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Hispanics in the US: Where the Business Opportunity is

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Summary: No longer can any business afford to ignore the US Hispanic or Latino market. During the past four decades, a significant number of immigrants from every country in Latin America have become active members of the US consumer market. In less than 40 years the US Hispanic consumer market has more than quadrupled in size. However, understanding how the Hispanic market is segmented is vital for any business strategy to be successful

1. The Hispanic Market

No longer can any business afford to ignore the US Hispanic or Latino market. The most important news from the 2000 United States Census was its growth. With a surge of almost 13 million people between 1990 and 2000, from 22.4 million to 35.3million[2], Hispanics grew faster than any other ethnic group –a record 57.9%–. By contrast, the number of non-Hispanic whites increased by only 5.3% and the population in general only increased by 13.5% in the same period. The latest Hispanic population estimates released in 2004 show that continental Hispanics are estimated at 39.9 million, not including 3.8 million residents of Puerto Rico. Hence, when adding the population of Puerto Rico, together with the Census undercount for the Hispanic population[3], the true size of the US Hispanic market today is estimated at 44.3 million.

During the past four decades, a significant number of immigrants from every country in Latin America and Spain have become active members of the US consumer market. In less than 40 years the US Hispanic consumer market has more than quadrupled in size. The same trend of growth is expected to continue well into the future. The 2004 Census Bureau projections for the coming decades show an increase of 67 million people of Hispanic origin between 2000 and 2050, an increase of 188%, doubling the Hispanic share of the population, from12.6% today to 24.4% in 2050. The mid-century would find the Hispanic population to be 102.6 million, not including the population of Puerto Rico.

During the same period, the white non-Hispanic population will increase by 14.6 million, a slim 7%, from 195.7 million to 210.3 million. The Asian population will also increase dramatically, by 213%, from 10.7 million, to 33.4 million in 2050 and the African-American population from 35.8 million to 61.4 million, a 71% increase, representing 14.6% of the population. The total US population will grow from 282 million in 2000 to 419.9 million in 2050.

Therefore, it will be the Hispanic population that will demonstrate the most robust growth of all the population segments.

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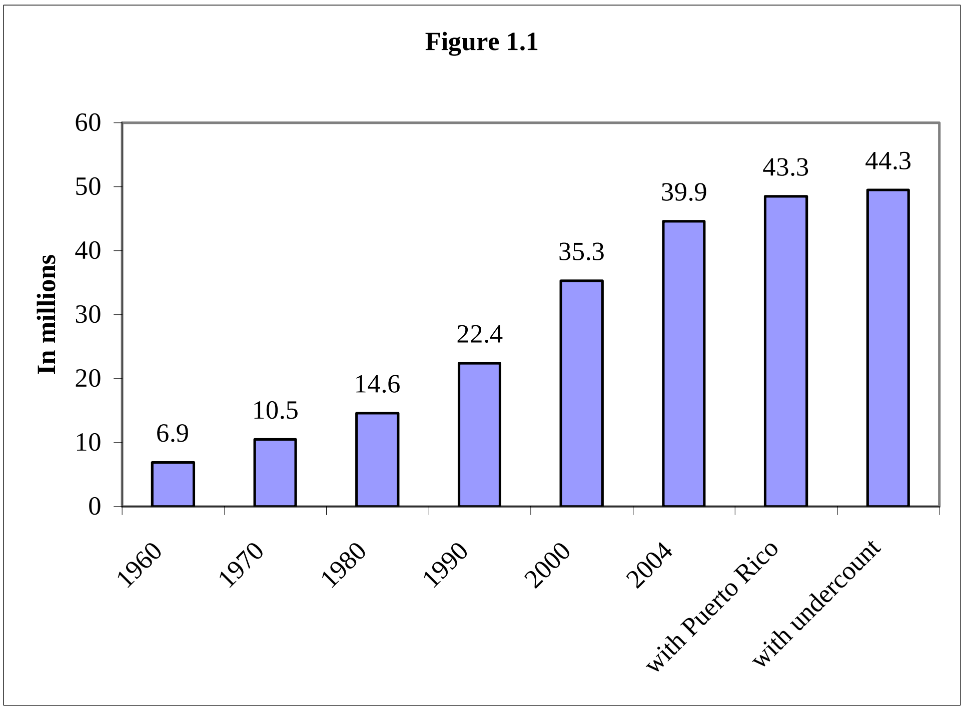
*Does not include 3.8 million Hispanic residents of Puerto Rico.
[1] This work is based on the author's book *Marketing to American Latinos, Part I and II*, Paramount Market Publishing, Ithaca, New York (see *www.isabelvaldes.com*).
[2] Does not include 3.8 million Hispanic residents of Puerto Rico.
[3] People invariably not counted in a census study for one reason or another, estimated at 1 million.

