firms down to individual entrepreneurs must be able to recognize opportunities in a much more diverse consumer market atmosphere. These opportunities can be discovered through an insight into demographics; more precisely culture. America - known as the great melting pot, continues that legacy being home to millions of different people classified by their distinct cultures and unique heritages. It is the presence of these various cultural groups and their exclusive bonding characteristics and ethnicity that marketers have been examining for decades. For this report, one ethnic group in particular –Hispanics- will be highlighted to reveal the many tactics and operations that American companies and their marketing departments are conducting to adjust to meet the needs of this growing consumer source.

The Hispanic population is the fastest growing and largest ethnic minority in the United States. As of 2004, the Census Bureau estimates that there are 42.7 million Hispanic people living in this country. With an ever increasing and apparent presence, it comes to no surprise that companies in all areas of commerce are anxious to find that edge in tapping into the profitable opportunity that Hispanics represent. As the following segments will demonstrate, marketers have come up with some creative, intuitive, and

market-defining concepts that aim to strengthen the presence of products in the lives of this population.

One crucial method that marketers are trying is connecting with Hispanics through familiar brand exposure and studying consumer trends. To achieve this they must take into consideration the Place and Product aspects of their marketing mix. Take for example the health and beauty market. Women have probably noticed that the packaging of many hair care products such as shampoos and coloring have been revamped. Due to the cultural shift caused by Hispanics, many of the typical blond-haired, blue-eyed models are being replaced with ones having a more exotic beauty and ambiguous ethnicity. Take L'Oreal's hair color line for example (Figure 4). Many well know chain stores are readjusting their merchandising programs to appeal to this culture. Longs Drugs of California, launched a Hispanic vendor program containing a plan to reach this customer base through advertising tied to Hispanic television and involvement in health fairs sponsored by the Hispanic community. Other national drug store chains like Walgreen's and CVS have also employed customized marketing strategies. Walgreen's, known for being on the cutting edge of multicultural merchandising, has allotted a one foot section of shelf space for the Hispanic cosmetic brand Maja in more than 1,100 stores (Figure 1). This idea blossomed into an even larger offering of Hispanic personal care products deemed the Profit Center. The Profit Center is simply a four foot section with three or five shelves that can be stocked and customized by the retailer with an array of products aimed at Hispanic consumers. These examples are just a small portion of the activities that drug store companies have undertaken. Another goal of drug stores is to shift consumers from larger chain stores to the more manageable convenience of theirs. To accomplish this, marketers believed that understanding the buying habits of Hispanics could provide the critical insight they needed. Statistically on average, Hispanic families consume six to seven gallons of milk per week. This meant that carrying milk in portions smaller than a gallon was not practical. Since fruit juices are the beverage of choice, Gatorade and similar beverages were not as important as having 100 percent juices in the coolers. The key is recognizing trends and adjusting inventory to match the needs of the target consumer. Other trends that drug store chains like Rite-aid have noticed, is that

Hispanics rely heavily on staple items like sugar, flour, and rice. Further more; Hispanics still have a general sense for price and quality. They shop around and compare price and quality like any other group. And because that shopping trips tend to be a family affair, drug store chains have focused on selling impulse items directed at children that typically accompanying the adults. Even if these stores carry the right mix of products, they still rely heavily on promotion to get the word out (White-Sax). One way in which to do so is through bilingual brochures. Pharmavite, a leading vitamin manufacturer has attempted to connect with Hispanics by offering bilingual brochures with various product offerings on retail shelves. They recognized a need for further education about ailments and overall health awareness among non-white cultures. Walgreen's and CVS have also embraced bilingual product brochures as a way to educate Hispanics about their product offerings (2).

