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YOUNG & gifted & LATINO

PREDICTIONS FOR 2K4
+CORPORATE SECRETS:
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words: kaia zawadi, denise lawson & clemon daniels III



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YOUNG GIFTED LATINO

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Other members of the urban community would be wise to begin partnering with our Latino brothers and sisters. It's a move that would mirror Corporate America, which is not only watching, but is beginning to do some serious business with this burgeoning economic power -- an inclination that we all should sit up and take notice.

Hispanics represent the largest minority group in the United States, growing nearly four times the rate of this country's total population. According to recent U.S. Census Bureau stats, their numbers total over 38 million. Just turning a magazine page or flipping your cable channels will show Latin Americans continuing to set standards within the world of sports and entertainment. Meanwhile corporations are continuing to maximize the appeal of Latino celebrities to launch product advertising to the Hispanic market and measure buying trends. Yet the cultural explosion is now spilling over into the world of business, especially within the ranks of the entrepreneur. In fact, there are over one million companies owned by Hispanics, an amount that surpasses African Americans as the leading group of minority business owners. Further statistics suggest that the number of start-ups coupled with surging middle-class (increased some 80% in recent years) will enable the U.S. Hispanic community to have a combined buying power worth \$926 billion by 2007.

CUAL ES CALIENTA (WHAT'S HOT?)

The number of Spanish-language media outlets soared from 1985-1999, multiplying the number of potential venues for advertisers wishing to reach those consumers. Television and cables stations increased from 388 to 1,067 (216%), radio stations jumped from 67 to 522 (679%) and print magazines and newspapers rose from 60 to 526, an astonishing 777%! Mainstream publications are aware that Hispanics are major subscribers to a growing number of English-language magazines and television programming.

A leader of the media outlet "pack" is *Tempo*, a supplement to *The New York Post*. Launched this past September, the monthly insert is designed to show the vibrant culture of Latino nightlife, identity, entertainment, and politics. Every month, it hopes to create a bridge between Latinos and other ethnicities that further reflects the diversity and growth of New York City.

"We all don't own bodegas,"



"With the huge Latino numbers [here], we wanted to have an additional section to feature this very important segment of the population," says Sandra Guzman, *N.Y. Post* associate editor, and former editor-in-chief of *Latina Magazine*. Realizing that the significant increase in the city's Hispanic inhabitants (and economy) has made it a viable partner to major corporations, Guzman maintains that the *Post's* new initiative could serve this purpose better than any other outlet.

"I was recruited to help with this effort and to also educate the larger community about the diversity of faces that exist within our Diaspora," she continues. Targeting the second and third generation Latino was both an exciting and long overdue venture. *Tempo* presents information regarding goods and services provided by the entire Latino community. "One thing I'm very cautious about is showcasing our diversity in color because there are African-Latinos, as well as whites," she exclaims. Overall, *Tempo* serves as a celebration of the Latino community and as one of the educational tools used in educating the rest of us.

Republica Trading Company has also made a business of celebrating Latino culture. With what began as a "t-shirt idea," founder Rafael Jimenez has capitalized on his heritage for almost a decade, by providing content design and production services and retail products that have equated to some major figures. "We've done content production for MTV, HBO, Enyce and 'One World Music Beat,'" says Jimenez.

Republica's signature collection includes fabrics made from lambskin, silk, linen and even soy. It has even expanded its operations, delving into e-commerce while simultaneously opening an office and showroom in midtown Manhattan. At the beginning of Spring 2003, Republica acquired space within the internationally recognized clothing chain, Bloomingdale's. "We only deal with men's apparel at this time; at Bloomingdale's we sell shirts, hats and 'tees' for now. We had to get a hold of our business and fine tune it," he says adamantly. Jimenez will continue to broaden and develop the growing company's selections to include a women's line and home furnishings.

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“With any entrepreneur, one of the challenges starting out [is] constantly wearing different hats. Whether it is sales, promotions, marketing or accounting - one should expect to put in a lot of hours at work,” he adds. “Entrepreneurship is about taking a chance.”

With Republica vastly approaching its 10-year anniversary, Jimenez can reflect on some of the major challenges the small business owner must overcome to acquire his or her own American dream - regardless of ethnicity.

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TIENES E-MAIL! (YOU'VE GOT MAIL!)

In the world of technology, the Internet has become one of the main portals for information. *Hispanicsonline.com* and *Hispanicstrends.com* are just a couple of the sites that offer various services and resources that showcase Latino daily life. Following suit is AOL, launching a new site presented in Spanish. AOL Latino aims to target the households where Spanish is mostly spoken. The Internet medium, meanwhile, is extending its partnership with 20 U. S. providers of Hispanic content and connections to major media channels. Not merely a site presenting information in Spanish, it will touch on issues pertaining to the collective Latino community.

Latinopronetwork.com was introduced in the summer of 2001 as an online source for the Latino professional. “We offer services to a niche market; they can obtain information on careers and conferences that are going on,” says Antonio Martinez, founder of the site. It is also an engine for professional organizations, presenting information from the Hispanic Bar Association, CPA’s, plus that segments healthcare and community-based organizations. *Latinopronetwork.com* is one of the many new tools used for the Latino audience to communicate.



“Telecommunications is a big trade, especially with [individuals] always trying to call back home to Latin America, Mexico and Puerto Rico,” he adds. *Latinopronetwork.com* spells part of that information demand by publishing a biweekly online newsletter featuring updates on education, social, local and cultural events. “We create awareness for Latino business owners. In 2004, we plan to hold a conference that will have workshops on financial growth, investing and home ownership,” he concludes. “We’re planning to expand in other areas such as print media, starting our own magazines. There is an overwhelming response and constant interest in our site.” Most of the members to the site are in their early 20s to mid-30s; 90% hold undergraduate degrees.



