

¿Qué Pasa With The U.S. Hispanic Market?



A White Paper
by James Stevens-Arce



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James Stevens-Arce is multicultural by birth and upbringing. Over the past 35-plus years he has used his background to become a Hispanic marketing expert, serving such blue-chip clients as Citigroup, Volvo, Colgate-Palmolive, Pizza Hut, and Sears, among others. His career arc has included taking on the roles of creative director, copywriter, video producer/director, graphic designer, and English-Spanish translator/transcreator.

Overview

- » U.S. Hispanics represent a huge untapped market.
- » The buying power of Latinxs is rising at the same time the buying power of non-Hispanics is declining.
- » Once you win a Latinx over, you will likely have a customer for life.
- » You don't need to be Hispanic to get their business.
- » You do need to show them you understand and care about them.

Introduction

Why should you be interested in marketing to the U.S. Hispanic community?
Because that's where the money is.



There are an estimated 62.8 million Hispanics living in the U.S., representing 19% of the total U.S. population and projected to hit 20% over the next five years, with an aggregate household income that currently stands at \$1.285 trillion and has outstripped that of every other minority in the country since 2010.

According to the Census Bureau, Hispanics enjoy a median annual household income of \$51,811—a 5.9% increase over the preceding 15 years, as compared to an overall national increase of 2.3% over the same period. So while the buying power of non-Hispanics as a percentage of overall consumer spending is declining, the Hispanic share is going up.

Numbers such as these make Hispanics the largest and highest-spending minority group in the U.S., which means that any company marketing to U.S. consumers would be ill-advised to ignore the U.S. Hispanic community.

As the army of Baby Boomers marches into retirement, young Hispanics entering their highest earning years are filling in behind them—and that means opportunity for advertisers willing to seize it.

How Do You Reach Them?

There's an erroneous vision of the Hispanic community that sees it as a monolithic group of 62.8 million people who all love tacos, mariachi music, and telenovelas. Not true, of course, anymore than there is a monolithic group of 331.5 million Americans who all love pizza, rock 'n' roll, and Monday Night Football.



Hispanics are as diverse as Americans. In the Western Hemisphere, we come from 19 different countries and one U.S. Territory and are European, African, Asian, Middle Eastern, East Indian, Indigenous, Christian, Jewish, Muslim, Buddhist, and pretty much any combination thereof. Like Americans, Hispanics are not a single race, but rather members of a variety of races who share a common language—Spanish—and a common heritage that traces its roots to Spain's colonization of major portions of the Americas and significant parts of the Caribbean.

While this shared cultural background gives Hispanics a certain level of homogeneity, for advertising purposes they need to be segmented like any other target market. Except that in addition to the traditional categories of age, gender, and income, Hispanics can also be segmented by country of origin and level of acculturation.

Key Fact: *You can market to all Hispanic segments, but you can't market every product to every segment.*

Some key behavior trends that apply across different U.S. Hispanic groups include that Hispanics:

- » are 41% more likely than other groups to connect with brands through social media, and their preferred social media channels include Facebook, Instagram, and Snapchat.
- » are 25% more likely than other consumers to use social media to review a product or service, with Hispanic millennials being 46% more likely.
- » spend more time than other segments on sites such as Craigslist, eBay, Coupons.com, Groupon, and RetailMeNot, suggesting that Hispanic consumers prefer to seek out exclusive offers via bargain sites.
- » are 34% more likely than average to watch live TV on their mobile phone, 18% more likely to stream digital video via Amazon Prime, and 14% more likely to stream via Netflix.

Spanish-language media in the U.S. includes roughly 56 newspapers, 495 radio stations, and 386 television stations.

- » 87% of adult Hispanics access Spanish-language television, radio, or newspapers regularly.
- » 29% of them prefer Spanish-language newspapers to those in English.
- » 93% of Hispanics listen to radio for a weekly average of 12 hours and 35 minutes.
- » 71% of Spanish-language television viewers say they receive information relating to their purchasing decisions from TV commercials, compared to 30% of non-Hispanics watching English-language television.
- » And Hispanic viewers are three times as likely as non-Hispanic viewers to discuss advertisements with others.

What Should You Know About Them?

While some Hispanic men may still be machistas, in most Hispanic families Mamá still rules the roost. That's why advertising aimed at a member of a Hispanic household tends to be more effective when it also addresses Mom, because much of the time she's the decision maker, even when it may not be obvious. And even when she doesn't explicitly make the decision, in most Hispanic households she still exerts a powerful influence.

For instance?

English-language breakfast cereal ads generally target kids and focus on fun and flavor. A typical example is this TV spot for Honey-Nut Cheerios that plugs the cereal's sweet honey taste, the magic compass decoder prize inside, and the "cool games" printed on the back of the box.



