Arc Worldwide & WebmasterRadio.FM

The Digital Marketing White Papers

December 7, 2006

White Paper

Who Are Your Consumers?
The Role of Personas in Interactive Marketing

What do Greg, a starving artist looking for his big break, Stephanie, a kitchen remodeler, and Andre'a, a Chicago commuter, all have in common? None of them exists, yet they are key to helping organizations—such as the Screen Actors Guild, Whirlpool and Chicagoland's Regional Transportation Authority—better market to their most valued consumers.

Greg, Stephanie and Andre'a are "personas," and while they're not real, they resemble the attitudes and behaviors of actual people that marketers want to serve.

Indeed, personas—descriptions of real or prospective consumers—help marketers in all industries better understand consumers' wants, needs and desires and thus make better marketing decisions.

Dan Cooke, interactive marketing manager at Whirlpool, and Kathy Beymer and Jay Joichi, experience planning directors at Arc Worldwide, spoke on October 4, 2006, with Brandy Shapiro-Babin, vice president of marketing at WebmasterRadio.FM, on the important role that personas play in engaging consumers.

"Many people who listen to our programs are involved in one way or another in interactive marketing," Shapiro-Babin said. "And we all want to connect better with our consumers online….Personas are a great way to make those connections."

I. What are Personas?

Personas have real names and represent types of consumers based on demographics, psychographics, purchase patterns and other contextual clues. "They are stories about consumers, how they purchase, how they shop, what's important to them," Beymer said. "The reason you want to use them is because they're memorable—the marketing team can rally behind them when designing a website or retail layout."

When creating personas, Arc answers multiple questions:
- Who are the client's most valued consumers?
- What do these consumers want to accomplish online or in a store?
- In what context do they interact with the brand?
- What are their purchasing and shopping processes and behaviors?
- What pain points do they have throughout the process?
- What kind of lifestyle do they lead?

Cooke noted that Whirlpool's personas even answer questions concerning how people complete their chores, such as cooking, cleaning and entertaining. All of this information is used to better understand consumers and identify how to meet their needs.

"Marketers use personas to inform decisions on everything from website design, retail layouts, call centers and usability," Beymer said. "The RTA in Chicago can even use its personas to inform recommendations for signage at train stations, maps, direct marketing and advertising."

II. How do Marketers and Their Agencies Build Personas?

The first step in Arc's persona-creation process is to review Arc's existing client and industry research on customer segmentation, sales triggers (such as the need to remodel one's kitchen) and cyclical purchases, attitudes and mindsets. "After we analyze existing research and identify any gaps in knowledge, we conduct other quantitative and qualitative research to fill those gaps, such as ethnography, diary/blog studies, online surveys, interviews of retail salespeople and observations of people navigating through stores and surfing websites," Beymer said.

The RTA and Arc conducted about 30 transit rides with different novice and expert riders over a two-month period. Along with existing research and online surveys, the rides helped Arc develop four role-based personas for the RTA: Joe and Lisa, "one-timers" who are visiting Chicago from St. Louis and using public transit for a short time; Pamela, an "amateur" who takes public transportation once in a while and doesn't need to remember a route; Chad, an "establisher" trying to learn and internalize a new route; and Andre'a, the "autopilot," a life-long Chicago resident who has completely memorized routes to both work and her mother's house.

"Personas are all about mindsets," Beymer said. "They tell us about the consumer's needs at any point in time. We learned on the RTA that someone can be an 'establisher' one day and an 'autopilot' the next. Our communications to this person need to serve both needs based on their trip type."

One thing marketers should *not* do is build their personas exclusively through internal brainstorming sessions. "This will reinforce incorrect biases and stereotypes about your consumers," Beymer said.

When marketing teams fully buy into their personas, the fictitious characters develop a human quality and spirit. More often than not, marketers and their agencies begin speaking about the personas on a first-name basis as if they were real people with real lives. They might ask, "What would Greg need?" or "What does Stephanie think?"

