

A Deal for Kmart

Courts Latinos with Thalia clothing line

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In its continuing effort to distinguish itself from competitors, bankrupt retailer Kmart said yesterday it will launch a clothing line from Latin entertainer Thalia, a move designed to further its appeal to Hispanic consumers.

The embattled discount chain said the Thalia-branded line would debut in 800 of its 1,800 stores in July and would include apparel for women and girls, accessories, footwear and lingerie, and could later expand to cosmetics, fragrances and jewelry. At a Manhattan event yesterday announcing the deal, Kmart chief executive James Adamson said he estimates the clothing line could generate \$300 to \$500 million in sales annually.

Thalia, a Mexican singer and actress who's married to Sony Music president Tommy Mottola, has released nine platinum-selling solo albums since 1991 and has received three Latin Grammy nominations. Her first English-language album is due out next year.

The effort is part of Kmart's plan to differentiate itself from Wal-Mart and Target by concentrating on appealing to minority markets. Cesar Melgoza, president of Geoscape International, a Miami-based firm specializing in multicultural marketing data, said the drawing power that Thalia has in the Hispanic community should "pay dividends" for Kmart.

"I think that should be a good move," Melgoza said. "Anybody who's paying a lot of attention to [attracting Hispanics] has got to be a good thing."

In August, Troy, Mich.-based Kmart began producing its weekly advertising circular in Spanish, and in September it launched a supplement called "La Vida," which focuses on Hispanic entertainment and lifestyles stories and wraps around the circular. In a release announcing the Spanish-language circular, the company said 55 percent of U.S. Hispanics live within 15 minutes of a Kmart store.

In April, the company launched an ad campaign starring singers Chaka Khan, BeBe Winans and Jose Feliciano and airing on Univision and other cable and broadcast stations that target Hispanics and African-Americans.

Hispanics possess \$500 billion in buying power and contribute to more than 17 percent of Kmart's sales, according to the company.

In January, Kmart filed for voluntary Chapter 11 bankruptcy protection and hopes to emerge from it next July. The retailer also carries branded lines from Martha Stewart, Joe Boxer, Jaclyn Smith and Sesame Street.

Retail analyst Walter Loeb of Manhattan-based Loeb Associates said the move is a step in the right direction.

"Kmart, as well as many other retailers today, are more aware of the ethnic makeup of their customers, and, therefore, going after that kind of customer pays off," Loeb said. "Kmart is trying to differentiate themselves from Wal-Mart, and I think this is a good move for them. On the other hand, Kmart still has problems, and it's a long way for the company to get back on track."