

# Understanding the Hispanic Consumer

Consejos de marketing hispano



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# ¡HOLA!

# 03

The Hispanic population in the United States has experienced remarkable growth in recent years, solidifying its position as a major demographic group with substantial purchasing power. **According to the U.S. Census Bureau, as of 2020, there were approximately 62.1 million Hispanics in the country, comprising about 19% of the total population.** This represents a significant increase from the 50.5 million Hispanics recorded in the 2010 census. Furthermore, projections indicate that the Hispanic population is expected to reach 111 million by 2060, constituting approximately 28% of the U.S. population.

Understanding the cultural background, preferences, and purchasing behavior of the Hispanic community is crucial for businesses aiming to tap into this lucrative market. Hispanics have diverse origins, including Mexican, Puerto Rican, Cuban, Dominican, and various Central and South American countries. This diversity contributes to a rich tapestry of cultural traditions, languages, and customs, which necessitate a nuanced approach when engaging with this market.

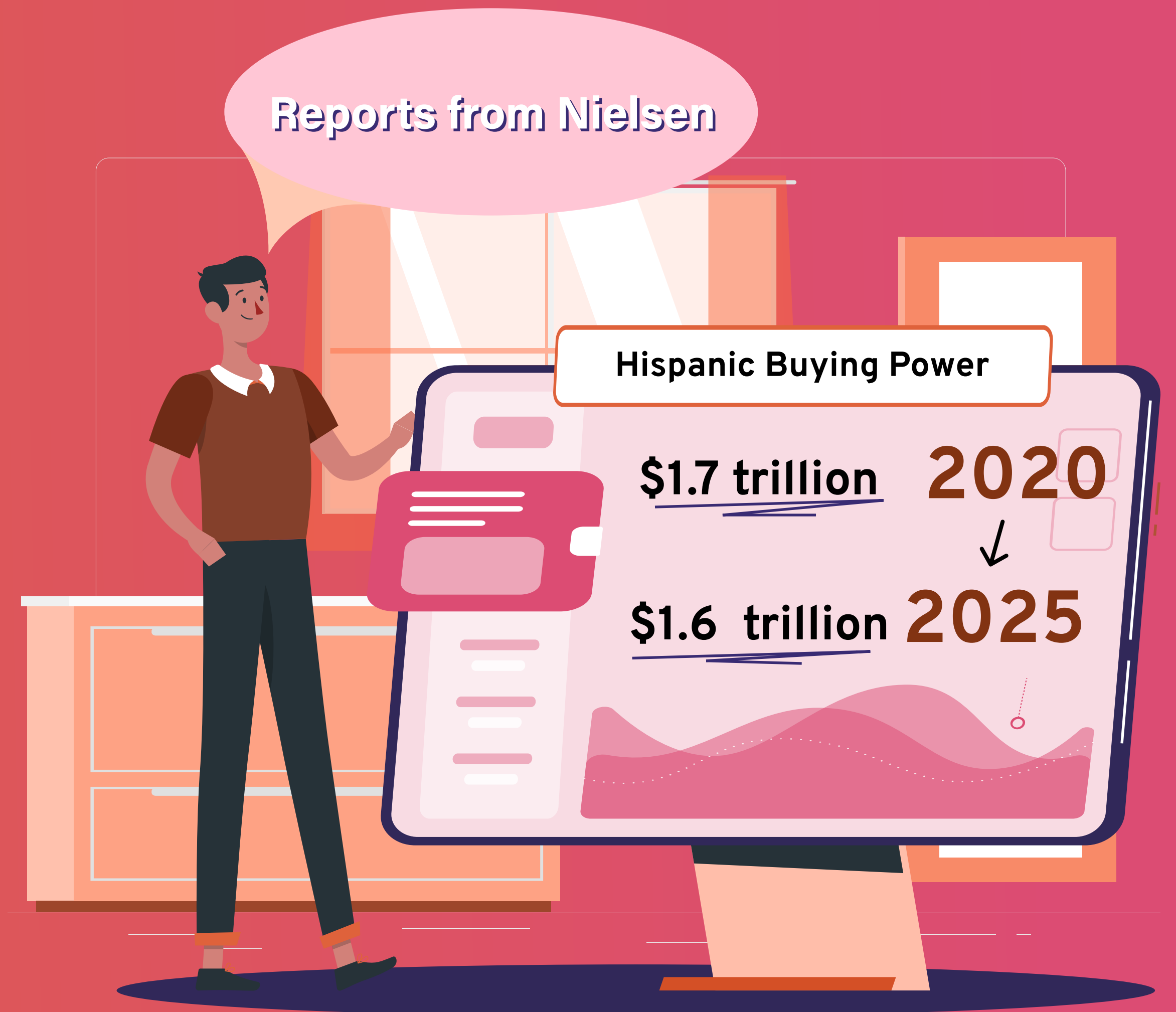




Reports from Nielsen indicate that **Hispanic buying power in the United States exceeded \$1.7 trillion in 2020**, marking a 63% increase since 2010. Moreover, the purchasing power is projected to reach **\$2.6 trillion by 2025**; the population's growth in buying power from 2020 will be nearly 50% more than that of white households, which hold the largest share of the market. The Hispanic remittance market is substantial.