Marketing adjustments have been made in the food industry too. Targeting Hispanic consumers has become a large trend for this sector during this decade. Much of the effort has been geared toward Hispanic-targeted food chains carrying products and services found to be appealing to that demographic. Texas-based Brookshire Grocery Co. opened a prototype store in 2004 named Ole Foods. There are many aspects of this store that give it a distinct disposition toward Hispanics. It offers an extensive assortment of imported and Hispanic-preferred foods in addition to departments featuring only fresh foods like bakery items made from scratch. There is also a Mexican restaurant inside that serves hot meals and authentic dishes. Services of interest to Hispanics like check cashing, money order sales and a leased-jewelry department are also well-thought-out features of these stores (Howell). The key plan for this store was making a location feel more recognizable and easily navigable by Hispanics. If consumers feel more comfortable, are able to read labels and signs, and recognize certain products they will be more likely to develop loyalty to a store and brand.

In an effort to further connect and identify with Hispanic heritage, many marketers have focused on the color and signage aspects of stores. It only makes sense that ethnic product offerings should be complemented by an ethnic atmosphere that takes

the consideration of a target consumer into mind. Two great examples of this approach at work are the aforementioned Ole Foods and Home Depot. Within the Ole Foods stores, customers will likely notice well-laid out and conveniently placed bilingual signage. Having various signs in multiple languages assures that most customers can navigate the store, locate particular goods, and be more aware of important information concerning products and services. The widespread presence of this bilingual signage is complimented by special attention to color choice. At Ole Foods, the colors bright orange, yellow, green and purple hint at a Hispanic “festival” atmosphere (Howell). Home Depot has taken the relevance of color marketing to an even higher level. They have devised a paint program called Colores Origenes. It has been determined that painting is one of the most common home improvement projects of Hispanic shoppers. Home Depot, being a leader in home improvement, saw the opportunity and with the help of its paint program hope to draw in more consumers. Colores Origenes features seventy paint colors that are influenced by Latin American and Caribbean cultures and have Spanish names like azul, cielito, and lindo (Howell).

The next case involving the Swedish furnishings retailer leads into other notable marketing tactics and ideas. IKEA had begun advertising to Hispanics by simply translating its marketing materials into Spanish. It was not long before they realized that this low effort approach would not reach the level of consumer connectivity that they were anticipating. They changed their strategy significantly and came to the conclusion that they needed to connect with Hispanics on an emotional and cultural level. In their situation they decided to show larger living room displays in stores closer to Hispanic communities. This would appeal to the cultures reliance on large family gatherings. As further points will show, achieving a better emotional bond between consumer and product can be done by adjusting marketing through cultural integration and versatile communication.

Wal-Mart is another firm that is doing many things to better understand its individual consumer targets. For their diversity department, they hired 82 people solely devoted to bridging the connections with minority cultures. The actions of this

department can be seen in every facet of Wal-Mart's marketing mix. Different ethnic groups are well-represented in the company's advertisements and marketing materials, and the stores merchandising reflects the different tastes of the chain's diverse shoppers. Surprisingly the attention to diversity continues internally. Wal-Mart has made it a priority to diversify its workforce from the top down (Breyer). They believe that this is one of the best ways to gain empathy with other cultures and better understand the changing marketplace. They have also taken advantage of their global presence to gain further knowledge about Hispanic culture. By collecting sales figures and primary data from their stores in Mexico and Central America, a unique perspective on marketing can be achieved and studied. These industry leading actions have kept Wal-Mart a model for other retail firms. Of course they still embrace more traditional methods like a 45 million dollar Spanish language advertising budget and planned promotions during key Hispanic holidays and sports events (O'Loughlin).

Home Depot deserves mention yet again. In this instance it is for their creation of the first-ever Spanish home improvement show. *Mi Primer Hogar*, which translates to "My First Home," airs on the Spanish language Telemundo network. This is a confident action on their behalf and it has surely received attention from the Hispanic television audience. Combine this with its distribution of Spanish circulars to more than fifty newspapers and it is clear that Home Depot has a vested interest in the Hispanic consumer. Sears also deserves mention while on the topic of home improvement stores. They are now offering Spanish-language information on home maintenance and have created the Community Revitalization Fund. The significance of this fund is that it aims to assist Hispanic homeowners (Breyer).