Figure 1.1. The *true size* of the US Hispanic Market, US Hispanic population, 1960-2004 (in millions)



Source: US Bureau of the Census.

The growth of the Hispanic population will continue for several reasons:

- Immigration from South America continues to be strong and immigrants are usually younger than the general population.
- Latinos have higher child birth rates than non-Hispanic women, with an average of 2.4 births per woman. White non-Hispanic women have a child birth rate of 1.8 children per woman of childbearing age.[4]

Diversity Within

Hispanics in the United States come from every Spanish-speaking country in the world, but primarily from Central and South America (Figure 1.2). People of Mexican origin now make up the majority, 58.5%, of the Hispanic population.

Figure 1.2. Hispanic Population by Country of Origin, 2000

	Number	(%)
Total US Population	**281,421,906**	**100**
Hispanic or Latino, of any race	35,305,818*	12.5
Not Hispanic or Latino	246,116,088	87.5
Hispanic or Latino by country of origin (total)	35,305,818	100
Mexican	**20,640,711**	**58.5**
Puerto Rican	**3,406,178**	**9.6**
Cuban	**1,241,685**	**3.5**
Other Hispanic or Latino	**10,017,244**	**28.4**
Dominican	764,945	2.2
Central American (excludes Mexicans)	**1,686,937**	**4.8**
Costa Rican	68,588	0.2
Guatemalan	372,487	1.1
Honduran	217,569	0.6

[4] In this work I use the terms 'Hispanic' and 'Latino' interchangeably.

Nicaraguan	177,684	0.5
Panamanian	91,723	0.3
Salvadorean	655,165	1.9
Other Central American	103,721	0.3
South American	**1,353,562**	**3.8**
Argentine	100,864	0.3
Bolivian	42,068	0.1
Chilean	68,849	0.2
Colombian	470,684	1.3
Ecuadorean	260,559	0.7
Paraguayan	8,769	0.0
Peruvian	233,926	0.7
Uruguayan	18,804	0.1
Venezuelan	91,507	0.3
Other South American	57,532	0.2
Spaniards	**100,135**	**0.3**
All other Hispanic or Latino	**6,111,665**	**17.3**
Checked box only, 'Other Hispanic'	1,733,274	4.9
Wrote-in Spanish	686,004	1.9
Wrote-in Hispanic	2,454,529	7.0
Wrote-in Latino	450,769	1.3
Not elsewhere classified	787,089	2.2

(*) Does not include the population of the Island of Puerto Rico (3.4 million).
Source: US Census Bu reau, Census 2000 Summary File 1.

Geographic and Demographic Differences Make a Difference

Hispanic demographic differences are unique in that each sub-segment displays its own characteristics that must be included in any comprehensive analysis. For example, Mexicans, the largest Hispanic sub-group, had the highest share of young people under the age of 18, at 38.2%, compared with Hispanics of Cuban origin who had only 19.2% under the age of 18. Cubans represent the oldest group, with 21% aged 65 and older. Only 4.5% of Mexicans and Central and South Americans fell into this age group.

Another relevant difference is their geographical distribution: 44.2% of Latinos reside in the West, 34.8% in the South, 7.7% in the Midwest and 13.3 % in the Northeast. However, each region has its unique mix of Latinos from different countries of origin. For example, Latinos of Mexican origin are more likely to live in the West (56.8%) and South (32.6%). Puerto Ricans are most likely to live in the Northeast, and are found in highest numbers in and around New York City. Central and South Americans are almost equally distributed among three regions: the Northeast (32.3%), the South (34.6%) and the West (28.2%).

Most business strategies targeting the US Hispanic market focus on the Mexican segment, particularly when the business plan calls for a national sales effort. However there is a growing tendency to test and make sure all Hispanic sub-segments are considered and included in the business plan as well as in message and product testing. When business strategies consider regionalisation it is always recommended that the leading sub-segment (eg, Cubans in Miami) take the leading role in the marketing and communication campaigns.

