

¿HABLA DRTV?

Although there are larger and arguably easier markets to pillage, why are some direct marketers examining the Spanish-speaking minority?

BY KELLIE REAGAN

Billboards in San Antonio promote fabric softener to Latino neighborhoods. The highest-rated morning radio program in Los Angeles is on a Spanish station. The United States has the fifth-largest Hispanic population, trailing Mexico, Spain, Colombia and Argentina.

Because the Hispanic population is reported to be more than 27.3 million and buying power is estimated at \$228 billion by the U.S. Census Bureau, some marketers salivate at the prospect of this untapped market.

To date direct response has yet to plug into this vat of potential dinero, although a handful of marketers are enthusiastic. Quick math rounds Hispanics to comprise roughly 10 percent of the total U.S. population, but this demographic, the second-largest minority group, does not make up 10 percent of DRTV consumers.

Marketers boasting tremendous enthusiasm are not attributing numbers to back their claims because they are either proprietary or premature. But this hasn't hindered companies like Universal Spanish Communications, an infomercial campaign management company, and State of the Art, a call center operation, both of which focus on the Spanish-language market.

Much like the English-speaking population, the Hispanic population is made up of a variety of ethnicities that share a common language. However, inherent cultural traits must be reckoned when addressing a Spanish-speaking populace. "In the Anglo market, [callers] have already made up their mind once they make the call," says Jaime Daher, president of State of the Art in Los Angeles. Daher contrasts non-Hispanic respondents with Hispanic callers who generally call an 800-number for more information. "They are not committed to making a sale," Daher adds, "and they want more information, so most leads need to be converted."



Talent and language are two distinctions between 30-minute shows created for the California Egg Commission (Script to Screen, Santa Ana, producer).

Historical perspective

According to Daher, the lack of exposure to direct marketing invokes a tentative response in the Hispanic population. For instance, American consumers were first exposed to the Sears catalog at the turn of the century. For nearly 100 years, the concept of catalog shopping and money-back guarantees have been prevalent in American commerce. The history of catalog sales in Latin America is not as lengthy. Moreover, "Hispanic people generally don't trust the system," explains Daher, "and most prefer

CODs because they want to see and touch the merchandise."

Market perspectives

Cultural and language barriers have been an aegis against mainstream DRTV, but now companies with intentions toward this demographic are fine tuning programs.

Script to Screen created two versions of a show, Spanish and English versions, for the California Egg Commission. "The Hispanic market is a very appealing segment," says Tony Kerry, vice president of marketing for the Santa Ana, Calif.-based production house.

Both shows launched last May, the Spanish edition continuing to run in San Diego, Los Angeles, Fresno and Sacramento. Designed to increase egg consumption, the shows attempt to bolster the food as a healthy staple. Egg dishes and desserts are prepared by the hostesses and special guests. Recipe cards are the freebie in both shows. Aside from production value and call-to-action, the similarities end.

A Spanish-speaking hostess provides the narrative, and demonstrations and testimonials come from people of various Hispanic backgrounds in one version. Essentially the same information is presented in the English version by a blond-haired, blue-eyed spokeswoman.

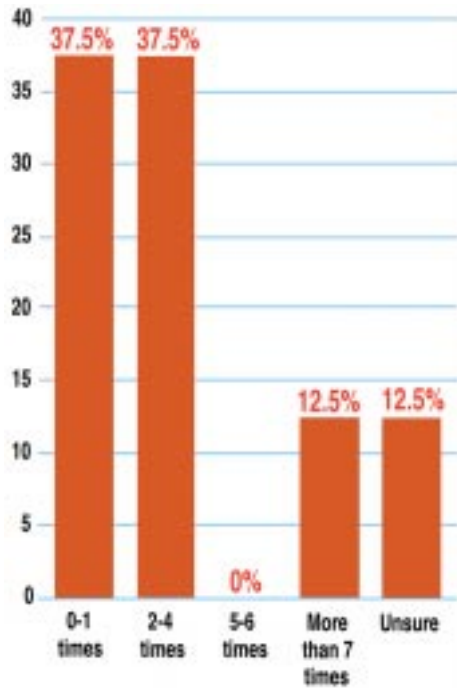
When examining demographics for the campaign launch, Evans, Hardy & Young identified Hispanic people as large consumers of eggs. "There is greater orientation toward the family and less toward fast meals," says executive vice

president Dennis Hardy from the agency's Santa Barbara, Calif. headquarters.

