



CAPTURING THE LATINO MARKET: REPOSITIONING FOR FUN & PROFIT

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Rapidly changing demographics in California, as well as in other states such as Texas, Florida and New York, have caught many shopping center owners marketing to the wrong audience.

Centers that were built in the '60s, '70s and early '80s to cater to the tastes of a suburban middle-class Anglo population, have seen their consumer base change, almost overnight, to predominantly Latino.

According to the Census Information Center at the Southwest Voter Research Institute in San Antonio, TX, Latinos comprise 10% of the U.S. population. There are four million Latino consumers in Southern California alone (plus some two million illegals), and these numbers are growing. The U.S. Latino population grew seven times as fast as the rest of the population in the decade spanning 1982-1992.

Adjustments are necessary if a center's owners and lenders are to continue to benefit financially from their investment, as well as if the center's *retailers* are to profit. In fact, considering both nationwide and regional demographic changes, to ignore repositioning issues is to court disaster.

The process of repositioning a center to capture the Latino market, while not a simple one, can be profitable and personally rewarding. It follows the same fundamental process as renovating an old center to effectively merchandise to targeted shoppers. What is different is the fact that dramatic demographic changes have rapidly occurred, however many shopping center owners and retailers have had little or no experience in targeting Latinos.

The key to success in repositioning a center to cater to the Latino shopper is to put together a team of experts in real estate and community relations with extensive experience in working within the various Latino communities. The team then develops a plan that is tailor-made to the specific trade area, and implements that plan on a timely basis.

REPOSITIONING TEAM & PROCESS

For a repositioning project currently underway in Pomona, CA (the former Marketplace at Indian Hills, renamed *Plaza Azteca*), the team consisted of: the on-site property management staff (two of whom were female Latinos and the other, an Anglo male) and the project director; the then president of the Latino Chamber of Commerce (who has since become the first Latino Mayor of this city); a Latino community relations specialist with experience in working with large retail developers; two young American-born architects of Mexican descent who also studied in Mexico; a Latino retail leasing specialist; a Latino graphic artist; a bilingual but non-Latino market research/focus group analyst with a specialty in Latino communities; a non-Latino general construction contractor with a specialty in retail renovations; and the property management's own landscaping contractor. In addition, two or three additional local Latino community members and the major retailers' representatives from the center will be added to the team.

The team members participated in individual, one-on-one meetings with the project director and the property management staff, met in small groups and participated in a day-long brainstorming session. This process was highly productive in creating a comprehensive menu of workable ideas in a short period of time. These ideas were further refined through smaller group meetings and detailed analyses. In this case, probably the most important conclusion that came out of these sessions was that the shopping center was to be an "American" center with a Latino flavor, to strike a balance between old world authenticity and U.S. efficiency. Also, the trade area had a con-

siderable number of African-Americans, Asians and Anglo members who shopped at the center. Therefore, it was important to create an environment where all feel welcomed -- where *bienvenida* is said, instead of "welcome."

The initial task was to understand the population mix in the center's trade area.



(Top) Festive refreshment cart used during the Cinco de Mayo celebration at Plaza Azteca. (Bottom) Plaza Azteca main entrance and temporary sign.

Latinos are not a homogeneous group. There are differences based on the country of origin, regional differences within these countries (particularly among Mexican-Americans), and differences based on the generation of residency. Newly arrived ("zero" generation) residents who may speak only Spanish are very different shoppers than third generation residents who have become highly socialized and often speak only English. The trade area population must be assessed and any destructive stereotyping must be avoided.

Since Latino consumers have strong cultural ties to Latin America, both in language and tradition, this must be reflected in the repositioning effort through the shopping center's retailers, architec-

ture, food, music, merchandising patterns and services.

Accordingly, seven sub-plans should be created:

1. Marketing Research
2. Leasing
3. Space Utilization
4. Architecture, Landscaping & Signage
5. Renovation Costs
6. Marketing, Promotion & Community Relations
7. Financial Feasibility

Market research can be as elaborate or as simple as the budget and the repositioning team's knowledge of the subject population. Focus groups and surveys are recommended and desirable.

MERCHANDISE, FOOD & SERVICES

The merchandise mix should focus on family needs, particularly on young adults and children, and be moderately priced.

The center can combine food and fashion, although a supermarket can work along with clothing merchants. To meet the needs of the Latino community, the center should offer the following merchandise mix:

- Clothing (Children's, Men's & Women's)
- Shoes
- Western Wear
- Consumer Electronics/Low-End Computers
- Clearance Centers for Department Stores
- Bridal Gowns & Tuxedos
- Young Girls "Coming Out" Dresses
- Jewelry
- Sporting Goods
- Music Stores (Contemporary Latino Artists)
- Baptismal Clothing/Supplies
- Household Goods
- Leather Goods
- Card Shop (Bilingual with Latino Themes)
- Book Store (featuring Novellas)
- Musical Instruments
- International News & Magazines (Latino emphasis)
- Back-to-School Supplies
- Hats ("Panama" & Western)

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- Middle-priced Furniture (Latin American stock)
- Flowers
- Crafts from Latin America

Most Latinos like to socialize by eating out at restaurants. In addition to the more common Mexican faire, the center can offer *Alta Cocina*, a more refined but authentically Mexican cuisine that can be found in East Los Angeles and Mexico City. Presentation is important. *La Parrilla Suiza* in Mexico features open kitchens, like a Mexican "Benihana."

