

The González Report

Insight for Profitable Business Relations with Latinos

for managers, executives and entrepreneurs



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Dear Friend:

How much is your brand worth in the Hispanic community? Do you know? The power, or weakness, of your brand will directly affect your ability to recruit both employees and new clients. Read today's commentary, "How to Brand Your Company to Hispanics" for some real money-making help.

Today's Top Six? They are all designed to help you either reduce risk, make money, or at the very least, give you important perspective on doing business with Latinos. Did you know that over 25% of children under five in the U.S. are Latino? Think children's products! Also, there is more from the recent census report.

My favorite this week? I'm a baseball fan. I love what the Padres are doing down in the Dominican Republic.

Top Six Business Highlights

#1 - San Diego Padres to Open Training Academy in the Dominican Republic

The Padres presently have no players from the Dominican Republic on their roster but that's about to change. In fact, and atypical of Major League Baseball, they only have one Latino on their 40 man roster. With a new 15 acre baseball complex in the Dominican Republic and a financial investment of \$8 million dollars, we will see a new "Latinized" Padres organization in the near future.

The Padres are latecomers to the Dominican, most major league clubs already have complexes there. But, and this is important, they are set to have the nicest complex of all teams within the near future. This will be a major draw to young Dominican (and Puerto Rican) talent. Outside of the expected baseball and weight facilities, they have invested in a computer lab for educational purposes, and of course, English training for the young players! I would place a bet that within the next five years the Padres will be perennial contenders in the NL Western Division. So, what is your company doing to build up its "minor league labor system?"

Commentary

How to Brand Your Company to Hispanics

The power of the brand! A strong brand draws people. A strong brand allows people to trust you much more quickly than a weak or nonexistent brand.

Tres Preguntas (Three Questions.)

1. What do I mean by your brand?
2. What do I mean when I talk about properly branding your company to the Hispanic community?
3. How do you properly brand your company to the Hispanic community?

When you apply the answers to these three questions you can have good people waiting in line to work for you, recruit members more easily, and most certainly, make a lot of money selling products and services to Latinos.

Question No. 1

What is a brand?

Going back to the Old West, you can picture the cattlemen branding their cattle so they could always identify which animals belonged to them.

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#2 - Over 25% of Children Under 5 are Latino in the U.S. The Census Report.

The latest census report came out on Thursday, May 1. Here's a five-point recap of some of the most important data:

1. Over 25% of children under five years of age in the United States are Hispanic. Children's products!
2. There are now 45.5 million Latinos in the country. Still the largest minority group...
3. With a 3.3% percent increase from 2006 to 2007, Hispanics are the fastest growing minority group. For perspective, the Anglo population grew by 0.6% in the same time period.
4. New Mexico, California and Texas are "Minority, Majority" states. In other words, more than 50% of the population in these states is made up of minority groups. It is clear also that these three states all have large Hispanic populations.
5. California (13.2 million) had the largest Hispanic population of any state as of July 1, 2007, followed by Texas (8.6 million) and Florida (3.8 million). In other words, 55% of all Latinos in the United States live in these three States. Think about this in your marketing efforts. California and Texas are mostly Mexican and Florida is mostly Cuban (South Florida) and Puerto Rican (Central Florida).

From a marketing standpoint, the application is obvious – at least I hope so!

#3 - Leveraging Mother's Day (among others) with Your Latino Employees and Clients

Mother's Day is this coming Sunday, May 11. This is a HUGE and VERY IMPORTANT day in the Latino world. Make sure that you leverage it

for the common good either to your employee base or to your clientele. I have one client who every Mother's Day in Mexico gives calling cards to his Mexican employees and tells them, "call your mother today." Now, I know this is Mother's Day in the United States but the concept of making a big deal out of this day still holds. You will just have to do it on Friday. Here's an idea; you can give them a small gift or commemorative plaque or a calling card to call their mother back home or, well, you think of something. The point is that this is an important day.

At the very least you can ask them how they are going to celebrate the day. You can ask your employees or clients how their mothers are doing? You can...

While we're at it, I want to remind you how important these special days are. We just passed Cinco de Mayo yesterday and on April 30th we had National Children's Day in Mexico? Did you leverage either of these days either with employees or for special promotions?

You see, these special days are some of the best days of the year around which to create marketing programs or to endear yourself (your company) to your employees. Think about it.

#4 - K-Mart's New Latino Youth Clothing Line - Limon y Sal

K-Mart, although they still sell 19 Billion annually, has struggled for years. They may be making a comeback by focusing on a new line of Latino

specific clothing. The strategy makes sense. No other major retailer has a Latino specific, low-cost (or high-cost), fashion line. K-Mart's new line of Latino Youth Clothing is called "Limon y Sal." Lime and Salt is an obvious reference to a margarita. I am not sure I would have gone with that, especially for a youth line. I wish they had used the accent mark over the i in limon. It would be both correct and add some life to the typography. Also, when I did a web search at Kmart.com for "limon y sal" I got this back: Sorry, we are having trouble locating a match for "limon y sal" . Hello, it's your clothing line!

Will the Lime make K-Mart a tasty retailer again? Time will tell. I like the concept but if they don't get it together on the marketing details it will flop. Since they can no longer dominate the general populace, perhaps they could dominate the Latino market? Vamos a ver. (We'll see.)

#5 - Chávez Nationalizes Steel Industry in Venezuela

In yet another move towards a Socialist State, Pres. Hugo Chávez signed a decree to nationalize Venezuela's steel industry.