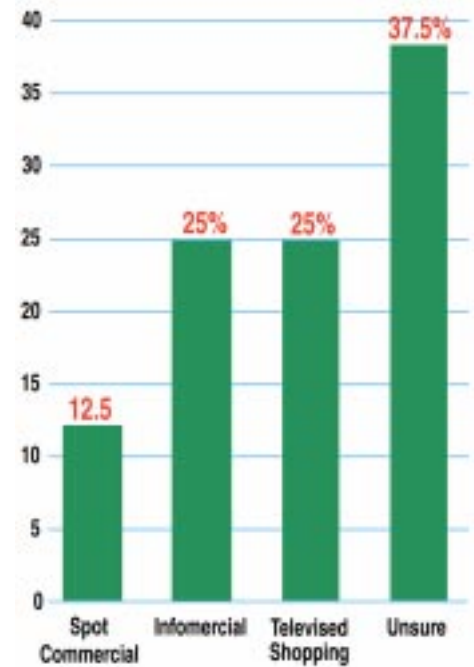
Who's your market

Knowing your market is an old tenet that is emphasized. "You can't simply re-voice [a show] in English and assume it's going to be effective," says Hardy. Script to Screen's Kerry reiterates this point and adds that the Hispanic market is offended by English shows dubbed into Spanish. When producing shows for mainstream and Hispanic markets as done by Script to Screen, the "main differences are the participants and the language," says Kerry.

Frequency of Purchases by Hispanic TV Shoppers over Past Year

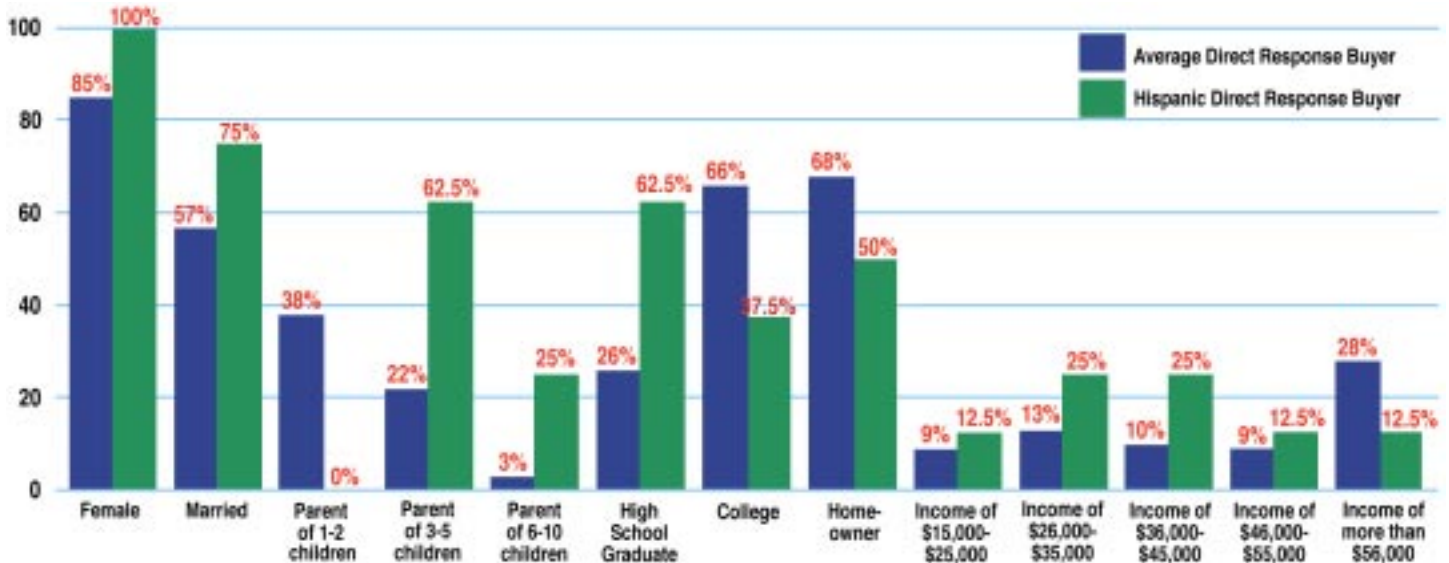


Medium of Choice Among Hispanics



Demographics of Hispanic Consumers Compared with the Overall Average DRTV Consumer.

Two percent of those polled InfoCision's Survey were Hispanic. The following data extrapolated from the study reflects solely Hispanic respondents.