Different Regions, Different Backgrounds

It is useful in marketing and advertising to review the top Hispanic metropolitan areas or markets by country of origin since cultural nuances and language are different across regions, although it is often possible to have a national "umbrella" media campaign with homogenised talk-to-all Spanish. It is recommended that an awareness of the leading country of origin in each market be taken into consideration. However, local efforts in print, outdoor, radio or TV can be easily adapted to reflect unique regional country-of-origin accents, visuals, and music. The following tables, courtesy of *Hispanic Market Weekly*, list the top Hispanic metros by country of origin:

Figure 1.3. Metros by Country of Origin: 24% of all Mexicans Living in the US live in the Los Angeles Metro

	Top 12 Mexican Metros	Hispanic	Mexican	% Share of All US Hispanics
1	Los Angeles- Riverside- Orange County	6,598,488	4,962,046	24.0
2	Chicago-Gary-Kenosha, IL-IN-WI CMSA	1,498,507	1,121,089	5.4
3	Houston-Galveston-Brazoria, TX CMSA	1,348,588	985,197	4.8
4	San Francisco-Oakland-San Jose, CA	1,383,661	981,311	4.8
5	Dallas-Fort Worth, TX CMSA	1,120,350	889,879	4.3
6	Phoenix-Mesa, AZ MSA	817,012	667,747	3.2
7	San Diego, CA MSA	750,965	628,460	3.0
8	San Antonio, TX MSA	816,037	572,323	2.8
9	El Paso, TX MSA	531,654	447,065	2.2
10	McAllen-Edinburg-Mission, TX MSA	503,100	433,198	2.1
11	Fresno, CA MSA	406,151	349,109	1.7
12	New York-Northern New Jersey-Long Island	3,852,138	343,137	1.7

	Top 10 US Puerto Rican Metros	Hispanic	Puerto Rican	% Share
1	New York-Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA	3,852,138	1,325,778	38.9
2	Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD CMSA	348,135	206,802	6.1
3	Chicago-Gary-Kenosha, IL-IN-WI CMSA	1,498,507	164,509	4.8
4	Aguadilla, PR MSA	144,596	142,474	-
5	Orlando, FL MSA	271,627	139,898	4.1
6	Boston-Worcester-Lawrence, MA-NH-ME-CT CMSA	358,231	137,373	4.0
7	Miami-Fort Lauderdale, FL CMSA	1,563,389	135,265	4.0
8	Hartford, CT MSA	113,540	82,992	2.4
9	Tampa-St. Petersburg-Clearwater, FL MSA	248,642	75,621	2.2
10	Los Angeles-Riverside-Orange County, CA CMSA	6,598,488	66,340	1.9

	Top Puerto Rico (Island) Metros	Hispanic	Puerto Rican
1	San Juan Caguas, Arecibo, PR CMSA	2,416,024	2,297,244
2	Ponce, PR MSA	358,246	352,938
3	Mayaguez, PR MSA	251,032	245,941

	Top 15 Cuban Metros	Hispanic	Cuban	% Share
1	Miami-Fort Lauderdale, FL CMSA	1,563,389	701,512	56.5
2	New York-Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA	3,852,138	134,973	10.9
3	Los Angeles-Riverside-Orange County, CA CMSA	6,598,488	53,839	4.3
4	Tampa-St. Petersburg-Clearwater, FL MSA	248,642	41,602	3.4
5	West Palm Beach-Boca Raton, FL MSA	140,675	25,386	2.0
6	Orlando, FL MSA	271,627	18,797	1.5
7	San Juan-Caguas-Arecibo, PR CMSA	2,416,024	17,833	-
8	Chicago-Gary-Kenosha, IL-IN-WI-CMSA	1,498,507	17,251	1.4
9	Washington-Baltimore, DC-MD-VA-WV CMSA	484,902	11,835	1.0
10	Las Vegas, NV-AZ MSA	322,038	11,121	0.9
11	Houston-Galveston-Brazoria, TX CMSA	1,348,588	10,170	0.8
12	Atlanta, GA MSA	268,851	9,206	0.7
13	San Francisco-Oakland-San Jose, CA CMSA	1,383,661	8,980	0.7
14	Philadelphia-Wilmington-Atlantic City, PA-NJ- DE-MD CMSA	348,135	8,641	0.7
15	Boston-Worcester-Lawrence, MA-NH-ME-CT CMSA	358,231	8,404	0.7

