The New Hispanic Shopper:
An evolution on how marketers should approach the Hispanic market

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WHITE PAPER
INTRODUCTION

The 2000 U.S. Census results had just been released and the marketing world was abuzz with a new emerging massive target audience—Hispanics. It showed that Hispanics had become the largest minority in the U.S., surpassing African-Americans in number and growing faster than any other demographic segment in the U.S. Projections of their spending power were astronomical. This was the launching pad for a widespread effort by marketers, brands, and retailers to grab a portion of this growing segment.

Marketers faced several questions:
- How do we target this segment?
- Can we apply what we know about the general market?
- Who are the experts out there who can help us understand the most effective way to reach Hispanics?

For years, Hispanic agencies struggled to convince brands and retailers of the need for Hispanic-specific communications. They argued that with the right expertise (not general market ad agencies), talking to the Hispanic consumer wasn’t complicated; it was a fairly straightforward proposition.

Models were created to communicate with Hispanics based on a construct of who this Hispanic shopper is, her attitudes and behaviors, her language usage, and her media consumption. This construct had the primary objective of providing a simple, easy-to-understand, and even familiar representation of Hispanics. This construct was eventually sold to marketers who were eager to target this segment, trusting that their agencies had a good grasp of their target. Brands, retailers, and marketers were sold!

The problem was that the model became too simple and the Hispanic audience was over-generalized, defaulting to the lowest common understanding of Hispanics. To combat that, a group of planners from different Hispanic agencies got together, led by then-president of AHAA, Carl Kravetz, to build a different consumer model, one that truly brings the Hispanic consumer to life.

Fast-forward a decade, and projections for Hispanic population and their spending power are once again off the charts. As stated by Mark Snyder, chief marketing officer at Kmart, “The 2010 Census numbers are going to turn everything on its head. At that point, we’re going to realize the melting pot we’ve become. The general market is the ethnic market.”

Why Hispanic?
Representing more than 15 percent of the population, Hispanic consumers’ current spending power of $950 billion is expected to increase to an astounding $1.2 trillion by 2012.

1 Latino Identity Project, AHAA 2009.
3 Source: SymphonyIRI, 9.7.2011.
KEY TAKEAWAYS

This paper will shine a spotlight on the Hispanic shopper and her evolution over the last several years. While we understand that Hispanics are a diverse group, using research data, we aim to draw out insightful truths that represent the Hispanic population as a whole.

• Shopping goals for Hispanics flip-flop by season. Family needs and convenience outpace price as key drivers during summer, back-to-school, and holiday shopping seasons.
• Hispanic shoppers’ primary everyday shopping trips are based more on convenience than on saving money.
• Hispanics are making more shopping decisions at the point of sale.
• Hispanic shoppers are shifting loyalties from name brands to store brands.
• Hispanics are embracing an American tradition—couponing.
• Hispanic males are shedding traditional roles and adapting to more modern roles.
• Retailers are building trust with Hispanic shoppers and Hispanic shoppers, in return, are letting retailers find solutions for their needs.

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THE VALUE EQUATION IS SHIFTING
Price Dethroned During Major Shopping Periods

For years, brands have operated under the guise that Hispanic shoppers seek the best price; that price is the key decision-making driver. In fact, historic data suggests that Hispanics, much more than their general market counterparts, shop brands and retailers that offer the greatest perceived value.

Data covering February ‘09 to June ‘10 from The Checkout (a report that compiles data from the ongoing shopper-experience study currently underway by The Integer Group® and M/A/R/C® Research) validates this long-standing perception, but a deeper look into the data illuminates a layer of seasonality that challenges the notion that price is king.

For nine months during the year, price is the primary driver, but during the months of May, August, and November, family and convenience close the gap and trump value as Hispanic’s key shopping criteria.

Figure 1: Relationship Between Value and Trip Type
What does this suggest?

Hispanic shoppers are fundamentally rearranging their shopping needs and operating under a different hierarchy during the most important shopping periods of the year. These variations coincide with two of the year’s major shopping events: back to school and holiday. Instead of price as the primary factor, the New Hispanic shopper is more concerned with satisfying the needs and expectations of their family members, as well as increased one-stop shopping convenience.

