

Hispanic Market – Part II – They are Coming After Your Customers Now

The LIC has been touting the opportunity presented by the Hispanic market for many years. We've had numerous speakers at our conferences, hosted workshops on the topic, and also published an article in our April 2012 newsletter. The rationale by now is well known and won't be repeated here. Anyone still on the fence is invited to revisit our previous [article](#) on this topic titled "What Life Insurance Companies can Learn About the Hispanic Market From Oreo Cookies...In China!" However, despite a plethora of publicity and pontification on this subject, we find that many companies either remain unconvinced or have moved forward under the mistaken notion that communicating in the language of Spanish is equivalent to penetrating the Hispanic market itself.

It can't be stressed enough – Spanish is a language, not a market. The key to success lies in understanding the culture, not merely translating documents and employing bilingual representatives.

Principal Financial Group has recently launched an initiative to encourage more Hispanic workers to save for retirement. According to Senior Vice President, Greg Burrows, "our research found that simply translating materials to Spanish without considering overall cultural views falls short in encouraging U.S. Hispanics to save for retirement".. In research focus groups and live enrollment meetings, The Principal found when exposed to the new bicultural approach, many Hispanic workers took favorable savings action on the spot. In fact, according to Sheri Morgan, an employee benefits broker for The Unity Group, "I'd been doing meetings for this client for six years and I have never seen that happen before. I believe it was the bicultural nature of the presenter and the presentation that made the difference".

It's encouraging to see that more companies now understand the benefits of a bicultural approach to marketing. However, this is a concept that has been well understood by companies specializing in the Hispanic market for years – and their expertise in this area provides a huge competitive advantage that extends well beyond a single ethnic demographic. Where fluency in a language creates a clear divide between one group and another, biculturalism can reach across all spectrums.

In other words, the decision to focus on the Hispanic market may ultimately become more of a defensive strategy to keep your current customers rather than an offensive initiative to attract new ones.

Here's why. Consider the decision by the nation's top Spanish-language TV network, Univision, to launch a new cable venture with ABC News called Fusion, aimed at an audience of young Latinos (and other Millennials) in English. A recent article in the Pew Research Center's [Fact Tank newsletter](#) by Mark Hugo Lopez provides the demographic argument for this decision. First, "Univision has been on a growth trajectory that many of its English-language peers would love to emulate. In July it finished first among all broadcast networks in TV's highly-sought-after 18-to-49-year-old demographic groups". However, recently its ratings among those groups have declined. Second, "the Latino population's growth is now driven by the children and grandchildren of immigrants. This has been true since 2000 and has started to change the composition of the Latino population". Third, "among young Latinos who rely on television for news, Spanish is on the decline. A new analysis of a 2012 Pew Research Center survey of Latino adults finds that fully 90% of Latinos ages 18 to 29 who get their news from television do so in English". And finally, "a growing share of Hispanic households speaks only English at home. Overall, the number of Hispanics (31 million) that speaks English has been growing, as is the share that speaks only English at home".

Launching an English only channel is something new for Univision – and so is targeting Millennials, the majority of whom watch little or no live TV. Their partnership with ABC also represents something new for both companies. In an interview with Univision CEO Randy Falco, he explains that “because of the expertise and knowledge of the Hispanic community, Univision will have editorial control. Sales and distribution will be ABC’s responsibility. But we are also going to rely on ABC for their worldwide news-gathering, as well as footage, feeds, and breaking stories”.

Another advantage that Fusion brings to Univision – it will be the first Univision program the company’s new CEO will be able to understand since Randy Falco doesn’t speak Spanish! It’s hard to imagine a more convincing example of how little a role language plays in Hispanic marketing than that.

Although Fusion’s primary target is Millennial Latinos who primarily prefer English, the bicultural differentiator they are utilizing is humor – a language that is universal to Millennials of all ethnic groups. In other words, Fusion is a legitimate threat to any TV station looking to attract Millennials – not just Hispanic ones.

A similar example is the recent launch of Al Jazeera America, most likely due to similar demographics among Arab-Americans where English is increasingly becoming a preferred language as second and third generation representation increases. However, the station’s tagline is “there’s more to it”, positioning the channel not as an English language alternative to the Arabic site but as an alternative news channel for anyone interested in a broader perspective on the news.

Here’s the thing: companies that have learned to navigate ethnic markets successfully through bicultural marketing are uniquely positioned to penetrate *all* markets – not just their targets. Many of the universal aspects that bind diverse ethnic groups together also appeal to all groups.

Nowhere is this more evident than when it comes to food. Everyone loves to eat and most people enjoy all kinds of ethnic foods. In fact, items such as pizza, tacos, and salsa have been Americanized to such an extent that they are no longer even considered ethnic food. However, the road to acculturation is a long one. Consider a recent article in Delaware Online titled [How Goya Became Your Go-To at the Grocery Store](#). “Goya is the largest Hispanic-owned food company in the United States with sales of \$1.3 billion in 2012. However, while Goya is the leader in Hispanic food, their products are mostly not imported, and the company is not even run by people with roots in Latin Culture. In fact, it was started 77 years ago by Spaniards who came to NY by way of Puerto Rico and is now headquartered in New Jersey”.

