



# The Hispanic Small Business Report

## Hispanic Businesses Drive Growth In The New Economy

ANNUAL REPORT 2019

Hispanics have always been vital assets to the U.S. economy and contribute greatly to the nation's total economic output and tax revenue. Over the years, we have seen the Hispanic population explode, and they're shattering old stereotypes as they grow.

As the Hispanic American population increases, Hispanic entrepreneurs are becoming one of the key growth engines for our economy. In fact, the number of Hispanic-owned businesses is growing at more than twice the rate of non-Hispanic business.

Today, Hispanic-owned companies represent 4.65 million businesses, or 14% of the 33 million total U.S. businesses.

In this report, we'll give you an in-depth look at Hispanic-owned small businesses – where they are located, who owns them, and what and how they like to buy. Continue reading for insight on how to sell to this fast-growing business segment.

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## Foreword

The United States Hispanic Chamber of Commerce (USHCC) is the country's largest Hispanic business organization, advocating on behalf of 4.65 million Hispanic-owned businesses through our network of more than 200 chambers as well as over 260 major corporate partners nationwide.

Once again, the USHCC is proud to partner with Claritas, one of the nation's leading business intelligence firms, to launch this installment of our Hispanic Business and Entrepreneurs report.

The contributions made by Hispanic-owned firms are evident in the American economy and this annual study is paramount in presenting the impact Hispanic enterprises have on all aspects of our nation's economic well-being, including household earnings and purchasing power.

In this report, Claritas has provided updated, unbiased data that highlights the expanding influence of America's Hispanic business community. The findings presented here serve as an accurate source of information for policymakers, corporate executives, the media, and researchers who seek a complete and insightful understanding of the Hispanic market and its thriving entrepreneurial segment.

Staying informed and up-to-date on the development and progress of the Hispanic business community is a key focal point of our mission and we are thrilled to share these findings with our members and the community at-large. The significance of this study cannot be overstated. The insights presented here showcase the expansion of this vibrant entrepreneurial sector of the American economy.



**Ramiro Cavazos**

President & CEO

U.S. Hispanic Chamber  
of Commerce



# Executive Summary

Hispanic businesses have become a strategic growth opportunity for the U.S. economy. Hispanics are younger, better-educated and more entrepreneurial than many might expect. In fact, we see compelling evidence that Hispanic entrepreneurs are driving job creation and new business formation for the entire country. This is why Claritas produces this annual report – to provide insight into the growth, influence and preferences of this increasingly important business segment.

Businesses owned and managed by Hispanic professionals are increasingly likely to employ American workers of all backgrounds and contribute progressively more to the tax revenue of local, state and federal government entities – enabling our economy to stay strong. Furthermore, the well-being of Hispanic businesses is in the interest of all Americans and others who depend on the U.S. economy. That is, as the non-Hispanic white population ages, retires and depends on social security, pensions and Medicare, Hispanic entrepreneurs will begin to bear more of the burden to propel the economy forward.

The Claritas Small Business Behavior Track survey provides many insights on the characteristics of Hispanic-owned small businesses that set them apart from other small businesses in the U.S. market. For instance, Hispanic businesses are growing at more than twice the rate of all U.S. firms, as Hispanic households and businesses spread throughout the nation. Hispanic small business owners are disproportionately well-represented in the younger age groups compared to the general Hispanic population and in contrast with non-Hispanic small business owners.

Hispanic-owned small businesses are also ahead of the curve for online sales – more than 36% make most or all of their revenue online, compared to less than 18% of non-Hispanic owned businesses. Meanwhile, Hispanic-owned businesses exhibit more varying buying preferences than their non-Hispanic counterparts, as you'll discover in the pages to follow.

We hope you find the insights in this report to be valuable in promoting your products and services to the fast-growing Hispanic-owned small business market.



**Ron Cohen**

VP, Product Strategy

Claritas



# Hispanic-Owned Businesses Growing Twice as Fast as Other U.S. Firms

Today, more than 64 million Hispanics live in the United States. Hispanics have been the second fastest-growing population segment since 2000, showing 83% growth from 2000-2019, expanding from over 35 million to over 64 million individuals. By 2024, more than 72 million Hispanics will live in the United States.

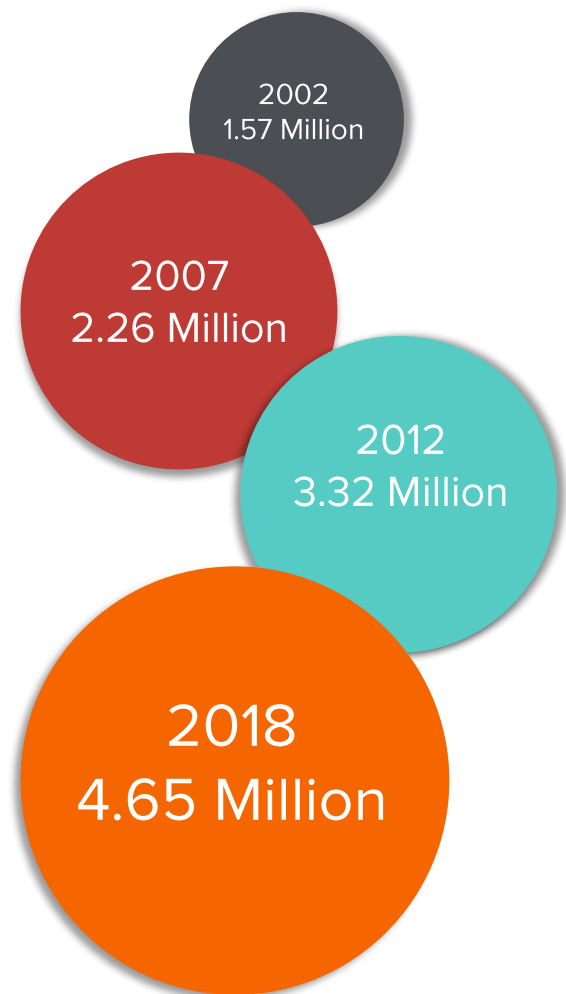
Hispanic-owned businesses play an increasingly important role in our economy. Between 2012 and 2018, the number of U.S. Hispanic-owned businesses increased 40.2%, compared to 18.8% for all U.S. businesses.

