

## Tapping into the Fast-Growing Hispanic Market

By Mary McVickers

There's no doubt about it: venturing into a new market can invigorate and enrich your business - well beyond the income statement and balance sheet. It can also be very tricky and involves some careful evaluation and planning. If done right, however, your rental business can join other successful businesses that are tapping growing markets that previously have been relatively ignored. One of the fastest growing markets in the United States, of course, is the Hispanic market, with \$223 billion in combined buying power. More and more rental dealers are coming to realize that they can increase their BOR by marketing directly to this burgeoning group. They see opportunity - and they're right. The statistics speak for themselves.

According to Ricardo A. Lopez in his article, "Hispanic Buying," while the income level of U.S. Hispanics has declined a bit over the past few years, the combined purchasing power has gone up. The Hispanic population is projected to account for 44 percent of the U.S. population growth between 1995 and 2025. That is 32 million Hispanics out of a total of 72 million people added to the nation's population.

"Businesses that cater to them [Hispanics] directly and pay attention to the Hispanic culture and heritage will benefit from tapping into this large source of purchasing power. It is indeed the Latinos' desire to maintain their roots which makes this market so receptive to target marketing," says Lopez. Rental-purchase businesses are part of the trend of expanding into the Hispanic market and there are elements of the trend that seem almost made-to-order for the industry. How have these businesses done it?

### Identify Your Market

"Hispanic" is an umbrella term that includes many diverse cultures, including Mexican, Puerto Rican, Venezuelan, Costa Rican and so on. Differences go well beyond identification with certain countries. Traditions, holidays, customs, even the basic culture and language can differ widely. Puerto Ricans don't respond to Cinco de Mayo, the Mexican holiday, any more than someone arriving in the United States from Norway would respond to Bastille Day or Chinese New Year.

Find out about the cultural importance of different holidays - beyond just the "excuse" to drink beer on Cinco de Mayo, says Mark Peterson of H&H Furniture in Yakima, WA. Peterson's stores have successfully ventured into the agricultural Hispanic market. Most Hispanics in the United States - about two-thirds - in 1999 were of Mexican origin, while people of Puerto Rican origin accounted for 10 percent of the total Hispanic population. A smaller percentage of Hispanics are from South and Central America - but don't overlook the fact that a small percentage of a large number can still mean large pockets of people and potential customers. Overall, Hispanics account for 12.5 percent of the U.S. population, according to the 2000 Census, which translates to 35.3 million people. This is not a market to blink at.

If one or more of your stores has a local Hispanic population and you are considering marketing to that population, your first step is to identify the predominant culture of origin. Immigrants obviously tend to settle where there are others from their country or even from their state or region, so a local population tends to be pretty homogeneous rather than a mixture of originating countries. In spite of the vast differences between various groups, there are several basic components evident in all "segments" of the Hispanic population. One of the most predominant - and one that rental-purchase dealers need to pay careful

attention to - is the high priority placed on family and home life.

"There is an emphasis [in the Hispanic population] on making homes comfortable and inviting," says Mamie Salazar Harper, owner of Fiesta Rent To Own in El Paso, TX. "This influences how we set up the showroom. For example, home-like groupings, with a strong appeal toward comfort and attractiveness, is more appealing to Hispanic customers than a straight line-up of furniture."

## Identify Your Opportunity

The second step is to identify your area of opportunity. This is more complex than identifying the nature of the Hispanic market in your area. It involves making the decision whether your business is ready to venture into a different market and if there's a match between your business and that market, which isn't always as obvious as it may sound. "We have a large Hispanic population here in Eastern Washington State," says Peterson. "In fact, half of our county is Hispanic. We decided that if we were going to truly tap the market potential, we could not ignore this demographic group - it's huge! Segmenting our business has been vital to our growth."

If there already is a strong representation of rental-purchase dealers working the Hispanic market in your area, there still may be opportunity for you. However, as you would when undertaking any new marketing situation, when trying out a new niche, you want to be sure that there is room for you in your current market. Usually there is, especially since the Hispanic market is growing every day. But, assessing your competition is critical to see just where you can compete without it turning into a head-to-head contest that chews up a lot of resources without a lot of gain. You also need to consider the type of investment it will take to cater to this market. Much of this is obvious, such as physical space, a store, inventory, delivery and so on, but what about the less obvious investments?

"We're in an area where television advertising is very affordable," says Peterson. "There are five Hispanic stations and several newspapers. Our customer base is predominately Mexican - many of them agricultural workers. [Yakima is in the eastern area of Washington state, which is heavily agricultural.] Not all of the stations are Mexican, however, and radio stations can vary in audience of course, so you have to choose your media carefully. We keep the message the same for English and Spanish ads, basically just translated." And you can't ignore the investment in staff fluent in Spanish. "There absolutely must be a Spanish speaker in the store," says Peterson.

