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Marketing to Hispanics

Jodi Marucheck
Spring 2000

Presidential Scholars Program
Senior Thesis
Introduction

Corporate America is always busy trying to find new ways to expand their businesses and increase their clientele. This is evident through the mergers that companies undergo as well as the aggressive advertising campaigns that are presented to us, the public, every day. Many companies, although not all, have discovered the benefits of extending their marketing campaigns to encompass minority groups as well as the general public. One group in particular that is rapidly growing and climbing the social ladder is Hispanic America.

As Hispanics become more and more visible in the United States, businesses need to recognize this group of consumers as the valuable asset it is. Hispanics are becoming better educated, which leads to higher paying jobs and more buying power. What companies need to realize, though, is that it takes a sincere effort to reach this unique consumer group. Translating the general advertising campaign into Spanish is not sufficient enough to gain this group’s loyalty. Companies need to appeal directly to the values and culture of Hispanics in America if they expect to add them to their clientele base. Before they can create a successful marketing approach, however, they must first have a complete understanding of the people they are trying to reach, which takes a great deal of research.

I have taken the liberty to compile data from various sources including the Internet, books, and magazines to provide a basic overview of what exactly companies need to take into
consideration when marketing to the Hispanic population in America. By considering this information, not only will companies have more knowledge about this up and coming consumer group, but everyone will benefit from better understanding our fellow members of American society.

First, we will identify who "Hispanics" really are, following which we will examine how this population has and continues to change. Next, we will explore Hispanics as a consumer group before identifying the major issues in marketing to this population. Finally, I will share my experiences within a company that is presently struggling with the very issue of marketing to Hispanics.

Who are "Hispanics"?

The Hispanic population in the United States originates from as many as 20 countries, all of which have their own unique culture and traditions. The Hispanic-Research Company reports, as represented by the graph below, that 65 percent of U.S. Hispanics are Mexican, 14 percent originate from Central and South America, 10 percent are Puerto Rican, 4 percent are Cuban, and the remaining 7 percent come from other areas (7).
A question that has been the center of recent debate asks what is the correct way to refer to this population. Is it Latin, Latino, or Hispanic? Overwhelmingly the answer is that Latino is the proper label for this group, and with good reason. Latino has properties of the Spanish language as it indicates gender. Hispanic is of English origin, and is translated as “Hispano” in Spanish. “Hispanic” is the term that the United States Census Bureau employs in its studies of this population. In his article “The Markets within the Market,” Ricardo Lopez suggests the use of “Hispanic” when referring to the group as a potential business market, and “Latino” when speaking about the people themselves (par.1). Most agree that the terms can be used interchangeably. For the purposes of my studies, I will refer to the population as “Hispanic.”

So what brings all of the various Hispanic groups together? One important common denominator is language. Although each of these groups does not speak the same dialect of Spanish, when spoken correctly it is still the same language. Other similarities exist in music, food, and religion. According to
the Hispanic-Research Company, the music of Cuba, Puerto Rico, Dominican Republic and Venezuela is similar in nature, as is their food. Most Hispanics are also Roman Catholic due to the Spanish influence throughout the colonization of America (8).

Another question that has been raised is whether or not Hispanic is a race. The answer is no. Hispanic people are of a variety of races including White, Black, Native Indian, and even Asian. Mexicans, for example, have a strong Native Indian background, while Argentineans are mostly White (Lopez, par.4).

Taking all of these questions into consideration, perhaps the best way to define Hispanic is "...people that live in the United States, are of Spanish or Latin American descent, and consider themselves "Hispanic or Latino" (Hispanic-Research Company 8). Now having determined the meaning of Hispanic American, let us look at the changes occurring in this segment of the population.

The Changing Hispanic

In order to understand the experience of being a Hispanic American in the United States today, it is important to first look at the changes that have occurred over the last several decades. Many Mexicans became American citizens as the United States gained new territory, but what about the rest of the Hispanic population? Where did they come from, and what brought them here? Another important consideration is how the demographics of this population have changed. While most of the
first immigrants settled in the south and west, those who followed spread to other parts of the country fanning from the Atlantic to the Pacific. Finally, the changes in education and employment have had a substantial impact on the modern Hispanic, and thus deserve attention as well.

