

A report by Jason Ukman

# Riding the Wave

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A look at four  
Spanish-language  
newspapers and  
the flourishing  
Hispanic market

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### **Riding the Wave**

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### **Riding the Wave**

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# Contents

- 5 Riding the Wave: The overview
- 7 The Hispanic market
- 9 A historical primer
- 11 The status of Spanish-language newspapers
- 13 El Nuevo Herald
- 17 Hoy
- 21 La Prensa
- 25 Exitó!
- 29 Appendix

# Riding the Wave: The overview

In 1999, when Newsweek editors conducted a national survey of Hispanics, they learned what many people already knew: The Hispanic population is changing America's demographic map and reshaping mainstream culture.

If readers took the time to comb through the layers of statistics, they found some very telling and arguably less obvious numbers. Among them was this: 83 percent of respondents said being Hispanic remained important to their identity.<sup>1</sup>

When *People en Español* launched its own study during the same year, researchers came back with remarkably similar results. Eighty-four percent of Hispanics surveyed said they consider themselves to be “more Hispanic or Hispanic and American equally.”<sup>2</sup>

These numbers refute the myth of the American melting pot. Hispanics don't discard their identity wholesale in order to assimilate. That conclusion in and of itself might not be a collective epiphany for market researchers, but it is confirmation of a very relevant suspicion that has profound consequences for American Spanish-language media.

If Hispanics still feel a strong connection to their identity, they have great potential as consumers of news and information about Hispanic and Latin American culture. That's good news for Spanish-language newspapers.

What really matters though is what newspapers are doing to reach the market.

This study will examine exactly what Spanish-language newspapers have done — and are doing — to grow their businesses and increase market share. When have they gained readers? What strategies have or haven't worked? What is their relationship with their English-language sister papers?

To answer these questions, we examined four Spanish-language newspapers in close detail: *Exito*, a *Chicago Tribune* niche publication; *El Nuevo Herald*, Miami's paper that now rivals its English-language sister, *The Miami Herald*; *Hoy*, a relative newcomer to the New York market; and *La Prensa*, a Southern California publication with a one-of-a-kind business alliance.

These newspapers — and their competitors — have secured a paradoxical place in the continuum of media history. On one hand, they are part of a newspaper industry at a perilous juncture. Even though newspaper companies have had comfortable profit margins recently (SEE EXHIBIT 1), they also have witnessed a steady decline in readership (SEE EXHIBIT 2). With the challenge of new media such as the Internet, combined with younger generations that aren't reading the news as much as their predecessors, the future for newspapers makes some industry experts justifiably leery.

But for Spanish-language newspapers, the future may be very, very promising. After all, the recent numbers tell a juicy story: more immigration from Latin America, more young Hispanics, more people who want to know about what's happening in countries such as Mexico, Puerto Rico and Colombia.

The Hispanic population has grown 57.9 percent since 1990 — to 35.3 million — while the overall U.S. population has grown just 13.2 percent, according to the U.S. Census Bureau.<sup>3</sup> By 2010, the bureau reports, Hispanics will surpass African-Americans to become the country's largest minority.<sup>4</sup>

Spanish-language newspapers, then, may be uniquely positioned to increase readership and revenue. As the Hispanic population grows, changing the American cultural landscape, Spanish-language newspapers have an opportunity to grow alongside them.



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<sup>1</sup> "Latino America," *Newsweek*, July 12, 1999.

<sup>2</sup> Quiroz, Lisa and Roan Kang. "Connecting with U.S. Hispanics," David Rockefeller Center for Latin American Studies News, Spring 2000.

<sup>3</sup> U.S. Census Bureau. Current Population Reports. "The Hispanic Population: Census 2000 Brief," May, 2001.

<sup>4</sup> U.S. Census Bureau. Current Population Reports. "Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995 to 2050," February 1996.

# The Hispanic market

It is important to establish a foundational understanding of the market before looking at the four case studies. But first, a word of warning.

The complexity of the Hispanic market makes it nearly impossible to craft a one-size-fits-all demographic snapshot. The Cuban population in Miami is drastically different from the Mexican population in Chicago. They have different values, priorities and interests. To complicate matters further, because of strong immigration numbers, the markets are constantly changing.

Dominicans, who once barely showed up on the radar screen of New York's Hispanic market, now represent a significant chunk of the population.

The nuances of the market make a marked difference in the editorial content readers want and, consequently, the readers advertisers are trying to attract. Those nuances haven't always been communicated clearly to advertisers, let alone media executives. The result: a schism between what customers want and what newspapers deliver.

National demographics, then, can only go so far in telling the story. Still, they may provide a large lens through which we can understand the intricacies of individual markets. Here are some data to keep in mind:

- U.S. citizens of Mexican origin make up about 59 percent of the nation's Hispanic population.<sup>5</sup> That makes them the predominant Hispanic culture in America. People of Puerto Rican origin represent about 10 percent of the Hispanic population. People of Cuban origin are about 4 percent.
- One of the most striking aspects of the Hispanic population is that it is extraordinarily young (SEE EXHIBIT 3). The youthful nature of the audience is an important factor for Spanish-language newspapers to bear in mind. More than a third of the Hispanic population is younger than 18, according to the U.S. Census Bureau (SEE EXHIBIT 4).
- Whether or not Hispanics read as much as other ethnic groups is a contentious issue. Advertising agencies have long believed they don't read as much. And that perception has been a major stumbling block for papers going head-to-head with the broadcast industry for advertising dollars. In 1998, a Pew Center study found 39 percent of Hispanics read the weekday paper; 47 percent read the Sunday paper. Their weekday readership lagged behind that of other ethnic groups by anywhere from 12 percentage points to 28 percentage points (SEE EXHIBIT 5).
- Almost 28 percent of Hispanics 25 and older have less than a ninth-grade education. About 56 percent have a high school diploma. And just short of 11 percent have graduated from college with a bachelor's degree. That means Hispanics generally have significantly less formal education than non-Hispanic whites.<sup>6</sup>
- The aforementioned People en Español poll found that 85 percent of Hispanics

speaking Spanish at work, while 87 percent speak Spanish at home. Yet, the majority of respondents also consumed English media on a regular basis.