“We have a Spanish-speaking writer and not somebody who simply translates an English infomercial.”

The importance of having native speakers trickles down to telemarketing. Aside from language barriers, pronunciations differ as well. For example, because of various pronunciations due to several sounds English vowels are as signed, English-speakers are accustomed to providing the spelling with their names. “In Spanish it is unthinkable to spell out a name because all vowels have only one sound,” explains Daher.

And since a greater number of calls need to be converted, many instances require telemarketers to return inquiry calls. For national shows, the call center receives the bulk of its responses, 40 percent to 50 percent, from California, followed by New York, Texas, Florida and Illinois.

Weary of naming a good response rate, Daher estimates a 30-minute show on a national rollout can expect in the range of 500 to 1500 calls from one program.

Uphill battles

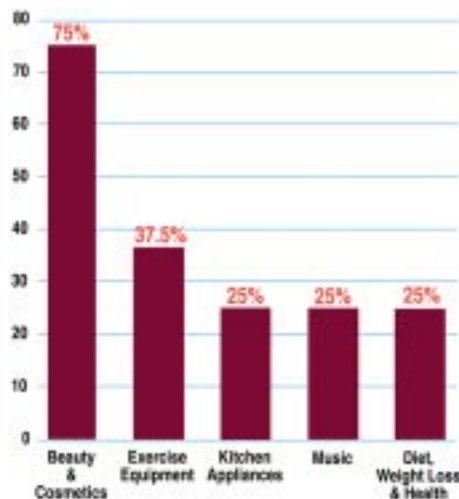
Inherent differences in the Hispanic market aside, garnering response to an infomercial is arduous in any language. “We haven’t done much recently because we’ve found it difficult to sell products via direct response to the Hispanic [population],” says Diane Librizzi, president of Latino Media Source in New Rochelle, N.Y. However, among the successful shows she notes are those for services, including telephone and



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—Tony Kerry
Script to Screen

Top-Five DRTV Product Categories Among Hispanics



cable services. Latino Media Services’ most recent direct response campaign for Reader’s Digest “did well for response rates,” says Librizzi, “but it was tough getting payment.”

And since the bottom line is contingent upon receipt of payment, others may opt to limit their involvement.

“We are doing very little with the Hispanic market domestically,” says Kevin Harrington, president of HSN Direct. Earlier this year, HSN launched a five-week test on Univision. While Harrington says he was pleased with the 50 percent conversion rate to orders, he found that credit cards were used on only about 25 percent of the orders. And of the remaining COD orders, sales were completed on fewer than 50 percent. “When the dust settled,” laments Harrington, “we found that we just about broke even.”

Harrington’s apprehension over the lofty level of CODs is not unsubstantiated. It is no secret that the Hispanic population has a penchant for CODs, preferring to pay for merchandise on delivery.

Credit card usage is markedly lower among this population as well. “They don’t look at credit cards in the same way,” speculates Librizzi. “Instead they use credit cards for emergencies only.”

As for alternative payment options, there are few. Pre-bills may guarantee payment, but the time lapse between paying for a product and its delivery is as undesirable for the similar reasons as using a credit card.

Infomercials specifically for the domestic Hispanic market are inchoate at best, due in part to a select number of distribution channels. “It has been difficult in the past four years to get company’s to put a full

production and media budget for infomercial campaigns,” says Jose Rico, principal of Dallas-based Sol Media Inc.

Limited media outlets

Two Spanish-language networks, Univision and Telemundo, reach 92 percent and 85 percent of Hispanic television households, respectively. However, Univision does not sell 30-minute blocks for long-form programming. Telemundo offers 40 to 45 hours of paid programming each a week. “Right now, KMEX in Los Angeles sells an hour a week total,” says Sean Clark, media director for Evans, Hardy & Young.

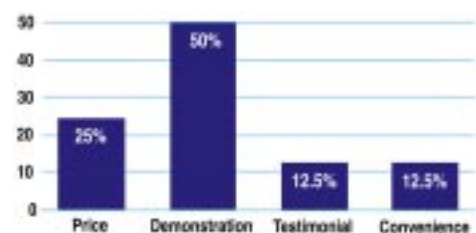
Thirty-minute time blocks that capture the Hispanic demographic are scant and can be pricey. More than half of Telemundo’s long-form time slots (55 percent) are monopolized by Universal Spanish Communications, per a partnership with the network. Infomercials, which constitute 20 percent of Telemundo’s programming, can cost between \$7,500 and \$20,000 for 30 minutes of airtime.

