



By: Tom Kadala

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Make Way for the New Hispanic Ad Agency

Opinion: Young Hispanic Ad Agencies are Redefining 'Business-as-Usual'

A recent article in Advertising Age dealt with an interesting paradox. Despite a ten-fold growth in Hispanic advertising in the last ten years, most major corporations have yet to see a positive return on their advertising investments. Having surged from \$500 million in 1996 to \$5 billion in 2006, corporate Hispanic advertising continues to weigh on the minds of marketing directors who frequently struggle with allocating advertising funds to Hispanic ad agencies rather than to traditional general market ad agencies.

Some Hispanic ad agencies justify their less than stellar results on harder-to-measure factors such as language preference and rates of acculturation. Others tell a different story claiming that the \$5 billion ad spend in 2006 was actually not enough to properly address the rapidly growing Hispanic markets and that the appropriate amount should have reached three times greater or \$15 billion by 2006. They derived this figure by matching the 15% of Hispanics represented in the total US population with the approximate \$100 billion total ad spend for the US.

If increasing the ad spend is the answer, why is it that so many marketing directors have done just the opposite by reducing their budgets and redirecting funds away from Hispanic ad agencies? Is it because department heads believe that Hispanics will eventually acculturate and meld into the general market thus reducing the need for Hispanic ad agencies?

This downward trend has caused many talented Hispanic agencies to fold. Those that have survived have been forced to compete head on with general market ad agencies who produce solutions that are more in line with general market strategies and less with culturally-specific solutions.

This younger crop of Hispanic ad agencies argue that corporations should be more willing to give them a chance, since more established Hispanic ad agencies have seemingly lost their touch with emerging markets. They claim that many of these older Hispanic ad agencies cannot come up with 'home-run' ideas since they consistently source the same talent year after year. Just as emerging Hispanic markets are constantly changing so to must their creative teams change. Given a chance, these younger ad agencies could eventually carve powerful niches based on timely out-of-the-box creative solutions. Their determination to survive will inadvertently redefine how corporations will eventually view Hispanic markets.

Tripling ad spend may be one way to reach Hispanic markets, but what if the results continue to trail expectations as they have for the past decade? At some point corporate leaders will have to seek out alternative solutions by giving a younger crop of Hispanic ad agencies a chance to prove their talents and skills with more culturally-specific marketing strategies. It is only a matter of time!

Tom Kadala is the president of ResearchPAYS, Inc., a strategic business consulting firm dedicated to the development and expansion of Hispanic consumer markets. - (www.researchpays.net). Mr. Kadala can be reached at tom@researchpays.net.