Claritas estimates that at the end of 2018, there were 33,044,302 total businesses in the United States. Of those, 4,657,771 were Hispanic-owned businesses, representing more than 14% of the total – up from around 12% in 2012.

Between 2012 and 2018, the number of U.S. Hispanic-owned firms increased **40.2%**, compared to an **18.8%** increase for all other firms



## Number Of Hispanic-Owned Business In The U.S.





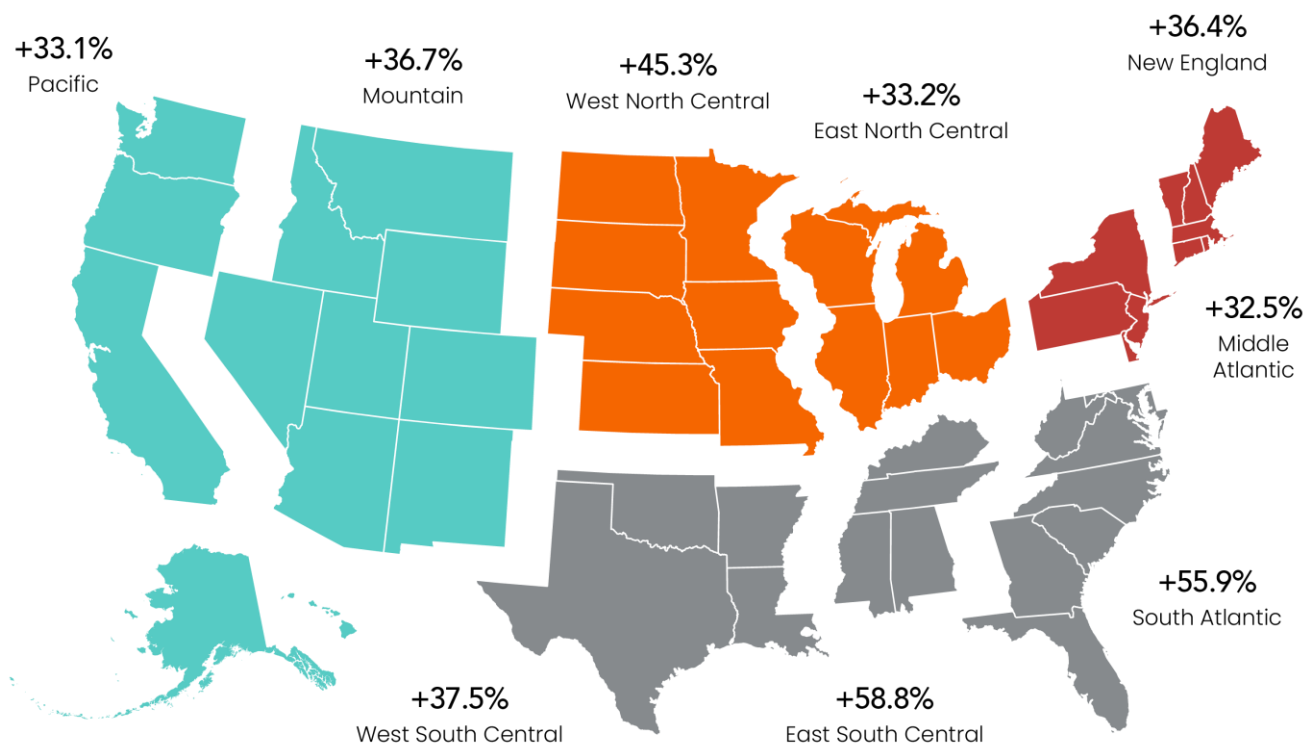
# Do You Sell to Businesses in Texas, Oklahoma, Louisiana or Arkansas?

*Hispanic-owned businesses make up 25% of all businesses in that region – and are growing fast!*

In 2018, out of nine Census Divisions, the South Atlantic Division had both the most businesses as well as the most Hispanic-owned business (over 7 million and roughly 1.25 million, respectively). The East South Central Division was among the fastest-growing regions for Hispanic-owned businesses, which are estimated to have grown by 58.8% from 2012 to 2018 – more than triple the rate of other businesses – followed by the South Atlantic and West North Central Divisions, growing 55.9% and 45.3%, respectively. The West South Central Census Division – which includes Texas, Oklahoma, Louisiana and Arkansas – is estimated to have the largest percentage of Hispanic-owned businesses. Hispanic-owned firms comprise approximately one quarter of all firms within that division, representing more than 1 million firms.