Researchers concluded Hispanics gravitated toward Spanish-language media not for the sake of comprehensibility, but to find information relevant to their identity.<sup>7</sup>



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<sup>5</sup> U.S. Census Bureau. Current Population Reports. "The Hispanic Population: Census 2000 Brief," May 2001.

<sup>6</sup> U.S. Census Bureau. Current Population Reports. "The Hispanic Population in the United States, Population Characteristics," March 1999.

<sup>7</sup> Quiroz, Lisa and Roan Kang. "Connecting with U.S. Hispanics," David Rockefeller Center for Latin American Studies News, Spring 2000.

# A historical primer

All of the newspapers focused on here are under the ownership of major media companies. Massive media empires with holdings across platforms have in the past several years started to look seriously toward the Hispanic market for growth. This is not to say they didn't own Spanish-language publications before then. But some companies have only recently viewed their Spanish-language papers as stand-alone products.

The driving force behind them was advertising. Businesses were ready to tap into the buying power of the gargantuan Hispanic population and newspapers had to follow suit.

National advertisers have continued to steadily increase spending on the Hispanic market. In 1998, Procter & Gamble was the top spender with \$42 million devoted to ads in the Hispanic market. Sears, Roebuck & Co. increased spending from \$9.5 million in 1995 to \$25 million in 1998.

Likewise, during the same time, General Motors bumped up its ad expenditures from \$3 million to \$17.5 million (SEE EXHIBIT 6).<sup>8</sup>

The challenge for Spanish-language newspapers is luring national advertisers away from other media outlets. TV and radio have long scooped up the bulk of the ad dollars devoted to the Hispanic market.

Univision, which draws the fifth biggest network audience among adults 18-49, holds the greatest allure for the big spenders. In many of the major U.S. markets, between 69 percent and 91 percent of the Spanish-language viewing audience watches Univision (SEE EXHIBIT 7).<sup>9</sup> Faced with those numbers, many businesses readily dismiss opportunities for print advertising as wasted cash. The broadcast industry has made the compelling case that it is the only important medium.

Executives at Spanish-language newspapers, particularly those in large markets, say they know otherwise. They have seen their circulation increase; they have seen the Hispanics in their areas reading. But executives also realize they must find a way to tell their own story in a compelling way.



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<sup>8</sup> Hispanic Business Inc.

<sup>9</sup> Univision Communications Inc., 1998 Annual Report.

# The status of Spanish-language newspapers

It is virtually impossible to track the precise growth of the Spanish-language newspaper industry. Although a few research firms and media organizations distribute their own lists of publications, no one source maintains a universally recognized national database. Industry insiders say the job of tracking such papers is made all the more difficult by smaller Spanish-language newspapers that have inconsistent publication or distribution systems.

## **Methodology**

Information about the four newspapers was obtained through interviews with the companies' management and staff. Supplemental and demographic information was found in secondary sources, as noted.

That said, it would still be difficult to deny the overall growth in the number of Spanish-language publications. The absence of precise information makes it impossible to attach verifiable numbers to that growth. But certain trends are clear.

First, the number of Spanish-language weeklies has increased.

Business people have hurried to make investments to court the growing Hispanic market. Publishers have created new products; advertisers have developed new ad campaigns.

The Hispanic market has not witnessed the same growth in Spanish-language dailies. Because daily newspapers are expensive operations, only the largest markets can sustain them. Advertisers must be willing to make significant investments in the medium. And again, right or wrong, advertisers don't yet believe Hispanics read enough to make print ads matter.



## El Nuevo Herald

**Market:** Miami

**Publication:** Daily

**Daily circulation:** 89,400

**Established:** 1976 (launched as a stand-alone publication in 1998)

**Ownership:** Knight Ridder

# El Nuevo Herald

The first thing readers should notice about *El Nuevo Herald* is that it is not *The Miami Herald*. Then they should note that it doesn't look anything like the English-language paper. And finally, they should reach the conclusion that it doesn't read much like the *Herald*. *El Nuevo Herald*, for all intents and purposes, is as different from its sister paper as it is from any other publication in town.

That's the way *Miami Herald* publisher Alberto Ibarguén wants it. When Ibarguén, former publisher of *El Nuevo Herald*, handed over the reigns to his successor, he was clear about his mandate: "Give me a newspaper that cannot be confused with *The Miami Herald*."<sup>10</sup>

Then-editor Carlos Castañeda and his staff did just that.

Unlike other companies that have developed niche Spanish-language publications, the Knight Ridder-owned *Herald* has created what might better be described as a large wedge. *El Nuevo Herald*, a profitable newspaper with 89,000 daily circulation (97,000 Sunday), actually competes with its English-language sister. It also is neck-and-neck with Los Angeles' *La Opinión* to claim bragging rights as the largest Spanish-language newspaper in the country.

With its Cuban exile population, Miami has long been a symbol of the new multicultural American city. But to attribute *El Nuevo Herald*'s growth to demographics alone would be to miss the true story. Instead, the business strategy driving the paper has turned a poorly read supplement into an industry leader.

### The market

Miami is home to the third largest Hispanic market in the country (SEE EXHIBITS 8 AND 9).<sup>11</sup> The Hispanic population in South Florida has exploded over the last several decades. In 1960, only 6 percent of the region's total population was Hispanic; by 1990 that number had grown to 49 percent; and by 2000, about 57

percent of the area's residents were Hispanic.<sup>12</sup> Although Cubans, who left their native country en masse beginning in the 1960s and 1970s, have been the dominant ethnic group in Miami and surroundings, the city has welcomed large batches of immigrants from other nations. During the 1980s, deteriorating political conditions in Central America brought a new migration wave. In 1970, Cubans made up about 91 percent of Miami-Dade's Hispanic population. By 2000, that number was 50 percent.<sup>13</sup> Miami is now home to a significant population of people from Colombia, Argentina, Puerto Rico, Nicaragua, Honduras, Venezuela and the Dominican Republic.

