



A BOOMING MARKET
Spanish-language-format radio stations are growing at a far faster clip than the general market.

LOOK WHO'S TUNED IN

Long overlooked, Hispanic radio enables marketers to connect with the fastest-growing ethnic group in America. BY SANDRA YIN

Blanca Franco, a 19-year-old Mexican living in Los Angeles, listens to the radio at least 10 hours a day. Whether she's just waking up, cleaning house or working at the local Los Tacos restaurant, she's tuned in—but almost always to broadcasts in Spanish. “It reminds me of my home country,” she explains.

Franco is one of 12 million people who avidly listen to Spanish-language radio. These stations cater to Hispanics

by playing regional music and by offering in-language programming that includes news from their home countries. Spanish-language radio, also referred to as Hispanic radio, is so popular, in fact, that the format shows up among the Top 5 ranked stations in all leading Hispanic metro markets, according to Arbitron. “If you want to connect with Hispanic consumers, you do it in the language and the media they prefer,” says Aida Levitan, CEO of

Publicis Sanchez & Levitan, a Miami-based marketing agency that targets the Hispanic community.

Indeed, Hispanic radio is growing in popularity. Although Spanish-language-format radio stations account for only 5.6 percent of all commercial stations in the U.S., their ranks are increasing at a far faster clip than the general market. In 2001, there were 603 such stations in the U.S., up 82 percent from 1992, compared with all commer-

cial radio stations in the U.S., which grew by only 10 percent during that time, according to M Street Corp., a Littleton, N.H.-based publisher and data supplier for the broadcast industry. Spanish-language stations also capture a small but increasing portion of all U.S. radio listeners—7.6 percent, up from 6.5 percent in 1999, reports Arbitron.

However, despite the rapid growth of the Hispanic population and the popularity of Hispanic radio, ad spending is not keeping pace. The share of Hispanics in the U.S. has almost doubled between 1980 and 2000, according to the U.S. Census Bureau, and Hispanic consumers represent 13 percent of the U.S. population today. Yet Hispanic radio received only 3.3 percent (\$607 million) of the \$18.4 billion ad dollars spent in 2001, according to *Hispanic Business* magazine and the Radio Advertising Bureau.

Why aren't big firms advertising on Hispanic radio? Patricia Suarez, president of Suarez/Frommer & Associates, Inc., a Pasadena, Calif.-based advertising and communications firm, says large companies don't advertise on Hispanic radio because they believe Hispanic consumers can't afford to buy their products.

What's more, a report by the Civil Rights Forum on Communications Policy, a Washington, D.C.-based non-profit, found that some advertisers avoid ad buys on radio stations that have a Spanish format, believing that targeting Hispanics could erode their elite brand status. Some firms want to “disassociate their company's image from minority consumers,” according to the report. In addition, companies have incorrectly stereotyped minority consumers as inappropriate targets for certain luxury products or services. As a result, some stations that program to minority listeners “are excluded [from ad buys] based on average listener income, regardless of data about consumption patterns,” states the report.

In other cases, Hispanic radio stations lose out because some advertisers don't target by ethnic background. And the national advertisers who do target Hispanics often prefer television spots because of TV's greater reach, says Jes-

sica Pantanini, managing director of Tapestry, the media arm of San Antonio-based Bromley Communications.

Some companies don't advertise on Hispanic radio, believing these consumers can't afford their luxury products.

There is some basis to marketers' belief that Hispanic radio audiences tend to be less upscale than the overall radio audience. The average household income for Spanish-format-radio listeners is \$45,532, compared with an average of \$64,568 for all radio listeners in the U.S., according to Mediamark Research, Inc. The average for Spanish radio is likely to be even lower given that the survey was conducted in English only, eliminating less affluent and less assimilated Hispanic consumers.

“[Hispanic radio listeners] are good for almost everyone, but not high-end vehicles, financial planners or beer,” says Ingrid Otero-Smart, president of the McLean, Va.-based Association of Hispanic Advertising Agencies. Pharmaceutical and financial services companies in particular have been slow to recognize the appeal of bilingual, acculturated consumers, says Levitan.

What don't these companies know about this market? For one thing, Hispanic buying power is on the rise. The

Selig Center for Economic Growth, a research group at the University of Georgia in Athens, estimates the buying power of Hispanics at \$581 billion in 2002. That's up 161 percent from 1990, compared with total U.S. buying power, which rose only 74 percent over the same period. In addition, Hispanic radio listeners are particularly receptive to packaged goods, automotive products, health-care services and insurance and real estate promotions, according to Levitan. During the next 12 months, the mostly Hispanic households that tune in to Spanish radio stations are 64 percent more likely than the average lis-

WE HEAR YOU

About 3 in 4 people (76 percent) who listen to Hispanic radio are 44 or younger, while 40 percent have two or more kids at home.