Just three weeks ago, government ministers advised three Cement companies that the Government will soon nationalize the Cement industry as well. These companies include CEMEX (Mexico), Holcim (Switzerland) and Lafarge (France). In the recent past, Chávez has nationalized the telephone and energy industries in Venezuela.

In case you are thinking about marketing to wealthy displaced Venezuelans in the United States, most have relocated to Florida. Let me know if you would like to devise a marketing plan to reach them.

#6 - More Than 20% of Latinos in U.S. Live Below Poverty Line, % is UP...

As a further indicator of economic divide, a new report by the Center for American Progress (Centro de Progreso Americano) shows that 20.6 percent of Hispanics live below the poverty line compared to 8.6 percent of Anglos.

The average income for Latinos is now \$37,781 per household and \$52,423 per Anglo household. The situation is even grimmer for African-American families with an average annual income \$5,649 less than Latinos at \$32,132.

This report underscores the absolute need for Hispanics to address the issue of High School graduation rates. With a drop-out rate of around 50% nationally, both Latinos and Anglos must work together to give Latino youth the best possible chance to succeed in American society. To not graduate our young people from High School is to insure economic instability for a large segment of the Latino populace.

Commentary (con't)

This is the origin of the term brand. In today's world, a brand allows you as a businessperson to identify which clients are yours. More important, when a client is properly "branded" by you, they will identify themselves with you. A brand is not a logo or a logotype or a trademark. A logo is a word or a few words manipulated by a graphic artist who hopefully understands how to work with typography. (By the way, most don't.) A trademark is the graphic that many times accompanies a logo – like the Nike Swoosh. That trademark is so strong they don't even need the logo anymore.

A brand is not something you see, it is something you feel. It is, as Marty Neumier, says in his excellent book *The Brand Gap*, "a gut feeling." Your brand is what people feel about you. A strong brand is what people feel about you and your company in their heart and in their gut. A strong brand elicits immediate trust and goodwill. A weak brand makes people think, "Mmm, maybe I should check out some other companies," or "Maybe it would be better to work for XYZ Co. than your company."

Companies with strong brands do not have to worry about their clients; they worry about how to provide their clients with better products, services and systems. Weak companies with weak brands are constantly looking for new clients and constantly looking for people who want to work with them. It's called turnover.

Question No. 2

What do I mean when I talk about properly branding your company to the Hispanic community? When you are properly branded to the Hispanic community, you don't have turnover.

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In fact, you will always have the best workers – and (very important these days) the best documented workers. Again, branding is how people feel about you; it is an emotion. Coca-Cola's market cap, for example presently is \$120 billion. Of this value, \$70 billion is attributed to the value of the brand, only \$50 billion to the actual company products, services and systems.

How much is your brand worth to the Hispanic community? You want people to hear your company name and say, "Que daría por trabajar ahí?" o "Si compro productos ahí es donde los voy a comprar, confio en ellos, excelente compañía." Oh, in English, "What I would give to work there," or "If I buy products, I am going to buy them there. I trust them – what a great company."

Question No. 3

How do I properly brand my company to the Hispanic community? This is the meat and potatoes question. Again, branding is all about trust. It produces a feeling in the soul that says, "I can trust this company." It makes people think, "I feel good purchasing here (in person, on the web, on the phone) and I know I don't need to check around," or "I can go to work for them with confidence."

The million dollar question is, "how do you get the Latino person to trust you, to see you and your company and immediately feel this sense of security and trust?" The answer is simple – always, keep your word. Never tell a Latino something and then go back and tell him or her you're sorry but it just didn't work out. For the most part, we are already a very skeptical and non-trusting people. Information travels very quickly in our society so do things right the first time. Latinos talk – a lot! Also, you must show a sincere and genuine interest in our people and culture.

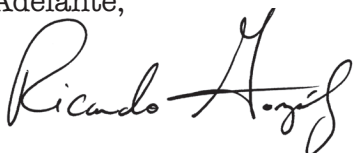
I have in front of me several pieces of literature and handbooks that are handed out to Hispanic employees. They are literal translations from English to Spanish. This is not good branding. There are no visuals and the ones that are used are exactly the same as in the English manuals. To make matters worse, I also found several misspellings. This is probably due to having someone in the shop, or a friend, who is "bilingual," but not a professional translator. This is poor branding and produces the gut feeling that the Latino person may be a necessity in your company, but he or she is not a valued person or client.

You must make adjustments. The Latino culture is different, the people are different, and there is a different way of thinking about information and life in general. Your marketing and branding initiatives should reflect cultural relevance and understanding.

In a nutshell, yes, logos, trademarks, color schemes, company T-shirts and all this good stuff can help with branding, but these things are not the brand. Perhaps they support the brand, but they are not the brand. The brand is the feeling of trust and confidence people feel when they hear the name of your company mentioned. This goes for people who work for you and for your clients. Without either group of people, you and I are out of business! If you don't do it, then your company will always be worth less than half of what you think it's worth when you look at your financial reports.

Just take a look at that branding giant, Coca-Cola. In this case, it really is the real thing!

Adelante,



Ricardo González, Founder and Executive Director of Bilingual America

PS: If you would like help with your branding strategy with Hispanics, let me know, I'll be happy to explore your needs together and give you my best feedback. You can reach me at rgonzalez@bilingualamerica.com. Happy branding!