So why did the United States attract so many Hispanic immigrants? The reasons vary from region to region. According to Duignan and Gann, many Mexicans immigrated during the time of the Mexican revolution (1876-1910) in search of security and refuge (34). As food production in Mexico decreased, people's conditions worsened. Correspondence from the networks of friends and families that had already settled in the United States brought news of higher paying jobs and persuaded many to follow them. The United States government later implemented a program in which the U.S. Farm Security Administration, later known as the Department of Agriculture and Labor, contracted agricultural laborers from Mexico, called braceros, to work in the U.S. for a specific amount of time and in a specific occupation (Duignan & Gann 55). In exchange for their work, the braceros received transportation to the U.S. and back to Mexico, a guaranteed wage, adequate housing, and medical services. This program was far from flawless, however. The U.S. government often failed to provide the promised services to the braceros, and many workers chose to break their contracts and leave for better jobs in the North and West (Duignan & Gann 56). When all was said and done, the bracero program had drawn almost 250,000 Mexican immigrants
across the border just between the years of 1918-1920 (Duignan & Gann 46).

Unlike the Mexicans, Spaniards were restricted by immigration acts. Those who came to the United States were generally young, single men who were well educated and possessed skills not typical of the average immigrant (Duignan & Gann 45).

Puerto Rico suffered from a depressed economy and political instability. Its citizens, frustrated by extremely low incomes, looked to cities like the capital, San Juan, for better paying jobs. However, due to higher unemployment rate on the island and a surplus of manufacturing jobs in the New England area, the road to San Juan often led to New York City (Duignan & Gann 75).

The Cuban legacy follows suit. Those who migrated to the United States left political chaos behind them. They, much like other immigrants, saw the United States as the "land of opportunity" (Duignan & Gann 101). When Fidel Castro came to power in 1958, the country's political state took a turn for the worst. Castro, who had hidden his true Marxist-Leninist agenda, made anti-communism a state crime. The middle class was shut out of politics, and intellectuals were persecuted. Castro claimed to have the right to control every element of national life, but many Cubans proved him wrong by fleeing the country in search of better opportunities in the United States.

What was life like for these immigrants as they entered the United States? The experience of Hispanic immigrants differed from that of European immigrants. Hispanics were not accepted
into the broader society as Europeans were (Bean & Tienda 9). This may have stemmed from the fact that Mexican immigrants were reluctant to seek citizenship. Even though this prevented them from having any political power in the United States, they preferred to voice their concerns to Mexican authorities (Duignan & Gann 44). The lack of acceptance may have also resulted from the fact that the mother tongue still existed in third and even later-generation Mexicans and Puerto Ricans brought up in the United States (Bean & Tienda 9). Unlike European immigrants who did not have many resources to keep in close contact with their family and friends back home, Hispanic immigrants have modern technology to help them stay in touch with their native language and culture. Telephones allow them to speak with their loved ones as frequently as their budget allows, television keeps them updated on events in their native countries, and more affordable travel allows them to see their loved ones more often.

Now having considered the history of Hispanic immigration, let us turn to the demographic state of this population. Bean and Tienda assert that there was some sense of unity between the various groups of Hispanic immigrants, but because of their different social goals and geographical distribution, this unity was limited (9). As previously stated, many of the first Mexican immigrants settled in the south and west and were concentrated in urban areas. Today, according to the U.S. Census Bureau, most Hispanic households continue to live in central cities, while the remainder either reside in the suburbs or areas outside of the
metropolitan areas (MA's). The five MA's with the highest number of Hispanic households are Los Angeles, New York, Miami, Chicago, and Houston. The highest percentage of Hispanic households (91 percent), however, is found in Laredo, TX.