This is confirmed by our own ethnographic work on Hispanic shoppers. “When it is time for back to school, I want to make sure that my kids are happy with what I buy for them. You know how kids are in school, peer pressure and stuff.”

A recent Iconoculture report further supports this by stating, “U.S. Latino shoppers are different from the general market…they shift behaviors seasonally. It’s not just the price or selection that influences purchases, but how the products and services benefit the household.”

Kmart recently tapped into this new shopper behavior with its 2010 holiday campaign, which showcased African-American, Asia-American, U.S. Latino, white, and multi-ethnic families during the holiday season.

Are enough retailers and brands adjusting their Hispanic messaging during these critical shopping periods? Every retailer knows that they make it or break it during the holiday season. Additionally, back-to-school is a distinguished period of consumer spending. If retailers and brands are operating under the generalization that price is king, they could be missing a very big opportunity to connect with Hispanics during these high-spending shopping periods.

**Shopping Practices Are Evolving**

*Fewer Trips and More Impulsive Shopping Decisions for Hispanics*

With the exception of an apprehensive husband sent to the store by his wife (“Just stick to this list and you’ll be fine”), no one has used the shopping list more than a Hispanic Mama. First planning, then navigating her way through sales, deals, and specials at multiple stores over multiple visits was the way of life among the Hispanic shopper. Her attitude, “I will solve my shopping needs on my own” led to stretching dollars as a socially rewarding experience that provided social currency among family and

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4 Female, 2011 The Integer Group, Denver Hispanic ethnographies.
5 U.S. Latino Shoppers Are Seasonal, Socially Responsible, and Scared, Iconoculture® 2010.
friends. In fact, the shopper who produced the most bang for her buck earned bragging rights at the next *fiesta*.

Conventional wisdom would suggest that, in a down economy, this cultural behavior would hold steady or increase. Ironically, over the last year and a half, data has proven the opposite.

According to data from *The Checkout*, over the period February ‘09 to June ‘10, getting everything in a single trip’ was the dominant primary goal of an everyday shopping trip, outpacing ‘to spend as little as possible.’ In other words, convenience was more important for the Hispanic shopper than savings.

“I do most of my shopping at Walmart. But for produce I go to Sunflower Market because Walmart doesn’t have great produce.”

**Figure 2: Relationship between Value and Trip Type**

This is apparent in her other shopping occasions, including stock-up trips. 60% of Hispanics use convenience stores of any form to satisfy their immediate needs. The same can be said about the use of certain tools to help them save time in placing orders; in particular mail, phone, and the Internet. Almost half of Hispanics use any one of these to place orders for products.7

In addition to convenience, our *Checkout* data shows that Hispanic shoppers now closely mirror the general market when it comes to use of in-store shopping tools.

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6 *Female*, 2011 The Integer Group, Denver Hispanic ethnographies.
7 Experian Simmons NHCS, 2010.
Collectively, these two charts (Figures 2 and 3) reveal that Hispanic shoppers are making more decisions in the store. They have begun to venture off on their shopping journeys with fewer lists and go to fewer overall stores. With a list in hand, end caps, standing displays, or at-shelf coupon dispensers historically didn’t influence Hispanic shoppers. Today, instead of shopping with their eyes on their list checking off item after item, Hispanics are shopping with their eyes wandering around the store, interested in what the store has to offer. According to Experian Simmons, Hispanics say they are more prone now to buy things spur of the moment versus a more planned approach before coming to the store.8

“When I get to the store, I look at the ads in the entrance of the store. I also look at the boards in each aisle to know where things are.” 9

A few retailers have capitalized on this shopping evolution and created in-store experiences that connect with Hispanic shoppers. HEB, for example, has created an in-store recipe program that includes many Hispanic-oriented dishes. The program demonstrates how meals can be prepared easily and conveniently.

