



Pallets of items carrying a "precio caliente" (hot price) are placed in one central location in United Supermarkets' new Amigos Hispanic-format store in Plainview, Texas.

## MINORITY LEADERS

Hispanic consumers respond well to in-store displays, TV and radio ads, and bilingual signage, new IRI research shows

By CAROL ANGRISANI

Bogopa USA knows its Hispanic shoppers want value, so it gives them just that in the form of an aisle-long, ceiling-high Wall of Values.

"Hispanics tend to live in extended families, so they're looking to make their money go farther," said Suzanne Kuczun, spokeswoman for Bogopa USA, operator of 14 stores under the Food Bazaar and Food Dimensions banners in New York and New Jersey.

A variety of displays also enhance the shopping experience at Lubbock, Texas-based United Supermarkets' new Amigos Hispanic-format store.

Displays of "aguas frescas" — authentic Mexican soft drinks — stand near the entrance of the store, while endcaps hold American products used in Mexican cooking. Pallets of "precio caliente" (hot price) items are placed in a central location in the store.

Retailers that use similar strategies could see Hispanic loyalty grow, as in-store displays heavily influence the buying decisions of unacculturated Hispanics, or those who speak Spanish most

of the time, live in Hispanic communities and favor Spanish-language media.

More than one-third (36%) of unacculturated Hispanics are prompted to make a purchase by in-store displays, compared with 29% of acculturated Hispanics (those who are English-speaking and adopt many U.S. customs) and 26% of non-Hispanics, according to new research from Information Resources Inc., Chicago.

"Unacculturated Hispanics are hungry for information," said Staci Covkin, IRI consumer and shopper insights senior vice president. "They're influenced a lot more by marketing tools than the more sophisticated general market is."

Bogopa provides value in many other ways. For instance, it occasionally offers a 20-pound bag of rice (normally \$11.99) for \$3.99 to shoppers who spend \$50.

Such efforts can go a long way toward winning the Hispanic shopper, said Teresa Soto, president of Hispanic marketing firm About Marketing Solutions.

"Hispanics will shop for value, especially for food, which is a week-in and week-

out expense," said Soto.

Radio and television advertising are other effective tools to reach the Hispanic market, as 59% of unacculturated Hispanics are influenced by TV advertising, compared with 28% of acculturated and 14% of non-Hispanic, according to IRI. And more than one-quarter (27%) of unacculturated said they respond to radio advertising, compared with 12% of acculturated and just 7% of non-Hispanic, IRI says.

Understanding the preferences of Hispanics is critical at a time when members of the demographic are the fastest-growing consumer segment. Hispanics represent some 15% of the U.S. population today; by 2010 about one of every six people in the U.S. will be Hispanic. This represents a Hispanic purchasing power jump from about \$800 billion today to \$1.2 trillion by 2010.

That's why an increasing number of retailers are adding value in ways other than just tortilla machines and large produce sections.

Take signage and store staffing. Nearly one-half (48%) of unacculturated Hispanics shop most often at stores where the employees

speak Spanish, according to IRI. And about one-quarter (23%) choose stores because they have bilingual signs.

IRI's Covkin said bilingual signs are important not only because they help Hispanics find what they need, but also because they make Hispanics feel valued.

"Bilingual signs tell Hispanics that a store went out of its way for them and wants them as a customer," she said.

The majority of Bogopa's store associates speak Spanish. While Bogopa uses some bilingual signage, it's looking to do more.

"Bilingual signage is important because many times they don't want to ask anyone for help," Kuczun said.

All signs in United's new Amigos banner can be read by both Spanish- and English-speaking shoppers, according to spokesman Eddie Owens.

"The signage is all bilingual," said Owens.

The store opened in October in a former United-banner store in Plainview, Texas, about 50 miles north of United's Lubbock headquarters. About 50% of the customer base is Hispanic. A second Amigos unit will open this year in Lubbock, while a third is planned for next year in Amarillo.

Coppell, Texas-based Minyard Food Stores tailors the staffing of its Carnival-banner Hispanic-format stores to mirror the image of the local community. That means that if 30% of shoppers are Spanish-speaking, 30% of the staff is bilingual.

"We've learned that Hispanics don't mind if a store is English-dominant, but they really appreciate it if there is some level of bilingual employees and signage," Minyard Chief Executive Officer Mike Byars told SN.

Minyard is also getting more involved with television advertising on Univision and Telemundo.

Grande Foods, a two-year-old store in Cornelius, Ore., is having success with its "radio remotes," where a local station airs directly from the store. Hundreds of Hispanics flock to the store for the monthly events. The

store also just started running Univision TV ads.

Like the overall market, Hispanics are more concerned with health and wellness, particularly foods that can manage heart disease, children's health and diabetes.

Hispanics also pay attention to better-for-you messaging, as 51% of unacculturated consumers look "all the time" for phrases like "100% juice," "fresh" and "real" on food packaging.