Media buyers examining the availability of time have fewer options since there are only two Spanish networks specifically for 10 percent of the population. When buying time for shows produced for the California Egg Commission, media buyer Clark noted for the five or six options (not including cable) in the general market there are two options at most on the Hispanic side.

From its Dallas headquarters, Sol Media is optimistic about the increasing availability of media time at the local level. For instance, although cable penetrates only 15 percent of Hispanic households in Dallas, Paxson Communications recently launched an inTV affiliate dedicated to long-form, Spanish-language programming.

In a year’s time, it estimates, Sol Media will purchase about 60 hours of media and is currently airing shows on the local Telemundo affiliate. Rico adds the shows help demonstrate the effectiveness of long form. “If [media] is more accessible, it’s less expensive for people to test [infomercials] without a major investment,” he says.

Why Hispanics Buy From Television



A cable connection?

The only other vertical outlet option is Univision's subsidiary, Galavision. With its corporate offices in New York and its programming department in Miami, the Spanish-language cable network penetrates 50 percent of Hispanic cable television households. Paid programming is scheduled for about six hours total, predominantly on weekends.

For 30 minutes, the cost is \$2,000 on weeknights and \$2,500 on weekends. Lucia Ballas-Traynor, vice president of national sales, says corporate policy is encouraging them to reduce the hours of paid programming to fall in line with the policy of its parent company, Univision, which doesn't offer paid programming on the national level. Currently, about a fifth of Galavision's revenue is generated from direct response programming sales.

"Historically, cable and the Hispanic population don't go together," says Sol Media's Rico. He asserts the cable industry hasn't yet honed in on this market. And examining Galavision's subscriber base, Rico's statement bears some weight. Of its 7.5 million subscribers, only 2.2 million are Hispanic. There are approximately 4.3 million Hispanic cable homes compared with between 65 million and 70 million cable homes nationwide.

"This is an underserved market in terms of direct response," says Ballas Traynor. Researching a market that speaks a different language and has a different culture may cause some intimidation. "When it comes to direct response, most marketers have specific products that target the Hispanic

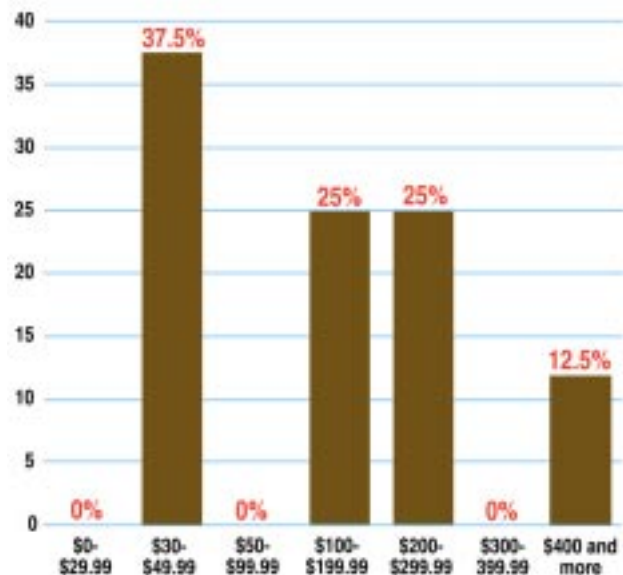
market." Among the most popular shows that air on Galavision are ones that feature psychic Walter Mercado and Lexicon's show *Ingles Sin Barreras*, instructional videos for English. Other advertisers have increased their spending. For example, Psychic Readers Network has tripled the amount spent on media since it launched its show at the beginning of the year. "English music compilations also do well," adds Ballas Traynor.

Even though shows with higher production values such as *California Fresh Eggs* are appearing in greater frequency, larger late-night names like *NordicTrack* are still absent on Spanish-language airwaves.

"Blue chip advertisers are not taking full advantage of this market," laments Ballas-Traynor, but she adds associations like *Directo*, a DMA council addressing the Hispanic market, will assist in surmounting perspective challenges. "It will take education on how to tap this market the right way." ■

Infomercials, which constitute 20 percent of Telemundo's programming, can cost between \$7,500 and \$20,000 for 30 minutes of airtime.

Purchase Price of Products



Did you purchase more than what was advertised in the commercial?

Yes	12.5%
No	87.5%

Method of Payment Preferred

