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Volume 30

December 17, 2010

Number 47

CHEESE MARKET NEWS[®]

The Weekly Newspaper Of The Nation's Cheese And Dairy/Deli Business

Many factors to consider in growing U.S. Hispanic market

By Alyssa Sowerwine

MADISON, Wis. — It probably comes as no surprise that cheese is a key component of the Hispanic diet. From creamy breakfast pastries to cheese-laden enchiladas, these consumers are no strangers to queso.

Recent research shows, however, that U.S. Hispanic consumers' interest in non-traditional cheeses also is growing, opening a window of opportunity for U.S. cheesemakers in this fast-growing population.

According to Lynn M. Stachura, senior vice president of strategic insights for Dairy Management Inc. (DMI), Hispanic market research from the Innovation Center for U.S. Dairy shows cheese usage among U.S. Hispanics is additive, meaning they are not dropping their traditional cheese and substituting other cheeses; rather, acculturating Hispanics are adding U.S. cheeses to their diets as they have gained increased access to a wider variety of cheese in the United States.

She notes that in particular, U.S. Hispanic households with children show greater cheese consumption volume compared with U.S. Hispanic households without children.

"This indicates that U.S. Hispanic households with children become even more important to cheese volume with acculturation," Stachura says.

She also notes that research indicates the presence of children in the household also translates to higher consumption of cheese and yogurt by the mother. Innovation Center research shows that 81 percent of Hispanic mothers with children at home say they eat cheese a few times a week or more, while 64 percent of Hispanic females without children in the house eat cheese a few times a week or more.

Stachura adds that while cheese is considered a secondary staple to milk in U.S. Hispanic households, it has more functional roles as it is used as a snack or essential ingredient in traditional dishes.

"Cheese is used on a daily basis, sometimes at breakfast but typically in the day's main dish, as an afternoon snack and in between meals, particularly String cheese with kids," she says.

Because cheese is used most often among U.S. Hispanics in eating occasions, greater efforts to focus marketing campaigns on ways that Hispanics can incorporate these products into those occasions could bolster usage, according to recent research from Mintel, a global supplier of consumer,

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product and media intelligence.

Mintel also notes that product sampling at stores is an excellent method to introduce cheese varieties, and Hispanics will be more likely to expand types of cheese purchased when encouraged through tasting events.

• **A growing consumer group**

Recent figures from Packaged Facts — a provider of market research in consumer goods, food and beverage, pet services, financial services and personal care markets — show that the Hispanic population in the United States is the largest minority group, with an estimated 2010 population of 49.7 million, 16 percent of the total U.S. population. Through the end of the half century, the Hispanic population is projected to grow at a compound annual growth rate of 2.49 percent, nearly three times that of the overall population.

According to Packaged Facts, in addition to population growth, buying power within the Hispanic population is expected to grow significantly in the next four to five years. Packaged Facts notes that Hispanic shoppers spend significantly more than other groups on food consumed at home due to the importance of family and larger family units.

Also important to note is that when marketers target Hispanics, they must go beyond the term “Hispanic” to recognize the 20-some different nationalities among the overall Hispanic population, Packaged Facts says. Mexicans

constitute nearly two-thirds of the U.S. Hispanic population, followed by Puerto Ricans at 9 percent and U.S. Hispanics from Central and South America at a combined 13 percent.

“The significance of this is that these population groups tend to live in centralized communities rather than being spread out proportionally among the population as a whole,” Packaged Facts says. “Therefore, a store in a Dominican community needs to stock a different assortment of products than a store in a neighborhood with a high concentration of Cubans or Guatemalans.”

Recognition of this diversity is no new concept to Cacique Inc., City of Industry, Calif., which has had a Hispanic consumer base since the company was founded in 1973 by Cuba natives Gilbert and Jennie de Cárdenas.

Since then Cacique has grown into a large national manufacturer of traditional Hispanic cheeses, creams, chorizos and beverages. The company most recently has taken a two-prong approach to its marketing by expanding knowledge of Hispanic cheeses among the non-Hispanic population while simultaneously ramping up marketing to its core Hispanic consumer base, according to Tirso Iglesias, director of sales and marketing, Cacique.

“Typically up until 2010 we’ve positioned our products and marketing solely to Hispanic consumers, but in 2010 we decided to continue that trend but also begin to attract new consumers,” Iglesias says.

With this in mind, the company recently entered into a partnership

with Food Network Celebrity Chef Aarón Sánchez to promote Cacique’s product line.

