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[Home](#) » [Newsletter](#) » Look And Listen Latino Style

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[Hispanic Market Weekly](#)

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- [Event Calendar](#)
- [Industry Snapshots](#)
- [Hot Spots](#)
- [News Briefs](#)
- [Ratings Watch](#)
- [Spot Ten](#)

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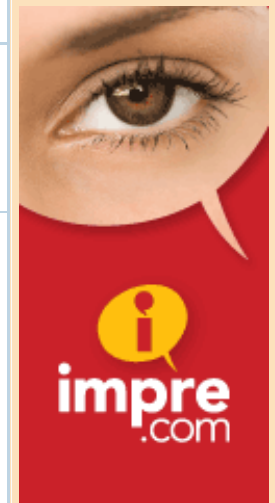
## Look And Listen Latino Style

*A Special Report on Out Of Home Advertising in the U.S. Hispanic market*

Published: July 23, 2007

Slowly but surely, Hispanic out-of-home advertising is shedding its reputation as a medium that many advertisers view as unnecessary but nice to have if there is a little extra money in the budget, say out of home executives. Out-of-home advertisers cite three main reasons for the growth:

- agencies are getting more comfortable about including out-of-home advertising in their media plans and pitching it to clients
- an increased number of Latino-focused radio and television offerings reveal increased audience fragmentation. As audiences fragment, they get smaller and there are more targets. That, say industry executives, makes out of home more vital because advertisers need more vehicles to reach as many people as they had previously connected with through fewer media options
- a desire for diversified media plans aimed at Hispanic consumers



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Another influencing factor is that both agencies and advertisers have a better understanding of the medium - how it works and what it can do for a brand.

"I think marketers are realizing that out-of-home may be the only medium that can provide day-in and day-out presence in the marketplace cost-effectively," says Arthur Rockwell, vice president of CBS Outdoor Latino.

As clients look to add layers to their Latino-focused media initiatives, out-of-home advertising serves as a way to connect their brand to consumers, explains Tory Syvrud, co-founder of Sacramento-based City Reach Latino, a company that until its recent reorganization utilized a fleet of rolling billboards for advertising campaigns ([HMW Archives 6/18/2007. City Reach Latino To Suspend Operations](#)). "Out-of-home is playing a larger and larger part of that," he adds.

Hispanic out-of-home advertising is poised to grow along with the entire out-of-home segment. Overall, the out-of-home industry is expected to grow 7.9 percent in 2007 to more than \$7.3 billion, according to PricewaterhouseCoopers. The transit and cinema segment could increase by up to 12 percent in 2007, according to Stephen Freitas, chief marketing officer of the Outdoor Advertising Association of America (OAAA).

The growth rate for the Latino out-of-home segment is forecast to be comparable. "We expect our Hispanic out-of-home revenue to increase about 17 percent this year," says Rockwell.

At Clear Channel Outdoor, the outlook is "double-digit growth," explains Pedro Milián, vice president of multicultural sales and marketing. "Clients continue to add percentage points to their overall Hispanic ad budgets and many of our small- and mid-sized markets are seeing increases in Hispanic spending."

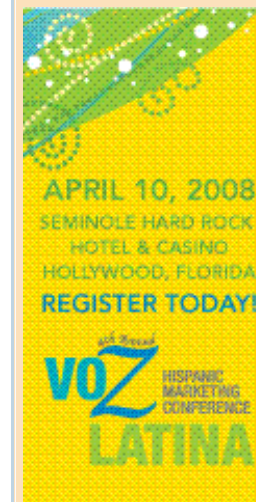
Small out-of-home companies are also noticing an increase. For example, Nevada-based Border Billboard operates three 50-foot LED billboards along the U.S.-Mexico border. Marketers allocate more dollars to out-of-home advertising as they come to know more about its usefulness in reaching the Hispanic market, says chief executive Jennifer Stefano.