The geographical distribution can also be classified largely by country of origin. The Hispanic-Research Company reports that New York City is the home of 77 percent of all Dominicans, 60 percent of all Ecuadorians, and 44 percent of all Puerto Ricans. In New Orleans, 20 percent of all Hispanics are Hondurans, and 35 percent of the Hispanic population in Lawrence, MA consists of Dominicans. One quarter of the Hispanics in Washington, D.C. are Salvadoreans, and eighteen percent of all Hispanics live in Los Angeles, CA (11).

The United States has seen significant growth in the Hispanic population during the last several decades. The U.S. Census Bureau does not foresee a change in this trend, either. In 1994, the Hispanic population reached 27 million, a 28 percent increase from 1990's figures. The U.S. Census projects that the Hispanic population will grow to 31 million in 2000, 63 million in 2030, and 88 million in 2050. Assuming that these projections are accurate, by the year 2050 almost 1 in 4 Americans will be Hispanic, as opposed to 1 in 10 in 1994.
What is the academic state of this growing population? According to HispanTelligence, Hispanic enrollment for Kindergarten to 12th grade increased from 3.82 million in 1980 to 9.31 million in 2000. More Hispanics are earning high school degrees as well. In 1997, 62 percent earned their diplomas, a 53 percent increase from 1974. The United States also saw a rise in college enrollment. In 1980, only 443,000 Hispanics were enrolled in college compared to 1.47 million in 2000. The following chart demonstrates the relationship between Hispanic and non-Hispanic student enrollment. As you can see, Hispanics are still not as visible as other segments of the population, but keep in mind that their numbers are increasing.

![Figure 2](image)

Source: U.S. Census Bureau
October 1998
School Enrollment - Social and Economic Characteristics of Students (Update)

What significance do these changes hold for the modern Hispanic American? The results are already visible. With business reported as the fastest growing Hispanic field of study
by the American Council on Education, it is no surprise that 13 percent of Hispanics work in managerial or professional jobs. In fact, according to HispanTelligence, 16.8 percent of the U.S. Hispanic population will be a part of the managerial and professional elite by 2020.

Significant population increases have also resulted in a higher number of Hispanic workers employed as operators, fabricators, and laborers. By next year, the labor market will employ an estimated 3 million Hispanics, an increase from 1.5 million in 1980.

Hispanic-owned businesses are also growing at an incredible rate. HispanTelligence projected that by 2000, Hispanics will own more than 2 million businesses, which is more than seven times the number owned in 1980. In fact, Hispanics formed businesses at a faster rate than their annual population growth (10.7 percent between 1980-2000 versus 3.9 percent). Most of these Hispanic businesses are located in the same areas as large numbers of Hispanic households: California, Texas, Florida and New York. However, the east coast has also seen a great deal of growth in the states of Virginia, Georgia, North Carolina, Maryland and Delaware, corresponding with the population increases in the Atlanta, Charlotte, and Washington, D.C. metropolitan areas. If this growth continues at the same rate, by the year 2020 the U.S. will have an estimated 3.3 million Hispanic-owned firms.
How do these companies fare in comparison with other businesses? The 1992 Economic Census report indicated that in comparison to $220,000 for the average company, Hispanic-owned businesses only averaged $102,000 in annual revenues. However, Hispanic businesses in Delaware, the District of Columbia, and Ohio far surpassed the U.S. average with revenues of $251,000, $245,600, and $220,800 respectively. This difference may be due to the difference in access to capital. The majority of Hispanic businesses are either owned by a single person or a family, and they usually have to rely on traditional bank money. However, because of lower net worth, the location of the business, and a lack of a formal credit record, Hispanics have less access to funding than more established businesses.

For the most part, Hispanic-owned businesses are economically secure, but what is the financial state of the average Hispanic household, and how does this influence the Hispanic as a consumer?

