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THE HISPANIC ADVERTISING INDUSTRY

The Hispanic advertising industry is undergoing a major transformation. On the one hand, the explosive growth of the Hispanic population has more and more businesses knocking on agency doors. On the other, the marketers and agencies are grappling with important issues that are unique to ethnic markets, such as how to properly deliver culturally relevant brand messages to Hispanic consumers and how to measure results with systems that do not properly track ethnic populations. Marketers and agencies are also faced with a quickly changing and complex target: Hispanic consumers who are constantly being redefined not only by their generation, but also by how they self-identify, where they live, whether they were born in the U.S. or not, and whether they predominantly speak Spanish, English, or both. Add to that a veritable explosion of media platforms in which to advertise goods and services, and you can see why the Hispanic advertising industry is in flux.

Perhaps the biggest game changer on the media side of the Hispanic advertising world came about between 2004 and 2006 when Nielsen Media Research decided to double the size of its national television audience sample by implementing “the largest-ever national sample expansion among African American and Latino households” in order to more accurately track the television audiences they measure on their national TV ratings service. The change was welcomed by

Spanish-language broadcast and cable companies who, until then, had been forced to use the National Hispanic Television Index, a separate panel created in 1992 to measure TV consumption of Spanish-speaking audiences in the U.S. In 2006, when the Nielsen national sample had been expanded, both Univision and Telemundo subscribed to the National Television Index (NTI) putting them on equal footing with all other major broadcasters in terms of apples-to-apples comparisons of TV ratings. Since then, Spanish-language media companies have been able to close more deals during the traditional television “upfront season” by showing reluctant media buyers the real power of Spanish-language television both in terms of ratings and reach.

As a matter of fact, in 2011 Univision proclaimed it was the number one network among adults 18–34, regardless of language, on ninety nights; and it also beat NBC in primetime against the prized 18–49 demo on 195 nights—that’s one out of two nights in a year.¹ Likewise, Telemundo boasted about its 2012 Olympic coverage, which delivered a total cumulative viewership of 22.5 million viewers during the London Olympics—double the total viewers that tuned in to watch the 2008 Beijing Olympics on Telemundo. While the opening and closing ceremonies were universally panned, Telemundo’s ratings were undoubtedly helped by the fact that the final match for soccer’s gold medal pitted all-time international rivals Mexico and Brazil, making it the most-watched Olympic event in the history of the network, averaging 3.6 million total viewers.²

In this chapter I will try to give you a sense of where the Hispanic marketing and advertising industry is today, who the key players are, and how to properly think about your approach to Hispanic marketing. But let’s first take a quick look back at how we got here.

HISTORY OF HISPANIC ADVERTISING

Although the birth of the Spanish-language advertising industry in the United States dates back to the 1950s, its focus early on was on helping American companies market their products in Latin America.

Interamericas was the first dedicated U.S. Hispanic advertising agency, founded in New York by Luis Diaz Albertini in 1962. But it really wasn't until the '70s and early '80s that major national brands started advertising to the Latino community in the United States. Among those early advertisers were Colgate-Palmolive, McDonald's, and Coca-Cola. The '80s and '90s were decades of tremendous growth for both the Hispanic population and Hispanic agencies that were launched to service the growing Hispanic market. With the exception of Young and Rubicam's (Y&R) Bravo Group, however, large multinational agencies were not interested in Hispanic marketing until the turn of the century. Now, of course, leading agencies realize that profitable growth depends on gaining the necessary expertise to tap into changing tastes of one of the most influential consumer segments in the United States: Hispanics.

Over the past ten years there has been some merger activity, as some of the more established independent Hispanic agencies have been gobbled up by large holding companies. According to *Advertising Age's* 2012 edition of the Hispanic Fact Pack, five of the top ten largest Hispanic advertising agencies are now owned by large holding companies. In fact, Omnicom now owns three of the top ten Hispanic agencies, including the number one Hispanic agency, Dieste, whose estimated revenue was slightly over \$39 million in 2011 (Figure 8.1).

Today you will find nearly one hundred specialized agencies in the directory of AHAA, the Voice of Hispanic Advertising, a nonprofit trade organization that was founded in 1996 to help champion corporate investments in Hispanic marketing. And while the Hispanic agencies that belong to huge multinationals lead the industry in terms of annual billing, more than half of the top fifty Hispanic advertising agencies are still independently owned. Contrary to what you might think, these independent agencies don't just pick up the leftover crumbs that fall off the large holding companies' tables. No, many of these minority-owned agencies have huge clients like Texas-based Lopez Negrete, who has had the Walmart account for almost twenty years now, or Zubi Advertising in Miami, which has managed the Ford account for as long as I can remember.