	Top 15 ‘Other Hispanic’ Metros	Hispanic	Other	% of US
1	New York-Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA	3,852,138	2,048,250	20.4
2	Los Angeles-Riverside-Orange County, CA CMSA	6,598,488	1,516,263	15.1
3	Miami-Fort Lauderdale, FL CMSA	1,563,389	669,066	6.7
4	San Francisco-Oakland-San Jose, CA CMSA	1,383,661	359,210	3.6
5	Washington-Baltimore, DC-MD-VA-WV CMSA	484,902	355,841	3.6
6	Houston-Galveston-Brazoria, TX CMSA	1,348,588	337,509	3.4
7	San Antonio, TX MSA	816,037	231,195	2.3
8	Dallas-Fort Worth, TX CMSA	1,120,350	207,208	2.1
9	Chicago-Gary-Kenosha, IL-IN-WI CMSA	1,498,507	195,658	2.0
10	Boston-Worcester-Lawrence, MA-NH-ME-CT CMSA	358,231	189,555	1.9
11	Albuquerque, NM MSA	296,373	184,870	1.8
12	Denver-Boulder-Greeley, CO CMSA	476,627	154,526	1.5
13	Phoenix-Mesa, AZ MSA	817,012	133,807	1.3

14	San Diego, CA MSA	750,965	103,685	1.0
15	San Juan-Caguas-Arecibo, PR CMSA	2,416,024	92,779	–

Source: US Bureau of the Census; Profiles of General Demographic Characteristics," Census 2000, June 2001, *Hispanic Market Weekly*, June 11, 2001.

The just over 6 million Hispanics classified as 'Others' include Dominicans, South and Central Americans and about 100,000 Spaniards. The 'Other' segment nearly doubled in size during the 1990s.

Income and Education

As a segment, Mexicans experience somewhat declining incomes. This is a phenomenon created by the large number of newly-arrived Mexican immigrants who tend to have significantly lower incomes when they enter the labour market, creating a 'pull-down' effect on the total income of the Mexican sub-segment (see Figure 1.4.).

Figure 1.4. Mean Hispanic Household Income by National Origin (US$)

National Origin	1979	1989	1999	Change 1979-99 (%)
Mexican	37,891	38,741	36,923	(3)
Puerto Rican	29,221	35,285	34,777	19
Cuban	47,543	53,317	52,203	10
Other Hispanic	41,672	43,932	42,438	2

Source: *Hispanic Business Magazine*, December 2001, based on US Census 2000 data.

However, when Mexicans are segmented by length of residence, the picture changes. A recent survey by the Tomas Rivera Policy Institute shows that Mexicans born in the US had higher incomes, averaging US$42,234 in 1998, compared with those born in Mexico, who had incomes of US$31,834. A similar phenomenon can be observed with the other segments by country of origin. For example, American-born people of Cuban origin had an income of US$62,480, versus US$49,460 for Cuban-born Hispanics. For US-born Puerto Ricans, income was US$39,600, compared with US$30,649 for those who were Island-born.

Educational attainment also varies considerably by country of origin. For example, Mexicans aged 25 to 64 in 1998 were unlikely to have completed high school. Puerto Ricans averaged more years in school, but most still had not completed high school. Cubans, on the other hand, averaged more years, with most completing high school. These demographic variables tend to have an impact on the overall results of a business endeavour and therefore should be taken into consideration in the planning stages.

2. The US Youth Market is Hispanic

On average, Hispanics are much younger than the non-Hispanic population. Thirty six per cent of Hispanics were younger than 18 in 2001 compared with nearly 24% of non-Hispanic whites. Fifty-nine% of Hispanics fall into the group aged 18 to 64, compared with 62% of non-Hispanic whites. In contrast only 5% of Hispanics are aged 65 and over, compared with 14% of non-Hispanic whites. The median age of Hispanics in 2000 was 25.9 years, compared with the median age for the entire US population of 35.3 years.

Based on age alone, Hispanics will be more likely to be forming new households and bearing children than non-Hispanic whites. This makes the Hispanic market a highly attractive market segment for all businesses, not just children-related or household products, but also cars, real estate, financial products, tourism and so on.

