

Fast Food

Where Pizza Gets Some Latin Spice

► Advertising only in Spanish, Pizza Patrón courts Hispanic consumers

► Some may not like the Latino focus, but "they're not our core customer"

You want chorizo on your pizza? "No habla Inglés?" And you only have Mexican pesos to pay for your meal—in Chicago? No problem at **Pizza Patrón**. While the Dallas-based pizza purveyor certainly isn't the first restaurant chain to target Latinos, it may well be the most dedicated. Owner and founder Antonio Swad is unapologetic about the eatery's tactics to draw Latino diners, who can pay in pesos and get change in dollars, and occasionally get special deals on pizzas ordered in Spanish. "We're not interested in being



a broad brand," says Swad, who requires most of his employees to speak English and Spanish. He says his way of doing business has upset "a lot" of people, but that's fine because "they're not our core customer."

Swad, who grew up in Columbus, Ohio, founded Pizza Patrón—*patrón* roughly translates to "boss"—in 1986 in Dallas. He expanded the company through franchising and remains the sole owner. Sales at Pizza Patrón's 101 stores, mostly in the U.S. Southwest, have jumped 77 percent during the past five years, to about \$42.5 million in 2011, according to research firm Technomic, while **Pizza Hut's** U.S. revenue has increased 4.9 percent during that period.

Pizza Patrón targets Hispanics, who make up about 65 percent of its customers, by selling chorizo-topped pizzas, QuesoStix breadsticks, lime-and-pepper chicken wings, and *churros* for dessert. Unlike **Dominio's**, Pizza Patrón doesn't advertise in English and doesn't deliver. Its eateries, splashed with bright reds and yellows, play Latin music inside and outside the store. It also sets up *tienditas*—5-by-5-foot tents that serve as little shops hawking pizza outside apartment complexes. Large pepperoni pies go for \$4.99 to compete with value-focused brands such as **Little Caesars**.

Pizza Patrón will open its first Midwest eatery this month in the Chicago neighborhood of Cicero, where 87 percent of the population is Hispanic. The unopened restaurant's windows in August were covered with a giant print of a 200-peso bill that said, in Spanish, "Get ready to pull out your money." Swad is targeting 30 shops in the Chicago area and says the brand—now America's 43rd-largest pizza chain, according to Technomic—could eventually grow to 1,000 U.S. locations.

What Swad stumbled upon 26 years ago in Dallas's Pleasant Grove neigh-

borhood is something other restaurant chains have recently zeroed in on: the increasing spending power of Hispanics, the largest minority in the U.S., with about 52 million people. Their buying power will jump 50 percent to \$1.5 trillion by 2015, from \$1 trillion in 2010, according to Nielsen.

McDonald's has long targeted Latino consumers—Nielsen says the chain spent about \$131.2 million on Spanish-language marketing last year—and other chains, including **Denny's** and **Wendy's**, are also revving up Hispanic advertising. "The ethnic consumer, and Hispanics specifically, has influenced the culture in ways that have changed what we listen to, what we eat, and has made things more mainstream," says Cristina Vilella, director of marketing at McDonald's USA. Denny's, with more than 1,500 U.S. restaurants, has recently created ads to appeal to Hispanics, who make up more than one-fifth of its customers, and intends to devote more of its media budget to the ads in 2013, says Chief Marketing Officer Frances Allen.

That makes sense because Hispanic households have increased their restaurant spending faster than the rest of U.S. diners. Their expenditures on food away from home grew 33 percent, from \$1,865 in 2000 to \$2,474 in 2010, while all American consumers boosted restaurant expenditures 17 percent, from \$2,137 to \$2,505, during that decade, according to government data.

Pizza Patrón has a "fighting chance" of making it in Chicago, which already is crowded with pizza joints, says Bob Goldin, executive vice president at Technomic. "The products are somewhat different," he says. "They're not just saying we're going to give you a Pizza Hut approach and put salsa on one of our pizzas and say that's our Mexican pizza." —*Leslie Patton*

The bottom line Pizza Patrón's 101 stores are more reminiscent of Mexico than Little Italy. For its Hispanic customer base, that's muy bueno.