Ten Largest US Hispanic Agencies

RANK	AGENCY [COMPANY AFFILIATION]	HEADQUARTERS	KEY EXECUTIVES	2011 REVENUE	% CHG
1	Dieste* [Omnicom]	Dallas	Greg Knipp, CEO; Tony Dieste, chmn & co-founder	\$39,024	5.5
2	GlobalHue* ✓	Southfield, Mich.	Donald A. Coleman, chmn & CEO	33,970	-0.5
3	Bravo Group* [WPP (V&R)]	Miami	Eddie Gonzalez, CEO; Eric Hoyt, pres & COO	31,500	5.0
4	Lopez Negrete Communications* ✓	Houston	Alex Lopez Negrete, pres & CEO	28,260	17.0
5	LatinWorks* ✓ [Omnicom]	Austin, Texas	Manny Flores, CEO & mg ptrn; Alejandro Ruelas, CMO & mg ptrn	23,600	6.5
6	Conill* [Publicis (Saatchi)]	Torrance, Calif.	Cynthia McFarlane, CEO & chairperson; Carlos Martínez, pres	23,258	18.0
7	Zubi Advertising Services* ✓	Coral Gables, Fla.	Joe Zubizarreta, COO; Michelle Zubizarreta, chief admin officer; Joe Castro, exec VP	18,900	2.2
8	Alma* [Omnicom (DDB)]	Miami	Luis Miquel Messianu, pres & chief creative officer	17,180	-9.8
9	De la Cruz Group* ✓	Guaynabo, P.R.	Rene de la Cruz, chmn & CEO	16,594	5.6
10	Grupo Gallegos* ✓	Huntington Beach, Calif.	John Gallegos, pres & CEO	15,500	6.9

* Ad Age Estimates ✓ Denotes minority ownership

Source: Hispanic Fact Pack 2012: Annual Guide to Hispanic Marketing and Media © 2012 Crain Communications Inc.

Figure 8.1 Largest U.S. Hispanic Agencies

AHAA publishes a directory of its member agencies every year. This directory provides a detailed listing of each AHAA member agency's services and specialties, client rosters, capitalized billings, and key personnel and contact information, which is very helpful. Remember, not all agencies are good at everything, so ask questions and make sure the agency you hire knows how to do what you need it to do. Because the Hispanic consumer is changing so quickly, the one-size-fits-all mentality no longer works. Some agencies will be better at creative and strategic planning, while others excel at public relations or direct mail. So you see, you need to ask questions and find out exactly what they can or cannot do for you.

I know what you're thinking: I'm not big enough to work with an agency. I don't have a million dollars in my advertising budget. Well, first of all, you don't need lots of money to work with an agency. And second, if you have a small business and usually don't work with an agency, don't worry. You can still get help. Not every Hispanic agency is

listed in the AHAA directory, so check your local listings as well to find out if there is a shop in your area that might be able help you out.

The growth in the number of Hispanic shops controlled by holding agencies can be attributed to a marketing trend that has been around for the past decade: big brands want a one-stop shop. Before, marketers would have to manage multiple agencies to get their job done, but with the demand for brand synergy and cost efficiency, and lack of time on the part of brand managers, in recent years there has been a trend toward consolidating all marketing efforts with one advertising shop . . . assuming they have the right expertise in-house. Frankly, I'm not sure that brands get better results with this one-stop shop mentality, but it sure does make the job of the brand manager easier! Between this trend and the rise of marketing accountability in the form of increased scrutiny of advertising costs from procurement, the traditional advertising compensation model has been turned on its head. As a result, larger holding companies now seek a piece of the Hispanic ad pie that they had ignored for so long. In fact, some big advertising shops think that they can "fake it" by hiring a few token Latinos and calling that a "specialized discipline" . . . but faking it only gets them so far. After one or two failed efforts, clients can see right through these façades and are now demanding that their agencies build proper ethnic expertise around their brand needs. It is interesting to note that some very well-known agencies don't have the expertise in-house and have recognized the difficulty in developing it. So they will often partner with a Hispanic agency to deliver the expertise needed for a client. This is a recognized alternative that can work, but only when the ethnic shop has a real seat at the table. African American, Asian, and LGBT specialty shops are also partnering with established agencies in this manner.