**Budgets Inch Upward.** - Budgets for Latino out-of-home initiatives are growing incrementally, although they continue to be a tiny slice of overall Hispanic advertising budgets. Less than five percent of Latino advertising budgets are dedicated to out-of-home, say Milián and Syvrud. But Rockwell believes the figure is even worse and is actually closer to four percent.

Rockwell notes anecdotally that he sees Hispanic budgets for out-of-home efforts increasing but remaining miniscule compared to non-Latino spending. "Our No. 1 out-of-home client spent about \$6 million on Hispanic, and most of our top 10 clients spend between \$1 million and \$2 million on Hispanic," says Rockwell. "Probably our biggest single non-Latino account is roughly \$40 million. Non-Hispanic out-of-home budgets are usually more than eight to 10 times more than Hispanic budgets."

Many marketers still spend nothing at all on Latino out-of-home advertising. "I was surprised to find from my sales people how many agencies have zero out-of-home in their Latino budgets or don't do it at all because they focus on television and radio," says Syvrud.

Although the market for Hispanic out-of-home efforts is growing and more advertisers are investing in the medium, success is not a guarantee. City Reach Latino's recent halt in operations came two years after



the company's launch. Despite the setback, the company has been sold to a new investment firm and operations are expected to restart once the deal closes - perhaps as early as mid-August.

"Our selling curve was much faster with non-Latino agencies and media buying companies like Starcom and Tapestry than with Hispanic agencies, except for independents like Zubi Advertising, The Vidal Partnership and Grupo Gallegos," says Syvrud. City Reach Latino clients have included Verizon, Ford and Washington Mutual.

Zubi turned to City Reach for out-of-home campaigns for the Ford Edge model, Washington Mutual and Winn-Dixie. "We are always looking for viable out-of-home opportunities where some sort of tracking mechanism or measurement system is attached," says Joe Zubizarreta, COO of Miami-based Zubi. "One thing we liked about them was the GPS system that let us know where the trucks were; that they were in the right place at the right time."

**New Efforts Target Latinos.** - A handful of small- and mid-sized out-of-home players have launched a variety of new efforts to target Hispanics. SeeSaw Networks, a San Francisco-based out-of-home digital media company, recently increased its ability to reach the Latino market by adding Border Billboard as an affiliate. Under the agreement, SeeSaw will represent Border to advertisers.

Border Billboard operates its three billboards on the Mexican side of the border near San Diego and Tijuana, where about 175,000 people cross every day. The average waiting time at the border crossing is at least 45 minutes, giving people in vehicles ample time to notice the billboards.

"Combined with SeeSaw's other venues in markets that index high among Hispanics, advertisers have the opportunity to reach a significant segment of the billion-dollar U.S. Hispanic market," Peter Bowen, CEO of SeeSaw Networks, said in a statement. "The size and unique location of these digital billboards engage a highly sought-after audience who have tremendous buying power."

Border Billboard's displays incorporate full-motion 30-second video and text messaging; viewers can interact with the ads and respond to them using their cell phones. Advertisers have included McDonald's, Burger King, Church's Chicken, Telemundo and Coca-Cola, says Stefano. The company wants to acquire additional billboards near the U.S.-Mexico border.

Looking to target the Hispanic market, New York-based Fuel Outdoor in December 2006 purchased Miami-based Sarmiento Outdoor's regional office. Sarmiento - an established company in South America - opened a regional office in Miami in 2002 to specialize in bus bench advertising after winning an exclusive 15-year contract with the City of Miami to maintain 1,500 bus benches ([HMW Archives 1/29/02. Expanding](#)).

"Fuel was focused on just the general market until they bought Sarmiento to help target the Hispanic market in Miami and other cities where they do business," says Pablo Cremaschi, general manager of Fuel Outdoor's Miami office and former head of Sarmiento's Miami operations. "We know the Hispanic market and have good relationships with agencies that buy the market. Currently, Fuel has operations in New York; Washington, DC; Philadelphia; Los Angeles; and San Francisco.

