

SHIFTING STRATEGY IN 2015: A CLOSER LOOK AT U.S. HISPANIC MARKET POWER

The fourth quarter of the year is upon us and the marketing world is abuzz working to finalize their 2015 business plans. Chief Marketing Officers (CMOs) are filled with a mix of excitement, pressure and the responsibility and very lofty goal of “making 2015 THE year for growth.” Sounds like a great plan, but where should marketers look to for new growth areas? Perhaps looking outside the “general market” is the answer.

In an economy that is just beginning to turn around, marketers are still looking for ways to maximize efficiencies and make every dollar count, but they may also need to look at current allocation models to see where the real purchase-ready consumers, like US Hispanics, are hiding in plain sight.

Although companies each have different methodologies, practices and data resources, the typical process of allocating marketing dollars usually goes something like this:

- Look at the total dollars invested in previous years
- Analyze past sales performance and budgets
- Scrutinize at all sorts of internal and external cross-data
- Hear pleas from every project manager
- Make informed assumptions about product demand for the coming year
- Crunch more numbers, maximize efficiencies (usually cutbacks), and divvy up the funds

Voilà, marketing allocations are done!

The above is an oversimplified rundown of a truly arduous task, and because of its magnitude some marketers rely on topline numbers using a “bigger is better” approach and assigning more dollars to “the bigger targets or markets” or “broader mass mediums,” or making decisions based on traditional (and sometimes misleading) demographic representation **instead of share of consumption**. But it is critical that marketers delve a bit deeper into consumer purchasing data and further analyze the broader behavioral trends by demographic to create a new model for resource allocations. This is what will help them zero in on the right kind of consumer that will drive growth outside their usual scope.

For example, while Hispanics represent approximately 17% of the U.S. population, when it comes to “purchase intent,” data shows that Hispanics represent a much larger share of consumption.

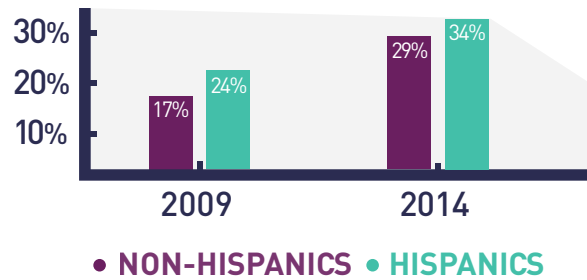
“..making 2015 **THE** year for growth ”

“..Hispanics represent a much larger share of consumption.”

“broader mass mediums”
“the bigger targets or markets”

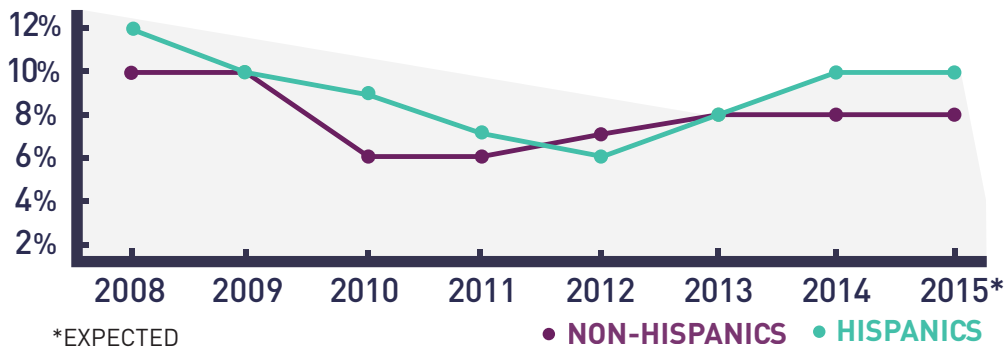
According to recent data provided by [Experian Simmons](#), Hispanics are not only sitting on more than \$1.5 trillion in purchasing power, but also over index their general market counterparts in terms of “planning to buy in the coming months.” This group also revealed higher “economic optimism” and “employment confidence.”

REPORTED FEELING VERY CONFIDENT ABOUT THE ECONOMY



SOURCE: EXPERIAN SIMMONS RESEARCH NGCS WINTER 2014 ADULT STUDY

REPORTED CHANGE OF JOB FOR THE BETTER IN 2014



SOURCE: EXPERIAN SIMMONS RESEARCH NGCS WINTER 2014 ADULT STUDY

“employment confidence”
“economic optimism”

This renewed buoyancy and economic confidence indicates that Hispanic consumers are primed and ready to make big purchases the coming year. This is why those in the home- and car-related industries should be especially interested in this target.