Understanding the cultural factors that shape Hispanic consumer behavior is vital for effective marketing strategies. Research by Pew Research Center highlights that family plays a central role in the lives of Hispanics, influencing their buying decisions.

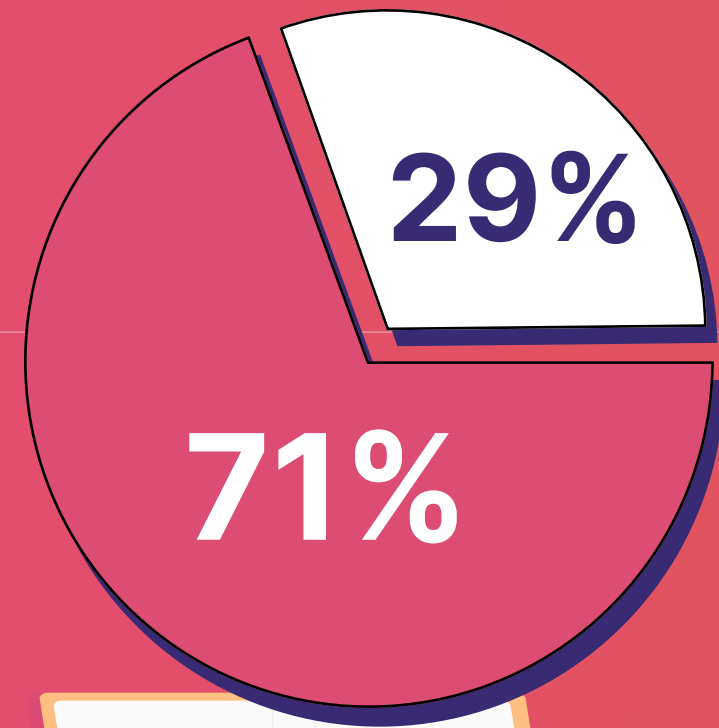
Additionally, cultural values such as loyalty, community, and traditions significantly impact their brand preferences and product choices.





**71%** of Hispanics in the United States speak both English and Spanish

**29%** of Hispanics in the United States speak only Spanish



In order to tailor marketing efforts, it is essential to identify key characteristics and preferences of the Hispanic consumer segment. Studies conducted by Kantar reveal that Hispanics exhibit strong brand loyalty and respond positively to marketing messages that resonate with their cultural identity. **Language preference is also a critical consideration, as approximately 71% of Hispanics in the United States speak both English and Spanish, while the remaining 29% primarily speak Spanish.** Armed with a comprehensive understanding of the Hispanic consumer market, businesses can leverage this knowledge to develop effective engagement strategies. **Recommendations include creating culturally relevant advertising campaigns, utilizing bilingual marketing materials, and fostering community partnerships to build trust and enhance brand authenticity.**

By delving into the statistics and insights surrounding the Hispanic consumer market, this report aims to equip businesses with the knowledge and tools needed to successfully connect with this vibrant and influential demographic group.

## Some Fun Facts About This Demographic That You Need to Know:

- The Hispanic and Latino Americans are the largest ethnic minority in the US, comprising 18.9% of the population. It is also the fastest-growing demographic segment, projected to account for a significant portion of the population in the coming years.
- More than half of the U.S. Hispanic population is under the age of 29.
- Hispanic users spend nearly 10.5 hours per week using the internet on their smartphones, compared to the overall average of 8.4 hours.
- Hispanic consumers have substantial purchasing power, with a growing disposable income. Their economic influence extends across various industries, including retail, food and beverages, healthcare, and entertainment.
- Latinos have the moral responsibility of helping other family members in need by loaning money, offering their house as a place to live, or taking care of a sick person, for example. **Support and security among the extended family is the backbone of Hispanic family values.**
- If you wish to speak to the Hispanic market you must be aware of the Hispanic Heritage Month that has been celebrated in the U.S. for over 30 years. Formally known as National Hispanic Heritage Month, the annual event honors Hispanic cultures and traditions originating from 20 countries and one territory. Both the Hispanic and Latinx communities observe Hispanic Heritage Month because of their shared Spanish language.