Minyard tries to help steer Hispanics in the right direction by targeting them at a young age. For instance, the retailer just started testing "Kids in the Kitchen" at its newly remodeled Carnival store in Plano. Under the program, Hispanic youngsters are invited to the store for demonstrations of healthy snacks in the store's kitchen, called "The Cocina."

About 100 kids have participated since the program launched a month ago. Minyard plans to roll it out to all 23 Carnival stores.

"We view health and wellness programs like this as our responsibility to the audience we serve," Byars said. "If we can get to the kids and make that connection, we feel we're doing our part."

Another way to meet Hispanic needs is by carrying brands that Hispanics recognize from their homelands. More than half (55%) of respondents to an IRI survey said they prefer shopping at stores that carry products from their home country.

"Retailers must be willing to customize to [Hispanic] traditional needs and wants," said About Marketing's Soto.

Grande Foods recognized this early on. When it first opened it July 2006, it carried a small assortment of Goya products. Due to strong customer demand, it found a local distributor with a large Goya assortment and was able to increase the size of the section to 12 feet, according to owner Tom Evans.

Grande also offers 28 feet of Mexican pasta, compared with just 4 feet of American Beauty pasta.

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Evans has also learned that Hispanics are not price-sensitive when it comes to brands they know and trust.

"They will spend the money for the brand they want," he said.

Prior to becoming Grande Foods, the 35,000-square-foot store operated as a Hank's Thriftway for about 70 years. Evans and two other owners decided to convert to stave off competition from forthcoming openings of a Wal-Mart and WinCo Foods just two miles away.

"I wanted a point of difference," he said.

The retailer's second store, in nearby Hillsboro, Ore., remains a Hank's.

Grande is one of the largest Latino grocery stores in the state. About 80% of shoppers are Hispanic. More than two-thirds of employees are bilingual and

nearly all speak Spanish.

The store has a Wall of Values that offers deals on about 60 packaged items, such as a 108-ounce box of hominy for \$1.99. Evans keeps the margins of products featured there low, at about 15% to 18%, to ensure the display truly offers a value.

"WinCo has a Wall of Values, so we needed one, too," he said.

In other parts of the store, Grande Foods initially had low margins on authentic products from Mexico, but increased them once it realized no other retailers were carrying them and that Hispanics would pay more for them.

"I learned I was low-balling a lot of items from Mexico," Evans said.

He also learned that Hispanics aren't particularly fond of conventional frozen

foods. When the store first opened, it offered 180 feet of frozen food. It's since reduced the section to 60 feet, and is considering taking out another 16 feet.

"Hispanics are customers that eat fresh," Evans said.

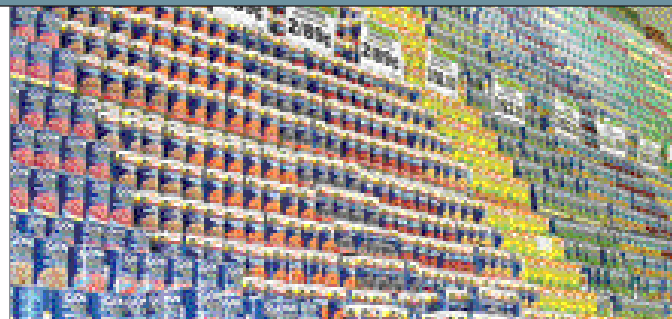
Bogopa, however, has had much success with frozen, provided they're authentic items. Bogopa stores stock a variety of unique selections like frozen guinea pigs, an Ecuadorean delicacy.

Along with price specials, Hispanics are looking for other types of value, particularly health-related programs.

Minyard provides an array of value-added health services, including in-store medical clinics, a dental clinic, and free health and mammography screenings.

"We're not just a retailer," Byars said. "We provide a great place to shop, plus a variety of services."

While mass merchandisers are becoming more of a threat to conventional retail-



Many Hispanics prefer to shop in stores that carry items from their home countries.

ers, such services can keep Hispanics coming back, said Minyard's Byars. "They may try the big-box retailers, but they won't get treated there like they get treated in our stores," he said.

Bogopa's Kuczun agreed, citing how her company forms alliances with the communities it serves by sponsoring scholarships, food drives, free health screenings — even barbecues in its parking lots.

Another way it competes against Wal-Mart is by tailoring each store's assortment to the neighborhood it serves. So, if one neighborhood has a large percentage of Dominicans,

the store assortment will be much different from that in a store with a heavy Colombian clientele.

"The big mass merchandisers are uniform, carrying the same products in all stores," she said. "We have more of a pulse of the community."

Such efforts have helped Bogopa build a loyal customer following, so much so that some people continue shopping there even after they've moved out of the neighborhood.

"One woman drives 100 miles once a month to stock up, because we have everything she needs," Kuczun said.