### **The history**

Initially, Herald Publishing Co. executives paid little attention to the Hispanic market. *El Miami Herald*, which the company created in 1976, was a small section produced by a small staff that ran primarily translated copy.<sup>14</sup>

Management probably didn't think the Hispanic population had much staying power, Ibarguen said. They assumed Castro would fall and Miami's Cubans would leave.

The Hispanic population didn't leave and, for a long time, the Spanish-language paper didn't improve. It was, however, expanded from a small section to an inside supplement.

*El Nuevo Herald*, as it was later called, didn't fit well in the city's Hispanic market. The supplement was tied closely to *The Miami Herald*, a publication that in the 1970s was perceived by Miami's Cuban exiles as pro-Castro. That closeness combined with the distrust between the Herald and the Cuban community made it nearly impossible for the publication to grow.

Worse yet, the Spanish-language content wasn't accessible. The front page of the *Herald* didn't have a refer for *El Nuevo Herald*. Even if they knew it was there, readers weren't necessarily willing to pay the price for the English-language paper if they were only going to read a small inside section.

When Ibarguen was named publisher of *El Nuevo Herald*, he used a few makeshift research techniques to learn a lot about the market. With his Cuban coffee in hand, he went to talk to local storeowners selling the paper. What he found was so depressing it was almost laughable.

This is what he saw: Hispanic readers paid 25 cents for the *Herald*, pulled out *El Nuevo Herald* and left behind the rest of the paper. Storeowners, in turn, picked up the leftover English paper and sent it back to the Herald.

The front page had a bar code that allowed storeowners to return the paper. Thus, for local businesses, the situation was splendid: They sold papers and returned those same papers for credit. For the Herald Co., Ibarguen's experience proved the situation was dire. The distribution model didn't work.

### **Changing the model**

The problem, Ibargüen said, was that the Herald was still selling a one-size-fits-all product to a fragmented market. Executives had only to turn to the broadcast industry to get that message. When *El Nuevo Herald* was launched, three national networks jockeyed for position in the broadcast industry. Right before the paper became a stand-alone product in 1998, six national networks and countless cable networks were serious players.

Newspapers, including the *Herald*, were not getting the message that the market was fragmenting, Ibargüen said.

But the Herald Co. had failed to recognize another flaw in its model, equally as problematic. Like other English-language companies putting out Spanish-language products, the Herald thought it could contain costs by feeding both markets the same content. Just translate stories into Spanish, publish them and maybe throw in some translated wire about Latin America.

That strategy didn't work in Miami.

The Hispanic audience had different interests. Soccer, for example, might not have received a lot of attention in English-language publications, but fútbol stories sold in Spanish-language papers. Ibargüen believed the communities' differences needed to be reflected.

Even after they recognized some of the problems inherent in their model, some Herald executives were reluctant to separate *El Nuevo Herald*. Some were worried doing so would further divide the community. Ibargüen's response: "It's impossible to help people assimilate unless we can get the paper into their hands." Herald executives bought the argument and in May 1998 readers were finally able to buy single copies of *El Nuevo Herald* at 25 cents a copy or order a subscription without receiving *The Miami Herald*.

### **The product**

By early summer 2000, *El Nuevo Herald* was already posting circulation gains of 6 percent on Sunday and 9 percent daily over its numbers a year earlier.

That, according to the *Columbia Journalism Review*, made it one of the fastest-growing newspapers in the country.<sup>15</sup> By late 2001, the paper had a circulation of 89,400 weekdays and 97,803 Sundays.

Part of the difference between the old model and the new one, executives say, is that now, readers can find the paper. The front page is right in front of them at checkout counters, and they don't have to pay for an English-language paper to read it.

Advertisers like the new model as well. They've shown a willingness to support a stand-alone Spanish-language paper, largely because Miami has a relatively affluent Hispanic market. Inside the A-section of one issue, for example, *El Nuevo Herald* had ads from Bloomingdale's, Mercedes-Benz and American Airlines.

Finally, from a marketing standpoint, plans at the paper are changing. Beginning in May 1998, when the two papers split, executives co-branded *The Miami Herald* and its Spanish-language sister. But management is switching tactics — to market the papers separately. After all, they're very different papers now, and Ibarguen thinks *El Nuevo Herald* can stand on its own.



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<sup>10</sup> Clary, Mike. "Would You Create Another Newspaper To Compete With Your Own? In Miami, the Herald Did," *Columbia Journalism Review*, May/June 2000.

<sup>11</sup> 1999 Hispanic Market Study, Strategy Research Corp.

<sup>12</sup> Miami-Dade County Planning & Zoning Department

<sup>13</sup> Ibid.

<sup>14</sup> Gant, Sarah B. "The Miami Herald Publishing Company," *Harvard Business Review*, Sept. 13, 1994.

<sup>15</sup> Clary, Mike. "Would You Create Another Newspaper To Compete With Your Own? In Miami, the Herald Did," *Columbia Journalism Review*, May/June 2000.



## Hoy

**Market:** New York

**Publication:** Daily

**Daily circulation:** 65,000

**Established:** 1998

**Ownership:** Tribune Co. (formerly Times Mirror Corp.)

# Hoy

Market researchers were familiar enough with the New York market to know how things worked. Hispanic immigrants came in through New York City, spent time there, got their feet on the ground, and then dispersed throughout the region. Many of them landed in Long Island.

That pattern had been repeated time and again.

But when *Newsday* conducted its own research a few years ago, the trends broke the mold. Instead of flowing through New York City, Hispanics were bypassing their entry-point and heading straight for places like Long Island. In less than 20 years, according to the study, one in every four residents on Long Island will be Hispanic.

That news was enough for *Newsday*, at the time owned by Times Mirror Co., to start re-thinking the potential of the Hispanic market in New York. (Times Mirror, incidentally, owned a 50 percent stake in Los Angeles's *La Opinion*, the nation's largest Spanish-language daily.)