		ECONOMIC CENSUS 2012		CLARITAS 2018 PROJECTION		2012-2018 % Change			
Census Division Number	Census Division Name	# of Firms	# of Hispanic Owned Firms	# of Firms	# of Hispanic Owned Firms	All Firms	Hispanic Owned Firms	Percent Hispanic Firms 2012	Percent Hispanic Firms 2018
1	New England	1,376,035	66,234	1,569,317	90,314	14.0%	36.4%	4.8%	5.8%
2	Middle Atlantic	3,776,529	396,658	4,316,343	525,671	14.3%	32.5%	10.5%	12.2%
3	East North Central	3,785,958	151,295	4,286,182	201,526	13.2%	33.2%	4.0%	4.7%
4	West North Central	1,793,012	40,145	2,062,498	58,326	15.0%	45.3%	2.2%	2.8%
5	South Atlantic	5,640,169	799,114	7,014,833	1,246,190	24.4%	55.9%	14.2%	17.8%
6	East South Central	1,491,607	29,161	1,729,596	46,319	16.0%	58.8%	2.0%	2.7%
7	West South Central	3,330,227	727,590	4,040,534	1,000,585	21.3%	37.5%	21.8%	24.8%
8	Mountain	1,998,705	245,752	2,469,485	335,937	23.6%	36.7%	12.3%	13.6%
9	Pacific	4,615,762	866,305	5,555,514	1,152,903	20.4%	33.1%	18.8%	20.8%
U.S. Total Firms		27,808,004	3,322,254	33,044,302	4,657,771	18.8%	40.2%	11.9%	14.1%

Sources: U.S. Census Bureau Economic Census 2012, Claritas 2018



\*Projected

# Looking for B2B Customers with Lifetime Value?

## Consider Hispanic-Owned Businesses

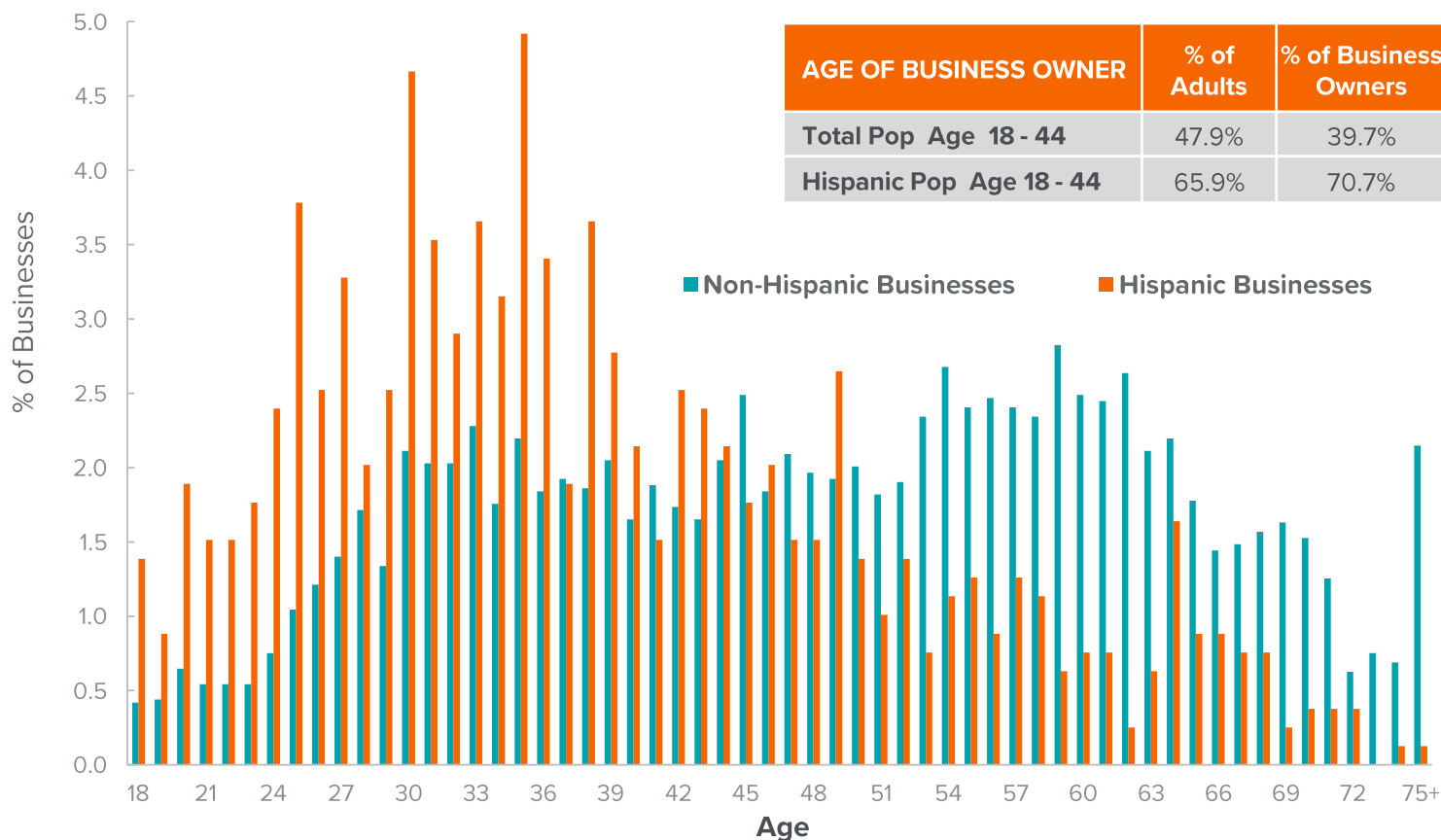
*Over 70% of Hispanic small business owners are under the age of 45.*

Using our proprietary research from the Claritas Small Business Behavior Track survey, which focuses on companies with 50 or fewer employees, we found that Hispanic small business owners were relatively young. More than 25% of Hispanic small business owners are under 30 years of age, compared to 10% of non-Hispanic small business owners. More than 70% of Hispanic small business owners were between ages 18 and 44, compared to less than 40% for small businesses owned by non-Hispanics.