Overall, Hispanic shoppers are making fewer trips than they have in the past and are allowing themselves to be more influenced by the marketing activities in the store. The question is: how will brands and retailers capitalize on this behavioral change?

8 Experian Simmons 2010.
9 Female, 2011 The Integer Group, Denver Hispanic ethnographies.
SHOPPING LOYALTIES ARE CHANGING
Hispanics Have Built Loyalty to Private-Label Brands

Another defining characteristic of the new Hispanic Shopper is comparison-shopping. Once loyal to trusted name brands, Hispanic shoppers have now altered their shopping behavior. Common in their current rituals is comparing name brands to store brands.

In a 2010 Checkout study, 78% of Hispanics reported, “I regularly compare prices between name brands and store brands” versus only 22% who reported, “I go right for the name brands and get what I want.”

As a result of their behavior change, Hispanic shoppers have shifted a portion of their loyalty to private-label store brands. While the number of general-market shoppers switching to store brands seems to have reached a plateau, Hispanic shoppers show few signs of slowing their hunt for better bargains. A contributing factor to the higher propensity to switch is the acceptance by family members of private-label brands in the household.

Figure 4: Buying Private Label

“My kids go straight to the store brand of cereal, they already know what they like.”

Hispanic moms are letting other family members be key decision makers in what she brings to the household, and this is sometimes how private-label makes it into Hispanic homes.

78% of Hispanics regularly compare prices between name brands and store brands.

Hispanic shoppers are 33% more likely to stick with a private-label brand than return to their name brand in the future.

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10Female, 2011 The Integer Group, Denver Hispanic ethnographies.
Though general-market shoppers believe that name brands offer greater quality and innovation, among Hispanics that figure is much smaller. Only 34% of Hispanics believe that name brands are better-quality products than store brands, yet 75% believe that they are more expensive.

“I do use a lot of store brands. Actually, the Great Value [Walmart’s private label] steak sauce is much better than A1 steak sauce.”

Knowing that Hispanic shoppers have an affinity for store-brand products, other brands and retailers have begun creating Latino-oriented private-label products. Kroger grocery recently launched a beauty care line called Mirra—all-natural products that appeal to the female Hispanic shopper’s desire for pure ingredients. In the convenience channel, AMPM introduced a private-label snack line, El Mero, with packaging designed to appeal to the Hispanic shopper.

It appears that many Hispanic shoppers have built a strong trust in private-label brands and more are poised to follow. The question remains: will shoppers return to their familiar brands given an economic recovery or will their switching behavior become the new status quo?

NEW SHOPPING BEHAVIORS ADOPTED
Hispanic Shoppers Have Embraced the Coupon Revolution

Less acculturated Hispanic shoppers aren’t used to shopping with coupons. The tiendas of Latin America don’t use coupons with the same frequency as their counterparts in North America. Coupons are largely an American phenomenon, not part of the Latino culture. These cultural barriers, lack of familiarity with the redemption process, and opt-outs by stores frequented by Latinos all contribute to historically low coupon redemption by Hispanics. Therefore, Hispanic shoppers in the United States haven’t redeemed coupons with the same frequency as their general-market counterparts.

Spurred by the economy, retailers and brands have witnessed a rise in coupon usage. In fact, 6 in 10 households use coupons. But the surprising news is that coupons have risen at an accelerated rate among Hispanic shoppers. Checkout data has provided a deeper look into the evolution of the Hispanic shopper. Coupon usage by Hispanic shoppers has grown dramatically from February 2009 to June 2010.

Coupon usage among Hispanic shoppers has risen dramatically over the last two years.

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11 Female, 2011 The Integer Group, Denver Hispanic ethnographies.
14 Relevant Insight, 1.27.2010.
“Couponing didn’t start for me until I had kids. Now I am always looking for them.”

Marketers have taken advantage of this embrace. Last July, for example, Univision streamed ads in Dish Network DVR-equipped homes, offering households the chance to receive coupons.

Adding to our understanding is further Checkout data that depicts Hispanics capitalizing on digital coupons. 44% of Hispanics said they were likely to use an online coupon while shopping at a brick-and-mortar store.

