Marketing to Hispanics
Part 2 of the Ethnodynamics Series
...It's increasingly clear that Hispanics are the future of America. And post-recession, the Hispanic market has resumed its usual pattern of growing faster than the general market.

- AdAge
2000 to 2010: +43% growth rate with +15.2 million more Hispanics

$1.0T to ~$1.5T

13% to 16%

+50% increase in spending power by 2015

Proportion of total population 2000 to 2010

Methodology: A multi-phased approach

Ethnic Marketer Interviews

- 3-hour expert interviews
- Stephen Palacios

AVid: Online Communities

- 25 respondents in a 10 day online community
- Hispanic & Latino

Focus Groups

- 2-hour focus groups in two cities:
- Hispanic & Latino

Quantitative Survey

- 25-minute online & face-to-face survey
- n=603 Hispanics & Latinos

Data weighted to represent 2010 census
Expression of Hispanic Identity

How does ethnicity impact their preferences?
- Content
- Category

How can marketers be more authentic when speaking to this audience?
Expression of Hispanic identity
Ethnicity is core to the identity of all minorities – Hispanics are no exception...

%: Strongly agree/agree when it comes to my ethnicity

My ethnicity is a significant part of my identity

I am proud of my ethnic identity

Source: Quantitative

Hispanics  African/Asian American Avg.

67  71

78  82

↑ Indicates significance difference, 95%
... although, Hispanics are more likely to nurture that ethnicity

%: Strongly agree/agree when it comes to my ethnicity

- Expose my children to my ethnic background
- Trying to get in touch with my ethnic identity
- More comfortable with my ethnicity today
- I like to be a part of activities & traditions celebrating my ethnicity

Source: Quantitative

Indicates significance difference, 95%
In comparison to other minorities, ethnicity permeates a number of areas for Hispanics

%: Influence of Ethnicity Summary: Top 3-Box

<table>
<thead>
<tr>
<th>HOW I FEEL</th>
<th>WHO I AM WITH</th>
<th>WHAT I DO</th>
<th>CONTENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>My individuality</td>
<td>The neighborhood I live in</td>
<td>Holiday events &amp; celebrations</td>
<td>The type of news I typically follow</td>
</tr>
<tr>
<td>My religion or faith</td>
<td>Raising my children</td>
<td>Eating habits &amp; preferences</td>
<td></td>
</tr>
<tr>
<td>My values</td>
<td>My close circle of friends</td>
<td>The vacations I take</td>
<td></td>
</tr>
<tr>
<td>My view on gender roles</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Quantitative

Indicates significance difference, 95%
Across all ethnicities, a number of drivers define ethnicity

Drivers by ethnicity - How I...?

<table>
<thead>
<tr>
<th>...grew up</th>
<th>...describe myself</th>
<th>... see my environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavior</td>
<td>First name</td>
<td>Political events</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>Family name</td>
<td>Current events/headlines</td>
</tr>
<tr>
<td>Political beliefs</td>
<td>Appearance</td>
<td>Family events</td>
</tr>
<tr>
<td>Religion/faith</td>
<td>Growing up/age</td>
<td>Involvement in ethnicity-related</td>
</tr>
<tr>
<td>Home décor</td>
<td>Education</td>
<td>causes</td>
</tr>
<tr>
<td>Language</td>
<td>Choosing where to live</td>
<td>Moments of discrimination</td>
</tr>
<tr>
<td>Friends/social circle</td>
<td>Career choices</td>
<td>Holidays/cultural celebrations</td>
</tr>
<tr>
<td>Reunions/family gatherings</td>
<td>Spouse selection</td>
<td>Moments of “defense”</td>
</tr>
<tr>
<td>Ethnic advocate</td>
<td>Childrearing</td>
<td>Moments of ethnic pride, celebration</td>
</tr>
<tr>
<td>Community involvement</td>
<td>Developing individuality</td>
<td>or relating to personal truths</td>
</tr>
<tr>
<td>Gender roles</td>
<td>Developing values</td>
<td></td>
</tr>
<tr>
<td>Speech/dialect/slang</td>
<td>Friends’ opinions</td>
<td></td>
</tr>
<tr>
<td>Eating habits/preferences</td>
<td>Role models</td>
<td></td>
</tr>
<tr>
<td>Music</td>
<td>Socio-economic class</td>
<td></td>
</tr>
<tr>
<td>Entertainment (on TV)</td>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Clothes and fashion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>News</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Qualitative + Quantitative
The drivers of ethnicity for Hispanics may surprise