In part, the age profiles shown below are a reflection of the demographics of the U.S. population – Hispanics are younger on average than the general population. But these profiles are also a reflection of the entrepreneurial spirit of the Hispanic population. As the chart below illustrates, Hispanics under 45 are more likely to start a business than non-Hispanics under the age of 45.

### Age of Business Owner

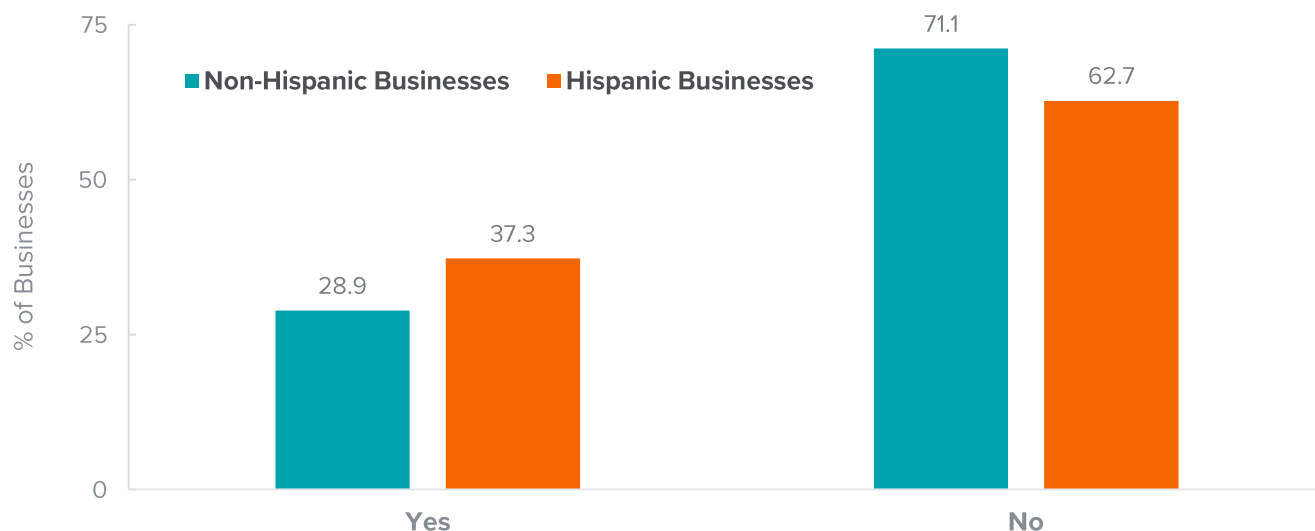


Source: Claritas Small Business Behavior Track 2018, AMDS 2019

# Hispanic Business Owners are More Likely to Work at Home

Out of the small businesses that were surveyed, we found that more than 37% of Hispanic-owned small businesses were home-based compared to roughly 29% for non-Hispanic small businesses, making Hispanic small business owners around 30% more likely to have a home-based business.

## Is the Company a Home-based Business?

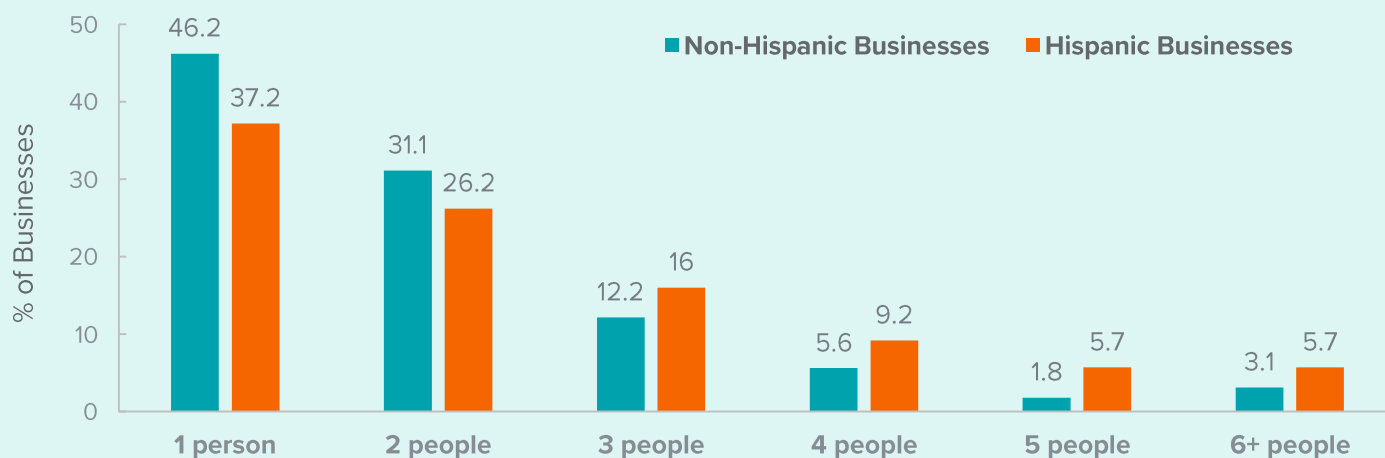


Source: Claritas Small Business Behavior Track Survey 2018

# Hispanic Business Owners Tend to Involve More Decision Makers

When it comes to decision-making, Hispanic businesses tend to include more people than non-Hispanic businesses when buying products and services, which means you'll want to educate everyone about the benefits of your services to win them over.

