



The Many Faces of the Hispanic Market

Q: Can you give me some pointers on reaching out to the Hispanic market?

A: The Hispanic market deserves our attention. There are more than 50 million Hispanics living in the U.S. and, by 2050, that number is projected to grow to 130 million. Hispanics are our country's largest ethnic group, accounting for 16 percent of our population; the number is even higher in states like New Mexico (46 percent), Texas (38 percent), and California (38 percent).

Hispanics have a \$1 trillion-plus purchasing power, and they spent more than \$53 billion on food away from home in 2010. Some 84 percent of Hispanics' restaurant visits are to quick serves, and the average Hispanic consumer visits a fast feeder 155 times each year, compared with the general population's 151 visits.

Some fast-food attitudes and behaviors distinguish Hispanic customers. They use quick serves more for the breakfast and snack dayparts, and they buy more combo meals than average. Hispanics were one of the hardest-hit demographics during the recession, so they're more price sensitive and see quick serves as a good way to get the most for their money and an easy way to feed the entire family. Sixty-nine percent of Hispanic consumers say restaurants are an ideal place to spend time with family versus 52 percent of the general population, so they're more likely to dine-in with groups.

Hispanics already account for a significant share of consumer spending and they are the primary growth drivers for many businesses. But we shouldn't assume they are a single, homogeneous group. The Hispanic market segments in several ways that manifest in different brand perceptions, purchase patterns, language preferences, and media usage.

Country of origin is a distinguishing factor. Those of Mexican origin comprise the largest Hispanic segment in the U.S. In 2010, there were nearly 32 million Mexican Americans, up 54 percent from 21 million in 2000. Puerto Ricans and Cubans are the second and third largest groups at 4.6 million and 1.8 million, respectively. While these are the largest segments of the Hispanic market, emerging groups from Central and South America, including Dominicans and Salvadorans, are among the fastest growing.

The segments are geographically dispersed in the U.S. Mexicans are more likely to live in the West and South; Puerto Ricans, the Northeast; Cubans, highly concentrated in Florida. Local restaurants should determine the relevant country of origin in their trading area, while national chains might want to plan to target Hispanics regionally.

The Hispanic market also segments by acculturation. Unlike previous immigrant groups, which assimilated into American culture (learning and adopting the new culture by replacing their previous one), Hispanics tend to acculturate (incorporating or acquiring American culture without forgoing the customs and/or language of their home country). Typically, acculturation accelerates as new generations are born in the U.S., but the Hispanic market seems to have hit a tipping point, and we now see reverse acculturation—third- and fourth-generation Hispanics are rekindling their homeland culture and traditions.

Not surprisingly, English usage and preference in personal interactions, as well as media consumption, increase with acculturation. Less-acculturated Hispanics also prefer products and brands from their homeland, while the more acculturated are less loyal to brands and more open to new alternatives. Less-acculturated families may still be more prone to come together for a home-cooked family dinner, while more-acculturated ones may prefer a quick meal at a fast-food restaurant because they've adopted lifestyles where such a tradition is less feasible.

Age is another important variable in understanding the Hispanic market. Hispanics are generally younger than the overall population. The median age of the Hispanic population is 28 years old, nearly 10 years younger than the total market median age of 37 years. More than 60 percent of the U.S. Hispanic population is under age 35; 75 percent is under age 45. And Hispanics will account for more than 80 percent of the growth in the population of 18–29-year-olds over the next few years.

Unlike their older counterparts, younger Hispanics mostly watch English-only television, read English magazines, and visit English websites. In fact, 18–29-year-old Hispanics are more likely to choose to visit English-language websites alone rather than both English- and Spanish-language sites (38 percent versus 25 percent). Their technology choices are also distinct. Hispanic Millennials are nearly two-thirds more likely to connect to the Internet via a mobile device than non-Hispanic Caucasians, and nearly twice as likely to own a tablet. They are just as likely as other Millennials to be heavy Facebook users, but almost twice as likely to use YouTube.

Hispanic consumers are changing the profile of the fast-food customer and the requirements to reach them. Restaurateurs who understand and appreciate the nuances of the market are the ones who will capture the most of their growth potential.

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