

# Fighting for Awareness

## A Special Report on the Hispanic Public Relations Industry

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With Hispanic public relations, there is a good news-bad news scenario. The bad news is that Latino-focused public relations is still a relatively small part of the strategic advertising, media planning and promotions mix of major marketers or it's absent altogether. Many marketers still depend on their non-Latino public relations agencies to target Hispanics, thinking that such an approach reaches many bilingual and English-speaking Hispanics.

"In many instances, our marketplace in public relations and advertising is still somewhat of an afterthought. It's something we need to work on as an industry to promote the benefits of public relations, but it certainly has a long way to go," says Ralph Herrera president of Atlanta-based Lanza Group, a public relations and advertising shop.

But the good news is that Hispanic public relations is expanding its role in strategic media relations planning and outreach, and is no longer relegated to translating press materials and basic press relations and placement of stories in Spanish-language media. Gradually, more marketers are realizing the power of Hispanic public relations and turning to it for the first time or expanding their existing outreach.

"Budgets have been increasing. Once a client gets educated about opportunities in the market they see the potential and reallocate existing budgets from other business to invest in Hispanic and multicultural markets," says Romina Bongionvanni, western regional manager at Edelman Multicultural, a unit of Edelman, the world's largest independent public relations firm. Companies are realizing that Hispanic public relations, like its non-Latino counterpart, can be a more cost effective marketing tool than advertising and yield a good return on investment.

That's why Hispanic public relations is growing along with the proliferating number of Spanish-language radio, television, newspaper and magazine outlets that reach the burgeoning Hispanic market. Marketers increasingly call upon Latino public relations firms to communicate the benefits of their products and services in Spanish and English to growing populations of Hispanic-dominant, English-dominant and acculturated Hispanic consumers.

"When it comes to the non-Latino, any corporation that wants to do marketing on a national level cannot do it without a Hispanic pr component," says Martin Llorens, president of Miami-based Conexión. "It will not accomplish their goals."

**Budgets: Small But Growing.** - While budgets for Hispanic public relations projects have grown considerably in recent years, they remain small compared to what they should be, given that Hispanics are 14 percent of the U.S. population, industry executives say. There are no industry figures on the percent of total public relations spending attributable to Hispanic public relations. But industry insiders believe it is likely below the five percent figure for Hispanic advertising.

"You see pr projects with budgets anywhere from 40,000 to 250,000 and up for national efforts. Obviously, you can't do 10 markets for that. You pick and choose the markets to focus on. To do it right takes resources," says Sergio Lopez Miro, president of Miami-

based Hispania Public Relations. Adds Llorens: “Project budgets can range from around \$25,000, which we don’t do, to half a million dollars or more.”

Overall spending on public relations reached \$3.7 billion in 2005, up from \$3.4 billion the previous year, according to New York investment bank Veronis Suhler Stevenson, which specializes in media. Total public relations spending is expected to grow nine percent per year, compare to 6.7 per year growth for advertising and marketing, the firm indicates. Public relations spending is on track to exceed \$4 billion this year.

Victoria Negrete, CEO of Cartel Impacto in San Antonio, indicates that marketers’ public relations budgets can range anywhere from \$25,000 to more than \$5 million. Bigger budgets are boosting the 2006 revenue of Hispanic public relations agencies. Executives at most firms declined to provide specific figures but the trend is clearly up. As agencies get more work from new and existing clients, some are expanding operations, hiring more employees or reshuffling operations to broaden their services or sharpen their focus on the Hispanic market. **Here’s a sampling of growth trends at some Hispanic public relations agencies:**

At Los Angeles-based **RL Public Relations & Marketing (RLPR)**, “we have been growing steadily and our billings are up 30 percent year-to-date,” says president Roxana Lissa, adding that several new account acquisitions are in the works. In September, Heineken USA chose RLPR as its Hispanic PR agency of record for the Heineken Lager and Heineken Premium Light brands ([HMW 9/18/06. Heineken Taps A Hispanic Shop](#) ). Heineken expanded a relationship that began earlier this year when RLPR started handling media relations and private launch events for Heineken Premium Light in New York, Los Angeles, Chicago and Houston. RLPR’s expanded duties include building buzz for Heineken’s sponsorship of the Latin Grammys. “It’s all about the Latin Grammys being in New York this year. Our team is finalizing the plans associated with this big event and Heineken’s seventh sponsorship of it,” says Lissa. The private launch and promotions used an “arrival” theme because Premium Light is a recent arrival to the market.

