

U.S. Marketers Say Hola! to Hispanic Consumers

Companies such as General Mills and State Farm Insurance boost advertising spending to promote basic products and services

By
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What do Procter & Gamble (PG), Johnson & Johnson (JNJ), Verizon (VZ), and General Mills (GIS) have in common? All are pouring more advertising dollars into marketing aimed at Hispanics. Last year, General Mills tripled its spending on commercials on Spanish-language TV to more than \$35 million, according to ad tracker TNS Media Intelligence. "We've gone aggressively into Hispanic marketing," explains the food company's Chief Marketing Officer Mark Addicks, "because we're getting double-digit sales gains."

That may seem counterintuitive. After all, America's 45.5 million Hispanics have been particularly hard hit since the U.S. economy went off the rails. Unemployment among Hispanics shot up in March to 11.4%, the Bureau of Labor Statistics reports, compared with 8.5% for the U.S. population as a whole. But Hispanic consumers are less likely to be hobbled by mortgage or credit-card debt, and tend to have two or more income earners in a household, according to market researcher Experian Simmons. What's more, Hispanic consumers typically like to buy products and services from brands advertised on TV, according to a consumer survey that Experian conducted last year for the Hispanic television and radio company Univision Communications.

As one might expect, Hispanic consumers spend heavily on the basics, including packaged goods and wireless phone services. "Their disposable income might be lower," says Kelly McDonald, a Dallas-based marketing consultant, "but Hispanic consumers spend a far greater percentage of what they have" than the rest of the U.S. population.

Since General Mills began buying more ads in Spanish-language media, it says sales of its Progresso, Honey Nut Cheerios, and other brands have soared. Besides putting Hispanic TV stars in its commercials, General Mills has been sending a quarterly magazine to 350,000 Latino homes, featuring recipes made with its products.

Companies are funneling much of their Hispanic marketing budgets into Spanish-language TV. It's not hard to see why. So far this year, ratings at the three largest Hispanic networks—Univision, Telemundo, and Telefuturo—are up by 22% for the 18- to 49-year-old demographic, while overall ratings at the Big Four broadcast networks are flat. "Hispanic consumers appreciate when you speak to them in their own language," says Edward Gold, advertising director at State Farm Insurance.

SINGING THE COMPANY SONG

State Farm agents regularly get new clients in the days following Univision's highly rated Saturday night variety show *Sábado Gigante*.

The program features several State Farm-sponsored segments and even a company song sung by the audience. (The refrain goes: "They will give you a discount. This is true. Like a good neighbor, State Farm is for you.")

Hispanic media companies are working overtime to make it easier for marketers to find a home on their airwaves and in their pages. Univision recently produced a commercial for Carl's Jr., a Western hamburger chain, that looks like a steamy soap opera, with a scantily clad woman seducing her lover—and then eating a burger in bed with the lover and her husband.

In December, Telemundo and Vidal Partnership, an ad agency whose clients include Kraft Foods (KFT), Home Depot (HD), and Wendy's (WEN), joined forces for a promotion in which advertisers will sponsor an online contest allowing viewers to pick the ending of one of the network's telenovelas. "When we do product integration," says Univision CEO Joe Uva, "we do more than just put a Coke cup in front of Paula Abdul."

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