## Number of People Involved in Company's Purchasing Process



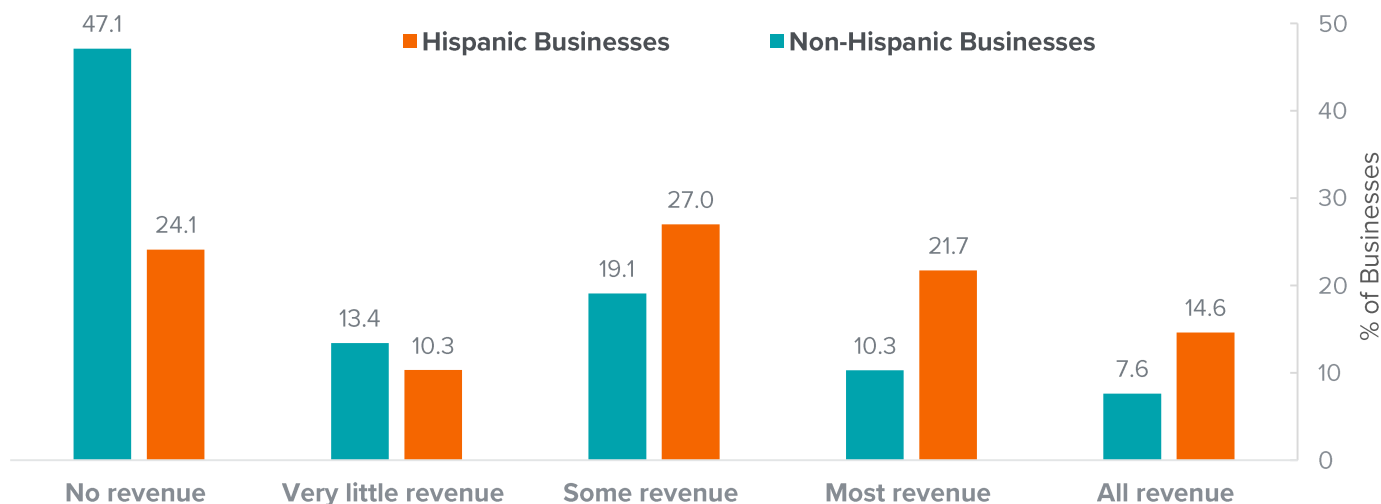
Source: Claritas Small Business Behavior Track Survey 2018

# Hispanic-Owned Businesses are Twice as Likely to Earn Most/All of Their Revenue Online

Using our proprietary research from the Claritas Small Business Behavior Track survey, which focused on companies with 50 or fewer employees, we found some significant differences in how Hispanic-owned small businesses buy and sell products and services. These insights provide you with the information you need to sell smarter and win their business.

More than 36% of Hispanic-owned small businesses earn most or all of their revenue online, compared to 18% of non-Hispanic-owned small businesses. Conversely, non-Hispanic owned small businesses are almost twice as likely to have no revenue coming from online sales.

## Online Sales Revenue

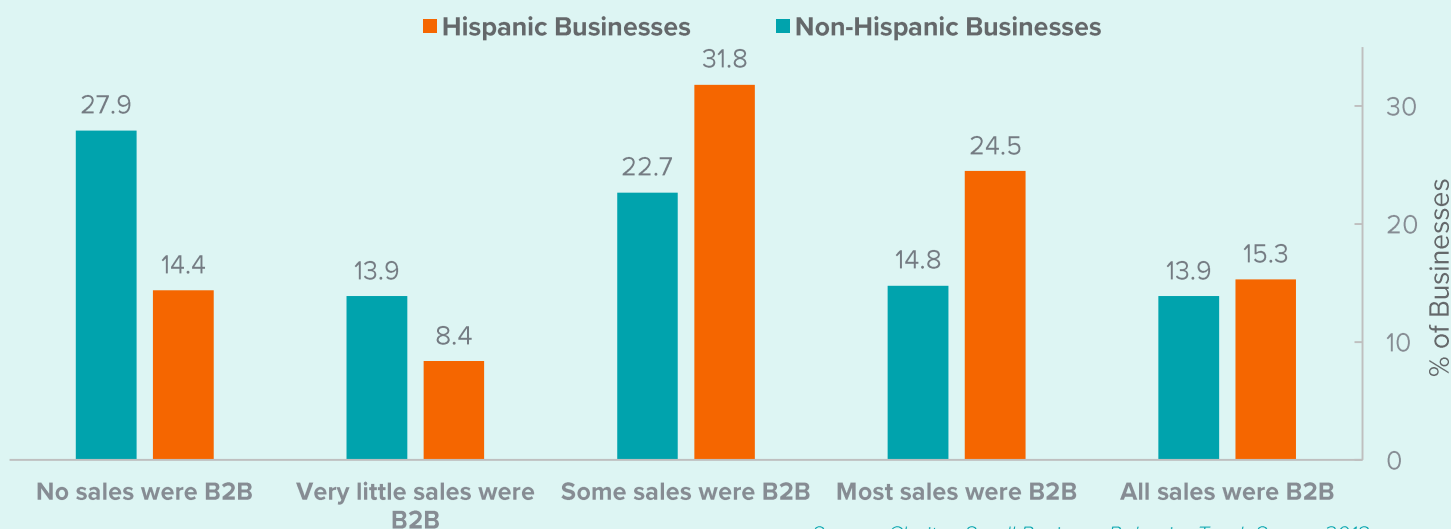


Source: Claritas Small Business Behavior Track Survey 2018

## 40% of Hispanic-Owned Businesses are B2B Firms

Hispanic-owned businesses earn more of their revenues from business-to-business (B2B) transactions than non-Hispanic owned businesses. Almost 40% of Hispanic-owned businesses report that most/all of their revenue comes from B2B sales, compared to less than 29% of non-Hispanic owned businesses, which were almost twice as likely to have no revenue from B2B sales as Hispanic-owned businesses.