For *Newsday*, the allure of starting a Spanish-language daily was tied to its own future. A Spanish-language paper could be branded with *Newsday*.

If Hispanics identified with *Newsday*'s Spanish-language daily, they would be more likely to identify with *Newsday* once they started looking for English-language press. The need to build that bridge was the driving force behind the creation of *Hoy*.

Of course, *Newsday* was banking on the inevitable assimilation or acculturation of Hispanic readers. Louis Sito, senior vice president of sales at *Newsday*, is confident that process will happen. Hispanic immigrants might not be ready for or interested in an English-language paper now. But at some point in their life cycles, or in those of their children, English-language media will play a role in the household, Sito said.

Sito was named publisher of *Hoy* and the daily, priced at 25 cents a copy, was launched in November 1998. The publication was a 50-50 joint venture of Distribution Systems of America, a *Newsday* subsidiary, and AI Holding Corp. of

Union City, N.J. (Newsday later bought out AI to become the sole owner.)

The paper circulates throughout metropolitan New York.

### **The market**

New York's Hispanic market is second only to Los Angeles's as the largest in the nation (SEE EXHIBIT 10).<sup>16</sup> About 17 percent of residents in the New York designated market area are Hispanic. In the Bronx, about 47 percent of the market is Hispanic. The population in Brooklyn is about 19 percent and Queens is about 25 percent Hispanic.<sup>17</sup>

### **An ambitious start**

Newsday wasn't exactly heading into uncharted territory. New York already had *El Diario-La Prensa*, the region's largest Spanish-language daily with an 85-year history and 51,000 circulation. The city also had *Noticias del Mundo*, a daily established in 1980, with a 25,000 circulation.

With such established competition, Newsday's venture wasn't a sure thing. *The Daily News* had tried launching a Spanish-language weekly. But that publication, *El Daily News*, was dropped in November 1995 after failing to get adequate advertising and circulation.

Newsday wasn't trying to gently slide itself into the market. Instead, *Hoy's* initial press run of 60,000 was about 9,000 more than *El Diario's* total circulation.<sup>18</sup> Newsday's product was also 25 cents cheaper.

Despite the competition, *Hoy* found a niche in the marketplace. After three months, the staff grew too large for its small New Jersey office. By November 1999, one year after it launched, *Hoy* was a profitable publication.

### **Sources of success**

Few Hispanic markets are as complicated as the one in New York. Although Puerto Ricans remain the dominant Hispanic population, recent immigration trends have brought large waves of Dominicans, Mexicans and Ecuadorans.

Immigrants also have come from other Latin American countries such as Colombia. The diversity of the market was a sticking point *Hoy* executives kept in mind during the paper's formative stages.

To serve the market, Sito said, *Hoy* decided to devote sections to a half-dozen Latin American countries. There would be a section each for South America, Central America, the Dominican Republic, Colombia, Mexico and Puerto Rico. Executives dedicated two pages to each section, coverage that *Hoy's* competitors had not matched in quantity.

Immigrants who have recently arrived in the United States are still understandably very interested in what is happening in their home countries. *Hoy* has provided them with a place to find this information.

Sito and former advertising director Jorge Ayala both credit the region-specific sections for helping to grow *Hoy*. The paper has used wire stories to fill the sections. It

also has established alliances with newspapers throughout Latin America and uses their content. Very little if any *Hoy* content is translated from *Newsday*.

Another source of success, Sito said, is *Hoy's* Friday arts and entertainment supplement, *Vida Hoy*. With an additional 100,000 circulation over the daily 50,000, the section has given *Hoy* leverage in the advertising arena. *Vida Hoy*, without the daily publication, is delivered to areas with a Hispanic concentration of 70 percent or more. That has made the supplement a good marketing tool to attract new readers.

### **The relationship with *Newsday***

When *Hoy* was launched, the advertising staff consisted of only three people. By summer 2000, there were 15. Then, following an economic downturn and layoffs, they stood at eight in November 2001. *Newsday* and its advertising staff, which also sells for the Spanish-language publication, have helped draw business, Ayala said.

It doesn't hurt that Sito is senior vice president of sales at *Newsday*. He already had established contacts with important advertisers. Previous relationships, Sito said, have enabled sales staff to "get in the door and make a compelling case."

On the marketing side, *Hoy* has pursued a strategy diametrically opposed to that of *El Nuevo Herald*. Whereas the Miami paper started co-branding with its English-language paper and then separated the two, *Hoy* marketed itself alone and only recently started co-branding with its sister paper.

Sito said he thought co-branding in *Hoy's* first year would have been detrimental to the publication. The paper deliberately avoided that strategy out of a fear that *Newsday* would overshadow a paper trying to impart a new identity. Once the paper developed a solid readership, *Hoy* began to co-brand with *Newsday*.



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<sup>16</sup> 2000 Hispanic Market Study, Strategy Research Corp.

<sup>17</sup> Scarborough Research, 2000.

<sup>18</sup> DeMarrais, Kevin. "Union City, N.J., Publisher to Launch Spanish-Language Newspaper," *The Record*, Nov. 14, 1998.



## La Prensa

**Market:** Inland Empire, Calif. (Riverside and San Bernardino counties, plus Pomona)

**Publication:** Weekly

**Circulation:** 37,000

**Established:** 1999

**Ownership:** The Press-Enterprise Co.

# La Prensa

When The Press-Enterprise Co., publisher of the *Press-Enterprise* in Riverside, Calif., decided to sponsor a festival in celebration of Hispanic Heritage Month, executives weren't sure if anyone was going to show up. In October 1998, it was the first event of its kind the company had tried. And even though 34 percent of the Riverside-San Bernardino population is Hispanic, no one knew if the community was going to be interested in another festival.<sup>19</sup>

An estimated 7,000 people showed up. For the company, that turnout was huge.