III. From Landing that Hot Movie Contract to Buying a Fridge: All in a Persona's Day's Work

The Screen Actors Guild (SAG) and Arc have used personas to revolutionize the way Hollywood gets its show business done. Actors have traditionally sent resumes and head shots to casting directors via messenger—a costly activity for the guys and gals waiting to make it big. But that is beginning to change with SAG's use of personas, which have been used to improve the SAG website and form online connections among actors, casting directors, producers and SAG staff.

"You've overhauled a system that's been used for many years," Shapiro-Babin said. "To go in and do something so revolutionary and make it so much easier for everyone from a time and money perspective, that's phenomenal."

Arc built SAG's first personas in 2003 when the actors' union embarked on the redesign of its "SAG 24/7" website. The persona project expanded when SAG decided it was time to enable its entire community to communicate over the web and use an online casting system. Informed by interviews, surveys and workshops, Arc developed personas of aspiring and working actors, casting directors, producers, agents and staff. Arc then used the fictitious characters to understand the needs of different users throughout the casting process and identify the online tools they would need to accomplish their objectives.

When the online casting system is launched, working actors with SAG cards will be able to build their careers online: Tools will enable them to post resumes and head shots—for producers, agents and casting directors to view—and submit their credentials for specific jobs. The online casting system will also be useful for casting directors looking for talent. "They need to get it fast, and they need to get it

right," Joichi said, noting that they can search the SAG site for specific criteria and contact appropriate agents and actors with the flick of a button. Meanwhile, the site has taken the burden off of SAG's staff, as members can now find many answers to their questions online.

"At Whirlpool, the target audience is the 'active balancer,' someone who is balancing a career, home and family," Cooke said. Relevant personas include 36-year-old Stephanie, who wants to remodel her kitchen, and 52-year-old Janet, whose fridge just broke. "The look, the feel and the tone of our website engage our active balancer, and personas live a level below that. Personas are specific scenarios—a day in the life—and they describe the tasks they are trying to accomplish with our website, with our call center, with our brand," Cooke said.

Janet, a "duress purchaser" who lives with her husband and mother, needs to replace her refrigerator quickly. It's a hot July day and her refrigerator gave out over night. Ice cream is melting; milk is spoiling. Whirlpool.com allows her to choose a replacement by selecting desirable features such as a side-by-side door or water dispenser. "We have designed certain functions in the refrigerator category on Whirlpool.com that let you filter through a relatively complex category of products with lots of features and create a more manageable set," Cooke said. "Personas have helped us explore how we can quickly and efficiently get that consumer to the most pertinent information so that they can make a well-educated decision in a hurry."

"Because they're already stressed out," Shapiro-Babin said. "Your conversion rate with them is very strong because they feel good and confident in your arms…you've identified with them on a level that lets them take a deep breath and let it out and make that purchase with you," she said.

"That's our goal," Cooke said, "and performance metrics indicate that that's exactly what's happening."

IV. Making Personas Work for Your Business

Personas are powerful players when it comes to achieving a positive return on investment. Whirlpool, which began using personas in 2003, has seen a 30% reduction in the number of hit-and-runs on its website. And, people are viewing more pages in less time. In addition, Whirlpool has seen a 25% decrease in the number of phone calls to its customer service line and a 27% increase in overall customer satisfaction. Both metrics indicate that Whirlpool.com is serving its customers more efficiently online.

V. Strategic Advice When Creating Personas

Arc recommends the following tips to successfully create personas.

1. Marketers should seek counsel from experts who bring a proven methodology and experience when working with personas.
2. Agencies should present their persona recommendations in a way that engages their clients. Arc, for example, communicated SAG's personas by acting them out in script format. At the same time, avoid overly gimmicky communication tactics that are more flash than substance.
3. Both marketers and agencies need to commit to using the personas throughout strategy and execution. Think: "What does Greg need from my site?"
4. Consider your personas "living." When new quantitative and qualitative research is available, use it to update your personas. Once you start to use them, you won't want to stop.

