

LATINOS RTO

*Why marketing to Latinos
makes sense today and mañana*

You've read the statistics, you've seen the Census data—Latinos are the largest and fastest-growing ethnic group in the United States. Whether you live in Los Angeles, where the Latino population is the largest in the country (41 percent of the total population) or in Greensboro, NC (the fastest-growing Latino market with a 674 percent increase since 1990), the Latino population cannot be ignored. It is large, getting larger and, for those in the rent-to-own industry, it means a huge opportunity to grow your business.

By Kelly McDonald



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The July 2002 Census numbers reveal that there are 38.8 million Latinos residing in the United States. If you're like me, that's a staggering number to get my head around. Just how many is 38.8 million? Consider this: there are more Latinos living in the United States than there are Canadians in Canada. The 38.8 million Latinos do not represent the estimated 3 million to 8 million more who went uncounted. The Latino population in this country rose almost 60 percent in the past 10 years, compared to a mere 13 percent increase in the non-Latino population. ❁ Here's another way to look at the numbers: almost one in seven American residents is Latino. By 2020, this ratio will increase to one in five. And this is having a profound effect on our culture and our society.



The "Latinization of America"

The influence of this exploding population is seen everywhere: our food, our music and entertainment, our sports, our media and our politics. For example, look carefully at your grocery store. New products that cater to Latino tastes now fill the shelves of supermarkets everywhere. Tortillas now outsell bagels two to one. Salsa is now the No. 1 selling condiment in this country. Lays makes a limón (lime) potato chip. Dulce de Leche (caramel) is everywhere: Betty Crocker just introduced Dulce de Leche frosting in June, it's Häagen Daz's No. 4 selling flavor of ice cream and even M&M's has tested Dulce de Leche candies in select markets. And it's not just new flavors. American brand icons are even creating new products to capture Latino customers. In addition to pudding and gelatin, Jell-O now makes instant Jell-O Flan. The Girl Scouts created a new Mexican-style cookie called Olé Olé.

The influence is seen in other ways, too: Mattel makes Quinceañera Barbie (a quinceañeros is an elaborate celebration of a girl's fifteenth birthday, the equivalent of a "debut into society"). Mattel also makes "Spanish Teacher Barbie" and Capitán Benavides (a G.I. Joe). *The Wall Street Journal* reports that the top three surnames for new homes purchased in California last year were Hernandez, Fernandez and Gonzalez.

In Texas, the No. 1 name for baby boys born in the state in 2000 was José. In May 2001, George W. Bush was the first president to deliver his weekly radio address in Spanish. Nickelodeon's bilingual "Dora the Explorer" is the No. 2 pre-school show on TV, leading Anglo as well as Latino children to sleep on Dora sheets that say *buenas noches*. Fox Television is adding two Hispanic family comedies to their fall lineup, ESPN is launching a full-time sports network in Spanish this year and for the 2004 Olympics, NBC will carry Olympic coverage in Spanish on its Telemundo network.

Republicans recently began Spanish lessons for members

of the House and Senate and Republican strategists believe Bush, who captured 35 percent of the Hispanic vote in 2000, can't lose if he wins 40 percent in 2004.

Latinos and rent-to-own

The Latino market represents tremendous opportunity for the rent-to-own industry for several reasons. To begin with, 70 percent of the Latinos in this country are foreign born. While many foreign-born Latinos arrive with furniture and household belongings, others arrive with minimal belongings due to the cost of shipping or transporting goods. Therefore, as they set up their households here in the United States, they purchase and rent many essential items such as furniture and home electronics. In fact, Latinos spend almost twice as much as non-Latinos on furniture

rentals and nearly three times as much as non-Latinos on television rentals, particularly big screen televisions, according to the 2000 Consumer Expenditure Survey study by the U.S. Bureau of Labor Statistics. And Latinos spend almost four times what non-Latinos spend on rentals of household appliances.

The second reason that Latino consumers make such valuable customers for your business is the rate of referral business that is typically generated. Just ask Kelly Sayre of Alliance Rental Centers in Texas.

"It has been our experience that our Hispanic customers bring us a significant number of qualified referrals—far more than our non-Hispanic customers," says Sayre. "By and large, I'd love to have more Hispanic customers. We've found that they are generally ready to do business with us with less shopping around at the competition, they pay on time, they're loyal customers and the referral business is extremely solid and valuable," he says.