Hispanics as Consumers

A common assumption about the Hispanic American population is that they are poor, but is that truly the case? According to the Bureau of the Census, the average income of Hispanics over 15 years of age is $19,099, while the average for non-Hispanics is $24,359. However, this information can be deceiving. Upon examination, the breakdown of Hispanic income by country of origin shows some interesting trends.
Mexicans have the largest number of affluent households, but proportionally Cubans are by far the most affluent Hispanic sub-group with an average income of $24,012, compared to $15,072 for Mexicans. Many Cubans who fled to Florida left for political reasons and were well-educated professionals and skilled laborers. Thus, they were able to occupy higher-paying positions. Mexicans have a lower average income due to their extreme variance within the group. Those who have lived in the United States longer are usually more affluent, while new immigrants who are already poor and do not possess the proper language and work skills to acquire high-paying jobs have much lower incomes and a higher poverty rate. The U.S. Census reports that poverty rates for foreign-born residents decrease as the length of residence in the U.S. increases.

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<thead>
<tr>
<th>Length of residence in U.S.</th>
<th>Poverty rate</th>
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<tbody>
<tr>
<td>Less than 10 years</td>
<td>29.3</td>
</tr>
<tr>
<td>10 to 19 years</td>
<td>19.7</td>
</tr>
<tr>
<td>20 years and over</td>
<td>11.1</td>
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But despite their economic hardships in the United States, most immigrants have a better life here than they would have in Mexico. Puerto Ricans were also poor when they came to the United States, and the U.S. Census reported that in 1993, their income was the lowest of all Hispanic sub-groups. The U.S. Census Bureau compared the poverty rate of non-Hispanics with those of Hispanics.
<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>Poverty Rate</th>
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<tbody>
<tr>
<td>Europe</td>
<td>21.0</td>
</tr>
<tr>
<td>Asia</td>
<td>12.7</td>
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<tr>
<td>Africa</td>
<td>17.1</td>
</tr>
<tr>
<td>Latin America</td>
<td>28.0</td>
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Where do affluent Hispanics settle? HispanTelligence reports that the number of Hispanic households earning $50,000 or more has grown from 692,000 in 1980 to 1.83 million in 2000. According to the Hispanic Market Report, almost two-thirds of these households reside in three states: California, Texas, and New York. More than 250,000 affluent Hispanic households are spread throughout six metropolitan areas in southern California. These MA’s include Santa Barbara-Santa Maria-Lompoc, Oxnard-Ventura, San Diego, Riverside-San Bernardino, Anaheim-Santa Ana, and Los Angeles-Long Beach and contain 75 percent of California’s affluent Hispanic households.

Even though the average income of Hispanics is lower than that of the average American, their purchasing power is growing as their population increases. In 1999, Hispanics were estimated to spend about $383 billion on goods and services (Humphreys 1). The Hispanic Market Report indicates that Hispanics spend as much or more as other Americans in eight areas:

- food consumed at home
- apparel
- telephone services
- TV/radio and other equipment
- personal care products
- public transportation
rental housing cleaning supplies

The report also indicates that with more Hispanic parents sending their children to college, more money will be spent on automobiles, electronics, video products and computer equipment.

What does this mean for marketers? It means that there is a huge Hispanic market that if tapped into, will be a great source of revenue for U.S. companies. The question is how does a company market its products or services to this population?

Marketing to Hispanics

Hispanics, like any other group of consumers, are loyal to companies who cater to their needs. Therefore, it is necessary for marketers to understand whom exactly they are trying to appeal to.

Three very different views of the Hispanic consumer market demonstrate how essential it is for marketers to understand their consumers. First, some view Hispanics as a homogeneous group who can be reached through any advertising in Spanish. While this may reach immigrant Hispanics, it does not appeal to the majority of Hispanics who have grown up in the United States (Arjona et al. 109).

A second view attempts to appeal to Hispanics who have been assimilated into the U.S. culture, meaning they have abandoned elements of their own native culture, as well as those who have not. This approach is a bit more realistic because it recognizes
that various levels of assimilation exist within the Hispanic population (Arjona et al. 109).