At the same time, Cacique is sponsoring the Mexican National Soccer Team as “La Selección Auténtica” for Mexico’s soccer fans, just as Cacique is the authentic choice for Mexican dishes, Iglesias says.

Iglesias notes that for Hispanic and non-Hispanic consumers alike, “we want people to think of Cacique when they think authenticity,” noting the company feels equipped to educate the population at large on traditional Hispanic products.

“We’ve been living and breathing these products for years and learning from our consumers,” he says.

Iglesias adds that Cacique will continue to focus on the core, Hispanic consumer side of the business.

“Our consumers are the backbone of who Cacique has become and where we will take it,” Iglesias says.

The company currently is in the testing stages for a new String cheese with a flavor profile targeted to Hispanics, he says.

Iglesias notes that as the U.S. Hispanic population grows, it will provide not just an opportunity in the cheese industry, but in all product categories.

He says that to tap into that market, companies need to do their homework.

“Hispanic consumers are very loyal,” he says.

“Markets differ in both maturity and consumer mix, thus there is a variation in terms of brands and number of competitors,” he adds.

One company looking to tap into the U.S. Hispanic consumer market is Arena Cheese, Arena, Wis. The company is launching a new brand called Quesol early next year.

Arena Cheese co-owner Ronald Weil notes that the company has been selling two different cheeses to the Caribbean for most of this decade, and the new Quesol brand was designed specifically for that market as well as the U.S. Hispanic market.

One of the first cheeses to be marketed under this brand will be Arena’s smoked Gouda available in a deli horn style for foodservice.

Weil notes that some may not think of Gouda as being popular in the Hispanic market, but when Arena’s Caribbean customers tried the cheese, it was very well received.

It also adds a level of convenience, as Weil notes that no had really developed a smoked Gouda in the deli horn shape for foodservice.

The company also plans to launch the brand in the U.S. market next year and is working with the Wisconsin Milk Marketing Board to market it as part of a breakfast recipe as well as an addition to sandwiches.

Weil notes Hispanics tend to use more cheese in breakfast and bakery items, as well as throughout the day in general.

He says Arena has considered using Spanish in its marketing plan but is still working out those details.

He also agrees it is important to

recognize the many different Hispanic groups in the United States.

“You can’t just lump them all together; with Quesol, for example, we’re looking more toward the Caribbean-based consumer,” Weil says. “There are many different Hispanic groups, and they all want a slightly different product line.”

• **Other factors to consider**

In addition to country of origin, family size and composition, and acculturation, there are other factors that go into targeting products to the Hispanic population.

“Hispanic mothers, like most mothers, are concerned about health and wellness for herself and her children,” Stachura says. “So there’s an opportunity to showcase the health benefits of cheese.”

Stachura notes that Innovation Center research shows that Hispanics generally believe dairy is good for growth, bones and as a sleep aid. In addition, more than two-thirds of those surveyed said hearing about health and nutrition information specific to Hispanics is more meaningful.

She adds that marketing should tap into the “realness” of cheese and other dairy products, as product freshness is of great importance to the Hispanic consumer.

This also provides an opportunity in the realm of packaging, she notes.

“Hispanic consumers often buy in bulk because they use a lot in the cuisine,” Stachura says. “So with balancing that with freshness, I think there’s an opportunity in the foodservice area for cheese and dairy manufacturers.”

Stachura adds that within foodservice, she would suggest that the breakfast occasion is growing, so there may be an opportunity there as well.

Lana Frantzen, Ph.D. and Hispanic health specialist with the National Dairy Council, notes dairy products provide essential nutrients like calcium, potassium and vitamin D.

She adds that U.S. Hispanics are disproportionately affected by health conditions such as obesity, cardiovascular disease, diabetes and hypertension.

“Directly or indirectly, nutrition can impact all of these conditions,” she says.

Frantzen notes that milk is one obvious choice for a product that contains many of the essential nutrients needed for a healthy diet. She adds that cheese also is an excellent source of calcium and other nutrients.

“The Hispanic culture embraces dairy as a part of their diet,” she says. “The catch is making sure they get the most nutrient-rich options available to them.”

Frantzen suggests that dairy companies tailor their products in ways that appeal to the Hispanic consumer — for example, a product such as a mango-flavored or drinkable yogurt.

She also notes that some Hispanics view lower-fat products as lacking in nutrients, which, she points out, is not accurate.

“It’s about education,” Frantzen says. “We need to address these and other barriers (to consumption) and find ways to overcome them.” CMN