

## MARKETING

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Covering production, marketing, technology & distribution

# Latin flair in bebidas for the masses

## Targeting Hispanic consumers becomes more relevant as the U.S. population evolves

The number of Hispanics in the United States is growing three times faster than the population as a whole, the U.S. Census Bureau reported this summer. Hispanics accounted for half the U.S. population growth from July 2003 to July 2004 and numbered 41.3 million, almost 14 percent of the population, as of July 1, 2004. Hispanics now are the leading U.S. minority, outnumbering the African American population, which was 39 million in July 2004.

In the United States, 38 percent of the Hispanic population is younger than 20 years old, spending an average of \$375 a month, which is 4 percent more than the

average for non-Hispanic teenagers.

With the evolving appearance of the U.S. population come new expectations from consumers and new dilemmas for marketers reaching those tastes, cultures and languages that differ from the traditional masses. Cultural marketing continues to become more relevant as the U.S. Hispanic population demonstrates more buying power.

Many beverage companies are marketing traditional Latin products or marketing appropriate products specifically targeted at the Hispanic population. This month, PepsiCo will launch two of its top flavor brands in Mexico into heavily Hispanic markets in the United States. PepsiCo plans to

begin selling the apple-flavored soft drink Manzanita Sol and the orange-flavored Mirinda, which are its No. 2 and No. 3 brands in Mexico, respectively, behind only Pepsi-Cola in sales. Apple is the second-largest soft drink category in Mexico, and PepsiCo believes the demand will carry over for U.S. Latinos.

Additionally, PepsiCo and the America on the Move Foundation (AOM)

have taken measures to address wellness concerns affecting African Americans and Latinos by joining the National Urban League and the National Council of La Raza in educating these groups about living a healthy lifestyle. As the national presenting sponsor of America on the Move, PepsiCo along with other organizations, will tailor AOM's



approach to help people initiate and maintain meaningful and measurable behavior changes and support healthy eating and active living habits.

Also picking up its Latin appeal in the soft drink category, Coca-Cola Co. launched Coca-Cola with Lime and Diet Coke with Lime, both examples of a traditional Hispanic flavor growing in popularity. Coca-Cola's advertising campaign included billboards, point-of-sale posters and other printed materials in English and Spanish. Spanish-language commercials appeared during primetime Spanish-language programming. According to industry sources, Diet Coke with Lime took 0.7 percent of the U.S. soft drink



market in 2004, outselling both Diet Coke with Lemon and Vanilla Coke.

As far as non-carbonated drinks, Hispanics consume more fruit juices and drinks than African Americans, reports ACNielsen. While the lower-sugar content trend hasn't caught on yet in the Hispanic market, beverage companies are taking advantage of this sweeter, fruit-flavored beverage preference. Developed with the Hispanic consumer in mind, Minute Maid Mifruta flavored fruit drinks are chilled aguas frescas beverages that are offered in Agua de

Jamaica (Hibiscus), Agua de Mango Naranja (Mango Orange), Agua de Pina (Pineapple), Fresca (Strawberry) and Horchata flavors in select markets.

Hispanic consumers also have been a factor in the growth of the sports and energy drink category. A study on new age beverages published by Business Trend Analysts Inc., Commack, N.Y., demonstrated that lime was the No. 3 ingredient used in sports drinks, behind strawberry and orange. This research also revealed that Hispanics are more likely than any other ethnic group to purchase an energy or sports beverage. In turn, Gatorade's Xtremo, which has 1.9 percent of the market share according to Chicago-based Information Resources Inc., was developed with flavors popular in Latin America such as citrus and mango. Xtremo, which is marketed in heavily Hispanic markets, fits into the more than two decades of Spanish-language advertising Gatorade has used in marketing to

the Spanish population. Coca-Cola's Powerade, on the other hand, will launch its first advertising campaign targeted to Hispanics this year.

### World of deportes

In the energy drink arena, Hat Trick Beverage Inc., Encinitas, Calif., signed an exclusive distribution agreement with Shonar Distribution, a beverage distributor in Rancho Cucamonga, Calif., to distribute Club America Energy Drink. Club America, owned by Hispanic broadcaster Univision Communications Inc., is the largest of all of Mexico's professional soccer teams. Under terms of the agreement, Hat Trick, through its Blue Line subsidiary, will have exclusive distribution rights of the berry-flavored energy drink throughout San Diego County, which has a Hispanic population that now stands at more than 1.2 million. The company expects sales of more than

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\$500,000 in the first year.

Miller Brewing Co. also sealed its largest deal ever to target the Hispanic market with Univision. The brewer entered into a three-year, \$100-million deal with Univision covering advertising, marketing, sponsorship and brand integration. The deal covers sports, entertainment, music and public service announcements on broadcast networks Univision and TeleFutura, cable network Galavision, radio networks and stations, and the Univision.com Web site. The agreement includes exclusive Miller placement in World Cup coverage and the sponsorship of more than 200 Mexican soccer league games each year, including exposure on the game clock throughout each game. For boxing, Miller will get exclusive sponsorship and onsite signage. In January, the Friday night boxing show pro-

gram also was renamed *Sólo Boxeo de Miller* to reflect Miller's program entitlement. On the entertainment side, Miller will be the exclusive beer sponsor of prime time soap operas and sitcoms.