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15 Female, 2011 The Integer Group, Denver Hispanic ethnographies.
16 MediaPost.com, 5.6.2010.
Web sites have begun to appear offering Hispanic-oriented coupons. As a matter of fact, more Hispanics (29%) say they are likely to take advantage of social coupons [e.g., Groupon] in the store than the general market (22%) (figure 6).

“I bought a photography session from Groupon. It wasn’t the best experience, so I let friends and family know. I usually send Groupon deals to friends and family. I like to share with them because they have similar tastes to mine.”

The economy’s power to change shopping behavior is remarkable; Hispanics have overcome cultural barriers and adopted coupons. The question is, as couponing continues to increase, how will retailers tailor their shopping aids for Hispanic shoppers?

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17 Female, 2011 The Integer Group, Denver Hispanic ethnographies.
DIGITAL SHOPPING IS BOOMING
Hispanics, E-Commerce, and M-Commerce are Outpacing the General Market

A common misperception is that Hispanics, generally less affluent than the general market, aren’t as digitally savvy as the general market. From a penetration standpoint, the general market is more wired than the Hispanic population. However, from a shopping standpoint, Hispanics as a percent of the total group report that they are shopping more online than the general market.

In the most recent Checkout study conducted in February 2011, 34% of Hispanics reported that they are shopping online more than they did three months ago versus only 23% of general market. And Hispanics’ online shopping has been growing since the beginning of 2009.

Consistent with this data is the latest study conducted by Experian Simmons, which demonstrates Hispanics’ gravity toward Internet proliferation. Hispanics are more likely than the general market to agree with the following statements:

- “I am doing more shopping on the Internet than before.”
- “I return to sites that make it easy to find what I need.”
- “The Internet has changed how I get product information.”
- “The Internet has changed how I shop for products.”
- “For information, the first place I look is the Internet.”

Practical application of these statements is evidenced in a study that reported that Hispanics are 14% more likely to be receptive to e-mail marketing, 78% more likely to click on banner ads, and 63% more likely to review a sponsored search engine link than the general-market.18

In addition, BIGResearch reported that 17.2% of U.S. Hispanic females plan to increase their shopping versus only 12.4% of general market females in the next year.19

If Hispanics are outpacing their general market counterparts shopping online, what, specifically, are the triggers for creating an optimum online shopping experience?

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18 ARAnet Adfusion survey conducted by Opinion Research Corporation, 2010.
If the online data isn’t dramatic enough, the mobile data is certain to widen some eyes. According to Insight Research, Hispanics will spend $257 billion on telecommunications services over the next five years (totaling 17% of all telecom expenditures). This provides an opportunity for marketers to target Hispanics where they are—on the go.

Hispanic subscribers use cell phones and data applications more frequently than average.

According to 2010 Checkout data, acceptance of mobile marketing among Hispanics is also higher than among the general market. A greater percentage of Hispanics agreed to the following statements than the general market:

- “I am willing to accept advertisements sent to my mobile phone if I were to receive something of value in exchange.” (16% vs. 10%)
- “I would be interested in a service that would let me use my mobile phone to make purchases in a store.” (12.6% vs. 9.6%)
- “I am likely to purchase products I see advertised on my mobile phone.” (9.5% vs. 5.2%)
- “I would be interested in receiving advertisements on my mobile phone.” (9.1% vs. 4.4%)

“JCPenney sends me coupons to my cell phone through text messaging and I use it. This is actually great, because many times I don’t have coupons with me when I am shopping.”

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21 Female, 2011 The Integer Group, Denver Hispanic ethnographies.
According to our Checkout study in February 2011, 16% of Hispanics have used a cell phone to scan an item in the store during the past three months versus only 6% of general market.

Marketers should use the Internet to influence Latinas before they enter the store via search engines, e-mail offers, and lifestyle content. Mobile marketing shows promise that this is a way to influence in-store CPG purchases among Hispanic shoppers. Bilingual apps could reach Hispanic shoppers and capture their interest.