Appendix Starts on Page 4
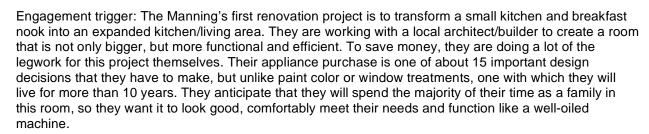
Whirlpool Personas

Persona #1. Kitchen Remodeler

Stephanie Manning: 36, married
Family: Husband, Mark, and daughter Isabel, age 2
Occupation: Accountant
Household income: $88,000

Identifying quote: "Tell me what I need to know about appliances."

Engagement trigger: The Manning's first renovation project is to transform a small kitchen and breakfast nook into an expanded kitchen/living area. They are working with a local architect/builder to create a room that is not only bigger, but more functional and efficient. To save money, they are doing a lot of the legwork for this project themselves. Their appliance purchase is one of about 15 important design decisions that they have to make, but unlike paint color or window treatments, one with which they will live for more than 10 years. They anticipate that they will spend the majority of their time as a family in this room, so they want it to look good, comfortably meet their needs and function like a well-oiled machine.

Persona's Impact on Whirlpool's Site Navigation

Whirlpool's site helps Stephanie accomplish the following goals:

- Understand the different budget and feature tradeoffs of appliances
- Find appliances that will work together and look good
- Gather detailed specifications to share with their architect

Whirlpool's site helps Stephanie perform the following tasks and thus achieve her purchase goals:

- Compare appliance features, price and specifications
- E-mail product details to their architect
- Find out whether there is a discount for buying products, such as filters in large quantities
- Get warranty information
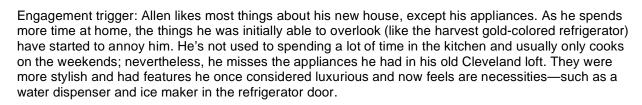
Persona #2. Update/Enhance Replacement Purchaser

Allen Rolland: 30, single
Occupation: Telecom sales manager
Household income: $89,000
Location: Recently moved to Sacramento from Cleveland after a promotion

Identifying quote: "Show me a refrigerator that reflects my personal taste."

Engagement trigger: Allen likes most things about his new house, except his appliances. As he spends more time at home, the things he was initially able to overlook (like the harvest gold-colored refrigerator) have started to annoy him. He's not used to spending a lot of time in the kitchen and usually only cooks on the weekends; nevertheless, he misses the appliances he had in his old Cleveland loft. They were more stylish and had features he once considered luxurious and now feels are necessities—such as a water dispenser and ice maker in the refrigerator door.

Persona's Impact on Whirlpool's Site Navigation

Whirlpool's site helps Allen accomplish the following goals:

- Browse for products that are a reflection of his own taste
- Select a refrigerator that has improved looks and enhanced features

Whirlpool's site helps Allen perform the following tasks and thus achieve his purchase goals:

- Browse for products online by activity
- Find stainless-steel refrigerator with water dispenser and ice maker
- Print out photo (or E-mail page) to solicit input from a style-conscious friend

White Paper

This is the second in a series of white papers on trends in interactive marketing, produced by Arc Worldwide and WebmasterRadio.FM. Please visit http://www.webmasterradio.fm/episodes/index.php?showId=18 for a link to the archive of the October 11 Cover Story Internet interview on which this paper is based.
Visit http://media.webmasterradio.fm/episodes/audio/2006/CS1001106.mp3 for a direct link to an mp3 file of the interview.

Rich Media
The Technology and Art behind Consumer Engagement

What if a magazine came to you and said, "We want you to buy an ad, but we have four-sided pages now." You'd probably think, "That's outrageous. I've never heard of such a thing."

That's similar to what it's like to play with rich media, said Zac Rybacki, creative director at Arc Worldwide. "Unlike traditional advertising, where formats are set, we don't have a space to fill on the web. Our idea will blossom out of something and be as big as it needs to be."