The third view, which is my favorite, identifies an "acculturated" Hispanic American, which is someone who speaks both Spanish and English, although they may prefer one language to the other. This theory splits the Hispanic consumer group into four language categories: Spanish only (isolated), mostly Spanish (acculturated), mostly English (acculturated), and English only (assimilated) (Arjona et al. 110).

Marketers must then be aware of advertising differences for each segment. While the assimilated group probably can be reached through mainstream advertising, a parallel campaign needs to be created to reach those in the isolated group. Marketers find the acculturated segment to be the most appealing because not only do most Hispanics fall into this group, but it is also growing at the fastest rate. The retail department store Sears has successfully reached the acculturated segment by aiming all of its marketing strategies to bilingual consumers who prefer a mix of Hispanic and Anglo-Saxon characteristics (Arjona et al. 111).

Arjona and his associates identify four necessary steps to marketing success: assess the fit, show commitment, project an identity, and adjust the marketing mix (111). Assessing the fit is determining how hard a company should work to market a product to the consumer. For example, a company selling snow removal equipment would probably not put as much into an advertising
campaign as a travel company would in the southern U.S. Obviously determining how well its product would meet the needs of Hispanic consumers is essential to a company's success in the market.

The second step, showing commitment, is just as important. If a company goes as far as to provoke interest but does not take any action, it will not be successful in the market. Sears has taken a great deal of action to show its commitment to the Hispanic population. It advertises to Hispanic consumers in both English and Spanish, publishes a magazine exclusively for Hispanics, sponsors community events such as Fiesta Broadway in Los Angeles and the Calle Ocho Festival in Miami, and it sponsored the 1996 tour of entertainer Gloria Estefan (Arjona et al. 112). Sears is obviously making a sincere effort to reach the Hispanic consumer.

The third step is projecting an identity. This is important because it creates an emotional appeal to the Hispanic consumer. For example, brewer Anheuser-Busch runs television and print ads for Budweiser that show Hispanic people in successful careers and include popular sporting events such as boxing and soccer (Arjona et al. 113).

The fourth and final step is adjusting the marketing mix, or identifying changes in marketing strategies that need to be employed to appeal to more Hispanic consumers. For example, a clothing retailer may need to go as far as ordering stock in the colors preferred by Hispanics and hiring bilingual sales
associates, while a cosmetic company may only have to make subtle changes in packaging, color, and scent of its products (Arjona et al. 113).

The fact is that if a company is successful in attracting Hispanic consumers, they can count on them being loyal to their products. In fact, statistics show that 62 percent of Hispanics will be using the same brands one year from now that they are using today (El Hispanic News 2). The following is an interesting case study that demonstrates this point with Cough Out, a registered trademark of Efficient Laboratories Inc.

Efficient Laboratories is a small family owned pharmaceutical company based out of Puerto Rico. They specialize in marketing products to Hispanic consumers. One of their products is a cough syrup called "Cough Out." Cough Out is an expectorant, whose active ingredient, "Guaifenesin" is the same ingredient found in almost all other expectorant products. A bottle of Cough Out contains 3 ounces of the syrup, while a bottle of a well-known brand like Robitussin typically has 8 ounces. Yet Cough Out sells for at least double the price of Robitussin. Here's why.

Cough out was designed with the target market in mind. To appeal to the Puerto Rican community in New York, an English name was selected. The company knew that
although Puerto Ricans value a product targeted to them, they want to feel that it comes from a reputable company. The research told the people at Efficient that an English name translated into "American Quality" - a positive when it came to a product that is to be ingested. The label, however, is written in English and Spanish. To be able to compete effectively in the crowded expectorant market, the product had to have a unique selling proposition. Research again came with the answer. Many Puerto Ricans and Dominicans believe that one of the best expectorants available is Aloe Vera. It was also indicated through the research that they saw honey as the best soothing remedy for a sore throat. Efficient asked their lab if they could add Aloe Vera and honey to their cough medicine formula. They did.