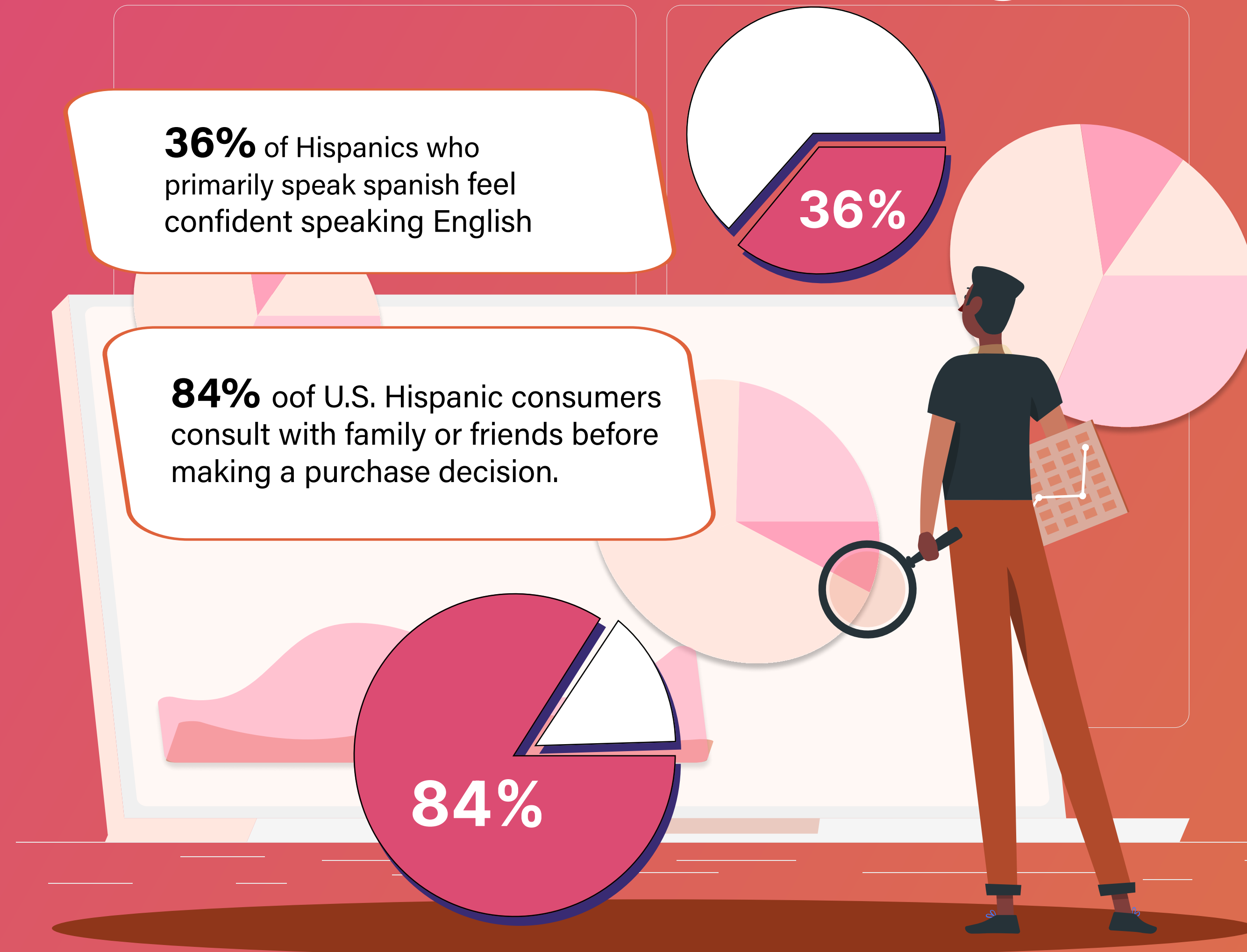


# Cultural Factors Influencing the Hispanic Consumer

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Language plays a crucial role in the Hispanic community, and businesses that recognize and accommodate language preferences can tap into a larger consumer base. Majority of Hispanics in the US speak both English and Spanish. This highlights the importance of offering bilingual marketing materials and communication channels to effectively reach and engage with this segment. Moreover, the same study reveals that among U.S. **Hispanics who primarily speak Spanish, only 36% feel very confident speaking English. This indicates the significance of providing Spanish-language content to cater to the needs and preferences of this substantial portion of the Hispanic population.**

Family and community bonds are highly valued in Hispanic culture, impacting consumer behavior and decision-making processes. **According to a survey conducted by Nielsen, 84% of U.S. Hispanic consumers consult with family or friends before making a purchase decision.** Recommendations from trusted individuals within their community hold significant weight and influence their buying choices. This highlights the importance of incorporating family-oriented messaging and community-focused strategies in marketing campaigns to resonate with the Hispanic audience. By tapping into the sense of belonging and interdependence prevalent in Hispanic culture, businesses can strengthen their relationships with this consumer segment.