Earlier this year, Telemundo's KXTX-Channel 39 in Dallas partnered with CBS Outdoor Latino to introduce a new out-of-home approach to advertising Spanish-language television. KXTX opted to publicize its new 5 PM 30-minute weekday newscast by using illuminated free-standing kiosk displays

To place  
your ad  
in our  
message,

click  
here  
now!

E-Mail

[\(HMW Archives 4/2/07. 'Conteo' Campaign Counts On Kiosks In Dallas\)](#). Each day, the billboard-like kiosks have the potential to attract tens of thousands of daily impressions from passing drivers and pedestrians. The kiosks are part of CBS Outdoor's inventory and were not specifically created to be a Hispanic product.

Another new technique - out-of-home video advertising - is emerging in the Hispanic market. Three NBC-owned television stations in Los Angeles now provide five minutes of local programming each hour via Transit TV, an out-of-home video network company based in Orlando ([HMW Archives 2/26/07. Transit TV Teams With NBC, Telemundo In Los Angeles](#)). Riders can view local weather, sports and entertainment news in Spanish from Telemundo's KVEA-Channel 52 and from NBC's independent KWHY-Channel 22. English-language news vignettes come from KNBC-Channel 4. The news briefs, which began February 21st, appear on 4,400 screens placed on 2,200 buses. The network reaches 1.2 million riders every day, says Robert Bridge, vice president of marketing for Transit TV.

Los Angeles was Transit TV's first Spanish-language market. In June, the company landed a contract in San Diego that will eventually involve Spanish-language television, says Bridge. The company is still ironing out the final details of the deal, and Bridge declined to discuss specifics. The company is also targeting San Francisco, Miami and Dallas with bids to advertise on transit systems in those cities.

"We are definitely targeting the Hispanic market; It's part of our business," says Bridge. "We target transit agencies and, inevitably, in lots of markets a high percentage of the users are Hispanic." He points out that 49 percent of the aggregate transit users in the five markets that Transit TV targets are Latino.

Lunch-truck advertising aimed at Hispanics is a thriving business for Trimex Mobile Marketing, which has offices in San Diego, Houston and Orange County, California. The company's revenue exceeds \$2 million a year, up from less than \$1 million in 2000. In Texas, Trimex's top market, the company places ads on the sides of more than 4,000 trucks in areas such as Houston, Dallas, San Antonio, Austin, Waco and the lower Rio Grande Valley. Clients include the Mexican soft drink brand Jarritos, Bank of America, Citibank, Visa, Toyota and Wal-Mart.

The ads reach thousands of people each day, with consumers exposed to the same ad several times a week because the trucks make the same stops daily. "The advertising targets Hispanics 18-49 eight hours a day when they aren't exposed to other advertising," says Trimex co-owner Tim Cuny. He points out that the lunch trucks can provide information and samples to consumers with marketing representatives who do ride-a-longs. Visa, for instance, put a spokesperson on a different truck every day to explain their prepaid credit card.

**Big Companies Take The Lead.** - Some of the leading companies active in Hispanic out-of-home advertising - with the bulk of the dollars going to billboards - include Heineken, Toyota and McDonald's, which regularly include this medium in their overall Latino initiatives.

According to the Outdoor Advertising Association of America, the Top 10 advertisers in the entire out-of-home industry are: McDonald's, Cingular Wireless, Verizon Long Distance, General Motors, Verizon Wireless, Anheuser-Busch, Coca-Cola, AT&T Long Distance, Geico and Sony.

The most active categories in the full out-of-home industry are: local services and amusements; insurance and real estate; retail; media and advertising; public transportation, hotels and resorts; communications; financial; restaurants; automotive dealers and services; auto accessories and

equipment.

Many of the most active advertisers are also taking the lead in using out-of-home advertising to connect with Latinos. The McDonald's Co-Op for the New York Tri-State area included billboard advertising as part of its "Las Mañanitas " campaign that launched in June ([HMW Archives 6/18/07. McDonald's Wakes Up "El Cafecito"](#)).