Lifestyle, entertainment, and large consumer brands such as McDonald’s, Coca-Cola, IKEA, Univision, and Comedy Central have been the quickest out of the gate with Hispanic-oriented mobile campaigns. Recently, Western Union targeted Hispanics with a mobile product. Western Union’s Mobile Money Transfer Services allow users to create “mobile wallets” and transfer funds to others’ mobile wallets.

With the growth in online shopping and mobile usage, Hispanics are receptive to brands and retailers extending their digital hand. Which brands and retailers will capitalize on the digital hunger among Hispanics and turn that appetite into profit?

HISPANIC MALES ADAPT TO SHIFTING ROLES
Hispanic Males Are Finding Ways to Transition From Traditional Male Roles Into New Roles

Departing from tradition, young Latinas are finding new ways to free themselves from traditional female roles. They are creating new identities for themselves. A report by the Intelligence Group shows that, among young Hispanics, only 32% would aspire to be a stay-at-home parent, versus 42% of non-Hispanics. This reversal of aspirations by a younger Hispanic generation points to a different level of expectations from what their parents aspired to.

While Latinas build a new identity, their male counterparts can feel isolated and somewhat left behind. Ironically, their response has been to reshape their own roles, moving away from the negative aspects of machismo and embrace the more positive aspects by being providers and contributors to the household. While the more traditional Hispanic male believes that a woman’s place is in the home, the new Latino is less tied to traditional roles and more in tune to where society is moving. Instead of fighting it, he tries to accommodate to his counterpart’s newfound identity.

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22 Iconoculture 2010.
23 Experian Simmons, 2010.
“I do it for her. Anything that I can do to help her and make her feel better, I am doing it for her.”  

“I am learning from my wife. I used to go shopping and not even look at prices before. I would just grab and go. She taught me to look for deals and compare prices before buying anything.”

In the world of shopping, Latinas have a strong influence on men’s shopping behaviors; from the products they use, to the retailers they shop. Having said that, men are starting to develop a sense of empowerment that allows them to make their own decisions when shopping.

2010 Checkout data shows how Hispanic males are embracing their newfound identity when shopping. These are some of the statements that Hispanic males agree on:

- “I generally prepare a list.”
- “I seek out coupons and use them for everything I buy.”
- “I generally compare prices online before visiting a store.”
- “I often buy goods and services on my cell phone.”

Also, when asked about new shopping behaviors they’ve acquired in the past three months, they agree that:

- “I have started using more store or manufacturer coupons.”
- “I am reading packaging or signage more to find better deals.”
- “I’ve started using store circulars more often to find deals.”
- “I’ve started using Internet coupons more often.”
- “I’ve started using store Web sites more often to make purchases.”
- “I am using a mobile device to locate a retailer, compare prices, keep a shopping list, and make a purchase online.”

Hispanic males are becoming smarter shoppers and are using many tools to help them become more efficient at buying. For example, they are using the Internet more often to shop, as we see an increase in online shopping by this segment. In some ways, the Internet is a perfect medium for them because it allows the flexibility they are looking for without the hassle of going shopping.

Hispanic males are becoming an important part of the equation for retailers and brands. Gone are the days where we could only target females. Hispanic males are making a comeback, and they are making their own decisions at retail (with some help from their female counterparts). Which poses the question: Are brands and retailers ready to help him when he is making the decision to buy?

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24 Hispanic male shopper, 2011 The Integer Group, Denver Hispanic ethnographies.
25 Hispanic male shopper, 2011 The Integer Group, Denver Hispanic ethnographies.
RELATIONSHIPS WITH RETAILERS ARE BLOSSOMING
Hispanics’ Trust in Retailers Has Grown

The changing behaviors of the new Hispanic shopper add up to a budding relationship with retailers. In years past, Hispanic shoppers trusted themselves to get the best value and most bang for their buck by preparing and shopping a variety of stores to fill their homes with goods for their family. In essence, they became very skilled at working the system. Today, they are putting that trust in the hands of their preferred retailers.