Hispanics engage in various cultural celebrations and traditions, providing businesses with opportunities to align their offerings and marketing efforts with these occasions. For instance, the Hispanic community celebrates important events such as Cinco de Mayo, Día de los Muertos, Hispanic Heritage Month, and Quinceañeras. By participating in and recognizing these cultural celebrations, businesses can demonstrate their understanding and respect for Hispanic traditions, fostering a deeper connection with the Hispanic consumer.

**According to the National Retail Federation, Hispanics tend to spend significantly more on cultural celebrations compared to the general population.** For example, during the holiday season, Hispanics spend an average of \$1,445 on gifts and celebrations, which is higher than the national average. This indicates the potential for businesses to capture a larger share of the Hispanic market by aligning their product offerings, promotions, and marketing efforts with these cultural celebrations and traditions.

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**85%** of U.S. Hispanics have access to the internet

**91%** of U.S. Hispanics go online using a smartphone

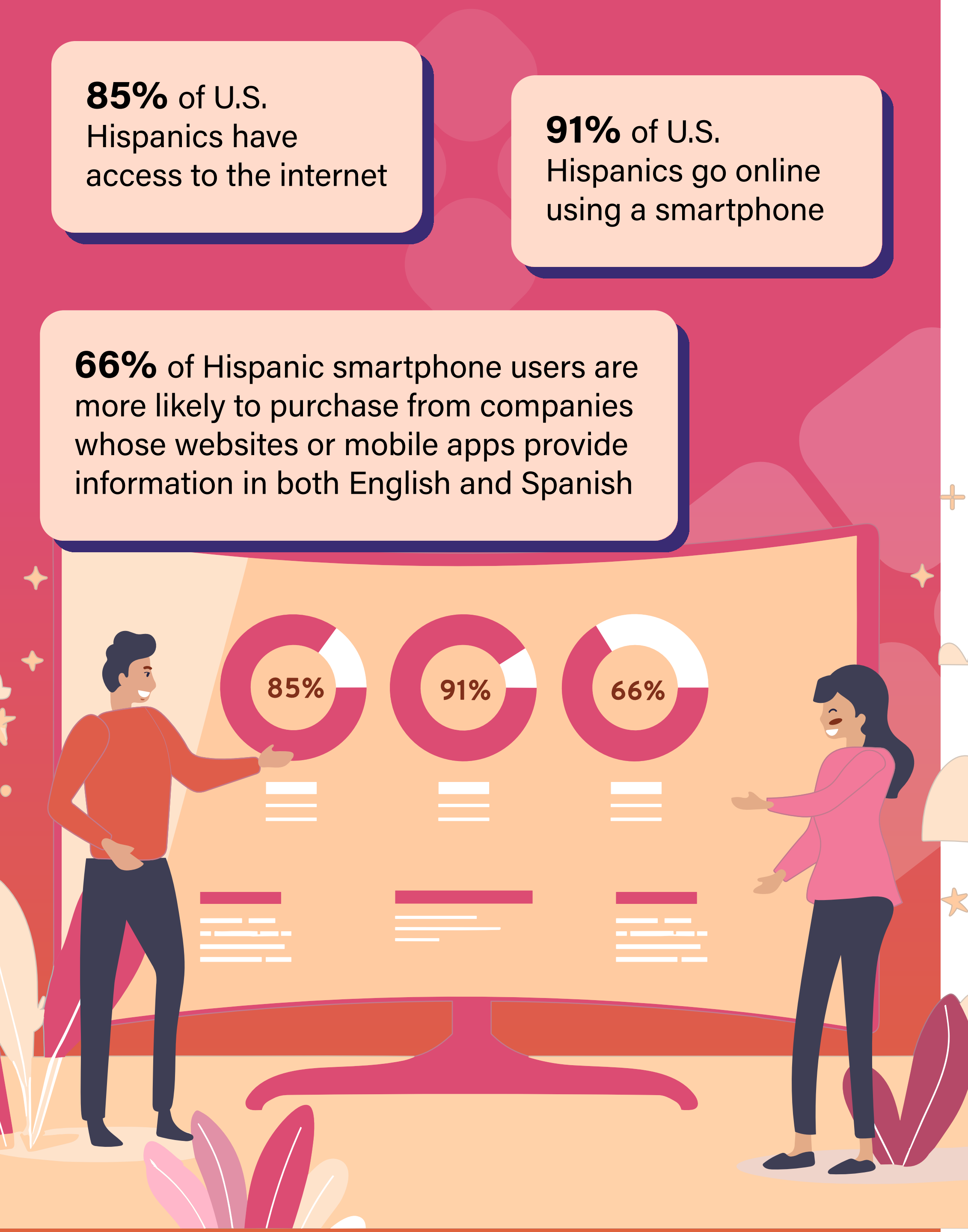
**66%** of Hispanic smartphone users are more likely to purchase from companies whose websites or mobile apps provide information in both English and Spanish

