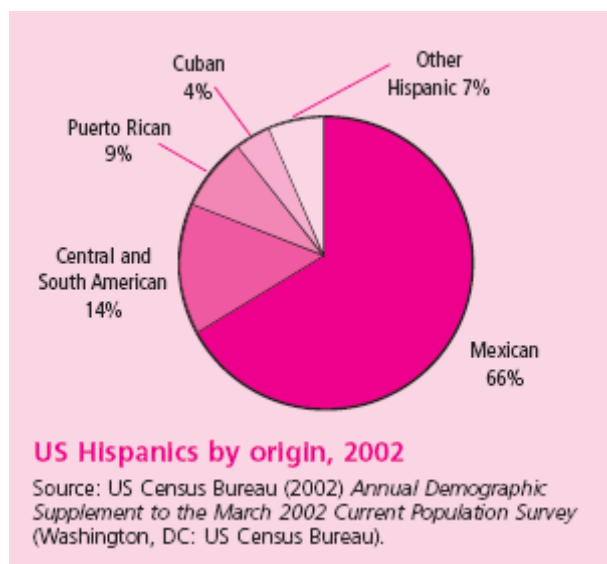


Winning over Hispanic consumers in the US

Case taken from The International Business Environment, second edition (Palgrave, 2006), by Janet Morrison

Hispanic people in the US are a heterogeneous group numbering 37.4 million people, or more than one in eight of the total US population. Also referred to as Latinos, they may be of any race and have their roots in any of a number of countries in Central and South America, although about two-thirds are Mexican (see figure). US Census Bureau research indicates that they are generally less well off and less well educated than the non-Hispanic white inhabitants. They are geographically more concentrated (in the west and south), more likely to be under 18 and twice as likely to live in large households (five or more people). Like their numbers, their spending power is growing rapidly, and businesses are waking up to their particular needs. Simply translating information and advertising into Spanish is not enough to win them over. Consumer products, food and beverages were some of the earliest products to be targeted at Hispanic consumers. Häagen-Dazs created a new flavour for its Argentinean market, dulce de leche, which it brought to the US Hispanic market with great success in the 1990s. The flavour became one of the company's bestsellers. P&G has launched a laundry detergent designed specifically for Latino consumers, and relies on its multicultural marketing division for advertising. The company, like others, has found that outreach activities in the community, providing information for consumers, is helpful in this market, where the culture revolves around family bonds and activities.




Evidence from research organizations indicates that businesses should not treat this as a one-size-fits-all market. Given that some 43 per cent were born in the US, most Hispanics are either bi-lingual or mainly English-speaking. They tend to shift their language use for different types of product or service: they would deal with a travel agent in Spanish, but when buying a product such as a car or mobile phone, they prefer English. General Motors found it had difficulties reaching Hispanic consumers, losing out to other brands. It recast its television advertising campaigns to feature family themes, emotional appeal and vibrant colours, designed to tap into strong Hispanic values. Significantly, Hispanic TV audiences are likely to watch as a family and pay attention to TV advertisements, unlike those in many other places, who switch channels or leave the room during commercial breaks.

Banking would not appear to present obvious opportunities among Hispanic people, especially as recent immigrants have negative images of banks in their countries of origin. However, Mexicans send over \$7bn. each year back home to Mexico. These funds, known as 'remittances', offer a business opportunity to banks. Bank of America introduced a product called SafeSend, facilitating the easy transfer of funds to Mexico. Citigroup also, introduced a scheme for sending remittances, launching it on Mothers' Day, which is a particularly important day for Mexicans. Mortgage lending has followed, as middle-class Hispanic families have become more affluent. A bonus is that, although they may be slow to buy new products or services, when they are won over, they tend to be loyal customers.

Sources: Ramirez, R. and de la Cruz, G.P., 'The Hispanic population in the United States: March 2002', Current Population Reports, No. P20-545, Washington, DC: US Census Bureau; Yeager, H. 'Chasing the Latino dollar', Financial Times, 23 August, 2002; Murray, S. 'The American dream gets a Latino beat', Financial Times, 25 March 2004; Authers, J. 'Se habla español is no longer enough', Financial Times, 13 January 2004; Grimes, C., 'Big shift forecast in US ethnic make-up', Financial Times, 18 March 2004; Authers, J., 'Banks look to cash in on the flow of money to Mexico', Financial Times, 8 August 2002.

Case questions

What are the distinguishing aspects of Hispanic culture which affect consumer behaviour?

 A website dedicated to Hispanic business in the US is www.hispanicbusiness.org