A TV campaign was developed emphasizing the fact that this product was different. In order to comply with the law the voice over mentioned that the active ingredient "Guaifenesin" came suspended in a base that contained Aloe Vera & honey. The Aloe Vera plant was emphasized visually. The product sold very well. Later research indicated that consumers who regularly bought the product stood by it, regarding it as a much
better expectorant. So... if you need an expectorant —
Think Aloe Vera! (Lopez par.13)

Efficient Laboratories Inc. obviously knew the correct way to approach the market. It conducted the proper market research to determine how it could provide a product that would meet the needs of specific Hispanic consumers, in this case Puerto Ricans and Dominicans. It then advertised the product in a way that would appeal to this group, and persuade them to purchase it over similar products even despite the price disparity. Obviously proper preparation and execution of a marketing strategy pays off.

We have identified the steps that companies need to take in order to market their products and services to the Hispanic market, but we have not yet touched on how a company decides which advertising medium to employ, the most common of which are TV, print, radio, and the Internet.

First let us consider television. The Hispanic-Research Company reports that television is the medium of choice among Hispanics. They watch 3.6 hours of TV on weekdays compared to 3.2 for all Americans (12). A report in January 1999 indicated that Univision Television Network, part of Univision Communications Inc., is the largest and most-watched Spanish-language network in the country. It reaches 92 percent of all U.S. Hispanic households through its 47 broadcast affiliates and roughly 938 cable affiliates, which is 86 percent of the U.S. Spanish-language audience. Univision offers a variety of
programs including mini-series, movies, news, and sporting events.

Sizzler International Inc. is just one company that has found success in TV advertising. In the general advertising campaign, Sizzler, a casual steakhouse chain, is portrayed as a blue-collar place where friends go to have a good time. That appeals to the general U.S. market. The same ad in Spanish, however, shows Hispanic families enjoying a special evening out. It also emphasizes the affordable prices and dinner specials. This appeals to the Hispanic's family values and fits their lifestyle better, as the same restaurant that is casual for some Americans is fancier to some Hispanics. Sizzler also adjusted its slogan, "Sounds like Sizzler, sounds like fun," to "Comida sabrosa a precios que dan gusto (Delicious foods at prices you like/prices you can taste)" (Hamstra 12-13).

This example brings up a good point. Oftentimes, because of the different lifestyles and values of Hispanics as compared to the general public, rather than simply translating a slogan or ad campaign, a completely new idea needs to be created. For this reason, I prefer to call this process "transcreation" rather than "translation." Advertisers need to understand and be in touch with their target audience, and their ads need to reflect this understanding and consideration. Some companies failed to realize this. For example, when marketing the Nova in Latin America, Chevrolet overlooked the fact that in Spanish, "no va"
means "doesn’t go" (Arjona et al. 107). Obviously that affected the success of that marketing campaign.

Another popular advertising medium is print (i.e. magazines, newspapers, flyers, etc.). Statistics show that 2 percent of Hispanics cannot read Spanish, while 24 percent are unable to read English (El Hispanic News 1). Because of this considerable difference, many advertisers choose to present their materials in the Spanish language when targeting the Hispanic population. The number of Spanish-language magazines is increasing as magazines like Latina, Padres de Sesame Street, and Deporte Internacional become more and more popular. What makes these magazines so popular?

Take Latina for instance. This magazine, created by a Stanford-educated attorney of Hispanic descent named Christy Haubegger, is designed to meet the needs of Hispanic women. It is popular for several reasons. It focuses on issues important to Hispanic women including traditional and contemporary concerns such as parenting, the home, and social issues, as well as aspirations in education and careers. Latina is also successful because it is well-produced and of the highest quality, and it is bilingual and can therefore be shared among those in a multilingual household (Arjona et al. 113).