Drivers by ethnicity - Ranked by order of importance

- Political beliefs
- Home décor
- Speech & dialect
- Ethnic champion
- Eating habits & preferences
- Reunions, family, & gatherings

- Being female
- Family name

Source: Quantitative: Correlation Driver Analysis
Most Hispanic Americans are 2nd generation+...

Generational Projections of Hispanic Americans

40% are 1st generation
29% are 2nd generation
31% are 3rd generation+

60%

Source: US Census
There are pronounced differences in the drivers between 1st and 2nd+ generation Hispanics.

For 2nd+ generation Hispanics, ethnicity is more about outward expression and bicultural in nature.

1st
- Political beliefs
- Home décor
- Language
- Ethnic champion
- Eating habits & preferences
- Reunions, family, & gatherings

2nd+
- Political beliefs
- Speech & dialect
- Physical appearance
- Last name

Source: Quantitative: Correlation Driver Analysis
However, there is a significant difference between how ethnicity influences 1st generation and 2nd generation.

<table>
<thead>
<tr>
<th>HOW I FEEL</th>
<th>WHO I AM WITH</th>
<th>WHAT I DO</th>
<th>CONTENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>My individuality</td>
<td>My religion or faith</td>
<td>My values</td>
<td>My view on gender roles</td>
</tr>
<tr>
<td>72% ^</td>
<td>72% ^</td>
<td>69% ^</td>
<td>71% ^</td>
</tr>
<tr>
<td>48</td>
<td>47</td>
<td>48</td>
<td>34</td>
</tr>
<tr>
<td>The neighborhood I live in</td>
<td>Raising my children</td>
<td>The vacations I take</td>
<td>The type of news I typically follow</td>
</tr>
<tr>
<td>75% ^</td>
<td>67% ^</td>
<td>63% ^</td>
<td>67% ^</td>
</tr>
<tr>
<td>33</td>
<td>41</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>Holiday events &amp; celebrations</td>
<td>Eating habits &amp; preferences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>78% ^</td>
<td>74% ^</td>
<td></td>
<td></td>
</tr>
<tr>
<td>57</td>
<td>62</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Quantitative

^ Indicates significance difference, 95%
There's strong correlation between language and generation

% Language by Generation

Source: Quantitative

▲ Indicates significance difference, 95%
For both 1st and 2nd generation, ethnicity is an important part of the past and the present. My ethnicity strongly influences...

**Source:** Quantitative

- **GROWTH**
  - **Who I am today**
    - 1st gen: 75
    - 2nd+ gen: 64
  - **How I grew up**
    - 1st gen: 84
    - 2nd+ gen: 69

- **IDENTITY**
  - **My ethnicity is a significant part of my identity**
    - 1st gen: 72
    - 2nd+ gen: 62
  - **I am proud of my ethnic identity**
    - 1st gen: 78
    - 2nd+ gen: 79

▲ Indicates significance difference, 95%
1st gen Hispanics have a stronger desire to connect with their ethnicity and share it

My ethnicity strongly influences...

<table>
<thead>
<tr>
<th>COMFORT</th>
<th>DESIRE</th>
<th>ACTIVITY</th>
<th>SHARING</th>
</tr>
</thead>
<tbody>
<tr>
<td>I'm more comfortable with my ethnic identity today</td>
<td>I feel less in touch with my ethnic identity than when growing up</td>
<td>I am actively trying to get in touch with my ethnic identity</td>
<td>I try hard to expose those around me to my ethnic background</td>
</tr>
</tbody>
</table>

Source: Quantitative

Indicates significance difference, 95%
How does ethnicity impact content preferences?
When it comes to news content, 1st gen Hispanics are much more influenced by ethnicity...