PROFILE OF THOSE WHO LISTEN TO HISPANIC RADIO:

	PERCENTAGE	INDEX*
18-24	18%	151
25-34	32%	167
35-44	26%	120
45-54	13%	69
55-64	6%	49
65+	5%	32
Men	49%	102
Women	51%	99
Married	54%	97
Never married	32%	132
Widowed/sep/div	14%	70
Less than HS grad	26%	254
HS grad	32%	102
Some college	29%	80
College grad or more	13%	59
Employed FT	61%	112
White-collar	40%	85
Blue-collar	37%	170
Professional/mgrl	16%	72
Spanish/Hispanic	86%	708

HOUSEHOLD INCOME

	PERCENTAGE	INDEX*
<\$25k	23%	150
\$25,000-\$49,999	47%	124
\$50,000-\$74,999	14%	69
\$75k+	17%	62

KIDS IN HOUSEHOLD

	PERCENTAGE	INDEX*
0	36%	62
1	23%	135
2 or more	40%	166

*An index of 100 is the national average. For example, in the next 12 months, households that listen to Hispanic radio are 64 percent more likely than average to buy a newly constructed primary house or condo.

Source: Scarborough Research

FUTURE ACQUISITIONS

Hispanic buying power is estimated at \$581 billion today, up 161 percent from 1990.

WITHIN A YEAR, THE HOUSEHOLD PLANS TO BUY:	INDEX*
Video camera	184
Primary house or condo, new construction	164
Satellite dish	147
Computer	138
Wireless/cell phone for self	132
Home security system	130
Primary house or condo, existing construction	128

*An index of 100 is the national average. For example, in the next 12 months, households that listen to Hispanic radio are 64 percent more likely than average to buy a newly constructed primary house or condo.

Source: Scarborough Research

tener to plan on buying a primary residence or new condo, reports Scarborough Research, a New York City-based consumer market research firm. Hispanics also tend to buy more in categories such as entertainment and communications purchases. Hispanic radio listeners have a propensity for buying high-end electronics, including TVs and sound systems and components that cost \$500 or more. They are also more likely than average to spend

BIG SPENDERS	
Hispanics radio listeners are 30 percent more likely than average to spend \$500 to \$999 on a TV in one year.	
PRODUCT	INDEX*
Wireless/cell phone, \$250-\$499	209
Stereo equipment, \$500-\$999	147
Cosmetics, perfumes or skin care items, \$500-\$999	143
VCR, \$100-\$249	133
Children's clothing under \$100	132
Stereo equipment, \$250-\$499	131
Television, \$500-\$999	130
Television, \$100-\$249	129
CDs/cassette tapes/ other music, \$250-\$499	129
Infants' clothing, \$100-\$499	128
Wireless/cell phone, \$100-\$249	128
Plan to buy used car in 12 months	128
Television, \$1,000 or more	127
Infants' clothing under \$100	123
*An index of 100 is the national average. For example, Hispanic radio listeners are 109 percent more likely than the average American to spend between \$250 and \$499 on a cell phone.	
Source: Scarborough Research	

between \$250 and \$499 a year on CDs, cassette tapes and other music.

“You’re missing the boat if you don’t target the Hispanic market,” says Anna Figueroa, national sales manager for WCMQ-FM in Miami.

The appeal of this market is not lost on everyone, however. Such national brands as Kohl’s, a chain of discount department stores, and realtor Century 21 have recently begun to tap Hispanic listeners’ ears and wallets. Meanwhile, Procter & Gamble, Gerber, Sears and Western Union have been doing so for at least a decade.

These companies have identified the Hispanic market as fast growing based on demographic trends. Not surprisingly, 9 in 10 Spanish-language radio listeners (86 percent) are of Hispanic origin, according to Scarborough Research. Yet immigrants aren’t the only ones who tune in. Even partially acculturated Hispanic adults are more likely to listen to radio in Spanish than in English, according to Strategy Research Corporation, a market research company based in Miami.

Only 12 percent of Hispanics listen exclusively to English broadcasts versus 32 percent who listen only to Spanish broadcasts. A 2002 survey commissioned by New California Media, an association of ethnic media organizations based in San Francisco, reveals that Hispanics in California prefer ethnic media to their English-language or general market counterparts. Of the 500 Hispanic Americans surveyed, 63 percent said they were more likely to

buy a product or service advertised in a Latino-oriented publication or on such a program.

Because they’re in acquisition mode, starting families and establishing households, Hispanics who listen to Spanish-language radio may be a potential market for categories not typically associated with young adults, such as baby and children’s clothing and food categories such as fruit juice. The Hispanic radio audience tends to be younger than average, and to live in households with children. About 50 percent are between the ages of 18 and 34, while 76 percent are between 18 and 44, according to Scarborough Research. Slightly more than half (54 percent) are married, and 61 percent work full-time. About 76 percent live in households of three or more people; 40 percent live in households with two or more kids. “Advertisers don’t understand the power of Hispanic radio with this population,” says Felipe Korzenny, principal of Cheskin, a Redwood Shores, Calif.-based market research and consulting firm.

In Latin America, there are some 4,000 radio stations, making radio one of the most community-oriented mediums on the continent. People turn to radio not just to be entertained, but also to get advice, to find jobs and to place missing person notices. Here in the U.S., Hispanic radio personalities are revered, because they offer listeners a way to connect to their homeland or adapt to their new one.

