

CHAPTER 1

Marketing to the Hispanic Consumer

Be careful what you wish for ...

Any number of “white guys” in Des Moines or San Antonio, Charlotte or Providence might, potentially, ask me to help them market to Hispanics. Maybe their boss has said, “Look into that.” Chances are they haven’t thought through the ramifications of their request; commonly, they’ve had little or no interaction with Latinos.

“I’ve been told it’s a good idea, but I don’t know any of *those people*,” one might admit.

“I don’t know how to speak Spanish. Can you help me?” another asks.

Those who are honest enough to acknowledge the doubts bouncing around in their heads will admit: “They look different, they act different and I don’t know what to do.”

All of us are human, including people who don’t see things as I do, people whose opinions and world view aren’t in sync with mine – for example, individuals who refer to Hispanics or blacks or gays as “those people.”

It can be a subtle thing (or not) but, for me, it causes a big red flag to pop up.

Sometimes it’s a deal breaker. You see, the words “those people” often tumble out of the mouths of those whose bias and racism blind them to the world, suggesting underlying attitudes that would make it impossible to deal honestly with a subculture they seek to engage as customers. It’s a phrase

solicitously inserted into the conversation where a vulgar epithet might have spewed forth a half century ago, in an age lacking today's political correctitude.

But many times it's the inkling of a challenge to be tackled, a shortcoming born out of inexperience (or perhaps one or more bad experiences) that might be overcome with education and the formulation of new experiences.

Whatever the case, some nasty words and attitudes can be associated with the process of marketing to Hispanics: racism, bigotry, hatred, discrimination, disenfranchisement, prejudice, animosity, dogmatism, unfairness, aversion and contempt. Sometimes, these are rooted deeply and cannot be broached.

But over the years, I've learned that the *desire* to do business with Hispanics – or by extension, any of the subcultures in American history – may be the first step in a learning process from which we all benefit.

Don't ignore that desire. It can be the first step toward economic interdependence, in a coming together of cultures, in a journey of understanding. Sometimes the journey is completed, and sometimes, despite the best efforts of all involved, it just doesn't work out.

But the doors of the world open to those who are willing to expand their horizons by trying something new. Just be careful to think through your motives, to ponder what might happen – both if you fail or if you should happen to succeed. Explore, ask, research, investigate, probe, test, rehypothese, implement, retest and re-evaluate. Think and feel. Study and extemporize. Plan, calculate, justify. Be audacious enough to open yourself to new horizons, but also open yourself to the possibility that the vista from that new mountaintop may not be to your liking. Seek out success in bold new ventures, but know that the unexpected and unfamiliar are feared for a reason.

And sometimes those fears – despite all our striving to the contrary –

overwhelm us and, in the words of the Scottish poet Robert Burns, we find that “the best laid schemes of mice and men oft go awry.”

In short, I cannot guarantee that your plunge into the waters of Hispanic marketing will lead to profits and personal reward. I can tell you that the mere act of starting out, of diving into those waters, can be invigorating in and of itself. I can share many successes that have brought the joy and satisfaction of a job well done. I can testify that the journey most often is well worthwhile, despite the travails and perils that may block the road.

Sadly, organizations that get the urge to try Hispanic marketing often kill that impulse before taking the simplest of first steps, and there it is:

“I don’t know what to do, so maybe I just won’t do anything, rather than to risk doing it wrong.”

That’s the quickest way to drive your company into insolvency. Corporate America, today, does not do business the way it did 20 years ago, or 50 years, or a century or two. Entrepreneurs constantly are revising their products and services, moving into new markets as old ones die; reinventing the wheel of business before it spins out of control. Daring to innovate and redefine – daring to risk and fail – in search of the ever-elusive success scenario.

But oddly, I can share with you a cautionary tale with a somewhat perplexing moral: Even “success” is no guarantee of success.

Once upon a time, a casino sought to broaden its clientele by trying to engage a rather significant Hispanic community within its market area.

Philosophically and practically, the potential of Hispanic marketing dawned on management: “Hmmm, we could broaden our horizons and find that this could be a nice chunk of business.”

Now, this casino doesn’t evoke the flash and glamour of those on the Boardwalk, Monte Carlo or the Vegas Strip. Its clientele is heavily blue-collar

– probably a lot of people who shouldn't be gambling at all. The casino also attracts a lot of older people, many of whom tote their oxygen tanks along on little rubber wheels.

The general manager called me one morning: “We've been thinking about how we can go about diversifying our current player base; we've looked into your track record and really like what you've said and done and accomplished. We think that we'd like to talk with you about marketing to Hispanics.”