Hispanic-Research Company reports that while Cubans spend most of their time reading weekly newspapers, Dominicans prefer to read the daily newspaper and listening to the radio, another popular advertising medium. The late 1990’s saw a rapid increase
in revenue for Hispanic radio ads. Statistics show that 78 percent of Hispanics listen to about two hours of Spanish radio a day (Latin-Pak 1). Even predominantly English speaking Hispanics spend 37 percent of their radio time listening to Spanish programs (Arjona et al. 110). Many Hispanic broadcasters have found success by focusing on the major metropolitan areas where Hispanics are concentrated. The Hispanic Radio Network, Inc., for example, broadcasts on more than 100 Spanish radio stations from coast to coast. The Hispanic Broadcasting Corporation also covers the country with 45 radio stations in 13 markets including Los Angeles, New York, Miami, El Paso, and Phoenix.

Some radio advertisers have even been successful by incorporating other mediums of advertising. Hillshire Farms, a smoked sausage and lunch meat subsidiary of Sara Lee Corporation ran fifteen different radio spots featuring Chef Pepin, a popular Spanish-television figure on Univision. Undoubtedly, by incorporating a character familiar to the television-viewing audience on the radio, the ad drew more attention and credibility, and appealed to a wider audience.

A final medium that has really only become popular during the last decade is the Internet. Today an average of 7 million Hispanics are using the Internet, and by 2003 this figure will more than double to 15 million.¹ Web-sites such as QuePasa.com and InternetMercado.com offer on-line ordering and other services to Hispanic Americans. The telecommunications industry has always been the primary avenue for Hispanic Americans to keep in
touch with long-distance relatives, but now the Internet offers similar services through e-mail and chat rooms.

The Internet has also become a place for Hispanic Americans to share their traditions and interact with Hispanics from other countries and parts of the world. For instance, at QuePasa.com you can find recipes for Guatemalan cucumber soup.

Regardless of the medium of advertising being employed, marketers have found a treasure in the Hispanic market. Although it requires a serious effort on their part to conduct the necessary research to understand the people they are trying to appeal to, it is worth the hard work when they earn the loyalty of Hispanic consumers to their goods and/or services. The media has even managed to teach different Hispanic subgroups about each other, which brings all Hispanics even closer together.

One local business, GMAC Mortgage, has discovered the challenge that lies in trying to reach the emerging Hispanic market. Four steps to marketing success were mentioned previously: assess the fit of the market, show commitment to the market, project an identity, and adjust the marketing mix (Arjona et al. 111). The following analysis identifies GMAC Mortgage's goals and examines its level of success in accomplishing each of these steps.

GMAC Mortgage

GMAC Mortgage, a member of the GMAC family of financial services and the GM Corporation, is one of the largest mortgage
companies in the United States. As the company’s client base has grown, it has realized the other markets that are available including Asians, African Americans, and Hispanics. GMAC Mortgage joined the marketing trend towards these “Emerging Markets” several years ago to target these minority groups in addition to the general public.

Leon Wilson, one of the members of the Emerging Markets team, shared their mission “To become the preferred lender of mortgage financing within culturally diverse communities.” As part of this initiative, GMAC Mortgage’s goal is to double production for the Hispanic market. Presently, 40 percent of Hispanics own their homes, compared to 70 percent of non-Hispanics. Al Martinez, former Vice President of the Hispanic market segment clearly identified the actions GMAC Mortgage needed to take to reach these consumers, stating, “A message delivered through a Spanish language service is key to get the word out. All communication must be directed to the perspective of our customers.”

Obviously GMAC Mortgage was aware that extra steps needed to be taken to successfully reach Hispanics. Let us examine their actions in relation to the four steps to successful marketing suggested by Arjona and his colleagues.

The first step, assessing the fit, determines the need of the potential consumer group for the service provided by the business. In the case of GMAC Mortgage, homeownership is a rapidly growing area within the Hispanic community. According to
HispanTelligence, homeownership grew from 1.5 million in 1980 to 3.6 million in 2000. Therefore, it is clear that Hispanics are interested in what GMAC Mortgage has to offer.