Latino youths today are growing up in an era when Latino artists and performers in the US as well as Hispanics in general are portrayed more positively in the media. As a consequence, Hispanic children today are growing up proud to be Latinos. They enjoy their cultural heritage and move comfortably between cultures.

As their business value increases, many more media are available to them in both languages. Spanish-language media are more aggressively pursuing younger Latinos, as it is obvious that these children need to develop their Spanish-language skills and media habits while they are still young. English-language media, on the other hand, are enjoying the popularity of some of their shows among Hispanic youth.

Educating Young Latinos
As could be expected, the share of Hispanic children in the educational system has risen steadily. In the year 2000, 10.2 million Hispanic children, or 32.6% of the Hispanic population, were enrolled in school, from nursery school through university (see Figure 2.1).

Figure 2.1. Enrolment of Hispanics (aged 3 to 55+) in School, October 2000, in Millions

	(%)
Nursery or kindergarten	12.3
Elementary	51.0
High school	22.0
College	14
Total	10.2

Source: US Census Bureau, Current Population Survey, October 2000.

Despite improvements in educational attainment, high school students of Hispanic origin continue to have more problems at school. The annual dropout rate of 7.1% for Hispanics in the tenth to twelfth grades is higher than that ofr any other group.

Figure 2.2. High School and Beyond

	Percentage of 18-24 Year Olds		
	HS Graduate	**Some College**	**College Graduate**
Hispanic	29.7	22.3	4.6
Asian	19.9	43.4	20.0
Black	34.2	29.4	7.5
White non-Hispanic	30.2	38.0	13.5

Source: *Educational Attainment of the Population 15 Years and Over, March 2000,* released December 2000, US Census Bureau.

Hispanics aged 18 to 24 lag behind their peers in other groups in attaining a college degree. Of the 15.3 million college students enrolled in the US in 2000, only 9.3% were Hispanic. Considering that many of these students' parents did not have schooling beyond a few grades, this figure may be a cause for optimism.

Hispanic leaders are concerned about the state of Hispanic education. In response, several corporations have created and supported scholarship programmes and some have incorporated programmes that focus on education in their marketing strategies.

There is still quite a way to go to bring Hispanic educational attainment to parity with the non-Hispanic population.

The Language and Media Puzzle
Hispanic youth language preferences for English or Spanish can be a challenge to gauge and manage. A large percentage of Hispanic teenagers, especially foreign-born, speak

Spanish at home, speak 'Spanglish'[5] and Spanish with their Latino friends, but speak English with their non-Latino peers.

Similarly, youth media consumption is also a puzzle. On the one hand, their exposure to English-language media is much greater than previous generations of Latinos due to the fact that many more Latino youths are being born and raised in the US than in previous generations. On the other hand, Spanish-language media have matured dramatically during the past decade reaching out more aggressively to young viewers by making their programming more appealing. Latino teenagers expect to find entertainment and other information in Spanish and English in all of their local area media, including newspapers, radio, TV, magazines and online sites. Spanish-language television and radio capture large shares of Latino youth, who are particularly drawn to their musical, entertainment, sitcom and sports programmes. More and new media formats are emerging to capture Hispanic youth.

Lastly, although many Latino teenagers speak English all or most of the time, many also might watch Spanish-language TV with their parents and relations. The elders may watch 'novelas' (soap operas), news and programmes 'en familia' with the entire family.

Hispanic children and youth navigate the web as much as their non-Hispanic counterparts. Advertisers target them on their favourite websites. For example, Procter & Gamble developed an interactive on-line game for its Head and Shoulders product, providing teenagers, in a light-hearted way, with all the information they need about dandruff and how to win the battle.

Although there are analysts who believe that US Hispanic teens are assimilating fast into US culture and that 'English-language media are all that is needed to reach them', other businesses see Hispanic 'tweens[6] and teens' becoming increasingly interested in Spanish-language media and culture. For example, Olivia Llamas, project director for Yankelovich Hispanic Monitor, says their research shows that more than half of US Hispanic teenagers identify themselves as 'Hispanic Only' while only 6% consider themselves more American than Hispanic.[7] Therefore, it is their cultural heritage, not language proficiency that is attracting these young Hispanics to enjoy Spanish-language radio, TV and print. Certainly there is also a large segment of Latino youth that have completely migrated to English-language media and do not feel interested in what Spanish-language media has to offer. In sum, there is not a simple answer to the media youth puzzle.