Food offerings can include *Mariscos*, *Menudo*, traditional Mexican food, food from other Latin American countries and other cultures (such as Chinese), fast-food, sit-down restaurants, American food (hamburgers, etc.), Mexican bakeries, *Tortillerias*, ice cream/yogurt shops, Mexican fruit paletas and *Taquerias*. The food court concept can be maintained, although cuisine can be varied among Latino and American cultures.

The remerchandised center should also provide services that are needed by the Latino community, such as:

- *La Secretaria* - a one-stop shop for translations, pictures, passports, interpretations, typing (in English and Spanish), application preparation, travel agency services, money orders and check cashing - all bilingual.
- Latino Beauty Shop/Nail Salon.
- Cultural Center - community room, art gallery, cultural travelogue and cultural learning center.
- Child Care Center - offering drop-off care while parent(s) shop, a *Guarderia* for children ages 3 to 7 (like IKEA), educational, recreational and licensed.
- Family Medical & Dental Clinics

The key consideration in leasing to any retailer is that it has experience in merchandising to Latino populations and provides a bilingual staff. Often such retailers are non-Latino (more typically Korean, Chinese or Middle-Eastern).

Initially, smaller, local "mom and pop" retailers will be attracted to the repositioned center, with the majors taking a wait-and-see attitude. For the center to be a success, several anchors must be brought in who understand ethnic marketing. The existing anchors must refocus their efforts if the center's new personality is to emerge effectively. Those retailers who refuse to adapt to the new realities are best removed.

THE APPEARANCE & FEEL OF THE CENTER

The appearance and "feel" of the center are critical to the overall repositioning effort: to entice the population at large to come in and look around; to attract new retailers; and to keep shoppers coming back. Architects and designers that have extensive experience working within Latino communities and in Latin America (which practically requires them to be Latino) should be used in conjunction with community relations/promotional experts with similar Latino-related experience.

The "new" center should have a Spanish name -- one that is easily pronounceable by the English speaking shopper as well as captures the new spirit of the center. The center's name should be determined during the first few months (after the community's input has been received).

The center should have an unmistakable Mexican and Latin American appearance, but not duplicate the old world *mercados* that may be too chaotic to work well within the setting of a modern shopping center located within the U.S.

If the center is an enclosed mall, additional lighting should be created by opening up common area ceilings, adding skylights, height and volume to the corridors and entry areas.

Landscaping plans should be tailor-made to each particular center and situation. Mexican fan palms and flowers can be added to the parking lot (with the removal of most of the current landscaping). Huge potted plants and flowers placed by the exterior side of each entrance and throughout the interior of the center can also be used. Several fountains newly-constructed at central locations throughout the center provide an inviting ambience.

Further accents can be added using the bright colors of Mexico throughout the center. "Hammock" fabric can be hung across the corridor ceilings at several locations, plus colorful banners, possibly including flags of Latin American countries. Murals, created by local Latino artists, could be painted on several large, blank interior walls. Signs used for directory and public safety should be in English and Spanish, but directory signage can be in English only.

If internal music is used within the center, it should have a Latino accent, combining contemporary Latino artists, traditional *Mariachi* and *Salsa* themes. Live Latin bands can be used during promotional events.

In all, the center must have a comfortable but festive appearance conducive to family and multi-generational use.

MARKETING, PROMOTION & COMMUNITY RELATIONS

A multi-year marketing program must be developed on an intensive level with two overall goals: to increase traffic and sales; and to communicate the center's new vision and image as a safe, comfortable and fun place for families.

The marketing program should have seven components:

1. Media Relations
2. Community Relations
3. Advertising
4. On-site Customer Communications
5. Events and Retail Promotions
6. Tenant Relations
7. Leasing Support Materials

Details on each can (and do) fill books. The essence of the marketing plan is to communicate with the target audience (i.e., the Latino shoppers) within the media and "language" to which that audience listens, without alienating non-Latino shoppers. It is insufficient to merely run the usual English message in Spanish in a local Spanish language newspaper or radio station. Employing marketing professionals that live and breathe communications within the Latino communities is vital.

FINANCIAL FEASIBILITY

Certainly the issue of feasibility is paramount, which is why a bottom-line comparison of costs and return on investment must be calculated. Often underrated in repositioning a center to attract the Latino market is the fact that higher rental rates are sometimes obtainable. For example, Broadway in downtown Los Angeles, Whittier Boulevard in East Los Angeles and Fourth Street in Santa Ana mostly command higher rental rates than comparable non-Latino oriented store locations within the surrounding markets. In a time when most centers are experiencing falling rental rates, the phenomenon is encouraging (and bodes well) for owners of shopping centers in areas with growing Latino populations.

Understanding the Latino market, selecting the right team and implementing the right plan to reposition a center can result in fun and profit!

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EDITOR'S NOTE: For additional info on shopping center repositioning, see *California Center's Fall '93 Issue*, p. 26, "Anatomy of a Shopping Center Repositioning," by Jay Kerner.