%: Influence of ethnicity on website/content choice

Source: Quantitative

Indicates significance difference, 95%
...with a similar pattern for culture, entertainment and music

%: Influence of ethnicity on website/content choice
This trend even expands to variety content like beauty and parenting advice

%: Influence of ethnicity on website/content choice

Variety

Source: Quantitative

Indicates significance difference, 95%
Although, the gap closes just a bit when it comes to food and restaurants

%: Influence of ethnicity on website/content choice

Source: Quantitative

Indicates significance difference, 95%
Interestingly, 1st gen Hispanics say ethnicity influences their shopping content choices

%: Influence of ethnicity on website/content choice

Source: Quantitative

Indicates significance difference, 95%
In total, 2nd generation Hispanics are not frequent weekly visitors to Spanish content

%: I access the following online content weekly

- Websites geared toward Hispanics: 63\% (20\% for 1st gen, 23\% for 2nd+ gen)
- Internet videos that are in Spanish: 59\% (23\% for 2nd+ gen)
- Websites that are in Spanish: 57\% (21\% for 2nd+ gen)
- Internet radio stations that are in Spanish: 55\% (22\% for 2nd+ gen)

Source: Quantitative

▲ Indicates significance difference, 95\%
However, both 1st and 2nd generation pay close attention to how news media covers them.

%: I pay a lot/some attention to the following news stories:

- Political events / special interest stories that are **bad** news for people of my ethnicity:
  - 1st gen: 98%
  - 2nd+ gen: 85%

- Political events / special interest stories that are **positive** news for people of my ethnicity:
  - 1st gen: 97%
  - 2nd+ gen: 85%

Source: Quantitative

▲ Indicates significance difference, 95%
2nd generation Hispanics take notice of ethnicity when it comes to negative representation

<table>
<thead>
<tr>
<th></th>
<th>1st gen</th>
<th>2nd+ gen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underrepresented</td>
<td>13</td>
<td>29</td>
</tr>
<tr>
<td>Usually depicted in a negative manner</td>
<td>9</td>
<td>26</td>
</tr>
<tr>
<td>Media is dismissive or ignorant of my ethnicity</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Actors play to racial stereotypes</td>
<td>11</td>
<td>22</td>
</tr>
</tbody>
</table>

**Source:** Quantitative

> Indicates significance difference, 95%

2nd+ Generation Hispanics are 3x as likely to say TV & 2x more likely to say radio poorly represents Hispanics.
How does ethnicity impact category preferences?
1st generation Hispanics want to be marketed to in the health and beauty category...

%: How important is ethnicity when products are marketed to you? Very/Extremely Important

Hair care
- 1st gen: 58%
- 2nd+ gen: 36%

Skin care
- 1st gen: 65%
- 2nd+ gen: 37%

Beauty & Cosmetics
- 1st gen: 61%
- 2nd+ gen: 35%

Personal Care & Hygiene
- 1st gen: 66%
- 2nd+ gen: 35%

Source: Quantitative

↑ Indicates significance difference, 95%
... this trend extends to various other categories

%: How important is ethnicity when products are marketed to you?
Very/Extremely Important

Source: Quantitative

- **Travel & Food**: 58% 1st gen, 31% 2nd+ gen
- **Apparel & Home Goods**: 68% 1st gen, 29% 2nd+ gen
- **CPG & Grocery**: 68% 1st gen, 34% 2nd+ gen
- **Health & Medicine**: 66% 1st gen, 25% 2nd+ gen

▲ Indicates significance difference, 95%
Ethnicity plays an important role in marketing to 1st generation Hispanics across all categories

%: How important is ethnicity when products are marketed to you?
Very/Extremely Important

Source: Quantitative

Indicates significance difference, 95%
What do marketers need to do to be authentic?
1 in 2 Hispanics feel like most ads don’t target them

56% 49%

feel most ads are targeted primarily towards Caucasians

Source: Quantitative

1st gen 2nd+ gen
The concept of **diversity in advertising** is consistently important for all generations...