The Cross-over Phenomenon

The mainstreaming of Hispanic entertainers such as Ricky Martin, Jennifer Lopez, Shakira, Marc Anthony and many others has provoked interest in Latino culture among non-Latino youth nationwide and made learning Spanish more attractive.

The US Census Bureau confirms this growing national interest in the Spanish language. The percentage of US public high school students taking Spanish courses more than doubled between 1982 and 1994, from 12% to 27%. In less than a decade, the number of registrations in Spanish courses at US colleges and universities climbed by nearly 50%, from 411,000 in the autumn of 1986 to 606,000 in the autumn of 1995.

[5] A mix of Spanish and English.
[6] 'Tweens' is a marketing term used to describe teenagers between the ages of 12 and 13.
[7] 'Habla English', by Rebecca Gardyn, *American Demographics*, April 2001.

3. Hispanic Buying Power[8]

The rapid augmentation of the Hispanic market's buying power continues to attract new businesses to target this consumer segment. The Selig Center for Economic Growth of the Terry College of Business at the University of Georgia estimated the total buying power of all groups in the United States regardless of race, for 1990 to 2001. Selig uses national and regional econometric models, univariate forecasting techniques and data from various US government sources. Selig allocates the total buying power based on population distributions by 1999 Census Bureau's estimates of the population of states by age, sex, race and Hispanic origin.

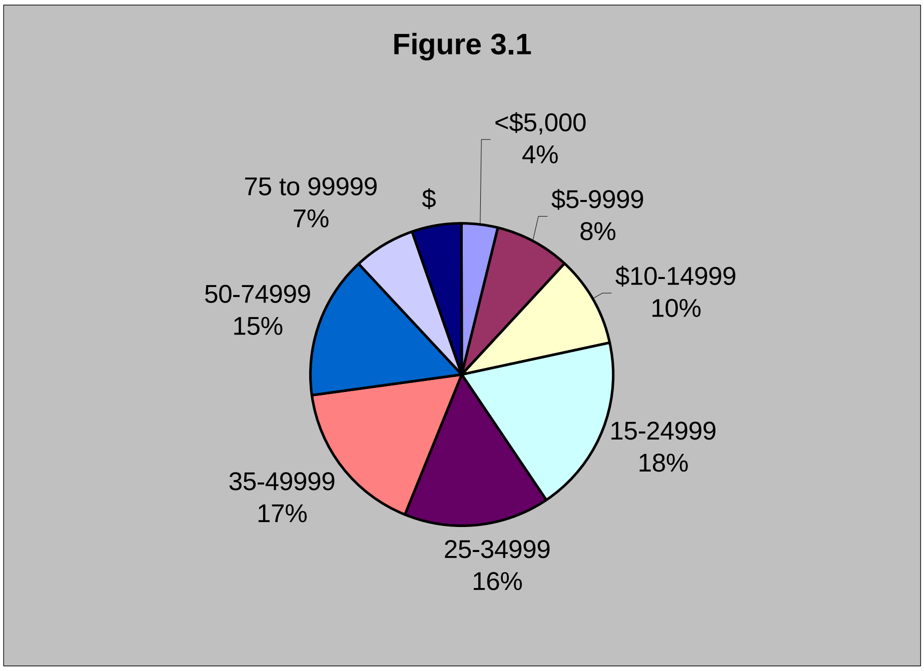
Selig had estimated that over the 11-year period from 1990 to 2001 the nation's Hispanic buying power grew at a compound annual rate of 7%. The 2001 Santiago & Valdés Solutions (SVS) estimate represents a 144% gain over the 1990 value of US$383 billion. In 2001, Hispanics accounted for about 8% of all US buying power, up from 5% in 1990.

For 2001, Selig's US$452 billion Hispanic buying power estimate was based on a Latino population of 33.1 million. However, a more realistic analysis based on the 40.1 million Hispanics, readjusted Selig's 2001 estimate to US$550 billion by correcting the gap between Selig's 1999 population estimates and the actual Hispanic population size reported by the 2000 census. By April 2002, the Hispanic market opportunity was estimated at US$630 billion.

According to the US Bureau of Labor Statistics, the median income of Hispanic households reached US$30,735 in 1999, up from US$28,330 in 1998. However, there is an important difference between full- and part-time workers. In households where the primary earner worked full-time, year-round, median income in 1999 was US$40,420, up from US$37,152 in 1998 (see Figure 3.1.).

