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Selling with a Spanish accent

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By: Cara Jepsen December 10, 2000

Whether it's Jennifer Lopez or Ricky Martin, the U.S. Postal Service's Cinco de Mayo stamp or dulce de leche ice cream, Latino people and products are "in" right now.

And so are Hispanic consumers.

"The Latino market is growing faster than the mass market, and it isn't just traditional ethnic foods and makeup," says Marilyn Halter, professor of history and a research associate at the Institute for the Study of Economic Culture at Boston University.

"Trying to reach consumers via their ethnic identity is the hottest marketing strategy of this century," says Ms. Halter, author of "Shopping for Identity: The Marketing of Ethnicity."

According to the "Source Book of Multicultural Experts," Latinos make up nearly 12% of the total U.S. population. More than half are between the consumption-heavy ages of 18 and 49.

But reaching Hispanic consumers is easier said than done.

"The Hispanic market is a little bit different in how they behave in terms of receiving certain information," says Hans Bonner, marketing consultant at the Latin American Chamber of Commerce in Chicago. "They basically don't like a lot of direct mail. They feel a lot more comfortable talking to someone face to face."

Add the language barrier and the fact that the Chicago area's 330,000 Latino households are spread across the city and suburbs, and it's no wonder that local companies, especially small ones, have trouble reaching this group.

But that may change next year, when Los Angeles-based, Hispanic-owned marketer Pueblo Corp. expands its operations to several cities, including Chicago.

For the past year, the company has been marketing products and services to Hispanic consumers in Los Angeles via a heavily advertised discount card called La Llave del Pueblo — "The Key to the Town."

The company's business partners offer Los Angeles' 170,000 cardholders preferred pricing and pay Pueblo either a percentage of sales or an upfront fee in exchange for marketing support. Partners range from local, family-owned businesses to grocery stores and American Express Travel.

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"As we go into a market, we will take a look at different industries and select ones we think are a good fit for our business model and our public," says Pueblo Corp. Chairman and CEO Hugo Pimienta.

"Patrones" pay a \$25 annual fee for the card. In addition to discounts, they receive a monthly bilingual magazine, Pueblo, containing coupons and information about special discounts, community events and the company's scholarship fund. Ads for partners cost extra and appear in the back of the magazine.

Pueblo chooses partners that are "Hispanic-ready," says Mr. Pimienta. "They must be ready from a customer service standpoint, especially as far as language is concerned. They must also be willing and ready to build and treat the market with the respect that we deserve."

Among Pueblo's partners is 3R Express, a family-owned limousine, van and driver service with 10 employees in Torrance, Calif., which offers discounts of more than 10% to cardholders.

Owner Ruben Diaz has acquired 500 new customers through Pueblo since becoming a partner last year. In return, he pays Pueblo 5% of his Llave-based sales.

Arcadia, Calif.-based American Healthguard Corp. has gotten 2,000 inquiries and 600 new clients since partnering with Pueblo, says Michael Betker, vice-president and chief operating officer of the provider network. The company has 12 employees and represents 1,000 dentists and specialists in the Los Angeles area. "We worked with Pueblo to design some brochures that endorse their logo along with our own stuff. Anything you use their logo on, you have to have their approval. It's a 50-50 relationship."

Half of American Healthguard's clients already were from the Hispanic community and most of the staff was bilingual, so Pueblo was an easy match.

The program isn't ideal for all businesses.

"If the Hispanic market is aware of the services or the goods or the category, and you're giving them an incentive, yes, it will work," says George L. San Jose, president and chief operating officer of San Jose Group, a Chicago-based, Hispanic-oriented marketing and advertising agency. "If they're not aware of the brand or the usage or the category, and you're giving them an incentive to use it, that alone will not prompt them to do it."

Promotion also is crucial, Mr. San Jose adds: "If they use the mass media and saturate the marketplace with it, they'll achieve high success."

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