

## **What Life Insurance Companies can learn about the Hispanic Market from Oreo Cookies...in China!**

Anyone who has looked at a recent census report is aware of the sales potential in the Hispanic market. Here are a few of the many promising statistics from a recent Geoscape report:

- Hispanics became the largest “minority” group in 2000 and have continued to surge.
- From 2000 to 2010 Asians, Blacks, and Hispanics accounted for about 80% of population growth, while Hispanics accounted for nearly 52% of growth during that period.
- By 2016 the population in the three largest ethnic groups will be nearly 115 million and Hispanics will represent over half of that population.

In fact, the Hispanic market has become so prevalent that it’s likely your company is already engaged in marketing to this group even if you haven’t made a deliberate decision to do so.

As this demographic change continues to play out, it’s a safe bet that more insurance companies will begin to develop specific strategies that target Hispanics. Until then, smaller companies have a unique opportunity to get a leg up on their competition and establish themselves in a fast growing niche without requiring the allocation of a lot of resources and expenses.

The LIC sponsored a one-day workshop on developing a Hispanic market strategy last September. Since then, I have been conducting an informal survey regarding how companies have prepared for this opportunity and the responses have been remarkably consistent. Companies who don’t have a Hispanic marketing strategy cite concern over the difficulty in mastering all of the different dialects in Spanish. Conversely, companies who have developed a strategy proudly point to their bilingual service representatives and agents, as well as their translated brochures and forms, as evidence of their success.

Both responses ignore an important fact: Spanish is a language not a culture or a market.

No company would embark upon an “English” market initiative by making sure their advertisements in the south were liberally sprinkled with “y’all’s”, noticeably lacking in “r’s” in Boston, and resplendent with “eh’s” in Canada. One only has to watch any national cable news program to hear a fine example of what is essentially a neutral accent – the one we all think we’re hearing inside our own heads! So why are we so easily able to navigate (or ignore) the regional differences in English yet feel that dialect differences are a distinguishing distinction in marketing to Hispanics?

Part of the problem is the difficulty in combining all of the very different and unique Spanish speaking countries represented in the United States into one homogeneous Hispanic market melting pot. How do you extract the universal traits that are fairly consistent among all Hispanics and communicate them in a neutral dialect that is understood by all?

Fortunately, this isn’t necessarily as difficult as one might think. Geoscape has turned this into a science and refers to the process of Hispanic acculturation as “Hispanicity”, which defines how immigrants acquire a new culture through language, customs, lifestyle, etc. They have identified five different categories depending upon the dominant language and level of acculturation. In addition, through sophisticated analysis of demographic data, Geoscape has been able to determine how the Hispanic population breaks out among the different segments.

These categories provide a fascinating window into the evolution of assimilation. About 14% of Hispanics nationally fall into the first category, Latinoamericano, which includes those who have arrived in this country as adults within the last ten years. For this group, Spanish is the preferred language, Hispanic practices dominate, and there is a strong affinity for their home country more so than the U.S. Another 17% of Hispanics fall into the second category, Hispano, which is essentially this first group after having lived here for more than ten years. Here there is still a preference for Spanish but assimilation is slowly taking place both in terms of language and culture. For people who come to this country as children, or for the next generations who are born here, things change considerably. Nearly 70% of Hispanics fall into these last three groups where people are either bilingual (immigrated here as a child or young adult), English preferred with some Spanish (2<sup>nd</sup> generation born in the U.S.), or English preferred with nearly no Spanish (third generation). Not surprisingly, as the language preferences evolve, so does the level of affinity with Hispanic culture.

Since economic viability is so closely hinged upon the ability to speak English in this country, and since such a large percentage of the Hispanic population is bilingual or English preferred, it's clear that while bilingual capabilities are an important consideration in developing a Hispanic marketing initiative, life insurance companies should not consider it to be the primary strategy. This is great news for companies who have been sitting on the sidelines due to concerns about mastering all of the Spanish dialects -- and should be a wake-up call for all of those companies who have defined their Hispanic marketing initiatives by the availability of bilingual resources.