In spite of the fact that over one-third (36 percent) of all consumers in the United States and over 41 percent of all young adults (eighteen-to thirty-four-year-olds) are multicultural, ethnic marketing efforts continue to get the short end of the stick (not to mention budgets). Ethnic agencies are often left out of the *critical* strategic planning process but are often asked—at the last minute—to "adapt creative." This approach

is often destined to fail, since the creative is based on a consumer insight that may not resonate with Hispanics or touts brand benefits that Hispanic consumers simply don't care about. Anything can be translated into Spanish, but if your message doesn't resonate, or worse, doesn't even make sense, Latinos probably won't buy your product. This is the ugly truth. The problem is that far too often, this is the process for Hispanic marketing campaigns. Then, when the results come in—if they are tracked at all—and they don't look so good, everyone is quick to say Hispanic marketing doesn't work. We've come a long way, no doubt, but we still have a longer road ahead. What gives me hope, however, is that some leading companies are starting to change the way they approach their brand marketing by adopting a more holistic view of their consumers and asking their agency partners to come up with a “total market strategy.”

Some people have confused total market strategy with what I call “rainbow marketing,” which is an effort to mainstream multicultural marketing. These efforts are often driven by simple casting choices in commercials—let's make sure we have one of each color in the ad and voilà, there's your *cross-cultural* spot. In my opinion, this does not work because it is based on a superficial approach, not a strategic approach.

On the other hand, total market strategy is a seven-step process that, if done correctly, can yield incredible results. This is a process that is starting to be used by leading marketers and media planners who recognize the need to reach *all potential consumers* who fall within a brand's target market, regardless of race, ethnicity, or language preference. You see, the concept of “multicultural marketing” was born in the '90s when ethnic segmentation tools became sophisticated enough to really help marketers and agencies better understand who was consuming their products. But over the years, the term *multicultural* became a way of “segregating” consumer segments by size: if they weren't big enough, they didn't matter. The reality is that the so-called “general market” really became a euphemism for “whites.” Smart marketers now recognize that ethnic consumers, whether Hispanic, African American, or Asian, are an increasingly important part of the mainstream, the *new* mainstream, as Guy Garcia called it in 2004.

Glenn Llopis, founder of the Center for Hispanic Leadership, got it right when he recently said, “Many organizations want to make Hispanics part of the ‘mainstream’—but they must know how to integrate their intentions with proper intelligence and know-how.” In the same article written for *Forbes* magazine in November 2012, he adds, “Ignoring the Hispanic market represents slow death. On the other hand, those who invest wisely will dominate their industry for the next twenty years! Those who don’t are putting their businesses and brands at risk. The Hispanic market can no longer be viewed as a tactical option, but rather must become a strategic imperative. The Hispanic market must stop being managed and approached as if it were a diversity initiative. You must either be in or out. There is no gray area here.”³

I truly believe that total market strategy is the right way to execute successful marketing initiatives for Latinos or any other ethnic community. Let me share with you the following roadmap to total market strategy, which was developed by Graciela Eleta, who for more than eight years headed up the Hispanic marketing efforts for Procter & Gamble and is widely recognized as an authority on marketing to Hispanics.

TOTAL MARKET STRATEGY ROADMAP

By Graciela Eleta

1. **Leverage Consumer Research to Define Your Strategy.** A brand should always stand for the same equity in consumers’ minds, be they Hispanic or not. However, if consumer research shows that category penetration, brand awareness, habits, or practices are different between Hispanic and non-Hispanic consumers, you should consider a different communication strategy. Brands may need to go back to their introductory strategies to “launch” with Hispanics as they would if entering a new market.
2. **Ensure Product and Packaging Are Relevant.** This does not mean that you need heritage brands or products created specifically for Hispanics to win in the market. In fact, it means just the opposite. It is best to have a single innovation stream that addresses Hispanics along with non-Hispanic consumers. This will allow you to develop products, packaging, and services that are equally relevant to your

diverse consumer base. Many brands are finding that they can benefit from Hispanic-inspired product innovation—such as Hispanic ingredients, flavors or fragrances—to delight all consumers.

- 3. Develop Culturally Relevant Creative.** Ads developed or adapted with Hispanics in mind, rather than straight translations, generate higher enjoyment, believability, and persuasion among Hispanics. The best way to engage with Hispanics is with “in-culture” messages in contextually relevant media environments. There are many ways to do this, including touching on Hispanic passion points like music and food, driving emotional benefits as opposed to only functional ones, and emphasizing cultural values such as family and the American Dream. If you integrate Hispanic insights into your creative brief from the start, you will save time, effort, and money in developing an entirely new commercial.
- 4. Drive Concurrent Launches of New Initiatives.** When it comes to new product or service introductions, make sure you are launching your Hispanic efforts concurrently to maximize the trial and awareness lift among Hispanics. When you go to market at the same time, you are not only more cohesive, you’re also maximizing your return on investment. Concurrent launches allow you to take full advantage of English-language media spillover, public relations, social media, in-store merchandising, and grassroots efforts in the “general market” that touch Hispanic consumers.
- 5. Support Brands with Sufficient and Consistent Funding.** Total market strategy suggests that you maximize your overall U.S. media reach by including Hispanic media from the start. Your Hispanic media plan should be reflective of the Hispanic contribution to your overall sales. So, if 18 percent of your sales come from Hispanics, 18 percent of your marketing budget should ideally be devoted to reaching this consumer. And consistently supporting your Hispanic messaging is essential to building a long-term relationship with these consumers. Ideally, you should mirror your English-language reach, frequency, and weeks on air. In instances where your brand or category is underdeveloped, you should consider introductory media levels to drive Hispanic trial and awareness.
- 6. Customize Retail Distribution, Assortment, and Services.** Whether shopping for groceries or a car, Hispanic consumers need to feel welcomed at your point of purchase. To delight Hispanic shop-