A third, but significant, reason that rent-to-own makes so much sense for the Latino customer is the issue of credit. Remember, 70 percent of the U.S. Hispanic population is foreign-born. That means that the vast majority of Latinos have to embark upon the long road of establishing credit history in this country. Regardless of income, regardless of whether someone had credit in another country, any foreign-born resident of the United States has to build credit history. It's a difficult process and one that takes time. For an immigrant who has recently arrived, rent-to-own is a terrific way of acquiring the goods and brands they want, affordably and conveniently.

The four Latino mindsets

So how can you capitalize on this large and lucrative market to increase your business? It starts with recognizing that not all Latinos are alike. In fact, saying you want to market to Latinos is like saying you want to mar-

ket to women. It's a big group, a broad categorization and to do it effectively, you need to know which subgroup is really your market.

With Latino marketing, it's not just about translating a message into Spanish. Sure, Spanish is a critical part of reaching Latinos, but to reach them effectively, you have to understand their level of acculturation. Acculturation is defined as the process of adapting to and acquiring a new culture while retaining the old culture. Or, put another way, the "merging of two cultures in close contact." Acculturation is what happens when a person moves to a new country or is exposed to a country's culture, values and lifestyles. There are four distinct Latino mindsets that reflect the varying levels of acculturation among Latinos.

The first is the "cultural loyalist." The "loyalist" is foreign-born, a recent arrival who has been in the country less than five years. This person is Spanish-dependent or Spanish-exclusive and tends to have very traditional values.

The second mindset is the "cultural embracer." The "embracer" is also foreign-born, but is a U.S. resident and may have lived in this country for many years. This person tends to be more professional, more educated and ambitious. He or she may be bilingual, but prefers Spanish.

The third mindset is the "cross-culturist." These Latinos are U.S. born, first generation and are bilingual and bi-cultural. They easily live and work in two worlds: English and Spanish. They are equally comfortable in both Latin and Anglo culture, hence the label, "cross culturist." They are fashion-forward and urban, but very much in touch with their Latino roots.

Finally, there is the "cultural integrated." This is the fully acculturated Latino. U.S. born, second, third or fourth generation, this Latino may not speak Spanish or perhaps does not speak it well. "Cultural integrated" are English-dependent or English-preferred.

Cultivating the Latino customer

What are some ways that you can put the welcome mat out for Latino customers in your area? It starts with a bilingual staff. A Spanish-speaking employee can really help your business grow with this target market, by word-of-mouth within the Hispanic community and also by assisting those customers who are Spanish-dominant or Spanish-preferred.

While it's always difficult to find good help, Kelly Sayre believes that a bilingual staff is critical to his business. "We have not done a very good job of recruiting bilingual staff

and we should. It definitely helps to have someone in the store who speaks Spanish. It's not too hard to get a deal done in English with someone who speaks Spanish, but it certainly makes the Spanish-speaking customer more comfortable and eases the transaction when they can speak in Spanish," says Sayre.

From an advertising standpoint, laws and regulations vary by state, so be careful. In Texas, for example, Sayre points out that advertising cannot be done in Spanish unless the rental agreement is also in Spanish. For this reason, in select markets, Sayre has taken a unique approach. He's advertised on Spanish-language Tejano radio stations, but his commercial is in English. "We used radio remotes and had success with them, despite the fact that the ad itself was in English. The station comes out to the store and holds a remote and it generates excitement and customers."

A third avenue to consider for cultivating Latino customers is your product/inventory mix. Latino culture is steeped in faith and this plays a major role in family life. Sayre states that he first noticed this when he realized that he could not keep paintings of "The Last Supper" in stock at his stores.

In Mexico, the patron saint of the country is the Virgin of Guadalupe—many retail stores catering to Latinos carry religious paintings depicting the Virgin and religious scenes. It makes sense to stock these types of paintings if your store is in a high-density Latino area or has

the potential to pull a significant Latino customer base. And don't overlook furniture fabric colors as the Latin culture embraces life and flavors are bolder and colors are brighter. This is often evident in the color schemes of the home. Consider adding a brightly colored furniture set to your mix to appeal to Latinos who may prefer a color choice other than neutral.

Latinos are "el futuro"

The Latino population in America offers everyone the opportunity to expand their businesses substantially. As the Latino population continues to grow, smart companies will need to reach out and connect with this lucrative consumer base emotionally, rationally, culturally and relevantly. Taking the time to learn more about this lucrative opportunity will pay dividends, today and mañana. ■

Kelly McDonald will be speaking at the 2003 APRO Convention and Trade Show in Reno, NV, on August 15. Her seminar is entitled U.S. Latinos: A Marketer's Dream.