Once companies can let go of their obsession with language, they can begin to focus on a much more important component – culture. But how do you separate those fundamental elements that represent all things Hispanic from the subtle details that define and divide Puerto Ricans from Dominicans? In this instance, perhaps a seemingly unrelated example will help.

According to a Planet Money podcast, <http://www.npr.org/blogs/money/2012/02/10/146710974/the-friday-podcast-genius-ideas> when Kraft first started selling Oreos in China in the 1990's their sales were just "so-so". Although Kraft had successfully identified 135 components that defined the taste of an Oreo cookie, they didn't think to ask the Chinese what they thought about that taste until sometime in 2000. Imagine their surprise when they learned that most Chinese felt that Oreos were too sweet and too bitter. As a result, they set about tweaking the recipe to make their product more consistent with Chinese tastes.

Separately, Kraft had also realized that there was a cultural element that defined the experience of eating an Oreo in the U.S. that they referred to as "twist, lick, dunk" and that this emotional connection probably contributed as much or more to the success of the brand in the U.S. than the actual taste. Unfortunately, the Chinese were unaware of how much fun it could be to eat a cookie in this manner – so Kraft embarked on a series of ads intended to educate them. Not only did the ads work, but once Kraft understood the importance of leveraging the emotional connection, they were free to reconsider all other aspects of the product itself including taste, shape, and even color. As a result, Oreos are now the number one selling cookie in China and are available in a variety of styles including rectangular (great for dunking), and green tea tasting versions.

Many companies approach the Chinese market strictly from the numbers -- there are nearly 1.5 billion people so even a relatively small market share can translate into big sales. It's astonishing that anyone would even consider entering a market this large and diverse with so many different languages, regions, and ethnicities without being overwhelmed by the complexity – yet from an outsider's perspective the

things that make the Chinese so utterly and uniquely “Chinese” seem rather obvious. This is why Kraft’s success is so compelling. They tweaked the taste of their cookie to reflect the more specific culinary preferences of their new market, but the real success also required creating an emotional connection based more upon elements of our shared humanity than our cultural differences.

What product relies more upon a universal emotional response than life insurance?

For life insurance companies, tweaking our products and our pitches to reflect the broadly unique aspects of Hispanic culture is as fundamental as Kraft’s process of changing the Oreo to reflect Chinese tastes. However, recognizing the universal desire to protect one’s family and reinforcing that aspiration through an emotional connection that is uniquely Hispanic is arguably even more important.

For example, consider the concept of “machismo”, an important element that distinguishes Hispanic culture. It is not uncommon for Hispanic men to feel duty bound to provide not only for their immediate family, but for their parents and for their wife’s parents as well. This critical commitment also creates additional incentive for the consideration of life insurance since the very essence of what it means to be a man are tied to the fulfillment of these obligations. More specifically, an agent who understands the cultural importance of “machismo” can be prepared to take a very different sales tact than they might have with their other prospects – regardless of the language the conversation takes place in. Much like “twist, lick, dunk” exemplified how the experience of eating an Oreo transcends cultural lines, so does “machismo” provide a means to leverage the universal appeal of our products with a decidedly Hispanic ring.

In many ways, developing a Hispanic marketing proposal is no different than any other strategic initiative. It requires a comprehensive, well thought out plan that is endorsed from the top and permeates all levels and all departments within a company. If it’s merely a marketing or customer service project then it is doomed to fail. It also relies less on language, more on culture, and probably most on emotion and connectivity, which should be true of every company’s successful strategic initiatives. And also like any successful strategy, it helps to have help from experienced experts.

At the LIC’s Annual Meeting May 1 – 3 in Amelia Island, Florida we will have such experts. <http://www.loma.org/events/EventsDetail.aspx?eid=153> . Terry Soto from About Marketing Solutions <http://aboutmarketingsolutions.com/> and Arthur Rockwell from Geoscape <http://www.geoscape.com/> are going to walk through a case study demonstrating the right way to successfully evaluate, develop, and execute a Hispanic marketing strategy. These two presenters combine the perfect combination of statistical data and cultural intuition that was so integral to Kraft’s success with the Oreo. Who knows, perhaps your company will be the first to develop the new “twist, lick, dunk” life insurance close that works in all languages!