Spanish-language breakfast cereal ads, on the other hand, target the mother and focus on the product's healthiness and nutritional values. This next TV spot, for example, urges mothers to protect their children

against anemia by giving them Kellogg's Corn Flakes for breakfast because the vitamins A and C they contain can help triple the body's ability to absorb iron.



"Advertising aimed at a member of a Hispanic household tends to be more effective when it also addresses Mom."

Why the different approaches?

The English-language ad expects the *child* to decide what the mother will buy, while the Spanish-language one knows the *mother* will decide what her child eats, because in Hispanic homes Mamá still knows best.

Which is something advertisers should know, too.

What About The Language?

Should you advertise in English or Spanish?

If you're targeting assimilated or highly-aculturated English-Dominant Hispanics, you might want to go with English. But you might also want to keep in mind that studies by the Roslow Research Group indicate, somewhat counterintuitively, that advertising to Hispanics in Spanish, regardless of their dominant language or level of bilingualism, is significantly more effective than doing so in English. In fact, the study found that TV commercials in Spanish are:

- » 55% more effective at increasing ad awareness levels,
- » 50% more effective at message communication, and
- » 440% more persuasive than ads received in English

Particularly interesting is that the higher effectiveness of Spanish over English was not strictly a language comprehension issue. Even among Hispanics who speak English as much as, or more than Spanish at home, commercials in Spanish proved 55% more effective at increasing ad recall levels than those in English.

"Advertising to Hispanics in Spanish is significantly more effective than doing so in English."

What's more, effectiveness appeared to be unaffected by language ability. The edge of Spanish over English among the Bilingual/English-Dominant subset was just as strong as the total results:

- » +55% effectiveness for Total
- » +59% effectiveness for Bilinguals

You might expect this differential to be exaggerated by the Spanish-Dominant portion of respondents.

Since they might have comprehension issues with English, you might logically assume that message communication in Spanish would automatically be far superior. And you'd be right: 86% more Spanish-Dominant Hispanics recalled the spots' main messages when delivered in Spanish.



Yet Spanish-language spots were significantly more effective among the Bilingual/English-Dominant segment as well—26% more Bilingual/English-Dominant Hispanics recalled the spots' main messages when they were received in Spanish as compared to English.

To cap things off, among Hispanics who viewed Spanish-language programs plus commercials, persuasion scores increased an average of 48%, while among those viewing in English, the scores increased by only 11%.

Commercials in Spanish were 7.57 times more persuasive among Spanish-Dominant Hispanics, and even among the Bilingual/English-Dominant segment the spots were 2.87 times more persuasive. Thus, in terms of propensity to purchase, the Spanish-language ads were, on average, 5.22 times more influential.

To Translate Or Not To Translate?

So, should you start translating your existing advertising materials into español inmediatamente? Probably not.

Ads translated from English that lack any cultural connection to Hispanics almost always do more harm than good because they send the message that the advertiser cares so little about the Spanish-speaking market they can't be bothered to do the job right.



So don't just translate, transcreate. **Translation** renders text from the original language into text in the target language, but doesn't necessarily take into account cultural nuances and subtext.

Transcreation, on the other hand, seeks to create a text of equal meaning in the target language that preserves the spirit, intention, and creativity of the original, while speaking to the customer demographic meaningfully and impacting it as intended.

However, doing effective transcreation work requires more than just someone who is a native-speaker, even when they may also possess professional writing credentials. The transcreator should be both

an accomplished translator and a trained copywriter who knows how to write effective marketing copy in the target language.



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But all of this means nada if the Spanish-language ad doesn't resonate culturally with Hispanics or if they perceive the product's unique selling proposition for non-Hispanics as of no benefit—or even as a serious drawback—to them.

As we shall see from the case studies on the following two pages.

Does Your Message Resonate Culturally?

Case Study 1

Faced with declining sales while those of competing makes were growing, Nissan Southwestern Dealers of Arizona and California decided to target Hispanic consumers, who until then had shown little interest in their brand, and turned to an advertising agency with experience in marketing to Hispanics.

Research led to the following cultural insights. Hispanics:

- » would not enter a dealership unless they knew someone there or had a friend or relative who did
- » wanted to feel at home in the dealership
- » preferred to be taken care of in Spanish
- » didn't feel owning a Nissan increased their status in the eyes of others
- » couldn't distinguish between the different Nissan models
- » were motivated, if they did buy, solely by cost benefits (rebates, special offers, etc.), rather than by any preference for the Nissan brand itself (in fact, most found Toyota and Honda more to their liking)

Based on these insights, the Hispanic agency developed a campaign that humanized the Nissan brand and made Hispanics feel welcome in their dealerships by creating a kind of Latino Mr. Goodwrench who discussed cars in a way Hispanics could identify with and invited them to visit the dealerships—in Spanish.