**Axeso**, the U.S. Hispanic unit of the Miami Beach-based Jeffrey Group public relations firm, is on solid ground after starting up in June 2005. “One of our strategies for this year was growth for existing clients for U.S. Hispanic and Latin America. That has paid off well. A year from now our U.S. Hispanic-related business will probably be 30 to 40 percent of our revenues,” says Jeffrey Group president Jorge Ortega. Axeso has 7 to 10 new-client prospects. Over the last year, Jeffrey has moved away from outsourcing creative service and set up a four-person department that handles all U.S. Hispanic and Latin America creative.

**Lanza Group** is steadily growing the public relations side of its business, which will account for about 40 percent of revenue this year. Most of the agency’s accounts are regional and local. Since June, the agency has been handling the first Hispanic marketing effort by Atlanta-based homebuilder Sharon McSwain Homes. The initiative includes community outreach, Spanish-language radio and print advertising ([HMW Archives 6/19/06. Atlanta Homebuilder Builds Hispanic Initiative](#) ). Another client, Virginia-based BioPay, maker of biometric transaction processor devices, expanded its Hispanic public relations campaign in November, 2005.

How does three-year-old Lanza build business? “We knock on doors and educate our marketplace. Many practitioners in our market have never done Hispanic outreach. We

talk about benefits and results,” Herrera, founder of the firm. “I’m still surprised at the number of companies that are headquartered in our region that still aren’t targeting the Hispanic market. I think the growth of the Hispanic population in the region has been so fast that a lot of companies have been slow to realize it.”

Herrera adds that his efforts include convincing potential clients that public relations is a logical first step for companies that have never targeted Hispanics. Then when advertising kicks in six months or a year later, people are familiar with what a company has to offer, he notes. Lanza also handles U.S. public relations, marketing and advertising for El Salvador-based Banco Agricola. Other clients include Verizon Wireless for media outreach in Georgia.

At Miami-based public relations firm **Conexión**, revenue for 2006 is on track to beat 2005 figures by about 30 percent, says Llorens. Anticipating more growth, the firm recently relocated to bigger offices in Santa Monica, California. Clients include Countrywide, Ford, T.J. Maxx, Payless ShoeSource and MasterBrand Cabinets. A significant part of the growth at Conexión comes from an increase in strategic consulting services.

“Companies are realizing that the Hispanic market is getting more complex. They are realizing that Hispanics can be affluent and more like English dominants and not just Hispanic dominant,” says Llorens. Conexión is stepping up its efforts to collaborate with non-Latino public relations firms about trends in the industry. In October, the agency joined the Lumin Collaborative, a public relations industry think tank, becoming the first Hispanic shop in the group that collaborates with five agencies. As part of the move, Llorens and COO Gaby Albán will join Lumin’s board.

Other shops from have opted to expand their dedicated public relations team and also allocate more resources to the industry. In 2005, Miami-based Machado/Garcia-Sierra Communications, an advertising agency with public relations capabilities, restructured its agency roster to devote more resources to strategy, research and planning and expand what it can offer new and existing clients ([HMW Archives 4/11/05. Regrouped And Refocused](#)). Los Angeles-based Valencia, Perez & Echeveste Public Relations recently appointed five new team members to manage national and regional accounts in the consumer strategies, social marketing and public affairs divisions.

Edelman is expanding its multicultural practice, growing the unit to 25 employees, up from around 15 last year, explains western regional manager Bongiovanni. Edelman Multicultural recently landed Delta Airlines as agency of record for Hispanic outreach. At Cartel Impacto, the public relations unit of The Cartel Group, the focus is centered on marketing communications and promotions capacity through a variety of media popular among Hispanic youths such as text messaging. To solidify the effort, in August the company brought three new executives on board ([HMW Archives 8/28/06. Arriba/Abajo](#)).

**More Competition.** - In a sure sign of industry growth, there are more competitors than ever for Hispanic public relations work. Competition for contracts and assignments is coming not only from Latino-centric public relations agencies, but also from dedicated divisions at Hispanic advertising agencies as well as non-Latino public relations and advertising firms with Hispanic efforts.

When RLPR pitched for the Heineken account, the agency competed against a non-Latino public relations agency, a Hispanic public relations firm and a Hispanic

advertising agency with public relations capabilities. For the Subway account, Miami-based Hispania Public Relations competed with a major non-Latino public relations firm and in the General Mills review, competition came from other small Hispanic agencies, large independent Hispanic firms and a non-Latino public relations agency with a Hispanic unit.