%: Strongly agree/agree when it comes to ads

- **Diversity is the best way to reflect the real world**
  - 1st gen: 79%
  - 2nd+ gen: 68%

- **Show people in my ethnicity are just like everyone else**
  - 1st gen: 73%
  - 2nd+ gen: 60%

- **Ads would be much better if it showed larger diversity**
  - 1st gen: 73%
  - 2nd+ gen: 65%

- **Prefer ads show diversity rather than a single ethnicity**
  - 1st gen: 65%
  - 2nd+ gen: 62%

Source: Quantitative

▲ Indicates significance difference, 95%
... mainly because the embracing of culture is so strong for Hispanics in general

%: I strongly agree/agree with the following

- I have learned many new things from other ethnicities: 77%
- I feel comfortable interacting with other ethnicities: 76%
- It is extremely important to me to embrace cultural diversity: 72%
- Cultural diversity is necessary for progress in our society: 70%

Source: Quantitative

Indicates significance difference, 95%
However, marketing to ethnicity is more important for 1st generation Hispanics

%: Strongly agree/agree when it comes to ads

<table>
<thead>
<tr>
<th>Statement</th>
<th>1st gen 1st gen</th>
<th>2nd+ gen 2nd+ gen</th>
</tr>
</thead>
<tbody>
<tr>
<td>It's important to see my ethnicity represented in ads</td>
<td>70</td>
<td>44</td>
</tr>
<tr>
<td>I notice products &amp; brands that make the effort to reach my ethnicity through ads</td>
<td>70</td>
<td>40</td>
</tr>
<tr>
<td>An ad that was meant for my ethnicity has made me feel happy</td>
<td>73</td>
<td>39</td>
</tr>
<tr>
<td>I've felt moved by an ad that was targeted at my ethnicity</td>
<td>69</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: Quantitative

▲ Indicates significance difference, 95%
The large majority of 1st generation Hispanics appreciate language cues

%: Strongly agree/agree when it comes to ads

I appreciate seeing or hearing ads that are in the language of my race/ethnicity

Source: Quantitative

1st gen 2nd+ gen

▲ Indicates significance difference, 95%
2nd generation Hispanics don’t feel like ads speak to their ethnicity

69% 26%

feel that ads do a good job speaking to their ethnicity

Source: Quantitative
The role of authentic spokespeople is critical. Few 2nd generation see true ambassadors

%: Strongly agree/agree when it comes to ads

Importance of having authentic ethnic spokesperson in advertising

Currently featured spokespersons are true ambassadors for ethnicity

Source: Quantitative
Hispanics want to see spokespeople who truly fit with their culture

“I don’t like it when they use her (Jennifer Lopez) for really Spanish or traditional things. I can’t picture her making the foods the way we make it.

I can see her enjoying it, because she grew up here, but she is more Americanized. Me too. Keep her there and don’t try to bring her back to the traditional roots, because she doesn’t fit there.”
1st generation Hispanics are more likely to feel that many ads targeting them are offensive

42% 21%

Source: Quantitative
Ads do not "accurately" reflect a deep sense of ethnicity, especially among 1st generation

%: Strongly agree/agree when it comes to ads

I appreciate seeing ads that accurately reflect my ethnic values

Advertising does not depict my ethnic values at a deep level

Source: Quantitative

Indicates significance difference, 95%
Avoid obvious ethnic stereotypes

Addresses a problem my ethnicity faces in a positive manner

Makes my ethnicity look good

Makes me feel proud of who I am

Source: Quantitative

↑ Indicates significance difference, 95%
Avoiding these stereotypes can help promote authenticity

What bothers you when marketers target your ethnicity?