pers, you should consider taking a holistic approach in your high Hispanic outlets that includes targeted distribution of your most relevant Hispanic offerings, bilingual support services—website, warranties, signage—and bilingual customer service. Investing in shopper insights is another important step to ensure that your brand remains relevant to these shoppers throughout their path to purchase.

- 7. Define and Track Success Metrics Across Disciplines.** Ineffective measurement of results is a common reason for cutting budgets and subsequent loss of market share. In a total market strategy, senior management holds all functional and business leaders accountable for results, not just the multicultural managers. It is also important to benchmark against your competition and to look beyond short-term ROI as a way to define success. Metrics such as category and brand growth coming from Hispanics, category incidence, and purchase frequency gaps, regional and national market share gaps, as well as trial and equity trends must all be consistently monitored and analyzed to assess progress against Hispanic goals.

For more great insights on Hispanic marketing and the Hispanic consumer visit: www.univision.net/the-hispanic-consumer.

WHO'S GOT GAME?

Every year, *Advertising Age* publishes a list of the top advertisers in the U.S. Hispanic market (Figure 8.2). Invariably, Procter & Gamble is always at the top of the list. This consumer product giant has been a leader in this market for the last forty years, and as its investment in Hispanic marketing increases, so does its share of the U.S. Hispanic wallets. It is rare to find a company that has such a dedicated Hispanic marketing team. Far more common is to find Hispanic marketing efforts falling in the hands of the “token” marketing person who may happen to be a person of color but may not have actual experience in ethnic marketing. In fact, you would be shocked at how many large corporations still “look into” this huge opportunity by assigning the market analysis to a summer intern. I swear it is true and obviously shameful. That’s why Hispanic advertising agencies *still* play such an important role. They can help your company properly size your opportunity in the Hispanic mar-

Largest Spenders in Hispanic Media

Companies ranked by U.S. measured-media spending. Dollars in thousands.

RANK	MARKETER	U.S. MEASURED-MEDIA SPENDING		
		2011	2010	% CHG
1	Procter & Gamble Co.	\$220,552	\$197,655	11.6
2	Dish Network Corp.	154,745	90,430	71.1
3	Verizon Communications	114,613	137,919	-16.9
4	McDonald's Corp.	114,164	117,301	-2.7
5	AT&T	110,388	132,086	-16.4
6	General Mills	97,023	91,814	5.7
7	Broadcasting Media Partners ¹ (Univision)	87,516	119,198	-26.6
8	Toyota Motor Corp.	86,178	79,947	7.8
9	Kraft Foods	83,675	36,334	130.3
10	General Motors Co.	79,384	102,470	-22.5
11	L'Oréal	77,796	50,392	54.4
12	Deutsche Telekom (T-Mobile)	77,442	79,369	-2.4
13	State Farm Mutual Auto Insurance Co.	73,898	91,762	-19.5
14	Sprint Nextel Corp.	73,173	73,468	-0.4
15	Ford Motor Co.	62,500	36,539	71.0
16	Walmart Stores	60,875	65,579	-7.2
17	DirectTV	59,766	128,911	-53.6
18	Fiat (Chrysler Group)	58,049	18,118	220.4
19	Comcast Corp.	56,321	51,989	8.3
20	Sears Holdings Corp.	55,185	53,916	2.4

Source: Hispanic Fact Pack 2012: Annual Guide to Hispanic Marketing and Media © 2012 Crain Communications Inc.

Figure 8.2 Largest Spenders in Hispanic Media

ket, guide research efforts to determine actionable consumer insights, and then develop marketing campaigns around these insights. Some can even help with media planning and buying, although those two areas in particular have, over the past decade, moved to larger specialized agencies that provide cost efficiencies driven by the total size of their clients' investments. The good news is that the leading Hispanic media buying and planning agencies have invested the necessary time and money in talent to create the right specialized teams to properly manage those areas beyond your creative agency.