A little hesitant. A little unsure. But sincere, curious and open to a wide range of possibilities. I sat down, did the due diligence, did the fact-finding, came back with a plan – which they loved. The price was right. Everything was perfect.

I tried to convey confidence, inserting hesitancy where caution seemed prudent. But I was equally sincere, responding to curiosity with options and possibilities. I outlined an aggressive plan of action that would require a not insignificant investment in the nearby metropolitan area – a mid-sized media market.

Encouragingly, they were more than willing to acknowledge what it would take to do it right. “You have no brand awareness, no brand equity with this consumer base,” I told them, suggesting direct mail as the centerpiece, complemented by radio and an energetic out-of-home campaign. It was a comprehensive marketing plan, and they didn't flinch at the price tag.

“Do it,” they said. “This looks great.”

At every step of the execution, this was a dream client: principled, knowledgeable, involved and willing to invest resources in anticipation of reasonable ROI.

The client was smart enough to let us do research, including focus groups, before we started the campaign. What we had suspected, and what we

were able to confirm, was that Hispanics weren't making the drive to this modest resort area simply because no one had ever invited them!

We isolated more affluent Hispanics as the casino's best target audience. These prospects were likely to have more disposable income than blue-collar and other middle-income Hispanics. In addition to household income, this group was also better educated, with total or near-total fluency in English – the product of second- and third-generation U.S. citizens.

Our initial research determined that roughly 20,000 households within a one-hour drive of the casino had adult residents who could legally gamble. We purchased every mail file within that radius. As part of the research, we asked what magazines were read and about recreational preferences, leading to placements in a medium-sized, general-market publication and a regional golfing magazine that demonstrated demographics quite similar to the casino's (without diligent research, *that* was a connection we might never have made).

The timing and reach of the campaign components varied, of course, but it was basically a three-month campaign that was similar, in most respects, to any of hundreds of campaigns in the market over the course of a year.

The differences came in subtle shifts of execution and personality, and, of course, the target audience. Direct mail garnered more response than any other touch point – close to 45 percent. The offer was uncomplicated – dinner for two at the casino's formal restaurant, plus \$25 to gamble. But it produced focus and cohesion, yielding the "Perfect Storm" that marketers always dream of. It pretty much blew everybody's socks off.

The campaign was personified by a Latina voice talent who delivered some amazing spots. Based on our research, we targeted affluent, acculturated Hispanics with English-language scripts, but with Spanish peppered throughout. Even if you spoke very little Spanish, you still caught on from the context:

“Ooh, and the buffet – *muy delicioso!*”

We had a clear call to action: Stop by the Casino Club desk and get your Casino Club card – a “Get Your Free Gift” kind of thing, with a measurement component built into the radio and direct mail.

The creative was strong, but we still were surprised at the number of non-Latinos who heard the spot and loved it, saying things like: “Ooh, it was so-oo spicy” (a comment that made me kind of roll my eyes). “And that girl She sounded so cute and sexy.” The bleed from the Hispanic target market into the general market was an unanticipated bonus.

For an array of reasons, it wouldn’t have worked particularly well as a Spanish-language ad. The target audience was drawn to the cultural links, but tended to speak English.

Smart and sexy, with just enough Spanish to make it resonate, it appealed to the tastes of the affluent and to the aspirations of the less affluent as well.

We got started – and then had to shut the campaign down halfway through because the casino couldn’t handle all the Latinos responding to the campaign. What an awful problem to have to deal with, if you’re an advertiser. We literally had to make stanchion signs for them to put throughout the casino, saying that the offer had been put on hold because the number of people responding was too great.

Lines of cars jammed the streets and parking-garage entrances.

Lines of people made their way from casino entryways to the rows of one-armed bandits and gaming tables.

Restaurant reservations were at a premium.

The casino recouped all their marketing costs within nine days – *nine days* of business paid for an entire three-month campaign.

Sounds like sunshine and roses, doesn't it?

In many ways, it was. But unexpected response and long lines tend to cloud the success of any attendance-driven campaign that taxes the ability of a facility to accommodate. That could have been expected.

Amid the crowd control, however, other troublesome aspects arose.

First of all, much of the overcrowding resulted from overflow in the campaign targeting. Usually, this is a delightful development: You've targeted 20,000 households who not only respond enthusiastically, but recommend you to family, friends and neighbors. This bonus reach tapped a less fluent, less acculturated group of Hispanics. From a business standpoint, this overflow seemed positive – mirroring the existing blue-collar clientele.

But this sudden influx of Hispanics was being introduced into a relatively rural, small-town environment. These new patrons were bilingual English/Spanish, but spoke to one another largely in Spanish. They evoked a negative reaction when they sat down next to blue-haired old ladies, the casino's die-hard clientele: These interlopers spoke another language. They had darker skin.