HISPANICS:
- Huge family
- Day laborers
- Lower socio-economic
- Mariachi music/sombreros
- White-washed celebrities

“\nI definitely would not like an ad that assumes, or makes generalities about Hispanics... i.e. that they are less educated, have poorer vocabularies, are lazy, or drunks... In fact, I would take offense to an ad that made any of these same assumptions about any other racial group or ethnicity.\n”

Source: AV-id
A Great Example: Focus on **multiple** positives

*Toyota Camry Hybrid – “Bilingual”*

"It feels like they are targeting Hispanics in this ad and I take away that **this car is for me and for our future** as Hispanics try to raise their future kids here. It **makes me feel good** that Toyota is competing for my dollar ... I thought this ad was awesome and **creates a sense of pride**, like hey we are here too. We have a vote and buying power that need to be heard. It makes me want to think about Toyota the next time I buy a car."

Source: AV-id
Given that ethnicity is so critical to 1st generation Hispanics, it highly influences brand decisions.

%: Very important/important when it comes to ads

- Notice products & brands that make the effort to reach my ethnicity through advertising: 70% 1st gen, 40% 2nd+ gen
- More likely to try a product & brand if they go out of their way to target my own ethnicity: 65% 1st gen, 28% 2nd+ gen
- Regularly buy products that are used primarily by people of my ethnicity: 63% 1st gen, 30% 2nd+ gen
- More trusting of products & brands that make the effort to reach my ethnicity through advertising: 62% 1st gen, 26% 2nd+ gen

Source: Quantitative

▲ Indicates significance difference, 95%
...and is more likely to be a topic when it comes to consumer conversation

%: Strongly agree/agree when it comes to ads

Source: Quantitative

I will talk about an ad that speaks positively about my ethnicity

1st gen

45

2nd+ gen

80

I will talk about an ad that speaks negatively about my ethnicity

1st gen

57

2nd+ gen

40

Indicates significance difference, 95%
Findings

EVOLUTION OF U.S. HISPANIC MARKET

• A majority of U.S. Hispanics are 2\textsuperscript{nd} generation+, American-born and English-speaking.

CONTENT PREFERENCES

• 1\textsuperscript{st} generation Hispanics seek out content that is in-language and speaks to their ethnicity for topics like news, entertainment and food.
• 2\textsuperscript{nd} generation Hispanics are less likely to seek out content by ethnicity or more so language; however, they are sensitive to how their ethnicity is portrayed in the media.

OVERALL MARKETING PREFERENCES

• Portraying an appropriate level of diversity in advertising is important to all Hispanics.
• Marketing messages tailored to a Hispanic audience is more important to this group compared with other ethnic minorities – driven by the strong preferences of 1\textsuperscript{st} generation Hispanics.
• If done right, Hispanics of all ages will talk about advertising positively, but they will also be quick to call out negative portrayals.
  o Many 2\textsuperscript{nd} generation Hispanics feel that they are underrepresented in advertising.
• Choosing an authentic spokesperson is important among all Hispanics.
  o 2\textsuperscript{nd} generation Hispanics do not feel spokespeople today accurately portray their ethnicity.
Implications

As the US Hispanic population continues to shift more towards the 2nd generation, marketers must understand the nuances between 1st and 2nd generation Hispanics, and how acculturation affects their preferences.

Messaging should be customized to speak to the individual needs of 1st and 2nd generation Hispanics:

- For 1st generation Hispanics: Speak in-language and make sure to authentically represent their ethnicity.
- For 2nd generation Hispanics: Represent diversity in general messaging, select spokespeople who relate to their unique identity, and take special care not to portray them negatively.

When targeting by content:

- Reach 1st generation Hispanics on ethnically relevant content sites, especially in-language.
- Reach 2nd generation Hispanics across more bicultural/general content.
THANK YOU!

advertising.yahoo.com

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Edwin Wong

Debbie Solomon

Kim Baylor
Carisha Larios
Nima Srinivasan
Annie Yuan

Join us for our next webinar:
Back to School
April 11
Hispanics

What defines their ethnicity?