The festival gave The Press-Enterprise Co. a clear go-ahead with a plan management had tinkered with for some time. After looking at the area's growing Hispanic population, executives knew they needed to do something to serve the market. The question was how to do that. They considered everything from publishing a newcomers' guide to a Hispanic telephone directory. But executives at the company knew they could do something more ambitious. With a printing and distribution system already in place for the *Press-Enterprise*, with its 165,000 circulation, they determined it was financially viable to bankroll a new Spanish-language newspaper.

The festival, of course, was only one factor in the company's decision to push ahead. But when executives saw the overwhelmingly positive response of Hispanic residents, it gave them confidence. The community was interested in Hispanic culture and was willing to trust one of the area's largest corporate employers.

Four months later, the company published its first issue of *La Prensa*, a free weekly Spanish-language paper with 10,000 circulation. By fall 2001, circulation had climbed to about 37,000. The paper is distributed in parts of Riverside and San Bernardino counties and Pomona, an area also known as the "Inland Empire."

### **A unique strategy**

*La Prensa's* story deserves analysis partly because it has a business alliance unlike

any other in the newspaper industry: a distribution partnership with an established Latin American publication.

Susan Marquez, vice president of administration for The Press-Enterprise Co., oversaw the planning for *La Prensa*. She and other executives anticipated a problem with the paper's ability to deliver readers solid sports and entertainment content.

They were confident *La Prensa* would offer readers suitable news and features. With translated copy from the *Press-Enterprise*, combined with some original content, the paper would contain plenty of local copy. But news and features were geographically tied to Southern California.

Sports and entertainment news relevant to the Hispanic community was not California-centric. Readers were going to want to know about Latin American movie stars and the latest Mexican musicians. For *La Prensa* to provide that news itself would have been prohibitively expensive, Marquez said.

Executives found a solution and a partner in *El Informador*, a paper based in Guadalajara, Mexico. The 80-year-old independent newspaper had a respected name in the Mexican newspaper industry that was likely to attract the attention of immigrants in Southern California. The publication already distributed 30,000 copies in a Los Angeles edition.

*La Prensa* executives encouraged *El Informador* to add entertainment news to its existing sports coverage. The Guadalajara newspaper did so and the two papers, both broadsheet, had a deal.

*El Informador* was distributed with *La Prensa* as if it was a supplement. Each paper decided to take revenue from advertising sold into its own publication. Each handled the marketing costs of its own product. At promotional events such as fairs and festivals, however, they typically shared the marketing costs.

The two papers split the cost of the newsprint and printing of *El Informador* in the Inland Empire.

For *El Informador*, the agreement meant essentially doubling its U.S. circulation from 30,000 to 60,000. And for *La Prensa*, the agreement brought two lucrative advantages. First, executives procured sports and entertainment news while containing costs.

But they also aligned themselves with a newspaper with an established history. Name recognition, especially in immigrant-rich Southern California, is invaluable, Marquez said. Mexican immigrants who have yet to identify with a brand inevitably welcome familiarity. And if they identify more with *El Informador*, executives think they will come to identify with *La Prensa*.

### **Connecting with the *Press-Enterprise***

*La Prensa* has been a profitable publication from the beginning, largely with the help of the *Press-Enterprise*.

Though *La Prensa* has its own sales team, in its early stages, the classified and advertising staff at the *Press-Enterprise* aggressively sold for the Spanish-language

paper, Marquez said.

At the time, the *Press-Enterprise* also raised its classified rates in the automotive and employment sections. To give buyers an extra bang for their buck, they could choose to place their ads in any number of *Press-Enterprise* publications, including *La Prensa*.

On the editorial side, *La Prensa* relies on its English-language sister paper for a majority of its content. Roughly 50-60 percent of the stories are translated from the *Press-Enterprise*.

Translated content is sometimes tailored for a Hispanic audience. A reporter, for instance, may add information from an interview with a prominent Hispanic source. The strategy for *La Prensa* never included plans for a separate staff to produce a paper of exclusively new content. Instead, *La Prensa* was and still is designed to run translated copy, only to be supplemented by original stories.

### **Securing trust**

Without an established trust between the Spanish-language market and a Spanish-language publication, the quality of the product won't matter. In the end, consumers have to think the staff behind the paper credible and trustworthy.

The Inland Empire communities were skeptical of *La Prensa*. More exactly, they were suspicious of The Press-Enterprise Co., a non-Hispanic company trying to put out a Hispanic product. To allay residents' fears, executives have focused on connecting with the community.

To do so, the staff of *La Prensa* has tried to make its presence felt through sponsorships at fairs, festivals and other community events, Marquez said.

The largest events are the Los Angeles County Fair in Ponomo, which attracts more than 1 million visitors a year, and the *Press-Enterprise's* Fiesta de la Familia. In 2001, the Fiesta was attended by more than 15,000 people, according to Marquez.





## Exito!

**Market:** Chicago  
**Publication:** Weekly  
**Circulation:** 87,500  
**Established:** 1993  
**Ownership:** Tribune Co.

# Exito!

Like *La Prensa*, *Exito* weathered intense scrutiny and criticism because of its corporate parent. To some people in Chicago's Hispanic community, Tribune Co. was yet another vulture trying to swoop down on the burgeoning Hispanic market, to exploit it and move on.

From inside *Exito*'s offices, that skepticism was frustrating.

In September 1996, when Liza Gross, a native Argentinian, was hired as president and publisher of *Exito*, she was not walking into a good situation.

Three years after the weekly paper's launch, in addition to external skepticism, there was divisive mistrust between management and staff as well as between editorial and advertising.

To make matters worse, the Spanish-language weekly had recently been on the brink of disaster. In March 1996, *Chicago Tribune* columnist Mike Royko had written a satirical piece that deeply offended Mexican-Americans. *Exito*, not the *Chicago Tribune*, bore the brunt of the backlash.<sup>20</sup> People protested, they burned copies of *Exito*, and some of the paper's advertisers bowed out. *Exito* management feared Tribune Co. would close the publication.

In her first year, Gross said, *Exito* had 81 percent staff turnover.

