

Walmart Targets Midpoint of Ethnicity Scale

By Don Longo

Walmart's Supercenter edged out Houston-based Fiesta Mart as the store where the highest percentage of Dallas-area Latinos buy most of their groceries. According to new research, the "Dallas/Fort Worth Latino Trendline Study, 2010," by Rincon & Associates, 25.4 percent of Dallas Latinos purchased most of their groceries from the Walmart Supercenter compared to 24.9 percent of metro area Hispanics that bought from Fiesta Mart, which operates 50 stores in the Dallas, Austin and Houston markets.

An analysis of the results based on country of origin, though, shows that Walmart Supercenter (33.1 percent) and Walmart Neighborhood Market (14.5 percent) were more successful at attracting the U.S.-born Hispanic shopper, while Fiesta Mart was more successful with the foreign-born Latino shopper.

"Walmart appears to have made a deliberate decision to be somewhere on the midpoint of the ethnicity scale," said Ed Rincon, president of the Dallas-based research and consulting firm. "They don't overdo it. [Its] Supercenter in Garland [Dallas suburb] attracts a good mix of African-American and White customers as well as Latinos."

In the past two years, both Fiesta Mart and Walmart have expanded their stores in Latino neighborhoods. Fiesta Mart purchased existing Carnivals (Latino-themed stores formerly operated by locally based Minyards) and re-branded them as Fiesta Mart to reach into Latino neighborhoods. Walmart, on the other hand, added a new store with a Latino theme to appeal to Hispanic shoppers, according to the report.

"The struggling economy has driven more people to price-conscious stores and Walmart's major advantage is pricing," said Rincon in an interview with Hispanic Retail 360 magazine. "But it is the wide selection of Hispanic food items that brings them to Fiesta Mart."

Walmart does well with both foreign- and native-born Latinos, according to the survey. "Walmart's stores are light years more attractive in design and layout than they were in the past," noted Rincon, who added that Walmart stores in Latino neighborhoods are just as well-kept as those in non-Latino areas.

He commended Walmart for its bilingual signage. However, Rincon noted that while bilingual signage is important, bilingual product labeling is much more important. This includes consumables as well as other products. "Consumers need to understand the conditions under which food spoils and ingredients that could be potentially harmful to them," said the researcher and consultant. "We conducted a study for Scotts lawn care some years ago and learned how important bilingual instructions and hazard warnings were to the Latino elderly, who are often taking responsibility for the care of the lawns and gardens."

Fiesta Mart is very focused on the foreign-born Latino, and indeed, foreign-born consumers in any neighborhood in which it operates, including Asian shoppers. "In comparison to Walmart, which carries the major Hispanic brands like Goya and Juanita's, Fiesta Mart carries a much wider selection. Walmart, for example, has a display of Mexican sweet breads and empanadas and a big flour tortilla display. But it's only three brands. Fiesta Mart carries as many as eight different brands of tortillas and lots are from local tortillerias," explained Rincon.

The up-and-comer in the battle for Latino shoppers in Dallas, though, is El Rancho Supermarket, a family owned chain of 10 stores in the Dallas metro area. Supermercados El Rancho's customers are similar to Fiesta Mart's – heavily foreign-born, Spanish dominant, lower education – and consequently its growth poses more of a threat to Fiesta than to Walmart.

"El Rancho Supermarket is a large store that will continue to eat away at Fiesta Mart's share given that they serve the same Latino segment," said Rincon. El Rancho has wider aisles (which facilitates traffic), and a large section of prepared food to go (grilled chicken, guacamole, pico de gallo, etc.). "I was troubled, however, that the majority of the store signage was only in Spanish – overlooking the fact that many children are English dominant and also involved in purchase decisions," observed Rincon. "Also, products were stacked so high as to pose a potential hazard to the many children walking nearby."

Rincon also provided Hispanic Retail 360 with other observations of the supermarkets in the Dallas area. "There is an observable absence of healthy food alternatives, especially in regard to prepared food, canned and frozen goods. The thinking among the clients that I have worked with is that Hispanics, and non-Hispanics as well, are not as concerned about the nutritional content of the foods, but more concerned about the overall taste profile – spiciness, etc. Our research with Latinos shows they are increasingly concerned about the nutritional content of prepared food, especially as they have become more conscious of rising levels of diabetes, high blood pressure and other ailments that are connected to the foods they consume. I was surprised to see lactose-free milk at El Rancho Supermarket, not a common offering despite medical findings that Latinos [and African-Americans] experience a great deal of discomfort with dairy products due to their lactose intolerance. Healthier alternatives are needed, but affordable ones – Latino consumers and others wonder why eating healthy has to be so expensive – so a real innovation would be to offer 'affordable' healthy food choices."

Rincon also recommended that employees have name tags that show who speaks English or Spanish. "This would be helpful in these stores if they hope to capture more than the immigrant segment," he noted.

He also questioned why some stores, like El Rancho, carry a wider assortment of corn tortilla brands but few flour tortilla brands. "I know that immigrants from Mexico more frequently consume corn products, but our research with immigrants in Texas shows that males and children are greater consumers of flour tortillas while moms tend to prefer corn tortillas. The availability of more flour tortilla brands would be useful," he told Hispanic Retail 360.

The survey also highlighted these key findings:

- Distance and the best prices were the two key reasons that Latinos shopped at their preferred stores for groceries. After "close to home" (21.6 percent), and "best prices" (19.8 percent), Latinos devoted attention to the choices provided in terms of Latino foods (6.9 percent), meats (3.9 percent), fruits (2.7 percent), and vegetables (2.4 percent).
- Two-thirds of Latinos believed the quality of the store brand products they purchased in their preferred store was "about the same" as major brand names.
- Latinos were not frequent coupon users. Slightly over one in 10 had used coupons in the past 30 days for a purchase – primarily for food and beverages. The most frequently purchased items with coupons were detergent, frozen foods, canned vegetables, meats and diapers.

The Latino Trendline Study, 2010 also includes Dallas/Fort Worth market data on media behavior, shopping for financial services, home goods, clothing, home improvement, autos, health care and travel plans, and ideas for community involvement and leadership. For more information about the entire 75-page study, plus a 186-page appendix of tables, contact Ed Rincon, president, Rincon & Associates, Dallas, (214) 750-0102, or e-mail ed@rinconassoc.com.

Supermarkets Where Most Groceries Were Purchased in the Past Month			
	Total	U.S.-Born	Foreign-Born
Walmart Supercenter	25.4%	33.1%	21.8%
Fiesta Mart	24.0	12.4	29.4
El Rancho Supermarket	8.2	1.8	11.1

Walmart Neighborhood	7.8	14.5	4.7
Kroger	6.4	11.3	4.2
Source: <i>Dallas/Fort Worth Latino Trendline Study 2010/Rincon & Associates</i>			