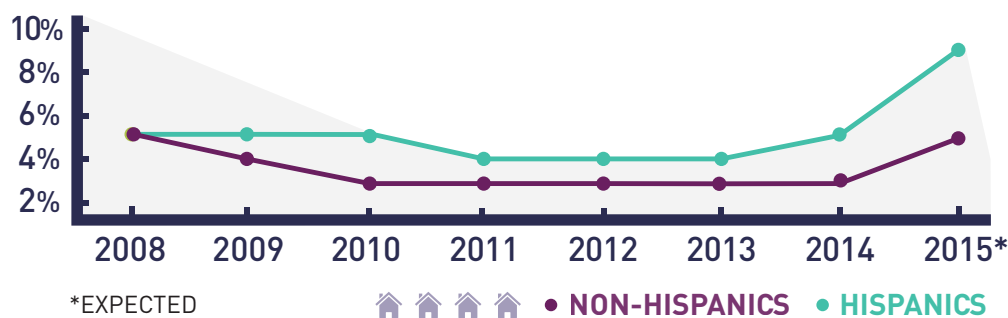


HOMES:

Experian Data shows that in 2008, approximately 5% of Hispanics bought a home, almost half of them for the first time. This number decreased to its lowest point (3.6%) in 2011, but in 2014 it rebounded to 4.9%, the highest since 2008 pre-recession levels. More importantly, 9% of Hispanics reported that they planned to buy a house in the next 12 months, 60% of them for the first time. In comparison, in 2008, 5% of Non-Hispanics reported buying a home; however this indicator hasn’t increased since, and is hovering at around 3%.

“purchase intent”

REPORTED BUYING HOME



SOURCE: EXPERIAN SIMMONS RESEARCH NGCS WINTER 2014 ADULT STUDY

Experian Simmons estimates indicate that 3.2 million Hispanics and 9.3 million Non-Hispanics are planning to buy a home in the next 12 months. Based on this estimate, we can calculate that Hispanics represent **26%** of the U.S. home purchase intent. That’s a significant share vs. its population representation.

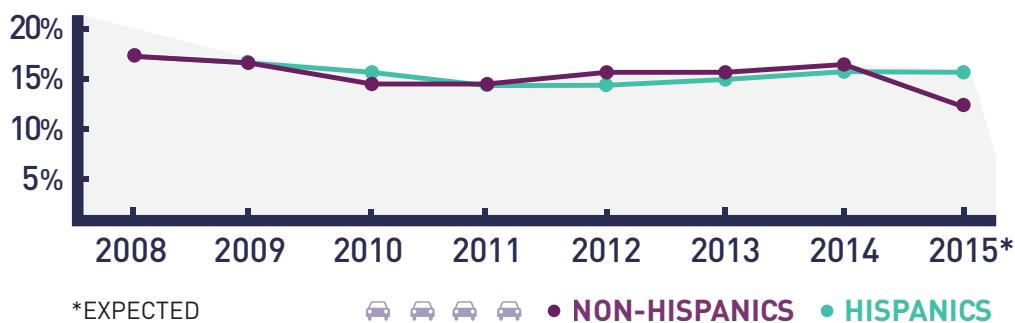


CARS:

When it comes to buying a car (new or used), the recovery to pre-recession level has also been slow. In 2008, almost 17% of the Hispanic population reported buying a car, and in 2014 that number was 15%, only a small jump from its lowest point of 13% in 2011 and 2012. Non-Hispanics were also at 17% in 2008, but that number plummeted to its lowest point of 14% in 2011, and has rebounded year after year, reaching 16% in 2014.

When looking at 2015 in terms of purchase consideration, Hispanics once show more optimism; with 15% of them reporting that they plan to buy a car. While Non-Hispanics demonstrated more cautious behavior, indicating that only 12% of them plan to buy a car.

REPORTED BUYING A CAR



SOURCE: EXPERIAN SIMMONS RESEARCH NGCS WINTER 2014 ADULT STUDY

“purchase consideration”
 “Hispanics will account for 18% of new car sales – the highest level ever..”

“willingness to buy”

If we look at the big picture in terms of those planning to buy a brand new car in the next 12 months, 1.9 million Hispanics and 9.0 million Non-Hispanics said they intended to make a purchase. This means that Hispanics will account for **18%** of new car sales – the highest level ever.

While it may be true that purchase intent does not equal actual sales, the data does indicate stronger demand and higher representation of Hispanic consumers in these key economic categories for the next 12 months.

In addition, Hispanics' overall economic confidence and "willingness to buy" is sure to be felt not only by the above mentioned car and home industries, but also by vertical industries like home improvement, insurance, appliances, banking/financing, and may even spill over into non-related categories like consumer goods and other services.

So, before those marketing plans are set, we recommend marketers to consider:

- 1) Better understand if Hispanics represent one of your 2015 "growth pillars" from a future consumption perspective.
- 2) Assess how to leverage their insights, attitudes and behavior towards your brand and its broader category.
- 3) Craft an effective storytelling strategy that maximizes the relevancy of your messaging to Hispanics.

It's time to zero in on the Hispanic consumer and fuel growth in 2015.



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*Sources used for this article include Experian Simmons' 2014 Winter NHCS Adult Study

*Data analyzed by ALMA's Intelligence Group