The Royko fiasco turned out to be a temporary setback, albeit a degrading one. Times have since changed at *Exito*. By summer 2000, advertising numbers were looking better, circulation had inched upward, and strong marketing was reaching the community. But the publication still was not profitable and time was running out to reach projected goals.

### **The market**

The Chicago market is the fifth largest Hispanic market in the country with an estimated Hispanic population of 1.4 million people (SEE EXHIBIT 11).

About 80 percent of those residents are of Mexican descent. The second largest population, at 4 percent, is the Puerto Rican community.<sup>21</sup>

*Exito's* main print competitor is *La Raza*, another Spanish-language weekly. *La Raza*, which costs 25 cents, had a circulation of 137,418 in 1999.<sup>22</sup> *Exito*, which is free, had a circulation of 86,646 in the same period.<sup>23</sup>

### **The struggle for profitability**

Tribune Co. had picked up the tab for as much as 20 percent of *Exito's* operating expenses. But by November 2001, advertising numbers were better and circulation had grown to 87,500. *Exito's* corporate parent was no longer covering any of the paper's expenses.

*Exito* had beaten its goal to bring in 10 percent more advertising dollars in 2000 than in 1999. All of *Exito's* advertising, including national, continues to grow stronger year after year, said Richard Gamble, interim president and publisher. The publication was now profitable, Gamble said, and was aiming to bring in 18 percent more ad dollars in 2002 than in 2001.

### **The relationship with Tribune Co.**

*Exito's* relationship with Tribune Co. got off to a rough start, for a variety of reasons. The publication's early failure to live up to expectations didn't help the situation. But both sides tried to open lines of communication and work together, an effort that Gross said paid off.

Although *Exito* is a business unit of Tribune Co., it is a stand-alone operation. It has its own sales staff, editorial department and management.

The only link between corporate and its subsidiary concerns bookkeeping functions.

For Gross, developing open relationships not only between corporate headquarters and *Exito*, but also between *Exito* management and staff, was important. When she arrived at the paper, she instituted a policy of openness, whereby staff knew exactly what was happening with the business.

Gross went so far as to share information about the company's financial status so that everyone had a clear idea of where they stood and what they needed to do for the Tribune to continue to consider the publication a financially viable operation.

Openness helped shuttle information back and forth between the Tribune Co. and *Exito*. Perhaps just as important, it precluded the newspaper publisher from giving up too easily on *Exito*, Gross said.

Ft. Lauderdale-based Sun Sentinel Co., which Tribune Co. owns, pulled the plug on its Spanish-language paper in 1997. The paper, also named *Exito*, lasted six years before it was shut down.

From a marketing perspective, *Exito* and the *Chicago Tribune* are branded together. *Exito* does what it can to promote the *Chicago Tribune*, whose logo is displayed on the Spanish-language paper's cover. In turn, the *Tribune* promotes *Exito*.

Tribune Co. also owns broadcast properties WGN-TV and CLTV News. Under an

agreement with the two stations, *Exito's* reporters have gained live weekly airtime on CLTV to promote their stories in upcoming issues. In some instances, WGN has followed stories published in *Exito*.

*Exito*, of course, also uses translated copy from the *Chicago Tribune*. With only three full-time reporters and about 15 freelancers, *Exito* is able to run about 40 percent original content. The remainder comprises translated stories and wire.

### **La Raza**

Despite *Exito's* cross-platform capabilities, *La Raza* still claims a larger circulation. *La Raza* has the advantage neither *Exito* nor its corporate parent can buy: history.

Founded in 1970, *La Raza* was one of Chicago's first newspapers to publish in Spanish. After three decades, the paper has developed brand recognition and credibility *Exito* still is struggling to establish.

*La Raza* also has an edge in terms of ownership. In its press materials, the Hispanic-owned paper touts that it "has no direct relationship with any American publishing company."

An annual study by Tribune Co. looked at readership among Chicago readers of Spanish-language newspapers. In many categories, the differences between *La Raza's* and *Exito's* readers were marginal. *Exito* has a slightly lower proportion of Mexican readers and a slightly higher proportion of Puerto Rican readers. Additionally, 31 percent of *Exito's* readers, but only 22 percent of *La Raza's*, are white-collar workers.<sup>24</sup>

*La Raza* has also managed to do what *Exito* has not: put its content online.



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<sup>20</sup> Borden, Jeff. "Spanish Trib? Nada Chance, Rival Shows," *Crain's Chicago Business*, Oct. 21, 1996.

<sup>21</sup> 2000 Hispanic Market Study, Strategy Research Corp.

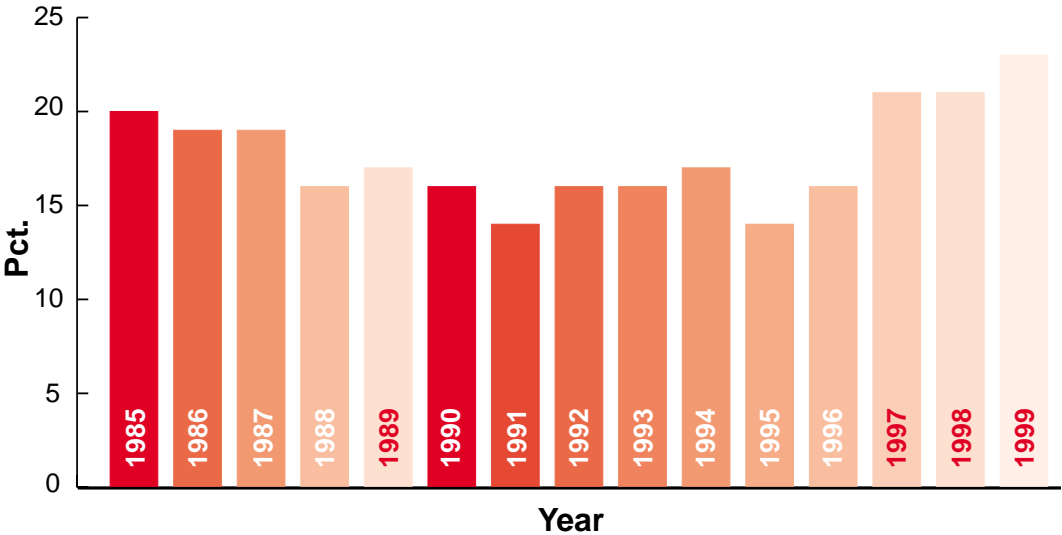
<sup>22</sup> Certified Audit Circulation, June 1999.