Mamie Salazar Harper in El Paso agrees. "Many people who are bilingual have a higher comfort level with Spanish than with English," she says. She uses flyers printed in both English and Spanish. Delivery people and customer service people must be Spanish speaking as well. These folks are, after all, essential customer contacts. Much of the success of the customer retention will depend on these areas. "It will hurt you if you aren't willing to work hard on customer service with the Hispanic market," says Harper.

High-quality customer service has a slightly different import in the Hispanic market than with other groups. While we all know that customer service matters significantly, Hispanics are closer to the market tradition of knowing who is selling to you and then developing a relationship, thereby customer loyalty, with a store manager or account rep. We all should remember practicing that tradition at some place and time in our past, but many of us are now far removed from it, but not so with Hispanics. Similarly, when you are researching a new market, making plans to participate and getting ready to launch, your time and attention (or someone else's) is going to be spoken for. What effect will this have on your

continued participation in the rest of the business? Again, a "cost" to consider. All of these costs-time, money, effort-can be dealt with and usually fairly readily. Paying attention to these considerations early on will do a lot toward ensuring your new venture is successful.

### **The Product Mix**

Is the product mix for the Hispanic market different from the product mix of another market? "Definitely," says Peterson. Color and design preferences have cultural roots and products you're trying to market to an Hispanic market should reflect this. Just as an English market would favor chintzes and the traditional English country look and the Chinese market favors lacquer reds and gold, the Hispanic market is drawn to certain colors as well. The color preferences are brighter, with more reds, yellows, some oranges, blues and greens. These are the "true" colors, more in the primary family, with no heather or muted shadings. The "muddy color" or neutral look (beige, natural, brown tweeds) does not work in this market. If you have any doubt about what this look is, go visit a store that sells fabrics in a Hispanic neighborhood. Look at pictures of traditional clothing. Think bold flower colors; this is a culture that lives with flowers year round.

In the past it was difficult to find upholstered furniture that would work well in the Hispanic market. "Furniture manufacturers are finally figuring out the range of tastes that are out there," says Peterson. However, he says, you still have to search for the right products. "Hunter green checked fabrics don't do well in this market," says Peterson. For more ideas, buy a Spanish home furnishing magazine and look at what is featured. This can give you ideas for how home settings are presented for this market as well. If you do locate that fabric store, buy some and have some throw pillows or hangings made for your display area.

### **Word-Of-Mouth Marketing**

Here's where your business can benefit from the strong Hispanic tradition of close family ties and emphasis on family. We all know word-of-mouth advertising is the best marketing tool around, but this truism takes it to a whole new level in the Hispanic market. "Much of our business comes through word of mouth. Because of the close-knit nature of the community, we get excellent referrals," says Harper. "And we build on that."

Fiesta Rent To Own offers two kinds of referral bonuses to customers. One is a \$25 credit, which is applied to the current customer's account. The other, which has had a particularly strong response, offers a \$25 grocery gift certificate. For this, Fiesta partners with a local grocery chain. Either bonus takes effect once the new customer has had a rental product for one month and has made payment. Referrals are marketing at its best and at its most basic. There are no gimmicks, no clever ads to beguile potential customers. The success of it is entirely up to you. The importance of a strong customer-service base cannot be overemphasized.

### **Investing in Resources**

As part of your planning, you'll want to allow sufficient time to investigate and develop resources. Who, for example, will you get to do the translating on your advertising and promotion? Or, is it better to utilize different promotions entirely? In some target neighborhoods, a more specialized promotion may be more effective. The "look" of promotional material in the Mexican community is different than the "Anglo" look. If you feature color photographs of room settings, you obviously need different photos. The need for Spanish-speaking employees to serve customers in the store, work in customer service

and make deliveries is obvious. Less apparent is the investment needed to hire and train these employees. All employees who have contact with your public are important and are critical to the success of the venture. If you are uncertain about locating the resources you'll need, particularly for promotion and translating, talk to another business that has a large Hispanic customer base. If there is a local or regional Hispanic Chamber of Commerce, contact the office. Work with the Spanish media. "We spend about one-third of our radio advertising budget on Spanish-speaking stations," says Peterson. "Our print materials are printed in both Spanish and English, too. We also sponsor local Mexican soccer teams to get our name out there and support the community."

Venturing into a new market is a commitment, and when that new market has a strong cultural component, the venture involves a different type of commitment than just putting together a plan, rounding up the capital and launching. If you don't have a genuine interest in and respect for doing business with the Hispanic culture, your efforts will not go far. If you do, you, your employees and your business can benefit well beyond the bottom line.

Mary McVickers is a free-lance writer.