Likewise, rich media budgets are blossoming, since marketers are increasingly allocating more of their budgets to this new marketing medium. According to JupiterResearch and the *Chicago Tribune*, rich media next year will account for 31% of the total $5.8 billion U.S. online advertising forecast, comprised of static image, text, video and rich media. In 2011, rich media will account for 52.7% of the $9.3 billion U.S. online expenditures.[1]

"With more than half of adults (53% of consumers 18 and older) stating that they view online video, we're witnessing the early signs of mainstream adoption of Internet video," said Brian Haven, senior analyst at Forrester Research.[2] "Given that Gen Xers and Gen Yers view video more often than older generations, this sought-after audience is a prime target for video advertising. To leverage online video in order to target customers effectively, marketers must think like content providers by creating entertaining video, not just placing ads."

Rybacki is one of many people at Arc who are doing just that: helping clients create content that is meaningful to their consumers. And he's part of a community that is taking marketers to places they've never been.

One of his partners, Steve Slivka, has seen the Arc rich-media and interactive team grow from one person (himself) to a highly energized group of 30 people, who represent diverse fields, such as screen writing and flash animation.

"Our group grew along with the demand for rich-media content," said Slivka, a vice president and creative director at Arc. "It started with just me—jack-of-all-trades, multi-media expert—to a team of interactive creative specialists."

Both Slivka and Rybacki agree that their responsibilities are to expose clients to new media applications so that they can enhance consumer engagement, build brand loyalty and move their businesses forward.

But first, let's start with the basics.

---

[1] Benderoff, Eric. "Soaking Up Web Exposure." Chicago Tribune Graphic, August 14, 2006, Business page 1.
[2] Haven, Brian. "Should Your Brand Use Online Video?" Forrester Research, October 3, 2006, page 2.

I. What is Rich Media, and How Does a Rich-Media Team Function?

Rich media encompasses a broad range of interactive digital media that may have a high level of user participation (games, polls and quizzes, dynamic text and forms) and/or take advantage of enhanced sensory features, such as video and audio. The term is used to describe widely varying technologies and implementations, and an exact definition is elusive.

It may be easier to define what is NOT rich media. Examples of non-rich-media advertising include standard Interactive Advertising Bureau (IAB) flash executions as well as images (gif, jpeg, etc.), text links and search engine advertising.

At Arc, the rich-media team, housed within the creative department, handles all aspects of development including:
- Creative concepts
- Script writing
- Casting
- Film production
- Video editing and compression
- Sound mixing
- Advanced flash animation
- Software engineering
- Flash media server implementation

While everyone's role is quite different, the cohesion works. Indeed, managing extensive projects in-house means that everyone—the Arc team and the client—is equally invested in the outcome. During the creation of Diageo's thebar.com, some members of the rich-media team were focused on the website architecture while others were conceptualizing the character of the site's virtual bartender, Jack Parker. How the site would function and how Jack would appear on screen could not be decided in a vacuum. Having everyone in-house meant that people with diverse points of view and perspectives could collaborate throughout the iterative process.

"Who better to help conceptualize an idea than the people who understand the technology?" Slivka said. "This broad mix of talent allowed us to manage thebar.com project all in-house—from conceptualization, design, production and post-production. The back-end complexity of the character would have been hard to explain to external people."

Rybacki agreed. "If your creative department isn't thinking about rich-media solutions, you don't need a rich-media team—you need a new creative department."

In addition to Diageo, Arc has used this approach for several other clients and applications:
- Online ad banners—Capital One and Hallmark
- Mobile—Nestlé Purina PetCare and SingTel, Singapore's largest telecommunications provider
- Podcasts—Purina
- User-generated blogs on branded websites—SingTel, Centers for Disease Control and Prevention
- Video games—Cadillac and Xbox's Project Gotham Racing 3
- Interactive kiosks at retail—Behr/Home Depot

II. Rich Media and Your Brand

Rich media is best used to entertain or explain something that wouldn't be clear in static form. It's best used to tell an engaging, dynamic story that aligns with a marketer's brand message.

In today's society, where consumers can see movie trailers online and post, view and share videos on sites, such as YouTube and Google Video, marketers should be mindful that their branded sites need to be just as compelling as all of the other content consumers can access.

8

"Consumers are looking for a certain level of engagement, and you don't want that to drop off when they come to your branded site," Slivka said.