Not only is that age segment eager to network on a business level but also on a social level. Many of them utilize an online "connection" to do so. While we have enjoyed BlackPlanet.com, the popular Latino equivalent is Migente.com (my people). Job hunting and lighter topics, from shopping to Hip Hop, are some of the subjects shared on its pages. "Migente has different channels like entertainment, politics and identity; all revolve around the Latino experience," explains Luz-Maria Castellanos, senior editor. "Even though we focus on Latinos, we see topics that will roll over into the African American and Asian-American communities, because we are all minorities."

With Migente.com mirroring BlackPlanet.com, it is a recipe for the love and networking hookup. "Migente's biggest assets are its members. What we envision the site to be a "go to" place for Latinos to communicate with others in the communities. That's what it comes down to - connecting at various levels," she added. Latinos from varying countries can find common ground and gain greater understanding of similarities and differences among their entire community. "The biggest thing I have seen on Migente is the conversions of cultures. Latinos are made up of dozens of cultures; they're coming online and discovering things together. That wasn't happening before and we get a lot of positive feedback because of this," she says.

NEGOCIO GRANDE (Big Business)

Not only are Latinos coming together online, but in business, with each other and everyone else. Latinos only doing business with other Latinos is a myth according to Al Berrios, managing director of Al Berrios & Company, a consumer strategy advisory firm. Founded in October 2000, the firm develops and employs innovative ideas and models for managing consumer businesses based on real-time discussions with consumers, a unique process developed internally.

"I've worked with black, white, Asian ... color is not an issue," he says. Berrios, who is also a Baruch College professor, asserts that there remain further misconceptions surrounding the way to market to Hispanic consumers.

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"In advertising, [it's suggested] that we all read, speak and think in Spanish. However, I've hosted panels with Latino and black general market agencies discussing the same issue. The conclusion we arrived at is that the younger the generation, the more ethnicity-neutral they are," he continues. This in part feeds the rationale and new goal of Corporate America: reaching and retaining the Hispanic buyer and that consumer power.

This market has experienced a 65% growth, partly due to the increase in Hispanic U.S. citizens, equating to an expected purchasing power of \$1.2 trillion, by 2010. Coupled with increases in higher education, the urban Latino seeks to make further social advancements and shatter many of the myths surrounding its culture - even if they were at times self-imposed.

"We all don't own bodegas," Berrios adds. "I've never sensed that the American public placed any expectations on me other than the one I shaped. I've never sensed being Hispanic [as] an obstacle when dealing with the other business leaders as long as you know what you are talking about and can express that in ways the person you're dealing with can understand."

Many companies do understand. Big business now seeks to embrace that market segment via multiple modes of advertising and product placement. Michael Dell, of Dell computers, addressed an audience at the National Council of LaRaza this past summer stating that Dell is making the technology sector accessible to those consumers. "Dell and LaRaza share a common goal to make a difference in the lives of Hispanic Americans by providing boundless opportunities to our youth, our families and our business leaders through technology," Dell expressed in a press statement. Within the 2003 fiscal year Dell awarded \$280 million in contracts to Hispanics.



Recently, Hispanictrends.com showcased Mott's brand foods, as an organization successfully targeting Hispanic consumers by realizing the unique product desires of that market. Mott's specific success was the resurgence of their Clamato tomato juice brand to a sales volume of two million cases for Hispanics alone that used to account for the product's total sales. The lasting effect is that Hispanic advertising has gone beyond single initiatives and has now become an indispensable part of advertising budgets, according to Marcel Nohm, director of marketing for Hispanic brands and ingredients at Mott's. Mott's joins corporations like Proctor & Gamble, Ford, BellSouth and Pepsico with the implementation of diverse marketing divisions at their companies.



On Wall Street, Goldman Sachs and its Urban Investment Group partnered with Darby-BBVA Latin America Private Equity Fund, LP to provide Border Media Partners, LLC with \$15 million in equity and mezzanine debt financing; this brings the total capital raised in the company's first year to \$25 million. The funding afforded the further acquisition of "select radio broadcasting stations," enabling launch costs and capital expenditures and working capital. This has enabled Border Media to acquire two Texas radio stations (KILM FM, 102.1 in the Rio Grande Valley and KBDR FM, 100.5, in Laredo), from Sendero Multimedia. According to released figures, Border Media and its affiliates "now own and operate six Spanish-language radio stations, reaching over four million listeners along the Texas-Mexico border."

In an era of rapid media consolidation, Border Media is a rare, independent, Hispanic-owned and managed company with Mexican-Americans comprising the majority of its shareholders and Board members. This mirrors the business finesse and community collectiveness that has been dubbed the biggest myth of all. But, for the Hispanic entrepreneur, it seems to be working.™

NUMBERS TO WATCH

- Hispanic buying power is at a 315% gain.
- In 2000, 27.1 million (76.8%) of Hispanics lived in seven states:
- The five largest Hispanic populated cities (ranked in order): New York, Los Angeles, Chicago, Houston and San Antonio
- Hispanic buying power in 2002 was at \$580 billion.
- The major Hispanic buyer is under 25 with more than \$300 billion in spending power.
- Hispanic consumers are bilingual and drawn to the crossover culture that includes the likes of Salma Hayek, Jennifer Lopez and Ricky Martin.

A recent survey of the Association of National Advertising Members showed:

- 72% of companies market to multicultural markets
- 54% expect future increases in their multicultural marketing budget
- 46% of those not currently engaged in multicultural marketing plan to do so in the future.
- In 2002, respondents spent an average of \$4 million, or 8% of their total advertising budget, on multicultural advertising.

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