Very soon, the little old ladies started to complain. They didn't feel comfortable. They were afraid because this man sitting next to them "might try to steal my purse." It was an unanticipated and unwelcome complication to their casino visit.

The complaints grew louder and louder as the campaign enjoyed more and more success in the Hispanic community.

That led to the campaign's demise. They finally just stopped marketing. They decided it was smarter, as a corporation, to continue to satisfy that older, demographic than it was to court a younger, more robust crowd.

Were they making more, per customer, on the older non-Hispanic white

ladies? Not necessarily.

Was it a more dependable, regularly visiting demographic? Would their word-of-mouth advocacy back in suburbia be lost – would they no longer inspire other seniors to clamor to the casino's doors? Why *did* management hesitate and, ultimately, retreat?

The word of mouth arising out of the Hispanic campaign was substantial, though perhaps not as lucrative as hoped. Without a doubt, the campaign created a wealth of enthusiasm in terms of people coming up, having a good experience, then going back home and telling their extended families, friends and neighbors.

This resulted in a second wave of Hispanics coming to the casino; customers who were distinctly less acculturated, less fluent in English. Anecdotal research indicated that this second wave was spending less, but they also were coming up more frequently than the older non-Hispanics.

Management wasn't confident of the brand loyalty with this new market. The older white population had proven their loyalty over several decades; the casino couldn't afford to alienate them because they perceived them as their bread and butter.

I still struggle mightily with that conundrum.

So they stopped marketing to Hispanics. They terminated a promising experiment, one that had yielded an appealing ROI. They fulfilled the obligations of the contracted campaign – made the buys, crossed the T's and dotted the I's – but never tried to replicate the success with another campaign. Both the marketing director and the general manager eventually moved along down the road.

Sometime later, a nearby casino manager was having some customer-service issues with housekeeping and other staff, and brought us in for bilin-

gual training on how to properly interact with a guest. But it was a limited effort.

The lesson, apparently, had been assimilated into the collective thinking of the relatively homogenous gaming community. The powers that be, in this small-town casino enclave, slammed the window of opportunity firmly shut. Hispanic marketing was soon a memory.

As a Hispanic marketer, it was a hard pill to swallow. A successful campaign had brought precisely the intended results ... and in greater volume than anyone had dreamed. But the campaign, apparently, brought a flavor of success that wasn't palatable.

So, what *could* casino managers have done?

Well first of all, they could have – *should* have – kept that campaign moving forward. The overwhelming response made it incumbent upon them to reward those new players.

Loyalty runs both ways: If a consumer demonstrates loyalty to your brand, mirror the sentiment by demonstrating loyalty in return.

This client did a terrific job of following our advice – not all clients do that; they think they know better. And when the first results came in, a warm glow seemed to fill our meeting rooms. It was all so wonderful and they had *so* many people talking about it (you can't buy word of mouth).

I understand that it certainly any management group is obliged to consider the impact of any finely targeted action on their customer base as a whole. It would be undesirable for a baseball franchise, for example, to market beyond a sold-out season ticket base, and cram 65,000 fans into a ballpark meant to hold 42,000. No matter how profitable, one would never decide to transport sheep to market in the back of a Greyhound bus.

These are the issues business leaders face every day. The comparative

success and failure of companies in the marketplace demonstrates clearly that such questions have no pat answers.

But what would our casino's numbers look like today if they had kept that Hispanic marketing initiative in place instead of falling back on their original target audience? Interestingly, that "safe" traditional audience has been hit pretty hard by the economic downturn, and a lot of casinos are failing to make their numbers. The Hispanic demographic, less affluent and robust than other segments, has matured and prospered in those same four years.

Hedging their bets might have led to an unexpected bonanza for the casino.

In a matter of weeks, the proportion of identifiable Latino customers – those with a Casino Club card – had gone from about 4 percent to somewhere in the range of 15 to 20 percent at the peak of the response. It has, of course, dwindled since.

That growth figure likely is inflated. The casino's concerted effort to go beyond obvious surname identification following campaign launch corrected a previous undercount. And, pinpointing such demographics is difficult, at best, because patrons can easily enter, drop some money in the slots or at the tables, and walk back out without anyone ever knowing about it in a trackable way.

But it would be reasonable to say that the percentage of Hispanic gamers at least doubled over a three-month period.

Now, was that a pure add-on to the casino's business, or was there erosion as objecting customers were leaving? Lacking any validated post-campaign research, the answer to that question is anecdotal. Some number of players were, in fact, complaining about "Spanish-speaking brown people" sitting next to them, and threatened to quit patronizing the tables there. The "squeaky-wheel" rule of research, however, might suggest that such problems could have

been overstated.