Before embarking on rich-media content:
- Identify the business problem before discussing which channels to use.
- Identify the business solution, incorporating a strong, clear idea.
- Decide which channels will deliver your idea in the most effective way.
- Learn as much about the needs and desires of your most valuable consumers and how they interact with your brand online. Why are consumers coming to my site? What do they want to accomplish on my site? Do they need information in a hurry or do they have time to be entertained? What would they ask of the media property I am creating?
- Commit yourself to meeting your consumers' needs.
- Now reassess your marketing idea: How does it relate to your consumers' needs?
- When pursuing rich media, ask: Will rich media enhance consumers' experiences, or will it hinder their ability to get the information they need?

Once you decide that rich media is right for your brand:
- Find the value exchange: What do your consumers want from you, and what do you want from your consumers? A value exchange is of mutual benefit to the marketer and consumer; it's entertaining, informative or educational content that a marketer provides in exchange for a consumer's time, attention or loyalty.
- Realizing that consumers cannot multitask while on a rich media site—that they will need to devote their full attention—make sure that you are providing content that is worth their time or provides an equal exchange for the personal information they give to you.
- Think right brain and left brain: Make sure the entertainment factor doesn't make it hard   to find critical information.
- Know that once you've delved into rich media, the innovation never stops. Keeping content fresh is key to consumer engagement.
- Figure out how "to close the click." When is the right time to entice consumers to explore your site?

III. Rich Media: To Produce or Not To Produce

Brandy Shapiro-Babin, vice president of marketing at WebmasterRadio.FM, an online radio network with 600,000 business listeners, is a keen observer of marketing trends, and she knows when marketers should or should not use the new technologies available to them.

She provided an example of going online to look for a dentist. "Rich media won't help those people. They'll abandon."

Slivka agreed that marketers need to provide a fair trade with consumers—give them content that they want, in the format that is most useful for them. "You want that person to be able to find a dentist within two clicks. Rich media doesn't have a place there," he said. "The rich-media experience has to be worth a consumer's time—so much so that even if you took the logo or brand away, they'd still enjoy the content," he said.

Shapiro-Babin used her own network as another example of when not to use video. "People keep saying to us, 'I want you to do videocasts. But take our show today," she said, referring to an October 11 conversation with Slivka on WebmasterRadio.FM. "How sticky is it to watch us have a conversation? I'm not sure video adds value."

With pure audio, people are less constricted, she said. "You can listen to our programming live, download us onto your iPod. You can multitask; you can be on the subway or working out. It makes sense for us not to use videocasting because our audience doesn't need to see a video to enrich the content that we are providing them."

IV. How Does Arc Use Rich Media for its Clients?

Diageo in partnership with Arc made a smart, strategic play with the development of thebar.com, a website that promotes the spirit maker's wide array of brands. Thebar.com is one of the industry's best examples of using rich media to engage consumers, taking the online experience to a new level. In fact, Arc shot 3,000 pieces of video for the interactive site.

From a virtual bartender who knows consumers by name, their location and their city's weather, to drink recipes, entertaining tips, offers and more, the site provides target-relevant content in a highly immersive and engaging way. A viral component enables consumers to "invite a friend" to experience all that thebar.com has to offer.

"It's to Diageo's credit that they embarked on something like that," Slivka said during the WebmasterRadio.FM program. "We built an online personality named Jack who asks about the visitor's drink preferences, but in a conversational manner. There are also areas for quick searches where visitors could get info ASAP. When we were building the website, it was important to not interfere with the usability—we just wanted to enhance it."

He went on to say: "This project proves that Diageo is making leaps and bounds as a marketing innovator in its industry. There are a lot of hard concepts to explain and it's not a linear walkthrough or a series of videos. We were building a character with personality that responds in multiple ways to consumers' inputs. He never answers the same question in the same way with any one consumer. It's definitely a new way of thinking and a new way of online engagement."

Another great example is work that Arc has produced in partnership with the small-business division of a large financial services company. Like all rich-media campaigns, this one was based on consumer insights and a central idea: Many small-business owners don't think that banks care about them. Arc created an online game that tied into the campaign's core message: "Does your bank think small about your small business?"