While large chain stores have been scrambling to understand the needs and culture of Hispanics, it is sometimes the smaller players who connect the best. A great example is Pizza Patron. This pizza company was started by a man from Columbus Ohio who moved to Texas and saw an opportunity. Observing that most of his customers were Hispanic, he immediately took steps to cater to them. This meant hiring bilingual employees (Figure 2), opening more locations in Hispanic communities, and even

changing the original name to the current Pizza Patron, which means “Pizza Boss” in Spanish. The previous are clear examples that marketing is not just a task for corporate level experts and committees.

This increasing focus on Hispanic marketing is not without downsides and implications. Problems can arise when a broad stereotype is placed upon a culture. For the scope of this report, the Hispanic population has been viewed as a homogeneous group for the most part. In reality, this group can be broken down further into more intricate subcultures. Citizens from Mexico are not going to be the same as people from Honduras on every level. Also, the Hispanic population is actually two-thirds foreign born and one-third domestic born. This can further fragment a marketing strategy. It is important that sensitivity and caution be used when segmenting and targeting certain groups and cultures. A prime example is the boycott that the group May 5 with Pride proposed. They believed that Anheuser-Busch was dishonoring Hispanic culture by promoting alcohol consumption during Cinco de Mayo (1). Probably just a misunderstanding, it is still an example of promotional sensitivity and the always present issue of misinterpretation. Another problem relates to clutter. As more immigrants come to this country and forego learning English, the need for more bilingual signage may continue to increase. As most of us can relate, the number of bilingual packaging become more prominent each passing grocery visit. For now it is primarily the Spanish language, but what happens when a group such as the Asian population motivates producers to put an Asian language on packaging? Sure that may seem a stretch, but it is not just in packaging. Calling into companies for assistance such as banking usually means having a choice between English and Spanish. This language usage duality means further spending by companies to meet the expectations of a group they hope will make for a return on investment. And, anytime language becomes an issue, translation must be carried out with perfection. It is still common for errors to occur in English language promotion.

So far there has been a myriad of cases featuring various companies and multiple industries and the steps they are taking to adjust to the increasing consumer base that

Hispanics represent. To best bring this discussion to a close, laying the main points into the four P's of marketing seems like a logical step. As these previous topics demonstrate, marketers must make adjustments to each part of a marketing mix to ensure success. Products marketed to Hispanics have received bilingual labels and packaging. There has been more exposure for brands that Hispanics recognize and identify. Even beer companies have released individual products that blatantly target specific cultures. Miller recently released a brew called Chill; modeled after authentic Mexican beer and featuring green and silver modular designs reminiscent of Aztec art (Figure 3). The models used on packaging have also shifted to paint a more realistic picture of the diversity in America. In regard to place, there has always been an obvious goal for that - put it where people will see it. Marketers have looked at population trends to see where large Hispanic populations have settled. Many Hispanic aimed products are first tested near the border with Mexico and other southwestern areas. Place also refers to where a product is positioned within stores. Many times place and promotion work hand-in-hand. This was witnessed with the Profit Center and other plans to dedicate shelf space to promote Hispanic-oriented products. Choosing traditional Hispanic colors for retail locations has also been a shift for many stores. On the promotion side of the mix, firms continue to use target advertising and other traditional forms of exposure, but they have also began to implement programs that reach out to Hispanic communities and raise awareness of the company and its products. It has also been recognized that Hispanic people are similar to the rest of society when it comes to price and value. As they become more integrated in society they realize the need for comparison and the existence of brand loyalty. Overall, it seems that one of the most important things to remember when marketing to a certain target group is to proceed with patience and versatility. The overall goals are the same regardless of the target population; satisfy needs at a profit. The challenge is in finding the right marketing mix for that group at that moment in time. The tactics used by marketer today will need to change and adapt to a Hispanic population that continues to change. As first generation immigrants have bi-cultural kids, a new, vastly different segment may offer new opportunities.

Appendix

Figure 1.



Figure 2.



Figure 3



Figure 4



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