

COMMENTARY

Front Lines

Hispanic marketing: 'Se habla dinero!'

Study underscores important distinctions among Dallas-Fort Worth Latinos



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Much excitement has been generated about the growing Latino market at the national level, although Dallas-Fort Worth businesses also have much to celebrate.

Indeed, Dallas-Fort Worth Latinos have tripled their presence since 1990, growing from 525,474 to 1.1 million in 2000, and numbering about 1.5 million in 2004. Area Latinos currently have an estimated buying power of \$17 billion, which they tend to spend at selected establishments that actively seek their business.

Despite the abundance of opportunities, corporate America appears asleep at the wheel when it comes to Latino marketing. According to the Association of Hispanic Advertising Agencies, less than 5% of overall corporate budgets are dedicated to Hispanic marketing and advertising. This under-spending stems from various factors, including the perceived risk associated with Latino marketing, over-reliance on common stereotypes and a startling lack of attention in the nation's business schools to the nearly 40 million Latinos already in the United States.

To overcome this information void, Rincon & Associates has conducted the Dallas-Fort Worth Latino Trendline over the past 13 years, a study that is based on a telephone survey of 600 randomly selected Latino adults and covers a broad range of topics, including media usage, shopping preferences, quality of life issues, political behavior,

health care issues, home buying plans and various other attributes. The 2004 study points to several considerations that marketers should keep in mind in decisions to initiate or expand their Latino marketing plans.

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sumer segment. Nearly two-thirds of area Latino adults are foreign-born while one third are native-born — a demographic fact that translates to sharp differences in their socioeconomic profile. For example, native-born Latinos are three times more likely to graduate from high school than the foreign-born. Also, nearly seven in 10 native-born Latinos have a household income of \$30,000 or higher, compared to less than one-third of foreign-born Latinos. Not surprisingly, the homeownership rate is higher among native-born Latinos (60%) than the foreign-born (48%).

The impact of an advertising message targeted to Latinos depends on more than just language. Identifying the language that is best understood by your target segment is the first step. Our studies have shown that the "comfort language" is the one that Latinos choose when given a choice by bilingual staff — primarily English for native-born and primarily Spanish for foreign-born Latinos. Secondly, comprehension does not necessarily translate to persuasive impact. Although both native and foreign-born Latinos

understand Spanish well, native-born Latinos are less likely to feel that Spanish-language commercials are more convincing than English-language ones. Finally, the persuasive impact of an advertising message can be greatly enhanced by including a Latino person in the commercial.

The media usage of native and the foreign-born Latinos is highly segregated. Whether one considers newspapers, television, radio, magazines or the Internet, native-born Latinos spend most of their time with English-language media while foreign-born Latinos primarily use Spanish-language media. Consequently, the specific segment that you desire should be carefully evaluated prior to spending the whole media budget.

Latinos, especially the foreign-born, greatly value stores that provide bilingual staff and signage, product labels in Spanish, brands that they like and advertising in Spanish-language media. Nonetheless, we found that Latinos place greater importance on friendly staff, lower prices and stores located in their neighborhood. A friendly face goes a long way for attracting and keeping Latino customers, who have grown accustomed to the unfriendly faces in many area stores. The supermarket industry, in particular, provides an excellent model for the successful transformation of a retailing environment to serve Latino consumers, while the financial and insurance industries continue to employ discriminatory and predatory practices that discourage many Latino consumers.

The bottom line? Do your homework. The Latino marketplace has many detours that can take you to the wrong destination. However, a good marketing plan backed by solid research should help you reach your marketing objectives more effectively.

Rincon is president of Rincon & Associates, a Dallas-based market research consultancy that specializes in ethnic consumer research and measurement issues.