## B2B Revenues



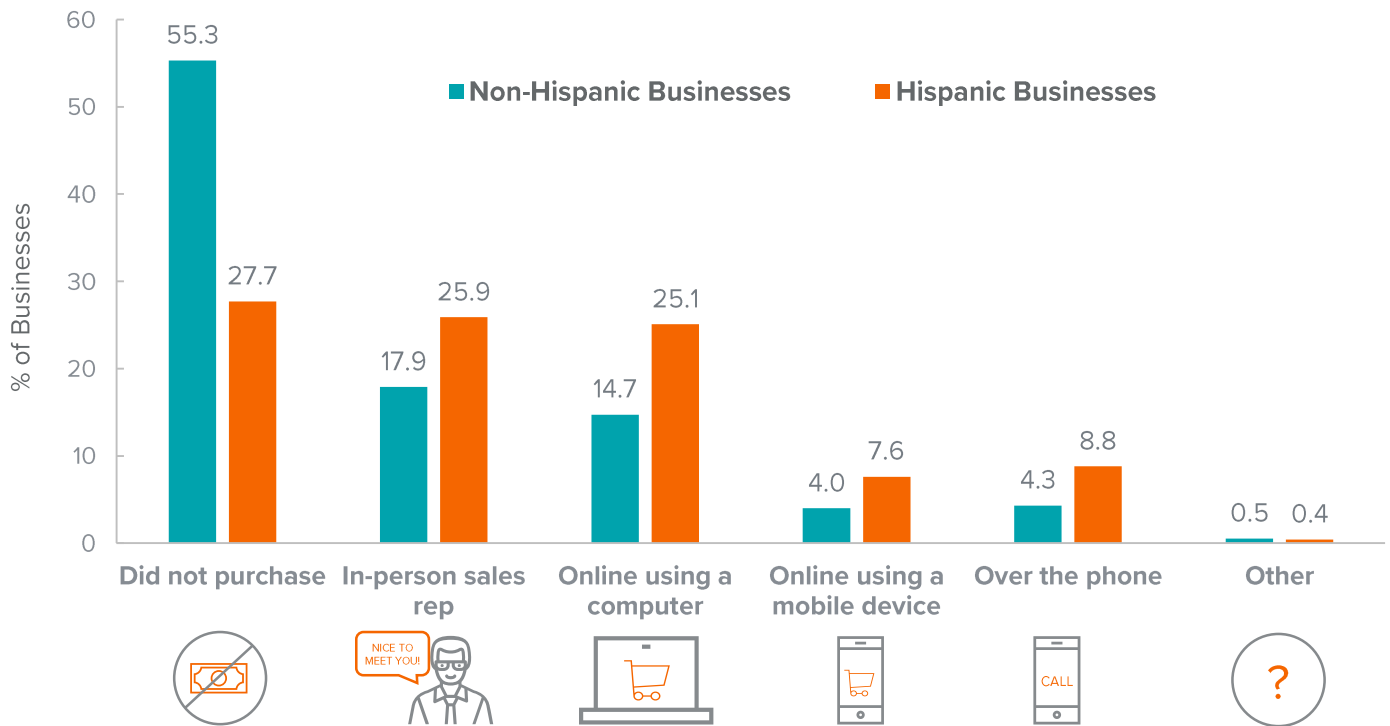
Source: Claritas Small Business Behavior Track Survey 2018



# How Do Hispanic-Owned Businesses Purchase Business Services?

Hispanic-owned small businesses are twice as likely to purchase outsourced payroll services as small businesses owned by non-Hispanics. Hispanic-owned small businesses are more than 50% more likely to purchase payroll services online and more than 60% more likely to use a mobile device for such purchases than non-Hispanic owned small businesses. Claritas research results reveal similar purchasing patterns for other business services, including banking, insurance, travel, telecommunications and other technology products and services.

## Payroll Services - Method of Purchase



Source: Claritas Small Business Behavior Track Survey 2018

For buying insights similar to these across other business verticals, please contact us at [www.claritas.com](http://www.claritas.com) or by calling **800.234.5973**.