At the same time, the agency urged Nissan to hire more bilingual personnel and helped them create a dealership environment Hispanics would find home-like and welcoming, including culturally relevant and appealing POP materials.



They also sent Nissan's existing Spanish-speaking sales personnel to cultural events in the Hispanic community where they could showcase the carmaker's vehicles and communicate the benefits of owning them—in Spanish.

"Based on these insights, the agency developed a campaign that humanized the brand and made Hispanics feel welcome in their dealerships."

The results?

- » **1st Year:** a 31% sales increase
- » **2nd Year:** an 87% higher increase in sales than any other brand
- » **3rd Year:** a 0.4% increase, compared to a 10% decrease in the general market
- » **4th Year:** a 35.9% penetration of the Hispanic market

Is Your Product Benefit The Same For Hispanics?

Case Study 2

When Ameritech first introduced their Caller ID Service in the Greater Chicago Area, they encountered an almost complete lack of interest from the Hispanic market, even though they were using a Spanish translation of their successful English-language campaign.

They were ready to give up on the Hispanic segment altogether when their Hispanic agency's research led to an unexpected cultural insight.



Hispanics felt happy and connected when friends and family phoned and thought prescreening calls was rude and disrespectful.

To counter this problem, the agency created a Spanish-language campaign that positioned the service as El Aparato para Sonreir (The Device to Make You Smile), because by allowing users to identify family and friends before picking up the phone, it enabled them to greet the callers with even greater affection and warmth.

Though initially aided only by direct mail, the new Hispanic campaign outsold the general multimedia market campaign by 3 to 1. And when additional moneys and media were put behind it, it outsold the general market campaign by 4 to 1.

Where Do They Live?

Through the 1980s, Los Angeles, New York, Chicago, and Miami, along with a few Western and Southwestern metros, were home to fully half of all Hispanics in the U.S.

Today, though, Hispanics have spread out, and growing Hispanic populations have appeared in such once unlikely areas of the West, the Heartland, and the South as Arkansas, Colorado, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Carolina, North Dakota, Ohio, Oregon, South Dakota, Tennessee, Utah, Virginia, and Wisconsin.



Projections detailing the expected growth of Spanish speakers in the country's top 25 Hispanic markets show marked increases in every one. So much so that by 2050 the United States will have the highest Spanish-speaking population in the world at 132.8 million, according to figures from the U.S. Census Bureau. The fact is that in small towns and large cities all across the country, a Hispanic explosion has been turning places that might surprise you into hypergrowth markets.

Between 1980 and 2000, for example, the following 18 metro areas racked up Hispanic population gains of more than 300%: Raleigh, Atlanta, Greensboro, Charlotte, Orlando, Las Vegas, Nashville, Fort Lauderdale, Sarasota, Portland, Greenville, West Palm Beach, Washington, D.C., Indianapolis, Minneapolis-St. Paul, Fort Worth, Providence, and Tulsa.

“By 2050, the U.S. will have the highest Spanish-speaking population in the world.”

U.S. Hispanics are spreading out and their numbers are exploding. But some areas still exhibit greater concentrations of Hispanics than others. California, Arizona, New Mexico, and Texas, for example, are heavily Mexican, while New York is predominantly Puerto Rican and Dominican, and South Florida is mainly Cuban, with Orlando having experienced an explosive influx of Puerto Ricans displaced from their native island by 2017's Hurricane Maria.

Key Points

- » U.S. Hispanics represent a huge untapped market.
- » The buying power of Latinxs is rising at the same time the buying power of non-Hispanics is declining.
- » Once you win a Latinx over, you will likely have a customer for life.

You don't need to be Hispanic to get their business, but you do need to:

- » Give them what they're looking for.
- » Offer them price and quality.
- » Show them you understand their wants and needs.
- » Appeal to their values.
- » Treat them like friends.
- » And speak to them in their language.

Conclusion

With results of the 2020 census establishing that one out of four U.S. residents is Hispanic and projections indicating that by 2025 that ratio will rise to one out of six, tapping into the mushrooming Hispanic market has become essential for any company's future survival.

Taking the plunge is a huge challenge, though, so expect to make mistakes—and be prepared to learn from them. At times, tests may not work, and your initial numbers may be less than glowing. So if you decide to pursue this segment, you need to make a serious commitment for the long haul and look at entering the Hispanic market as a launch, rather than a test to see if it's worth pursuing.

You already know it is.



In the end, remember it all comes down to the basics: Get to know your target market—who they are, what they aspire to, what their dreams are for themselves and their children—and create advertising that speaks to their reality.

It's that easy.

Learn More

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