

SUPPLY SIDE

Right Distributor Can Help Retailers Reach Latinos

HOUSTON—Targeting Hispanic shoppers across demographic classifications, nationalities and geographies is a significant challenge for retailers. To meet it, many call on a distributor that specializes in the Latino market.

Midway Importing Inc., for one, services all major national retailers and most chains. “Where there are Hispanics, Midway is there,” says chief executive officer Chris Hartman. “We have done extensive research on demographics, including the recent results from the 2010 U.S. Census to analyze local populations for individual stores to help them decide on the proper product mix and inventory levels.”

Much of the company’s business is direct store. It runs routes through 44 states and distribute to all 50, plus Puerto Rico. Midway’s sales merchandise team works at store level to understand each outlet’s demographics and recommends the most effective mix, and promotional support, based on seasonality and advertising.

The company extensively researches brands in their countries of origin. “We understand both sides of the border,” Hartman says. “Midway sells only

well-known, trusted products, leaders in their markets and brands with supporting marketing programs in the United States, such as advertising, in-store demos, display programs and bonus packs. It’s critical to

ETHNIC MARKETING

have both the proven brands and the comprehensive marketing program. We won’t ask our retail partners to take on a product that doesn’t have both of those characteristics.”

The distributor exclusively represents many brands coming into the United States. It has joint ventures with manufacturers such as Procter & Gamble Co., Bristol-Myers Squibb Co., GlaxoSmithKline PLC (GSK), Valeant Pharmaceuticals International Inc. and many other multinational pharmaceutical and personal care companies. These relationships, developed over 22 years, have enabled Midway to be highly focused on brands with proven track records.

Additionally, these relationships provide direct pricing to allow the company to offer the

brands, through the whole program, at the best possible cost, says Hartman. Midway’s brand management program covers the complete spectrum of the “Hispanic Health and Beauty Care Program.” Employees with in-

department to make sure it synchronizes its ads with promotions and local merchandising. “Having the ability to manage all aspects of the distribution, merchandising and marketing functions allows us to offer our customers a customized and comprehensive solution,” remarks Hartman. “As we manage the complete Hispanic HBC Program we actually execute at the retail level a program that supports brand by brand strategies tailored to meet the needs of any particular retailer in the country.”

To help retailers determine what items are appropriate for them and otherwise help them

international experience include brand managers with previous stints at Beiersdorf Mexico and Schering-Plough Mexico, as well as commercial directors from GSK and Reckitt Benckiser.

Midway also has an in-house advertising and marketing

build an ethnic/Hispanic HBC business, Midway focuses on well-known, trusted major brands. All are 100% guaranteed and Food and Drug Administration authorized. “Midway does not sell the ‘copycats’ nor do we support them,” Hartman comments. “Our program is more a pure program supporting well-known brands that will sell.”

The company’s most popular lines include Moco de Gorila, which Hartman calls an “amazing item” that is crossing over from the Hispanic to the mainstream market. The appeal of the hairstyling gel among youths has led many stores to order it by the pallet.

Sal de Uvas Picot is an antacid that is stocked chainwide in many national retailers. Ricitos de Oro Baby is the No. 6 baby shampoo in the United States, according to SymphonyIRI Group Inc. data cited by Hartman.

Bedoyecta vitamins was one of the fastest-growing vitamin brands in the United States in 2010. Derman antifungal is a top-3 SymphonyIRI item in leading Hispanic markets, says Hartman.

He says it’s impossible to ignore the growth of the Latin market. “Many states that were previously ignored by retailers and manufacturers now have significant growth in their Hispanic population and are reacting with new merchandising strategies. In the 2000 Census the Hispanic map was dominated by California, Texas, Florida and a few other states. Today, the demographics show literally every region of the United States with a growing Hispanic population, and retailers are reacting aggressively.”

Many product launches are sure to stimulate the category, he adds. Midway sees the category growing at a 30%-plus rate over the next few years, similar to the past few years. “With innovative products, increased marketing and more chains getting on to the program, the growth is inevitable.”

And many national retailers are implementing well-thought-out Hispanic HBC programs, he emphasizes.

Hispanics to Shape Personal Care Arena

NEW YORK — Growth dynamics in the personal care market will increasingly be shaped by the health and beauty care (HBC) use patterns and product choices of Latino men and Latinas, according to Packaged Facts. The marketing research company notes that between 2000 and 2009 aggregate spending by Latino consumer units on personal care products and services grew from \$5.3 billion to \$7.5 billion, an increase of 41%.

In a 2011 report on the Latino health and beauty care market, Packaged Facts found that spending by non-Latino consumer units on personal care products and services during that same time span grew by only 15%.

The Census Bureau projects that by 2015 Latinos will account for 20% of 18- to 49-year-olds, an age group that is considered critically important to marketers and advertisers.

According to Packaged Facts, Latinas are more likely than women in general to use eye liner and mascara and less likely to use foundation makeup. Latino men are much more likely than men in general to use skin care products such as moisturizers and facial cleansing products.

Both Latino men and Latinas are more likely to choose scented products in the deodorant category, and Latino men are more likely to choose scented shaving

cream. Frequent tooth brushing and flossing is a characteristic of both Latino men and Latinas, according to the study.

One of the most distinctive features of the Latino consumer market is that it includes a substantial segment of high-volume users of HBC products, asserts Packaged Facts publisher David Sprinkle. For example, Latinas are nearly twice as likely as women in general to have used shampoo 12 or more times in the last seven days — a primary reason why they account for 26% of all women in this high-frequency usage category.

NEW YORK — Medication non-adherence rates among Hispanics and African-Americans exceed those of non-Hispanic whites, concludes a white paper that was released earlier this year by Global Advertising Strategies.

The analysis examined key factors that contribute to medication nonadherence among the ethnic minority patient population in the United States. In “Blueprint for an Effective Cross-Cultural Medication Adherence Program,” Global looks at culturally specific causes that impact general medication adherence problems, going beyond



Rx Noncompliance Is a Multicultural Problem

issues that are socioeconomic and cost-related.

Relative to non-Hispanic white patients, Hispanics and African-Americans are believed to index 20% lower when it comes to medication adherence.

“Medication nonadherence results in an estimated 125,000 yearly deaths,” says the paper. “The economic impact of non-adherence weighs on patients and the medical industry alike, increasing patient morbidity and mortality as well as accounting for an estimated loss of \$100 billion to \$300 billion in direct and indirect spending by the

pharmaceutical companies.”

The study examines four culturally specific categories — core health beliefs and practices; cultural norms, values and customs; health-related communication styles; and family dynamics — and offers case-in-point scenarios of how Global believes those cultural nuances may lead to nonadherence.

“Relative to non-Hispanic white patients, Hispanics and African-Americans are believed to index 20% lower when it comes to medication adherence,” said Marc Duquette, Global’s vice president of corporate

development and general counsel. “A lack of culturally adapted informational tools and educational resources and issues in communication with health care professionals all contribute to alarming nonadherence statistics within those communities.

“With multicultural populations projected to represent 40% of the U.S. by 2030, there is a clear need for the health care industry to tackle the problem of medication nonadherence from a cross-cultural perspective. Pharmaceutical companies have been slow to adopt cross-cultural segmentation strategies.”