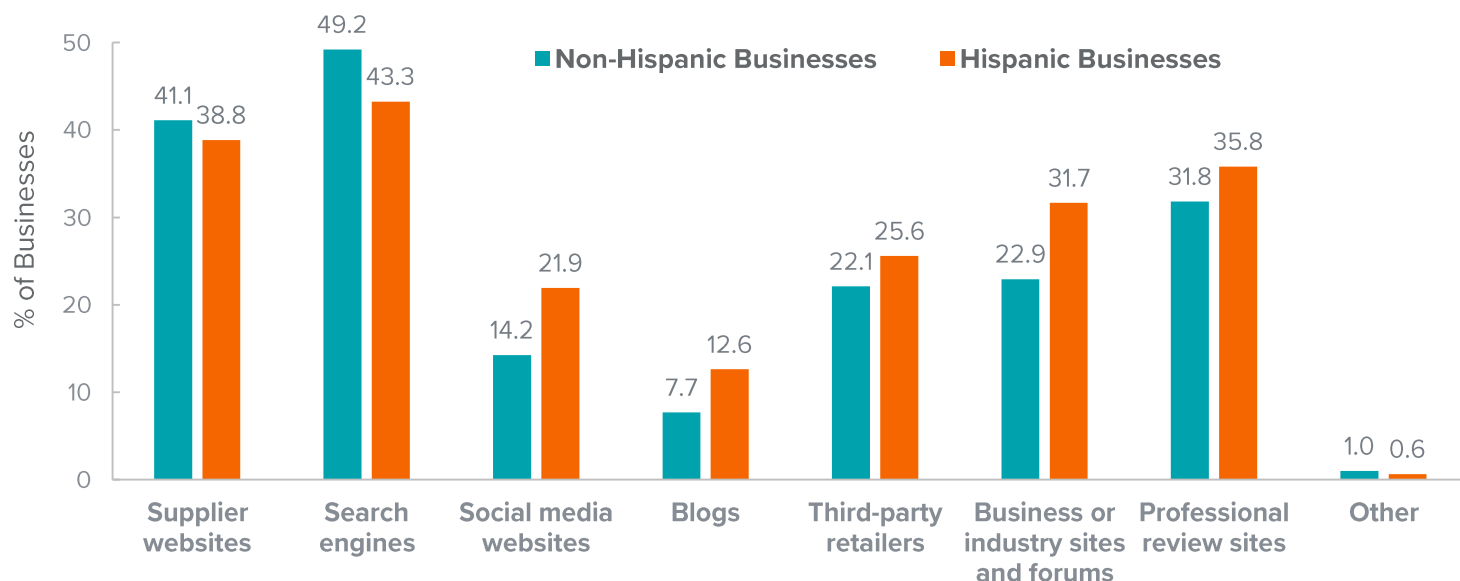


Hispanic-owned small businesses are more than **50%** more likely to purchase payroll services online

# Which Online Source(s) Do You Typically Use When Conducting Supplier Research?

Hispanic-owned small businesses are more likely to rely on “neutral” third-party websites – especially social media, blogs and industry sites – to research their purchases and suppliers than non-Hispanic owned small businesses.

Online Sources Used For Research

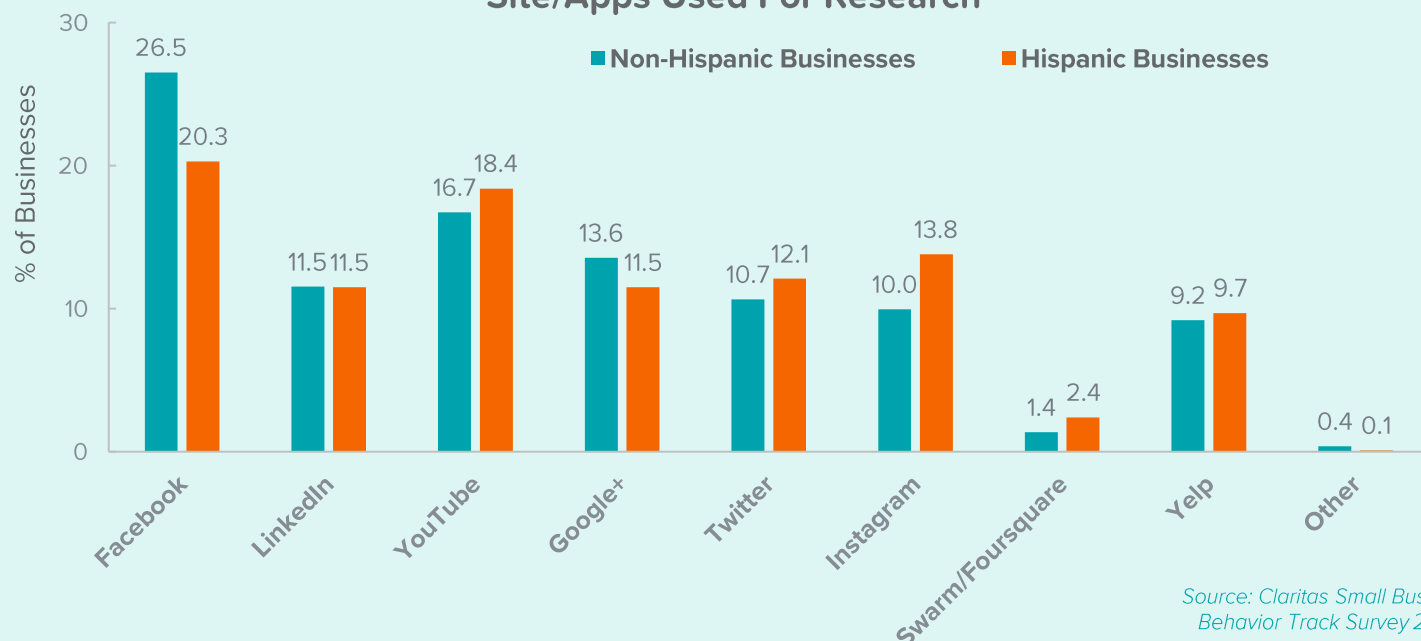


Source: Claritas Small Business Behavior Track Survey 2018

## The Top 3 Sites/Apps Hispanic-Owned Businesses Use to Research Suppliers: Facebook, YouTube and Instagram

The top three research sites for Hispanic-owned businesses are Facebook, YouTube and Instagram. Creating a robust influencer marketing strategy that focuses on these sites/apps may boost engagement from Hispanic businesses.