The strategies that have made Goya successful have allowed them to expand into other markets as well. For example, they now sell Indian and Chinese food, “in a bid to become the food company for all people new to America”. This has allowed them to position their brand as “a United Nations kind of label according to Bob Gorland, a supermarket consultant at Matthew P. Casey & Associates. He regards Goya, more than any other brand, as a section unto itself, much like the kosher aisle or natural foods area. As the general market becomes more interested in ethnic cuisines, Goya has positioned itself as the authentic option that you don’t have to rummage through ethnic markets to find. In other words, Goya is becoming white -- which commercially, is a pretty unbeatable approach”.

This isn’t to say that Goya is becoming generic. Their whole distribution system runs contrary to the rest of the food industry. Most companies distribute their products directly to the warehouses of the major grocery store chains but Goya maintains their own warehouses and delivers directly to each individual

store. Why? Because they recognize that each store serves a different demographic. “The staff researches local immigrant groups with the help of a business intelligence tool called Geoscape, as well as more enterprising techniques like hanging out at the local money transfer franchise to see where people are sending checks home to. That way, Goya knows how to stock exactly what Cubans or Salvadorans, or Peruvians are looking for, which creates brand loyalty”.

Macy’s successfully employed a similar hyper-local strategy with their stores as discussed in a previous LIC article [here](#).

Life insurance companies may think their customers are safe from this form of encroachment. After all, there isn’t a recognized leader in Hispanic life insurance – yet. But this relief may be short lived. It’s evident that the companies who succeed at penetrating ethnic markets do so by employing the same strategies that are the foundation for success in any strategic initiative. The bicultural elements of The Principal’s Hispanic marketing strategy will most certainly have application to their retirement savings approach to all of their customers.

However, for an even clearer example, one only has to look at recent changes in the death care industry – the very heart of final expense and preneed life insurances companies!

Hispanics are grossly under-represented in the funeral industry. According to the American Board of Funeral Service Education just 5 percent of the 1,589 U. S. mortuary school graduates in 2012 were Hispanic. By contrast, 17 percent of Americans are Hispanic. However, according to Francisco Sols, a mortuary science professor at San Antonio College, it is not necessary for a funeral director to be Latino to serve Latino families. You just have to have an awareness of the culture. A family is really looking not to have to explain their culture at the time of a funeral.

Hispanic death rituals are permeating the mainstream. According to a recent Wall Street Journal article titled [No Bones About It: Day of the Dead is Finding New Life](#), *Dia de los Muertos* – Day of the Dead – is a Mexican tradition where on November 1 and 2, the heavens open and the souls of the dead return to earth. Their living relatives build altars with offerings of food, drink, and even sports memorabilia to entice them to come down, dine, and celebrate. The annual Day of the Dead celebration in Hollywood Forever Cemetery has grown from barely attracting 300 people in 1999 to an expected 35,000 in 2013. In addition to growing larger, each year the crowd is also more diverse with “Catholic, Filipinos, Jews, and Russian Orthodox building altars”. Corporate sponsors have also jumped on board. Nestle attempted to establish a Guinness World Record for the largest Day of the Dead altar in the US. Mattel has created a *Skelita Calaveras* doll for Day of the Dead. And Disney is planning a movie titled Day of the Dead with Pixar.

Dorothy Petrich erected an altar in the trunk of her deceased father’s 1940 Cadillac LaSalle to display at a Day of the Dead celebration in Old Mission San Luis Rey that attracted 25,000 people. “People who stopped by the car engaged in lively conversation about the dead. They also learned about her dad and his car hobby, but also about her grandmother’s love of Wrigley’s Doublemint gum and the fact her husband’s grandmother was an early female graduate of the Cordon Bleu cooking school in France. This is about remembering the dead with fun instead of throwing them in a garden, crying, and then forgetting them”.

Event organizer, Maureen Sullivan, indicated “we stick to the traditional roots but give the event a mainstream twist. For example, a Mexican woman “smudged” attendees with a smoking bundle of

herbs. Folkloric dancers with skeletal faces pranced on the stage. Children decorated candy skulls with icing”.

Life insurance companies who ignore the opportunity of the Hispanic market do so at their own peril. The marketing strategies being employed to attract Hispanic customers are just as effective at attracting the same customers your company has focused on. In addition, as Hispanic culture becomes more main stream, your regular customers are going to become even more attracted to the bicultural elements of Hispanic culture just as they have with Day of the Dead or Goya food.

In an industry defined by evaluating, managing, and protecting against risk, it may seem easier for companies to just stick with the comfort of their current strategies and markets if they are already working well for them. However, as Fusion’s programming chief Billy Kimball observed, “with 380 other cable channels out there, playing it safe has the most risk of all”.

Do life companies need to have a Hispanic marketing strategy in order to survive? No -- but smart companies who employ a bicultural approach to their marketing will have a bigger advantage and pose a greater threat to those who don’t. And that is a fact that translates into any language.