<sup>23</sup> Verified Audit Circulation, April-September 1999.

<sup>24</sup> 1999 Tracking Study. The Tribune Co.

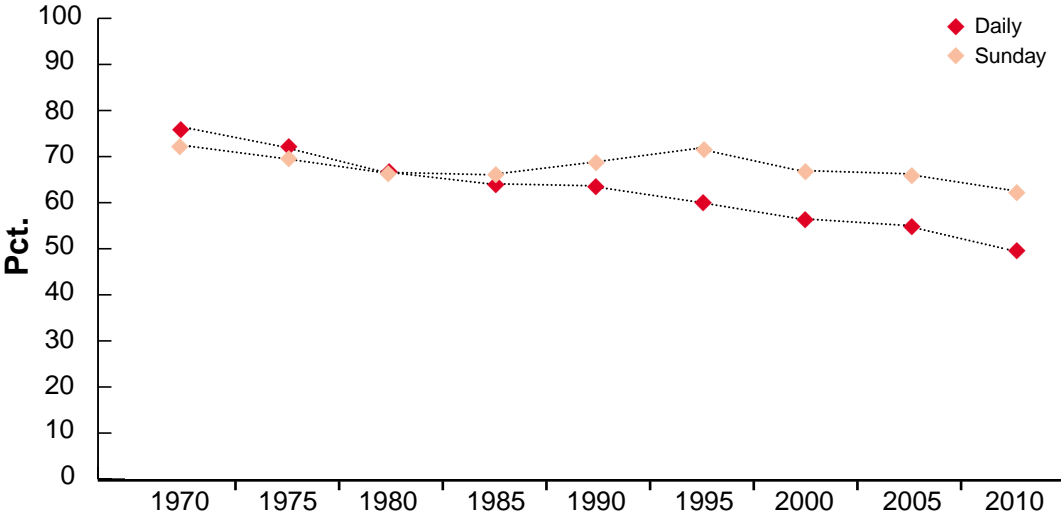
# Appendix

**Exhibit 1: Newspaper industry profit margins**



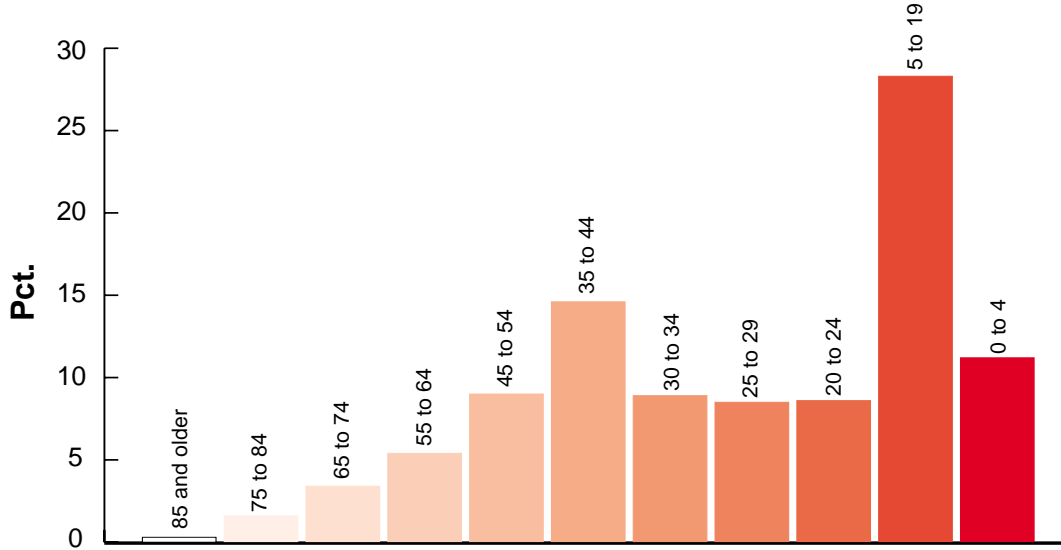
Source: Morton Research Inc.

**Exhibit 2: Newspaper readership trends**



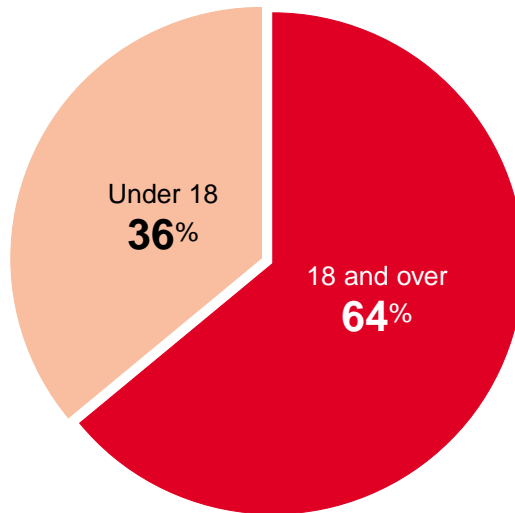
Source: Newspaper Association of America