In September, Miller Lite and Miller Genuine Draft will kick off *Fiestas Patrias* (celebration of independence) for Mexico

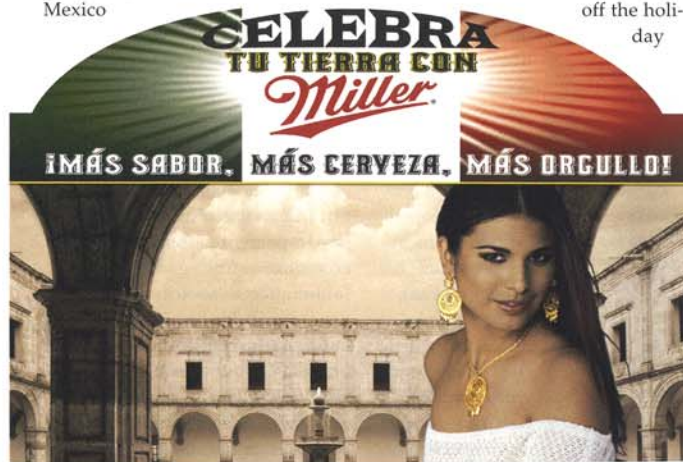
and seven other Latin American countries. Point-of-sale displays feature a three-part poster series highlighting the three top regions of Mexico (Mexico City, Michoacan and Monterrey) that demonstrate both iconic local imagery and models who represent the characteristics of that region. In November,

Miller then will kick off the holiday

season with *Miller Te Acera a los Tuyos*, (Miller brings you closer to your loved ones). Miller's Hispanic Holiday 2005 promotion hopes to build long-term adoption of the Miller trademark brands among Hispanic consumers during a key beer-selling holiday season.

Consumers can also participate in a national sweepstakes by calling a toll-free number or by registering online. Prizes include a cruise for eight to the Bahamas, a 2006 Ford F-150 Supercrew XLT, Canon digital cameras and camcorders and \$50 Sprint Prepaid PhoneCards.

Modelo Especial Beer also added a new larger-than-life presence at retail this summer with a new stand-up display featuring well-known model Claudia Moreno. Moreno, a popular actress and first runner-up in the 2000 Miss Universe Pageant, appeared in a variety of ads for Modelo Especial and a boxing themed poster and several television spots for Corona and Modelo Especial.



Moreno visited select markets this summer to sign posters and promote the brand at baseball and soccer games and concerts.

Almost all of Chicago-based Barton Beers' marketing and point-of-sale efforts for Modelo Especial Beer is targeted toward the Hispanic market and appear in Spanish language because of the beer's strong Latin roots, although its crossover sales continue to rise. Pacifico, a smooth lager, and Negra Modelo, a dark beer, have seen similar popularity as traditional Mexican beers that have grown into popular U.S. consumer brands.

Barton Beers also will conduct a *Fietas Patrias* promotion this September for Corona Extra, Corona Light and Modelo Especial Beers. Corona Extra/Corona Light's theme *Nuestro Orgullo, Nuestra Cerveza* (Our Pride, Our Beer) includes inflatable sombreros, blinky buttons and banners, and Modelo

Especial's *Viva la Independencia* (Live Independence) theme includes similar merchandising. By devoting priority display space and merchandising, the new promotion materials aim to build on- and off-premise sales of Corona Extra, Corona Light and Modelo Especial during the Hispanic community's largest holiday, says Guillermo Gutierrez, marketing manager, Latino market for Barton Beers.

Corona, whose appeal goes much wider than just a traditional Mexican beer, also has Spanish-language ads on television and radio. Corona Extra and Corona Light, as the No. 1 and No. 3 imported beer brands, respectively, according to IRI, sponsor many soccer teams and conduct many sports sponsorships.

### More than Latin appeal

But marketing traditional Hispanic products to the masses isn't as incredibly easy as Corona has

made it look. No beverage company really wants to market only to a small demographic in the U.S. market, but reaching the masses requires much time and energy, says Jorge Goldsmit Gerson, president of Eat Inc., Chapel Hill, N.C., and maker of Cañita Aguas Frescas.

"It's really hard to lump Hispanics into one category," he explains. "You have Hispanics who were born here; you have Hispanics whose grandparents were born here; and Hispanics who were born abroad. They don't necessarily like the same things for the same reasons. And then there are Hispanics from Mexico, the Caribbean and South America. It's not as completely complicated as it seems, because they all speak Spanish and they share similar values. But there are some products that don't mean much to all the groups."

For example, Hibiscus, which is one of the flavors of Cañita, is a

very popular flavor in Mexico. But the Tamarind flavor of Cañita appeals to everyone from Latin America, with the exception of maybe Argentina and Chile because they have a colder climate, Goldsmit Gerson says.

And even though Cañita Aguas Frescas are traditional Mexican drinks, this Hispanic marketed product is attracting attention from the health food segment because they are all natural. In fact, Cañita sells in Whole Foods Markets in North Carolina, which is not a Hispanic-targeted chain of supermarkets.

"Even though the health market is much smaller than the Hispanic market, as far as the appeal for the product, I think it's got potential," Goldsmit Gerson says. "In the long run, Hispanics are going to adopt some of the values and preferences of the mainstream market and they are also going to demand natural brands." **BI**

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