Site/Apps Used For Research

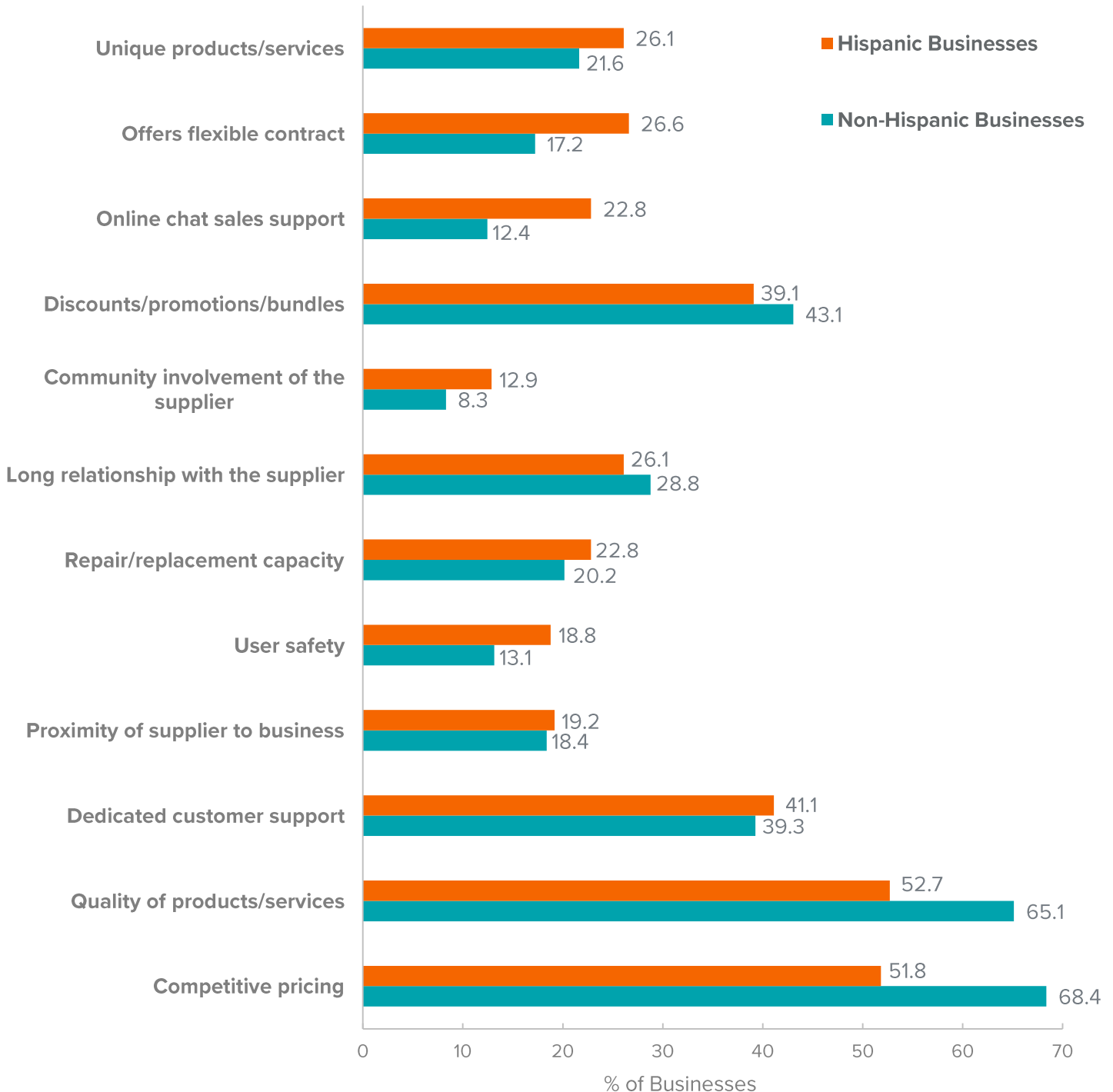


Source: Claritas Small Business Behavior Track Survey 2018

# Which Attributes are Important When Choosing a Supplier?

When choosing suppliers, Hispanic-owned small businesses are less focused on pricing and quality than non-Hispanic owned businesses. They tend to look for suppliers that offer products, services and support that places their personal needs at the center of the partnership. Specifically, suppliers that offer services such as flexible contracts and better online sales support are more likely to win their business.

Supplier Attributes Hispanic Business-Owners Look For



Source: Claritas Small Business Behavior Track Survey 2018

## About Claritas

Claritas helps companies **identify** customers. Not just any customers – their best customers. We help engage and **deliver** those customers when and where they want to be engaged. And finally, we help clients **optimize** those engagements with remarkable transparency and precision in near real-time.

Our tools and data define who your best customers are, how they behave, and how to connect with them. With powerful original research, trusted data partnerships, and an expert analytics team, we provide the why behind the buy that is the key to selling smarter and winning bigger.

## Understand the Small Business Buyer Journey

For too long, leaders in small business marketing have been forced to choose between small sample custom research or broad small business firmographics when targeting new prospects. The Claritas Small Business Behavior Track provides you unparalleled insight into small business attitudes, purchases and research channels, so you can develop messaging and strategies to attract more small businesses to meet your growth goals.

Understand who is making the buying decisions by product type, and how they like to do research, for more personalized marketing:

**Smarter Targeting** - Understand how key attitudes and behaviors break down along the lines of key firmographics for smarter targeting

**Smarter Planning** - Identify the most effective channels to reach prospective clients in the B2B space to increase the effectiveness of your upsell and acquisition strategies

**Smarter Campaigns** - Develop promotions and communication programs that will most effectively appeal to small business owners

With 8,500 respondents, the Claritas Small Business Behavior Track is one of the largest research studies of its kind, delivering buying insights specific to the banking, insurance, technology, telecommunication, and travel industries. Small Business Behavior Track is a nationwide survey of decision-makers for businesses with less than 50 employees. Drawing from Claritas's decades of experience and best practices, this research is fielded once a year, collecting information ranging from channel usage to attitudes toward vendors by decision makers. Respondent-level research data sets are provided in SPSS, SAS, or Excel format for use with in-house analysis and proprietary client models.

To learn more about how to find and connect with Hispanic small business owners, visit [www.claritas.com](http://www.claritas.com) or call **800.234.5973**.