On stations operated by Entravi-

sion, a Spanish-language media company based in Santa Monica, Calif., radio personality Gabino Ayala, for example, takes listeners to his *Radio Tricolor* program back home to Mexico as he reminisces about life there, interspersing stories with regional music. Mexico’s president, Vicente Fox, delivers a weekly message on Radio Unica, a 24-hour national news/talk network based in Miami. Many radio stations offer help with immigration issues, and no problem is off limits. When a man thought his wife was possessed by the devil, he called Renan Almendarez Coello, “El Cucuy de la Mañana” (the bogeyman of the morning), whose show draws close to one million listeners a day, for help. A priest later performed an on-air exorcism from KSCA-FM in Los Angeles.

Hispanic radio is especially suited to promote local events. When the British drug manufacturer Glaxo-SmithKline (GSK) wanted to raise diabetes awareness, it turned to Hispanic radio to reach a population that’s about three times more likely than average to be diabetic, says Bernadette King, GSK’s product communications director. The company aired radio spots promoting ethnic festivals where it hosted health screenings, targeting Mexicans in Chicago and Houston, and Puerto Ricans in New York City. “It was a good way to reach Hispanics in a local market,” says King.

Hispanic radio is also a strong medium for product introductions in local markets. That’s why Zespri Gold, a cooperative of kiwi growers in New Zealand, chose Spanish-language radio as a way to introduce Hispanics and retailers to the product, says Karen Brux, Zespri’s business development manager.

This past summer, the exporter placed four radio ads on two major Spanish-format stations in Chicago as part of a multimedia test-market campaign. Although the results of the promotion were not available at press time, Brux says that the initial response was “overwhelmingly positive.” In late July, at a Hispanic festival in Chicago, radio personalities from one of that city’s largest Spanish stations stopped by the kiwi booth and liked the fruit so much,

they started an impromptu eating contest, which the station covered on air. Zespri handed out 20,000 kiwi samples that day. And by the end of the first month of the marketing drive, more than 40 independent Hispanic retailers had signed up to sell the fruit.

Hispanics who listen to Spanish radio are in acquisition mode, starting families and establishing households.

Häagen-Dazs proved the potential of test-marketing five years ago when it launched the caramel-flavored Dulce de Leche ice cream in markets with large Hispanic populations. As part of the campaign, the company sent samples around to on-air personalities, who talked up the new flavor. The effort was a success, according to Molly Dell’Omo, spokeswoman for Nestlé Ice Cream Company, which manufactures and markets Häagen-Dazs for the retail market. “In terms of sales volume, in 20 percent of the U.S. market, the Dulce de Leche performed as well as some flavors with nationwide distribution,” she says. “That was an indication that we had a great flavor on our hands, with potential for crossover success in the mainstream market.”

When Century 21 Real Estate

Corp., based in Parsippany, N.J., wanted to reach more Latinos, it sponsored a program and ran ads on the Radio Unica network for 13 Sundays this year. As of press time, the programs averaged more than 1,000 consumer calls per show, says John Greenleaf, Century 21’s senior vice president of marketing.

Companies that want to expand beyond their current markets could consider Hispanic radio a way in. For example, firms with successful products in Latin America could expand their markets by identifying similar consumers in the U.S. and capitalizing on consumers’ experiences in their home countries.

Mexico, for instance, is one of the Fanta brand’s largest markets, so it makes sense to target Mexicans in the U.S. After pulling Fanta fruit-flavored soft drinks from the U.S. market in the late 1980s, Coca-Cola reintroduced the beverages in March 2001. The company is now using Hispanic radio in the U.S. in regions that are home to large Hispanic populations as part of a campaign to reach an audience that is already familiar with the brand and its fruit flavors, says Holly Chambers, Coca-Cola’s manager of public relations. If a sub-ethnic group has a history with the product, the company operates at an advantage.

“If companies would listen to their markets, they could make greater inroads much quicker,” says Pantanini. ■

WHO’S LISTENING?

Hispanic adults in most of the Top 10 Hispanic radio markets listen to radio in Spanish at least half of the time.

AVERAGE NUMBER OF HOURS OF DAILY RADIO LISTENING BY HISPANICS:

TOP 10 HISPANIC MARKETS	LANGUAGE		TOTAL	PERCENT OF HOURS	
	ENGLISH	SPANISH		ENGLISH	SPANISH
Los Angeles, CA	1.46	2.17	3.63	40%	60%
New York, NY	1.94	2.20	4.13	47%	53%
Miami, FL	1.25	1.85	3.11	40%	60%
Chicago, IL	1.38	1.77	3.15	44%	56%
Houston, TX	1.71	1.73	3.44	50%	50%
San Fran/San Jose, CA	1.56	1.42	2.98	52%	48%
Dallas/Ft. Worth, TX	1.23	2.39	3.62	34%	66%
San Antonio, TX	1.78	2.20	3.98	45%	55%
Phoenix, AZ	1.73	2.06	3.79	46%	54%
McAllen/Brownsville, TX	1.13	1.83	2.96	38%	62%

Source: Strategy Research Corporation, 2002