

Accent on Ads

PUBLISHING: Classifieds-only paper makes inroads with Spanish-speaking customers.

By **JOEL RUSSELL** Staff Reporter

THE newspaper industry faces plummeting classified ad revenues, but **El Clasificado** – a weekly Spanish-language compilation of classifieds – boasts double-digit growth thanks to thousands of plumbers, dentists, locksmiths and fiesta planners who buy space each week.

The Norwalk-based publisher recently stepped beyond Los Angeles and Orange County by expanding into San Diego and Ventura County. It now has a circulation of 360,000 copies, distributed at 16,000 news racks across Southern California.

“Even though the economy is in a slump, we are still growing,” said Martha Montoya, **El Clasificado** publisher and chief executive. “Total revenues this year have grown 11 percent.”

Each week, **El Clasificado** features 4,000 advertisers that want to sell to the Latino community. These range from a family with a used dining room set to insurance companies, but are mostly composed of small businesses.

Joe Badame, chief operating officer, said the company had long eyed San Diego and Ventura as expansion targets, but until recently the L.A. market offered plenty of expansion opportunities as the Latino population grew and demographic changes led to neighborhood transformations.

Earlier this year, Badame started putting returned copies of **El Clasificado** on news racks in San Diego and Oxnard because studies showed rapid Hispanic population growth there. When **El Clasificado** advertisers started getting calls from those areas, they told the paper’s salespeople about it, and the decision was made.

El Clasificado publishes 24 zoned editions, with material specific to each zone, including the new ones in San Diego and Ventura. Montoya said the expansion reached break-even after one month because it required only incremental cost increases for paper and distribution.

Indeed, the territories are rich with opportunity because they have plenty of typical **El Clasificado** advertisers, which Montoya calls micro-enterprises. But these businesses need their advertising dollars to translate into more customers.

“Our clients – mostly little mom-and-pops – are result oriented,” said Badame. “They are



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Paper Chase: **El Clasificado**’s Joe Badame and Martha de la Torre at Norwalk warehouse.

looking for a return on their investment, and if they don’t get it, they drop their advertising. Every dollar counts.”

To make sure advertisers get their money’s worth, Badame has a goal of a 95 percent pick-up rate, meaning that 95 of every 100 papers actually get picked up at the news rack. That’s high, even for a free weekly. Badame doesn’t make his goal at every location, but he said the paper hits the 90 percent mark.

About 30 percent of **El Clasificado** gets distributed through chain supermarkets such as Vallarta and Albertsons. The company also has 3,000 street racks.

Most copies are placed in gasoline stations, bakeries and butcher shops frequented by Latino customers. The number of issues at each location varies from 15 to 400. By monitoring distribution and adjusting the number of copies, Badame keeps printing costs down and circulation up.

“I want the community to see **El Clasificado** everywhere,” said Badame. “It has to be the most

accessible free publication in L.A. County.”

In the current economy, **El Clasificado**’s free distribution model appears well-positioned to weather any slowdown. On the advertising side, the publication never relied heavily on new car dealers or mortgage lenders – the lifeblood of other classified publications – so the downturn in those industries hasn’t hurt **El Clasificado** much.

Auto dealer ads never worked well in **El Clasificado**, said Montoya, although the publication has some used-car ads. Also, two years ago, she told her sales reps to cut back on mortgage and real estate broker ads in anticipation of a market correction.

El Clasificado’s growth stands in stark contrast to the rest of the newspaper industry. Nationally, classified advertising revenues fell 26 percent in the first half of 2008, according to the Newspaper Association of America. **Tribune Co.**, publisher of the Los Angeles Times and other papers, reported a 28 percent drop in the same period.

Badame and Montoya – both accountants by training – originally projected 20 percent revenue growth for 2008, and while they will fall short of that, they’re way ahead of the industry averages.

“We’re trending 11 to 12 percent growth, so there has been an impact from the economy,” Badame said.

Competitors aplenty

El Clasificado has plenty of competition from English-language newspapers, Spanish publications such as *La Opinion*, and online classified sites such as Craigslist. Although its audience appears hard to reach online, the company also has an Internet strategy for the future.

Elena Cano manages Perfect Smile, a dental clinic in South Gate that caters to a nearly all-Latino clientele, and she advertises weekly in **El Clasificado**. Perfect Smile has tried advertising on Google and other sites, but sees **Clasificado** as the best bet.

“In this demographic, not a lot of people have Internet access, so I think **El Clasificado** is still pretty effective,” she said.

Montoya said 60 percent of her advertisers don’t even have e-mail yet. And in response to free classified sites, Montoya offers free classified ads on elclasificado.com, but requires payment for the print-plus-Internet version.

“Craigslist has done an amazing job of eroding an entire category of revenue from newspapers,” said Carey Ransom, vice president at WebVisible, a company in Irvine that buys online advertising for small businesses. “However, highly niche, highly focused publications still have effectiveness. Advertising always follows audience, and advertisers will pay when you can aggregate a specific audience.”

Montoya first got the idea for **El Clasificado** when working as chief financial officer at *La Opinion*. She and Badame launched the company 20 years ago, following the *Pennysaver* model of direct mailing copies to readers.

But that proved ineffective due to high mailing costs, so they switched to direct distribution. Today the company has 115 employees and 50 independent distribution contractors.