The game, which appeared on online banner ads, parodied the many hurdles that small-business owners have to cross when trying to get loans. "The game has performed really well," Rybacki said. "No one else in the category was doing anything like this."

In addition, the game portrayed the company as a fun, entertaining and welcoming financial services partner—even before consumers clicked through to its website. "We're pushing rich media out to online ads to help people understand the intangible aspects of the brand," Rybacki said. "Our strategy was to engage them and give them a reason to go to the website to learn more about our client's services for small businesses. We wanted to give them a reason to believe in the brand before asking them to click through. We had to deserve the closing of the click."

In a perfect value exchange, the company provided entertaining, highly relevant content for small-business owners, who, in turn, took time to engage with the brand. "This is a powerful way to communicate with a brand's consumer base," Rybacki said. "We'll see more of this."

###

10

White Paper

We Speak Your Language
Interactive/Mobile Marketing to Hispanics

The number of Hispanics in the United States is on the rise; for marketers who know how to engage them, so is the chance for increased revenue and profits. Indeed, marketers have started to grasp the significance of the $700 billion U.S. Hispanic market.[1] Moreover, diversity and good fortune are likely to co-mingle for the foreseeable future, as Hispanics will account for 20 percent of the country's population in 2030, representing the largest ethnic segment, according to the U.S. Census Bureau.[2]

Mobile marketing is just the latest channel that businesses should consider when deciding how best to connect with young Hispanics and drive transactions.

Tim Nelson, vice president, account director; Soraya Faber, account director; and Diego Mota, assistant art director at Arc Worldwide, spoke on November 1, 2006, with WebmasterRadio.FM guest host Nacho Hernandez, founder and CEO of iHispanic Marketing Group. During the conversation, Arc team members discussed the viability of using the mobile marketing channel to connect with the young Hispanic population.

"The general perspective of the Hispanic market is quickly changing," Nelson said. "Because of the large number of young people in the Hispanic segment, young Latinos have become a critical group. It is also a market that will continue to grow. Marketers naturally want to build brand affinity with them and build a relationship where they have a long experience and life cycle with the brand."

I. Mobile Marketing for the Hispanic Population

Marketers need to look outside the U.S. to get a sense of where this market is going. If one looks at countries, such as South Korea and Japan, where mobile networks and advanced headsets can support more multimedia content, the United States is comparatively just scratching the surface. Marketers today need to start positioning themselves for the next wave of handsets and figure out how to speak to young Hispanics, many of whom have a high propensity to purchase advanced phones.

"Marketers in the U.S. are still trying to figure out the mobile marketing equation," Nelson said. "If you look at the statistic of how many consumers in the U.S. have received an SMS promotion to their mobile phone, it is still less than 15 percent of cell phone owners. However, the potential of mobile marketing is enormous."

Faber, a first-generation American with Puerto Rican lineage, knows about the importance of new technologies within the Hispanic community. "In the next couple of years we will start to see many cell

---

[1] Barber, Tamara. "Technology Attitudes and Usage Among U.S. Hispanics." Forrester Research, October 25, 2006, page 4.
[2] "The Latino Intelligence Report." The Intelligence Group, 2006, page 3.

11

phone companies incorporate these advanced technologies into their devices, and with that evolution, you're going to see Hispanics at the forefront of the market, adopting the new technologies," Faber said. "This segment will be more likely to replace their old cell phones for new phones with better technology. Essentially, Hispanics will lead the group."

II. A Deep Dive Into Hispanic Characteristics: What Marketers Need to Know

A. Young Hispanics Are Highly Tech-Savvy

Arc counsels clients to consider the use of emerging technology channels to engage young Hispanic consumers because they are early adopters of communications and entertainment technologies. In fact, they are more likely than their non-Latino counterparts to have cable television/premium cable channels, CD burners, high-speed Internet access, video cameras and game consoles. Of all Hispanic youth, 91 percent feel comfortable with technology, compared to 60 percent of mainstream youth.[3]

Young Hispanics also have a higher propensity to own a mobile phone than their general market counterparts. They are more likely to have a phone with advanced features such as digital cameras, music and web browsing. There are 21percent of Hispanics who have a web-enabled phone compared to 15 percent of non-Hispanics.[4] Interestingly, they are less reliant on personal computers than the general market, presumably because they live more mobile lifestyles.