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## Cultural Factors Influencing the Hispanic Consumer

Hispanic consumers are known for their strong brand loyalty when businesses effectively engage with their culture and values. A study by ThinkNow Research found that 62% of Hispanic consumers feel more loyal to a brand that authentically represents their culture. Furthermore, the same study revealed that 64% of Hispanic consumers are more likely to recommend a brand that actively engages with their community. This highlights the importance of building trust and establishing long-term relationships with the Hispanic consumer segment by genuinely understanding and embracing their culture and values.

Hispanic consumers are highly engaged with digital platforms, making it crucial for businesses to have a strong online presence and effectively engage with them through relevant digital channels. **According to a report by eMarketer, 85% of U.S. Hispanics have access to the internet, and 91% of them go online using a smartphone. Moreover, a study by Google and Ipsos found that 66% of Hispanic smartphone users are more likely to purchase from companies whose websites or mobile apps provide information in both English and Spanish.** These statistics emphasize the significance of businesses leveraging online and mobile platforms to reach and engage with the Hispanic consumer segment effectively.



**63% of Hispanic consumers actively compare prices before making a purchase**

Hispanic consumers place high value on both product quality and price, seeking value for their money. A study by Nielsen found that 54% of Hispanic consumers consider quality to be the most important factor when making purchase decisions. Additionally, according to a report by **Mintel, 63% of Hispanic consumers actively compare prices before making a purchase.** However, it's important to note that Hispanics are willing

to pay more for products that meet their expectations. The same Nielsen study revealed that 44% of Hispanic consumers are willing to pay a premium for products that align with their cultural background. This highlights the importance of businesses delivering products of high quality while ensuring competitive pricing to meet the expectations and preferences of the Hispanic consumer segment.





# Recommendations for Businesses

Businesses need to recognize the importance of market segmentation to effectively cater to the diverse subgroups within the Hispanic population. Preferences and behaviors can vary significantly based on factors such as country of origin, age, and acculturation level. For instance, a study by the Pew Research Center found that Mexican Americans, Puerto Ricans, and Cuban Americans have distinct preferences when it comes to food, language use, and cultural practices.

Additionally, research by Nielsen reveals that acculturation levels can influence media consumption habits, shopping patterns, and brand preferences among Hispanics. By understanding and targeting these unique subgroups within the Hispanic population, businesses can tailor their marketing efforts to resonate more effectively with specific segments.

**Companies must prioritize cultural sensitivity and authenticity** when engaging with the Hispanic consumer. Hispanics value brands that demonstrate a genuine understanding of their values, customs, and traditions. **According to a study conducted by Edelman, 71% of Hispanics believe it is important for companies to showcase their understanding of the cultural background and heritage of their audience.** Incorporating cultural nuances thoughtfully into marketing campaigns and product offerings helps establish an emotional connection and fosters brand loyalty. By demonstrating respect and appreciation for Hispanic culture, businesses can build trust and develop long-term relationships with the Hispanic consumer segment.





Additionally, a study by Common Sense Advisory found that 42% of **consumers are more likely to make a purchase when the information is presented in their native language.** By localizing content and ensuring bilingual support, businesses can bridge language barriers and connect more effectively with both English and Spanish-speaking Hispanics.

**Building relationships with Hispanic communities** through sponsorships, partnerships, and local events is crucial for businesses aiming to establish trust and brand loyalty.

According to a survey conducted by IRI, 53% of Hispanic consumers prefer to buy products from companies that support local causes and organizations important to their community. Additionally, a study by ThinkNow Research reveals that 64% of Hispanics feel more loyal to brands that actively engage with their community. By actively participating in and contributing to Hispanic community events and initiatives, businesses can demonstrate their commitment and build a positive reputation, fostering stronger connections and loyalty with the Hispanic consumer segment.