“More ad agencies have pr departments. They are growing that part of the business,” says Bongiovanni, from Edelman. And large firms are confident their in-house multicultural capabilities serve clients best. “We have our own African American experts. We meet with them constantly and share information and best practices,” says Bongiovanni. Industry executives note that while the number of Hispanic public relations agencies is not on the rise, the existing shops are getting more business. Sectors driving growth in the industry include telecommunications, alcoholic beverages, consumer goods, fast food restaurants and pharmaceuticals.

A growing number of non-Latino public relations firms like Hill & Knowlton, Fleischman-Hilliard and Ketchum already have multicultural capabilities and are trying to recruit talent from Hispanic public relations and advertising agencies to grow their practices, notes July Grayum, Public Relations Account Director at Houston-based López Negrete Communications. She adds that she often receives calls from public relations headhunters seeking talent.

Most Hispanic advertising agencies already have public relations capabilities and those that don't turn to contract workers or freelance contributors on an “as needed” or project basis.

Many small Hispanic agencies are turning to strategic alliances in hopes that these will help them compete against the multicultural abilities of larger shops. For example, Hispania is currently in discussions with three other small to medium sized Hispanic, African-American and non-Latino agencies to pitch for contracts together. In December 2005, Lanza formed an alliance with three public relations agencies with different specialties to create Atlas Alliance to pursue business together worldwide. The firms are Lanza, Atlanta-based Treveline/Keller, The Wordshop in London and ActivePR, headquartered in the Middle East ([HMW Archives 12/12/05. Four Agencies Band Together](#) ).

**Barriers Remain.** - Agency executives point out several barriers that prevent Hispanic public relations agencies from becoming a bigger part of the overall marketing mix. Some companies tend to have entry-level or junior-level brand managers to oversee relationships with Hispanic public relations agencies, industry insiders say. Such brand managers don't have enough experience working with Hispanic public relations firms, don't understand Hispanic public relations, and aren't big picture thinkers, whether they are Hispanic or not, notes an executive with a large independent Hispanic public relations agency. “That's a problem, but it's getting better,” observes the executive.

Also, many small Hispanic agencies work on a project basis using freelancers and contractors as needed. “If small agencies are going to have a chance to grow significantly, they have to be able to project income and revenues from year to year but they can't do that working on a project basis,” says Sergio López Miró, president of Miami-based Hispania Public Relations. “You don't have a contract for two or three years with a set amount so to staff up is kind of risky because you could have people sitting around doing nothing.”

An executive with another independent public relations firm observes that it's sometimes difficult to explain the Hispanic market to companies, even those with Latino brand and marketing managers. The executive cites a brand manager at a packaged goods company as an example: He could not understand how some Latinos could live in the U.S. for several years, be a successful professional or business owner and remain largely unacculturated by choice, requiring Spanish-language outreach.

"He thought that if you own a business and pay taxes then you are automatically acculturated. I couldn't convince him otherwise," says the public relations executive. "All clients haven't evolved at the same pace. Unfortunately, there are pitches where you have to start from square one and bring them along."

**Looking Ahead.** - Growth and increased budgets are definitely on the horizon as Hispanic public relations improves its ability to understand what motivates Latino consumers and how to reach them. "Growth will happen regardless of how the economy goes because pr offers tremendous exposure to a growing market for relatively little investment," predicts Hispania's Miró.

Says Deborah Charnes Vallejo, vice president/manager of public relations at Bromley Communications: "We all hear about how big the Hispanic population will be. It's essential that people get out of the mind frame that it's a minority market. I'd like Hispanic pr to be on everyone's agenda. A must have."

Eventually, there could be a wave of consolidation between non-Latino public relations firms and smaller Hispanic shops, some executives predict. "Big shops will realize they need a true Hispanic capability, and it's hard to do that in-house and build it from scratch. Most agencies would rather just acquire a smaller Hispanic shop," predicts Lissa of RLPR. Large agencies have approached Lissa about merging but she has turned down the overtures to continue to run her own shop, she says.

The Jeffrey Group's Ortega has a different take on possible consolidation. "It's hard to say how quickly the big companies will move to acquire firms or acquire talent to expand their divisions because even they have limited resources," he points out.

Some public relations executives worry about a shortage of top talent as the industry continues to grow. Hispanic public relations firms often recruit for key positions from each other to support growth. "You have to be very careful when pursuing new business to make sure you have the people to support it," says one Hispanic agency executive. It's a problem that more Hispanic public relations may have as the industry grows.

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Orlando R. Nieves  
General Manager  
Hispanic Initiatives  
Phone: 813.259.8161  
Fax: 813.259.8278  
E-mail:

[onieves@centrotampa.com](mailto:onieves@centrotampa.com)



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