In March, Heineken used out-of-home as part of its "descubre lo delicioso" campaign for Heineken Premium Light ([HMW Archives 3/19/07. Una Fria](#)). Toyota included Spanish-language out-of-home as part of its campaign, launched in February, to support its new full-size Tundra pickup truck.

**Better Metrics On The Way.** - Insiders point out that there is ample demographic research to help advertisers place out-of-home advertisements in areas where Latinos are likely to see them.

"The industry has made progress in identifying areas where Hispanics live and what routes they use to get to work," says Zubizarreta. "We can identify life patterns so we can use out-of-home to intersect with Hispanics outside of their homes."

However, the industry has long clamored for more accurate ways to measure how many people actually notice billboards and read what is on them. Improved techniques could eventually boost all out-of-home spending. Better metrics could double the entire out-of-home industry's share of all advertising spending to 4.4 percent, according to recent report by Wachovia Capital Markets.

Increased spending would likely benefit the Latino segment as well, industry executives say.

"One of the issues in out-of-home is the lack of good measurement that agencies and advertisers can accept and compare with the rest of their measurement models for other advertising," says Rockwell of CBS Outdoor Latino. "Better measurement will have a dramatic impact on how much is spent in the general and Hispanic markets."

The Traffic Audit Bureau (TAB), which conducts the standardized measurements used by out-of-home companies, plans to introduce a new measurement technique for 200 markets in October 2008. The TAB is working with three research firms to track travel patterns, traffic counts and eye movements of consumers who pass outdoor signs. TAB's information would be free to members.

Nielsen Outdoor is developing a competing global positioning system called "Npod" that is designed to improve its measurement of viewing of outdoor ads. The company will make the data delivered by "Npod" available for purchase.

In May, the OAAA introduced a web-based research template that advertisers can customize to study the recall, recognition and awareness of out-of-home advertisements. Norm Hecht Research developed the template, which allows advertisers to compare results of out-of-home campaigns with other forms of advertising.

"It's very hard to actually capture how many people passing by a billboard actually notice it," says Milián of Clear Channel. "But any improvement in measurement always helps to justify media expenditures more."

**Digital Is Slow To Develop.** - Digital billboards - which allow passerby to use cell phones to send text messages or call telephone numbers listed on the boards to enter contests, respond to surveys and listen to and view advertising messages - are having a tougher time "catching on" with Latino consumers.

Why? Digital billboards are far from omnipresent; there are only several hundred nationwide, according to the OAAA. There's also the budget factor, notes Rockwell. Digital billboards are more expensive and Latino out-of-home budgets remain small.

Clear Channel has already rolled out digital billboards in 10 U.S. markets, with some in high-density Hispanic neighborhoods, explains Milián. "Hispanic agencies generally don't have the budget or inclination to do it, but they are at least asking about it," he adds.

Additionally, Clear Channel has been rolling out English-language interactive touch screens in 1,000 taxis in New York and Chicago. The screens feature sports scores, weather and other information from NBC television along with advertising. Eventually, the company may offer the screens in Spanish, Milián notes.

**Slow But Steady Growth Ahead.** - The Latino out-of-home segment will eventually become more than a peripheral player in the Hispanic advertising world, industry executives agree. More advertising agencies will look to incorporate out-of-home into their pitches to clients as measurement techniques improve and they become more comfortable with the medium, notes Zubizarreta.

Another factor that will contribute to the growth of out-of-home advertising as a viable medium to reach Latinos: population increases. As the number of Hispanics in the U.S. grows, more of them are commuting to work in cars and public transportation.

"The day will come when Spanish-language interactive billboards are more common. Hispanics over-index for mobile devices and downloading information, and prices for such billboards will eventually come down," says CBS Outdoor's Rockwell.

Eventually, there will be more cross-over between Spanish- and English-language out-of-home campaigns. "Traditionally, we've seen separate out-of-home campaigns for the English and Spanish markets," says Clear Channel's Milián. You will see more experimenting with out-of-home targeting the Hispanic market with English words and phrases and non-Latinos with Spanish words and phrases, he adds.

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