**Exhibit 3:** U.S. Hispanic population by age



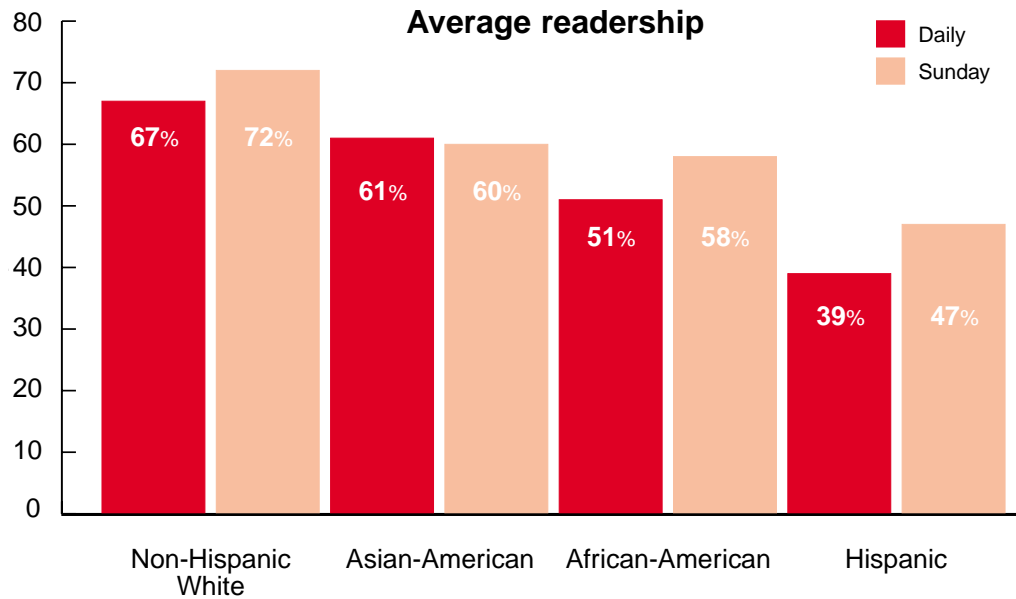
Source: 1999 current population report, U.S. Census Bureau

**Exhibit 4:** U.S. Hispanic population by age



Source: 1999 current population report, U.S. Census Bureau

**Exhibit 5: Newspaper readership by race/ethnicity**



**Source:** The Pew Research Center, December 1998  
(Data represents percentages of total ethnic group population.)

**Exhibit 6: Top U.S. Hispanic market advertisers**

Company	1998	1995	Percent change
1. Proctor & Gamble Co.	\$42.0	\$39.5	6.0%
2. Sears, Roebuck & Co.	\$25.0	\$9.5	62.0%
3. AT&T Corp.	\$19.0	\$20.0	-5.3%
4. General Motors Corp.	\$17.5	\$3.0	82.9%
5. MCI Communications Corp.	\$17.0	\$7.5	55.9%
6. Anheuser-Busch Cos.	\$16.3	\$9.9	39.3%
7. Phillip Morris Cos.	\$14.3	\$9.5	33.6%
8. Toyota Motor Corp.	\$14.0	\$4.6	67.1%
9. McDonald's Corp.	\$13.9	\$12.0	13.7%
10. Colgate-Palmolive Co.	\$11.0	\$8.6	21.8%
11. Ford Motor Co.	\$11.0	\$8.1	26.4%
12. Western Union	\$9.7	\$5.0	48.5%
13. Burger King Corp.	\$9.5	N/A	N/A
14. American Home Products Corp.	\$9.4	\$4.6	51.1%
15. Honda Motor Corp. Ltd.	\$8.7	\$6.2	28.7%
16. Adventica Restaurant Group	\$8.6	N/A	N/A
17. Kmart Corp.	\$8.1	\$3.5	56.8%
18. J.C. Penney Co.	\$8.0	\$8.6	-7.5%
19. Mission Foods	\$8.0	N/A	N/A
20. Coors Brewing Co.	\$7.0	\$4.0	42.9%

**Source:** Hispanic Business Online, [www.hispanicbusiness.com](http://www.hispanicbusiness.com)

**Exhibit 7: Univision market share**

Designated Market Area	Univision's share of Spanish-language viewing
San Antonio	91%
Dallas/Ft. Worth	90%
Houston	90%
Miami	89%
Chicago	86%
New York	83%
San Francisco	83%
Los Angeles	69%

Source: Univision Communications, 1998 Annual Report

**Exhibit 8: The Hispanic market in Miami DMA**

Category	Hispanic	Total
Population	1,522,100	3,921,200
Rank	3	14
Households	491,000	1,591,900
Average/Households	2.9	2.5

- Marketing Buying Power \$17 billion
- Per Capita Buying Power \$11,531
- Mean Household Income \$41,765

Source: 1999 Hispanic market study, Strategy Research Corp.

**Exhibit 9: Top 25 U.S. Hispanic markets, by population**

- |                        |                      |                      |
|------------------------|----------------------|----------------------|
| 1. Los Angeles         | 10. San Diego        | 19. Corpus Christi   |
| 2. New York            | 11. Fresno           | 20. Boston           |
| 3. Miami               | 12. Phoenix          | 21. Tuscon           |
| 4. San Francisco       | 13. El Paso          | 22. Tampa            |
| 5. Chicago             | 14. Albuquerque      | 23. Austin           |
| 6. Houston             | 15. Sacramento       | 24. Salinas-Monterey |
| 7. San Antonio         | 16. Denver           | 25. Orlando          |
| 8. McAllen-Brownsville | 17. Philadelphia     |                      |
| 9. Dallas-Fort Worth   | 18. Washington, D.C. |                      |
- Source: 1999 Hispanic market study, Strategy Research Corp.

**Exhibit 10: The Hispanic market in the New York DMA**

<b>Category</b>	<b>Hispanic</b>	<b>Total</b>
Population	3,776,200	20,443,400
Rank	2	1
Households	1,164,400	7,774,300
Average/Households	3.2	2.6

- Marketing Buying Power \$39 billion
- Per Capita Buying Power \$10,363
- Mean Household Income \$42,010

**Source:** 1999 Hispanic market study, Strategy Research Corp.

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**Exhibit 11: The Hispanic market in the Chicago DMA**

<b>Category</b>	<b>Hispanic</b>	<b>Total</b>
Population	1,354,000	9,512,300
Rank	5	3
Households	352,500	3,505,600
Average/Households	3.84	2.71

- Marketing Buying Power \$12 billion
- Per Capita Buying Power \$9,384
- Mean Household Income \$45,055

**Source:** 1999 Hispanic market study, Strategy Research Corp.