"Hispanic youth are incorporating mobile technology into their everyday life versus stopping to go to a desktop computer," Faber said. "Mobile phones give this segment portability and accessibility."

Nelson recalled an experience a couple months ago that showed the importance of a high-tech phone in the eyes of a young Hispanic male he met in Pilsen, a largely Hispanic community in Chicago. "I had just bought a new BlackBerry when a young Latino teenager came up to me on the street and told me that my phone was so cool. He was really cognizant of the features and indicated his knowledge of how it was different from a typical cell phone," Nelson said. "It showed the sensitivity of the segment and the badge value of the type of phone you carry."

Mota, born and raised in Venezuela and now living in Chicago, agreed that mobile phones represent a status symbol in the Hispanic culture. "The ownership of a cell phone in the Hispanic community represents the statement, 'I'm here. I've made it. I'm part of this community and culture. I have something to share and I want to be connected.' "

B. The Importance of Family, Friends and Community

While marketers have spent a lot of time studying online social networks, such as MySpace, Arc recommends that clients look at the organic social networks that have played an important role in the Hispanic community for generations. These networks exist among family, relatives and friends, and now they exist online, too.

"The notion of social networks is completely different in the Hispanic community. While marketers have been keen on creating and tapping into online social communities, social networks are organically formed in the Latino community," Nelson said. "They are dynamic and powerful, but not forced. People participate and are there because they want to be connected with their family and friends."

Hispanics identify themselves in the context of their families' needs and wants, a vastly different outlook compared with non-Hispanics who tend to think about themselves as individuals first. Hence, marketers should not market solely to the individual Hispanic consumer; they should strategize on how their products and services can help Hispanics improve their relationships with their family and friends.

---

[3] "The Latino Intelligence Report." The Intelligence Group, 2006, page 21.
[4] Yankelovich. "2006 Multi-Culture Marketing Study." Yankelovich, 2006.

"Latinos are very community-oriented and we have extremely close ties with our family and friends," Mota said. "My whole family uses U.S. Cellular because they offer a great family plan. My sister, father, mother, brother-in-law and almost everyone I know in the Mota family uses U.S. Cellular. We pick and purchase not thinking just how it will affect 'me,' but also our family circle."

Mota's outlook on life is typical of the Hispanic psyche, according to the 2006 Latino Cassandra Report. The ability to take care of family is considered one of the biggest indicators of success, and 91 percent of Hispanics feel that making their family proud is one of their most important life expectations, the report said.[5]

Moreover, Hispanic families are generally matriarchal. The mother or grandmother is often skeptical of advertisements, but makes most of the buying decisions for the family. Marketers need to understand this dynamic and find ways to add value to all members of a family, regardless of their generation. It is usually most effective to speak directly to the younger generation, which is often more accepting of marketing messages. The younger members of the family, in turn, will advise the older generation before a purchase decision is made.

C. Spanish or English?

About 40 percent of Hispanics in the U.S. speak both English and Spanish, but are more fluent in English. However, in an interesting trend, young Hispanics are asserting their interest in speaking and preserving the Spanish language. Many plan to have their children learn Spanish, even though they have limited proficiency in Spanish themselves.

Marketers are taking heed, as Spanish-only retail communications are now becoming more common. For example, Cingular Wireless in Chicago recently converted 15 stores in predominantly Hispanic neighborhoods to focus exclusively on Spanish-speaking consumers.

Faber said clients often ask her if their communications materials should be bilingual or in Spanish, English, Puerto Rican Spanish or Mexican Spanish, noting that some marketers jump to this question without looking at the "universal truth" for U.S. Hispanics.

"The universal truth is that all Hispanics want to feel that they are respected and understood. They are turned off by marketing campaigns that simply translate general-market materials or rely on inaccurate stereotypes to tell the 'Hispanic story,' " Faber said. "Like their Anglo counterparts, different segments respond to different stimuli, whether it's culture-based, gender-based, or generation-based. Marketers need to focus on what they're saying and to whom they're saying it. Once that's determined—a step which is often overlooked or rushed through— then the appropriate language can be discussed."