The second step is to show commitment to the Hispanic market. GMAC Mortgage has succeeded in making various efforts in this direction. For example, it presented $3,000 in donations to the Philadelphia Boys Choir to aid them in a recent trip to Cuba, which was seen as a gesture of good will between the countries. The company also makes a point to celebrate occasions that are meaningful to Hispanics, such as Cinco de Mayo, a popular Mexican celebration of its victory against the invading French army in the Batalla de Puebla. By making these extra efforts, GMAC Mortgage shows the Hispanic community that they are indeed committed to meeting their needs.

The third step is projecting an identity. In 1987 when GMAC Mortgage had just begun its Hispanic initiative, it overlooked several issues. First of all, its name has absolutely no significance in the Spanish language. Secondly, it portrayed Caucasian and African American individuals on advertisements written in Spanish and aimed towards the Hispanic market, which weakened its ability to persuade Hispanic customers to give GMAC Mortgage their business. This same advertisement also contained a toll free number that was answered by only English-speaking representatives. Hispanics simply could not identify with the company’s advertisements or effectively communicate with its representatives.
Now GMAC Mortgage has made some serious changes. It changed its name to La Corporación Hipotecaria GMAC Mortgage, which is important for two reasons. First, it tells Spanish-speaking customers the purpose of the company, as "hipotecaria" means "mortgage company." It also makes a better impression on Hispanics because it connects GMAC Mortgage with the GM Corporation, who they see as a powerful American business without any corruption.

They also changed their marketing approach for Hispanics. GMAC Mortgage has in the past and continues to stress quantitative elements with the general American public such as the costs of having a mortgage and offering the lowest rates that are available. To Hispanics, though, the company stresses qualitative elements, or what feels good. These advertisements focus on what affects the family. They state that the customer deserves a home and they can trust GMAC Mortgage to help them reach their homeownership dreams. This marketing adjustment has made GMAC Mortgage appear more sincere and personable in their business propositions.

Based on the changes that GMAC Mortgage has made, it is safe to say that it successfully overcame the third step by projecting a new market brand image with a stronger appeal to its target audience.

The fourth and final step is identifying any other necessary changes to draw more Hispanic consumers. GMAC Mortgage accomplished this step by changing the appearance of its Spanish
documents. These documents now show more Hispanic faces, and not just of young people but extended family as well. This is important because strong family ties are valued within the Hispanic community. They also display moderate homes with a southern look and use colors such as red and orange to create a sense of warmth in the advertisements. Not only are these changes appealing because they look warm and comfortable, but the homes are typical of those owned by Hispanics. Hispanics do not buy elaborate mansions - their homes are usually fairly modest, so they can identify better with these new ads. They also eliminated depictions of any pets in Spanish documents, because unlike Americans, Hispanics do not consider pets to be part of their families.

GMAC Mortgage has succeeded in completing all four steps to successful marketing, but their performance is hardly flawless. For example, part of the Hispanic initiative was to hire bilingual representatives in every department in the company. Not only has this not happened, but those departments with bilingual representatives are severely understaffed. Perhaps GMAC Mortgage did not anticipate the level of success that it is experiencing within the Hispanic market, but this success will be short-lived if the company does not start taking actions to provide adequate service to its customers.

Conclusion

As the information presented clearly indicates it takes determination, time, and commitment to gain the knowledge
necessary to properly understand Hispanics both as a consumer group and members of society. However, if companies are willing to dedicate part of their marketing campaign to this group, it will be worth it. As proven by the Cough Out cough syrup account, Hispanics are loyal to companies and products that appeal directly to their needs, even if it means paying more at the check out.

Hispanic Americans are growing in number and becoming more credible in the business world. Before too long, businesses will have no choice but to notice this unique group of consumers. If they do not make the effort to gain their loyalty and respect, their company's own success in Corporate America may be limited. I challenge American businesses and American citizens to familiarize themselves with the Hispanic population in the United States. It should be recognized as the valuable asset to our society that it really is.

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1Related statistics about the general American population are not nearly as clear. Figures range from 65 million to 100 million Internet users varying by age group and extent of use. More consistent research needs to be conducted in this area.

2This information is based on my personal experiences and knowledge as an employee of GMAC Mortgage during the past year.
References