Through Checkout data, we’ve discovered and validated four key behavioral changes that shed light on this growing trust. First, we’ve demonstrated that Hispanic shoppers are more inclined to stick with private-label brands versus return to national brands. Hispanics perceive that store-brand quality is on par with name brands, illustrating the confidence Hispanics have developed in the store brand. The Florida-based grocery chain Publix, for example, has developed various authentic Hispanic private-label products with unique, bilingual packaging. The company has even created a Hispanic-branded sub-chain, Publix Sabor, which carries larger sizes of products to accommodate larger households among Hispanics in the area.

Second, the fact that Hispanics are influenced by in-store marketing aids and are using them to help make their decisions at shelf showcases their growing relationship with the retailer. Walgreens is establishing a Community Corner program, for each of its 7,500 stores, designed to make Hispanic products easy to find within their stores.

Third, many Hispanic shoppers are relying more on a single retailer rather than shopping several, as evidenced by a growing number of Hispanics who would rather get everything on a single shopping trip versus shopping around to save money. Fresh and Easy Neighborhood Market in South Los Angeles is one retailer that has broadened its offerings to accommodate this movement. Mainly a produce retailer satisfying the Hispanic shoppers’ cravings for fresh fruits and vegetables (Hispanics spent roughly 12% of their food budget on fruits and vegetables in 2008 according to the Food Institute’s 2010 Demographics of Consumer Food Spending study), they have multiplied their merchandise to grab a larger share of Hispanics’ wallets.

All signs point to a Hispanic shopper who is turning to Web and mobile for a portion of their commerce needs at a much faster pace than the general market. Many brands and retailers have keenly broadened their shopping relationship to the digital space. General Mills and Kraft have comprehensive Web sites featuring recipes, blogs, articles, and other interactive elements for...
Hispanics. Nestlé’s Carnation condensed milk and Presidente beer are among the few products offering Spanish-language mobile apps. BabyCenter en Espanol and Todobebe offer Spanish-speaking mothers information on all aspects of pregnancy, childbirth, babies, and children.

Building a relationship with Hispanics is vitally important for retailers because never in history has their loyalty been offered so freely. Retailers can win more Hispanic shoppers by appealing to their multicultural needs. Cracking that loyalty code will pay extra dividends because once you enjoy a Hispanic family’s loyalty, you have a good chance of having them pass it on; Hispanics are the most likely to recommend food/grocery products to friends and family over the next 12 months, according to a COLLOQUY word-of-mouth study. Iconoculture coined the phrase “Passion Points of Sale” to describe this emerging trend of retailers reaching out to their customers through shared cultural interests. The question is, what can brands and retailers do to increase their Passion Points of Sale with Hispanics?

CONCLUSION

The Checkout data has revealed a deeper look into the Hispanic shopper. The picture painted by the data illustrates the key to capturing trust is through engagement. The landscape is ripe for retailers and brands to build a deep relationship with Hispanic shoppers through engagement. These shoppers are currently offering their trust to brands and retailers who satisfy their needs and connect with them.

However, brands and retailers desiring to make that connection must know the true Hispanic shopper, not simply a construct or generalization of them. It is up to us as marketers to take those steps. What additional research and learning is necessary to truly understand the Hispanic audience and Hispanic shopper? As we continue to uncover findings about shoppers, including specific data relating to Hispanic shoppers, we will do our part to share these with our clients and the larger marketing community.

For more information on the evolution of today’s Hispanic shopper, brand strategy, and the changing retail landscape, visit www.shopperculture.com.
About The Integer Group
The Integer Group (www.integer.com) is one of the world’s largest promotional, retail, and shopper marketing agencies, and a key member of Omnicom Group Inc. Integer lives at the Intersection of Branding and Selling® and creates strategic marketing solutions for clients in categories that include retail, beverage, packaged goods, telecommunications, home and shelter, automotive aftermarket, and power sports. Integer has more than 1,200 employees working in U.S. locations as well as international offices in Africa, Asia, Australia, Europe, the Middle East, North and South America. Join the conversation on shopping culture and brand strategy at www.shopperculture.com.

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