D. Mobile Technologies: Hubs for Entertainment

Arc recommends combining music and entertainment with mobile marketing as an intelligent way to tap into the Hispanic market's passions. The phone is no longer just a communication device for young Hispanics, but also an entertainment platform. Faber noted that Hispanics and African-Americans use iPods and MP3 players twice as much as other ethnicities.

In the past, marketers used three or four styles to address the cultural interests of the dominant Hispanic groups in a given local market. Like American teens adopting rock in the 50's and 60's, today's generation of young Hispanics want to express their identity through something they own. The result is crossover styles, such as Shakira, Latin house music and new hybrid styles such as Reggaeton.

The younger generation seems to be creating its own unique and broad-based Hispanic culture. Whereas their parents may have opted for cultural and social connections tied primarily to their place of origin, young Hispanics are more inclined to mix socially. In doing so, they have generated new cultural expressions that fuse ideas from across the Americas.

---

[5] "The Latino Intelligence Report." The Intelligence Group, 2006, page 17.

13

Marketers, then, would do well to communicate to Hispanics in the context of their broad Latin identity and bicultural heritage, as they also feel deeply American.

III. Arc's Strategic Advice for Marketers

Targeting Hispanics: Getting Started
- Identify the business problem before discussing tactical issues such as marketing channels; this requires a thorough understanding of what Hispanics want and need; furthermore, marketers should understand where these wants and needs intersect with the general market's needs, and where they differ.
- Identify what you want to say to the Hispanic market; at the intersection of what your Hispanic consumers want and what you want is the "value exchange," an interaction of mutual benefit for you and your consumers. Marketers can create a value exchange by offering products, services, information or even once-in-a-lifetime opportunities in return for consumers' time, attention and loyalty.
- Use the value exchange approach to identify the business solution, incorporating a strong, clear idea.
- Decide which channels will deliver your idea in the most effective way.
- Based on your audience, decide if your communications should be bilingual or in English, Mexican Spanish or Puerto Rican Spanish.
- Start incorporating ethnic insights into the development of general-market programs, as young Hispanics feel just as American as Latin.

Mobile Marketing: Best Practices
- Consider mobile marketing when targeting Hispanics—they are more tech-savvy than you think.
- Create opportunities for viral, mobile communications that tap into existing social networks.
- Offer products, services and promotions that accommodate young Hispanics' mobile lifestyles and desire to help their family and friends; speak to the whole, not the individual.
- Make sure your mobile marketing campaign is seamless; enable one channel to support the other. For example, invite consumers to your website to request downloads to their mobile phones, iPods or MP3 players. Asking for opt-ins respects privacy.
- Play off Hispanics' passions for music and sport, especially soccer; content for both can easily be downloaded onto mobile phones and other portable devices.
- Prepare yourself now for the next release of advanced mobile headsets; young Hispanics are expected to be early adopters. How will advanced technology affect your marketing message and outreach?

Marketers looking for a successful mobile-marketing example can turn to Arc client Nestlé Purina PetCare. Just as marketers going after Hispanics need to identify their consumers' wants, needs and passions, Purina and Arc created the perfect value exchange by satisfying the desire among animal lovers to improve their relationships with their pets. The Purina campaign includes audio and video podcasts that consumers can download to their iPods and MP3 players, and the first-ever "PetCasting" homepage on iTunes, plus weekly pet care tips, wallpapers and ringtones that consumers can download to their phones.

Marketers wishing to engage Hispanic consumers would likely enjoy a similar ongoing dialogue by playing off Hispanics' receptivity to mobile messages and their passion for music and sports.

"At Arc, we think the mobile channel is increasingly relevant for Hispanic and general-market campaigns," Nelson said. "One of our biggest challenges now is not how we design and execute these programs but presenting our clients with opportunities that exist in the mobile environment and getting them to lay the foundation as mobile becomes more mainstream."

###