**1st generation**
- Political beliefs
- Home décor
- Language
- Ethnic champion
- Eating habits & preferences
- Reunions & family gatherings

**2nd generation+**
- Political beliefs
- Speech & dialect
- Physical appearance
- Last name

Digital content where ethnicity matters

**1st generation**
- News
- Entertainment
- Cultural Events
- Parenting/Family
- Religion
- Fashion
- Food

**2nd generation+**
*Across all content categories, 2nd generation+ Hispanics are much less likely to seek out content related to ethnicity.*

Categories where ethnicity matters

**1st generation**
- CPG & Grocery
- Personal Care
- Health Care & Medicine
- Entertainment

**2nd generation+**
- Entertainment
- Personal Care
- CPG & Grocery
I think Nike does a good job at being diverse...they do a good job at reaching a variety of people.

[Regarding a Toyota ad] What works is that they tie in the bilingual aspect...It feels like they are targeting Hispanics [specifically] in this ad and I take away that this car is for me and for our future as Hispanics try to raise their future kids here. It makes me feel good that Toyota is competing for my dollar.

Source: Qualitative – AV-id
However, if you show Hispanics, don't make it "tokenism"

“... it’s not very helpful to just have tokenism, which is basically showing contexts where there are multicultural casting when it’s really not expected. (Ads need to show) ethnic identity consumers reflected in contexts that do make sense.”

Hispanic Marketing Expert, Stephen Palacios

Source: Expert Interview, Stephen Palacios
... with a number of countries representing the Hispanic constituency

Breakdown of Hispanics by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>63%</td>
</tr>
<tr>
<td>Caribbean</td>
<td>16%</td>
</tr>
<tr>
<td>Central America</td>
<td>8%</td>
</tr>
<tr>
<td>South America</td>
<td>6%</td>
</tr>
</tbody>
</table>

*Other Hispanic 8%

Source: US Census
South American's have a much stronger opinion on wanting to be advertised to

%: Strongly agree/agree when it comes to ads

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mexico</th>
<th>Caribbean</th>
<th>Central/South America/Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>It's important to me to see my ethnicity represented in ads</td>
<td>56</td>
<td>54</td>
<td>72</td>
</tr>
<tr>
<td>I am inclined to talk about positive advertisements featuring my ethnicity</td>
<td>56</td>
<td>58</td>
<td>68</td>
</tr>
<tr>
<td>I notice brands that make the effort to reach my ethnicity through advertising</td>
<td>53</td>
<td>55</td>
<td>68</td>
</tr>
<tr>
<td>I've felt moved by an ad that was targeted at my ethnicity</td>
<td>50</td>
<td>47</td>
<td>65</td>
</tr>
<tr>
<td>I regularly buy products that are used primarily by people of my ethnicity</td>
<td>45</td>
<td>46</td>
<td>59</td>
</tr>
<tr>
<td>Spokespersons for my ethnicity featured in ads are true ambassadors for my ethnicity</td>
<td>45</td>
<td>36</td>
<td>57</td>
</tr>
</tbody>
</table>

Source: Quantitative

▲ Indicates significance difference vs. Mexico/Caribbean, 95%
▲ Indicates significance difference vs. Caribbean, 95%
Marketers who speak authentically to Hispanics benefit greatly

%: Strongly agree/agree when it comes to ads

Notice products & brands that make the effort to reach my ethnicity through advertising

More likely to try a product & brand if they go out of their way to target my own ethnicity

Regularly buy products that are used primarily by people of my ethnicity

More trusting of products & brands that make the effort to reach my ethnicity through advertising

Source: Quantitative

Hispanics

African/Asian Americans Avg.

Indicates significance difference, 95%
... and if done right, Hispanics are highly inclined to talk about it

%: Strongly agree/agree when it comes to ads

Source: Quantitative

I will talk about an ad that speaks \textbf{positively} about my ethnicity

I will talk about an ad that speaks \textbf{negatively} about my ethnicity

\begin{itemize}
  \item [64] Hispanics
  \item [55] African/Asian Americans Avg.
  \item [50]
  \item [54]
\end{itemize}

\textsuperscript{*} Indicates significance difference, 95%