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**ARE ADVERTISERS SPENDING ENOUGH TO TARGET
THE U.S. HISPANIC POPULATION EFFECTIVELY?**
*The Association of Hispanic Advertising Agencies (AHAA) Releases the Results of an Updated
Right Spend Study Detailing Advertisers' Investments in the
U.S. Hispanic Market vs. the General Market for 2006 and 2007*

McLEAN, Va., December 17, 2008 – Toys and consumer electronics are likely to don the lists of many shoppers this holiday season including the 46 million U.S. Hispanics with more than \$900 billion to spend. But some manufacturers may not see a significant spike in purchases by Latinos due to their low levels of ad spending targeting the fastest growing minority population in the country. Spanish-language advertising in these categories dropped last year while overall Hispanic advertising increased by 4.3 percent, according to a recent study conducted by the Association of Hispanic Advertising Agencies (AHAA).

With the economy in a recession, and dismal sales reported by retailers both live and online, manufacturers will be struggling this year to deliver bottom-line profit. So why, during these difficult times, aren't manufacturers "fishing where the fish are," in the Latino market where brand-loyal consumers are still plentiful?

"These are tough times," says José López-Varela, chairman of the Association of Hispanic Advertising Agencies (AHAA). "And during this financial pinch it's hard to understand why manufacturers are scaling back on advertising to one of the most lucrative target audiences – Hispanics. Toy manufacturers, for example, are allocating on average just 1.1 percent of their total advertising budgets to target Latinos yet, according

to the U.S. Census Bureau, 25 percent of the country's children under age 5 years are Hispanic. In California, more than half of all babies born today are Latino. That just doesn't make good business sense. In 2006, manufacturers shipped \$3.4 billion worth of toys, dolls and games, yet Mattel, Hasbro, and MGA Entertainment, Inc. spent only a fraction of that - \$2.7 million dollars - on Spanish-language advertising targeting Latinos."

The AHAA Right Spend Study, conducted in partnership with the Advertising Research Foundation (ARF) using data from The Nielsen Company¹, shows advertising by marketers in general was down nearly 3 percent last year, while Spanish-language advertising increased by 5.6 percent overall. Topping AHAA's list of the 500 leading Spanish-language advertisers are Procter & Gamble Co., General Motors Corp., AT&T, Inc., Ford Motor Co., and Verizon Communications, Inc. investing nearly one half billion dollars collectively in the Latino market. The entire list is available online at the AHAA Web site, www.ahaa.org.

"Clearly numerous advertisers understand the value of the Hispanic market and are reaping the financial benefits of their investments," López-Varela says. "But then you have companies like Apple, Inc., that introduced iTunes Latino and yet last year invested less than 1 percent of their total advertising budget to target Hispanics. Although there are numerous factors that impact purchase decisions, based on population and buying power alone AHAA recommends advertisers should be investing slightly more than 8 percent of their total advertising budgets to Latinos. Advertising to Latinos delivers customers and, in President-elect Obama's case, votes. Barack Obama spent more on advertising to Hispanics than any other presidential candidate in history and it helped win him the election."

The buying power and brand loyalty of U.S. Hispanics has been fueling our nation's economy and the economic clout of this powerful population will continue to grow, according to Selig Center projections. "Despite stereotypical myths, Hispanics are early adopters of technology and heavy users of consumer electronics, yet manufacturers in

this category such as Microsoft Corp., Dell, Inc., and Bose Corp., allocated just over \$32 million of their \$2.7 billion total advertising budgets to Spanish-language advertising: in some cases less than one-tenth of a percent,” López-Varela says. “Latinos are engaging with new media and new devices more rapidly and more frequently than their non-Hispanic counterparts and in fact, spend more time and money on the Web for things like travel, pet supplies, automotive parts, baby supplies, and consumer electronics than non-Hispanics. The investments just don’t match up to the potential of the Latino market.”

The Hispanic population is a relatively young population and according to the Selig Center, Latino youth and young adults will be entering the workforce and moving up the career ladder rapidly therefore additional gains in buying power should be expected. “For companies trying to stay afloat during this economic slump, investing in the Latino market is the viable option this holiday season and for the future,” López-Varela says.

To offer additional fact-based support for Latino Advertising, AHAA is uniting with the Advertising Research Foundation’s new Diversity Task Force. This group will study the Hispanic Marketing business opportunity and develop metrics across the industry to better guide ad spending discussions and decisions.

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About AHAA :

The Association of Hispanic Advertising Agencies (AHAA) is the national organization of firms that specialize in marketing to the nation’s more than 46 million Hispanic consumers, the most rapidly growing segment of the American population. AHAA promotes the strength of the Hispanic marketing and advertising industry to the private and public sectors. AHAA agencies offer a unique blend of cultural understanding, market intelligence, proven experience and professionalism that deliver Hispanic market success for clients. AHAA agencies help organizations gain market share, increase revenue and grow profits by building the bridges and delivering the messages to reach America’s Hispanic consumers, who together have an estimated buying power of nearly \$1 trillion. Visit www.ahaa.org for more information.

¹The AHAA Right Spend Study is based on Nielsen’s data collection of spending on Spanish-language network and cable television, spot television purchases, local newspapers, national magazines, and local radio in major markets.