How should the casino have dealt with the complaints? What could they have done, short of their Solomonic decision to abort the effort entirely?

Here's where marketing becomes a question larger than focus groups, taglines and distribution of media buy. The marketer facing a choice among demographic priorities may, in some instances, turn into something of a social scientist.

Most of us would agree that there is some element of racism in America. I don't really believe it's intentional, for the most part (ideologues and supremacists aside), but racism clearly exists. It seems to manifest itself most clearly among older persons who simply may no longer care what others think.

The casino could have chosen other ways to approach "integrating" a casino where Latinos had not previously been particularly visible – an approach at least partly rooted in sociological solutions that proved successful in the wake of the Civil Rights movement of the mid-twentieth century.

They might, for example, have beefed up the appearance of security to help everyone feel comfortable, assuring patrons that security is never a concern at the casino, and maybe spiffing complainers a free steak dinner at the restaurant. Too, they might have quietly conducted training sessions to help employees recognize and mediate potential problems. These kinds of diplomatic approaches acknowledge the customer's trepidation, valid or not, while simultaneously recognizing the shortsidedness of disengaging yourself from a newly cultivated consumer segment.

Is it reasonable to expect casino managers to suddenly become sociologists? To broker the long-entrenched cultural attitudes of patrons? Well, we discovered in the 1960s that interracial harmony was often achieved one small

step at a time, one *person* at a time. America today stands at a crossroads, struggling to engage a Hispanic community that now accounts for one in six of us. Somebody has to start somewhere; the bonus here was the payoff – a literal cash payoff – a revenue stream flowing into the casino’s coffers.

Did the new Hispanic clientele notice that the casino wasn’t angling for their business any more? You bet. And while the residual ill will in the Hispanic community probably is minimal – many, after all, had a good experience and continue to play to this day – there was some ill will.

And, the residual effects may linger because of the nature of the market: employees in the gaming community are incredibly mobile – if someone gets a little fed up at one casino, they move down the street to a competitor – it’s a real revolving door. They all know each other. They share war stories. This particular war story can’t help but hurt the casino’s reputation, because those employees, to this day, still talk about how the casino made a real mistake.

Yet, even though it’s a proven cash cow, and it’s an isolated community, a long drive, with a relatively small population base to draw upon, it’s gone.

Because it was too successful? Really?

In the 1960s, real estate agents found they could reap great rewards by promoting, to young and upwardly mobile blacks, the sale of a house in a predominantly white neighborhood. We all know what evolved from that. Is there a real danger, when you get involved in Hispanic marketing, that you’re going to evoke that kind of blowback?

Well, I think if you ask casino managers, patrons, employees and residents of that small gaming community, the answer clearly is “Yes.”

How do you change that? How do you make the case for Hispanic marketing knowing that if you are successful with Hispanics, who might constitute 10 percent of your market, you run the risk of alienating a portion of the

remaining 90 percent?

That's exactly what I struggle with, to this day. Kraft, Proctor & Gamble, Coke – the big advertisers are *so* past this conversation and have been for 20 years. They get it, and they depend heavily on this subset of their market.

But what about the little guy? The marketer in the Heartland? The one who faces these challenges not on a giant, impersonal global stage, but face-to-face with his clients and prospects?

The ones who will try, in the Heartland, are not so much identified by geography, industry or size of company. In order, first, to make the investment, it is a management that understands research, trends, broader societal issues – often a company with one or more Hispanics in senior management or on the board of directors. But, in the second instance, it is a management willing to step ahead of the trend curve and accept both the risks and rewards of their actions.

The field of those venturing into Hispanic marketing has expanded beyond the “visionaries” and into the realm of the aggressive and the creative; those with an ability to assume accountability for the future and bankroll it.

But even that paradigm is rapidly changing.

Middle American marketers are slowly coming to realize that traditional, mainstream customers are aging, and they're fast being replaced by diverse new consumers, predominantly Hispanics. If the concept of Hispanic marketing appeals to you, I urge you to investigate the possibilities: It's no longer “super trendy,” or “cutting edge.” You can't just wait for it to go away, because it's not going to go away; this “niche” market is fast becoming mainstream and traditional in its own right.

The economic world you know is changing, and your customers are

being replaced by customers who may not look like you, or think like you, or speak like you. Those who do not change with the times are doomed to having the times change them, and those who passively stand by in such times likely will neither like the change nor benefit from it.

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***At the End of the Day:** Think ahead. Take time to meticulously consider where your marketing strategy might lead before you embark on a campaign. After all, too much success can be as daunting as too little.*