

Mainstream *Latino*

The changing dynamics of Latino shoppers is one of the more vibrant opportunities for growth in the grocery space today. Perhaps even more important is the crossover potential of the Hispanic shopping experience within the general population.

Sensing this growth opportunity, many retailers are ramping up specialized food sections. They are launching dedicated store formats that lend a richer, more ethnic flavor to the broader shopping experience. Manufacturers, for their part, are unfurling new products with supporting marketing campaigns.

Long gone are the days when having products like taco shells, cans of re-fried beans or similar staples on the shelves sufficed to meet whatever demand may have existed. Many retailers are changing in-store atmospherics to include bi-lingual employees, ethnic signage, Hispanic music and other entertainment.

More and more retailers are quite intent on turning their stores into places where ethnic consumers will feel at home while shopping. The bonus is, their efforts are paying off among non-Hispanic shoppers, as well.

L.A.-based Liborio Markets, with eight stores in California, Las Vegas and Colorado, may be one of the

best examples of a Hispanic grocer that also appeals to non-Hispanics. Liborio takes dead aim at increasingly affluent Hispanic shoppers, but also attracts consumers who desire fresher, local, more authentic food. Its core emphasis on freshness makes it a magnet for whites, blacks, Hispanics and others.

Publix launched its first Hispanic-themed supermarket, Publix Sabora, two years ago, in Florida. A second Florida store opened shortly thereafter, with several more planned for the greater Miami area. Von's, Ralph's and Albertson's have all launched similar spin-off stores, aimed at ethnic consumers.

Meanwhile, Winn-Dixie is taking a slightly different tack, planning to bulk up its Hispanic merchandising program across several southern states. The arrival in U.S. markets of Mexican retailer Grupo Gigante SA has only helped up the ante. Clearly, the lines between ethnic and mainstream audiences are increasingly blurring.



SOURCE: GMDC/Meridian Consulting Group

The Latino potential at retail is *even bigger* and *more exciting* than most marketers realize.

THE GROWTH OPPORTUNITY

The potential of ethnic marketing to drive top-line growth was one of the key findings of an industry study among both retailers and manufacturers in packaged goods and other industries, conducted by the GMDC Educational Foundation and Meridian Consulting. Retailers and manufacturers differed on their approach to the opportunity, however.

The study found that manufacturers tend to isolate key ethnic groups, such as Hispanics, and have created and executed marketing campaigns that target these groups, in particular. In fact, “advertising” is the top focus among manufacturers with respect to ethnic marketing, as their efforts center more on brands and categories at retail (*see chart*).

Retailers, meanwhile, tend to take a somewhat broader view of ethnic marketing and its potential. They tend to view ethnic marketing both from a targeted group perspective—with dedicated strategies—as well as an opportunity to address the fundamental needs of mainstream shoppers.

The top priority among retailers, as expressed in the survey findings, is that they want to incorporate ethnic products into mainstream variety opportunities. Many retailers are thinking about stores, departments and cross-category selling, whereas manufacturers continue to pursue more of a category-management approach.

Manufacturers do have a very clear opportunity to tap potential synergies between ethnic and mainstream efforts and escaping the relatively “siloed” ethnic marketing practices many have traditionally pursued.

PERISHABLES ARE PIVOTAL

The natural tendency among manufacturers is to think about ethnic products in terms of branded, packaged items—whether it’s a new variety of salsa, mole sauce or some other food offering lining the shelves.

A recent story in the *Seattle Post-Intelligencer* describes how Latin-inspired flavors are, in fact, making their ways into American staples from Kraft (Oreo dulce de leche), Sargento (chipotle-seasoned cheddar), Wrigley’s (mint mojito gum) and Miller (lime-and-salt flavored beer). The article notes that the use of Latin flavors in mainstream foods—even more than in Hispanic products—is where the

greatest splash seems to be occurring.

For its part, spice-maker McCormick’s is going beyond its traditional red-and-black line by introducing ethnic offerings that transcend even its own ethnic spice blends, including a jalapeno spread, mayonnaise with lime and a chipotle sandwich spread.

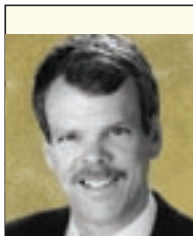
However, with the exception of a company like Goya, which has centered its business squarely on ethnic offerings, there are not a lot of brands that have followed such a path. Very few, if any, have begun to consider new products that are relevant to the one thing that Hispanic shoppers treasure most—that is, fresh foods.

For example, Hispanic grocers typically offer culturally appealing meat cuts to their consumers that mainstream retailers might not even know to sell. Some ShopRite stores in the New York area actually feature suckling pigs in their meat cases, providing a level of cultural familiarity and connection for ethnic shoppers.

There may be limits to the level of ethnic exotica that non-Hispanic shoppers will accept, but obviously “freshness” is a quality with universal appeal to every shopper. The point is, manufacturers of packaged goods should think about where their products might fit in stores where the emphasis increasingly is on fresh goods, whether ethnic or not.

But make no mistake about it—those tastes are taking on an increasingly ethnic flair. As Michael Sansolo, a spokesman for the Food Marketing Institute told the *Seattle Post-Intelligencer*, American tastes are becoming increasingly adventuresome: “There’s no tipping point,” he said. “It’s a constant evolution of how we eat and what the supermarket will look like.”

As consumers of all kinds look for new ways to prepare foods, sample new flavors and gain access to new taste sensations, the boundaries between ethnic and “mainstream” shopping will only become fuzzier. ■



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