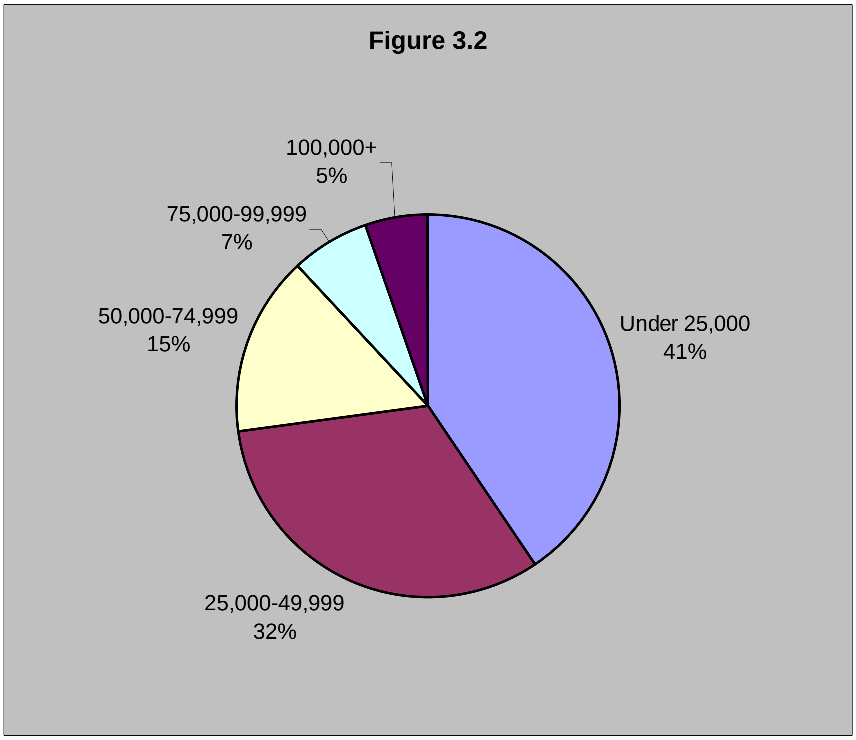
[8] Buying power is defined as the total personal (after-tax) income that residents have to spend on goods and services or disposable personal income.

Figure 3.1. Income Distribution, Hispanic Households, 2000



Source: US Bureau of Labor Statistics.

Figure 3.2. Hispanic Household Income, Numbers in Thousands



Source: U.S. Bureau of Labor Statistics

Buying Power by State

When it comes to Hispanic buying power, not all states are equal. The five states with the largest Hispanic markets account for 71% of Hispanic buying power. By contrast, the five states with the largest total US consumer markets account for only 38% of total buying power, according to The Selig Center. It estimates that California Hispanics had the highest buying power in 2004, at US$198.5 billion, far outdistancing the next state, Texas, which had an estimated Hispanic buying power of US$119.3 billion.

The three figures below show the states with the most Hispanic buying power in 2004, the states with the highest shares of Hispanic buying power, and the states where Hispanic buying power grew the fastest from 1990 to 2004. These charts underscore that although Hispanic buying power is concentrated in a few states, many more are beginning to feel the impact of an increasing Hispanic population and should be considered for marketing purposes (see Figures 3.3., 3.4. and 3.5.).

Figure 3.3. Ten States with the Highest Estimated Hispanic Buying Power, 2004

State	Hispanic Buying Power (US$ bn)
California	198.5
Texas	119.3
Florida	63.7
New York	56.6
New Jersey	26.1
Illinois	31.3
Arizona	20.9
Colorado	15.0
New Mexico	13.7
Georgia	10.9

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, August 2004.

Figure 3.4. Ten states with the most concentrated Hispanic buying power, estimated (In % of Total Buying Power in the State), 2004

State	Hispanic Share of Total Buying Power (%)
New Mexico	30.8
Texas	19.0
California	18.2
Arizona	14.4
Nevada	13.4
Florida	13.1
Colorado	10.1
New York	9.0
New Jersey	8.1
Illinois	7.8

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, August 2004.

Figure 3.5. Fast-growing Hispanic Consumer Markets: Ten States with the Highest Percentage Change in Hispanic Buying Power, 1990-2004

State	Change in Hispanic Buying Power (%)
North Carolina	949.1
Arkansas	924.6
Georgia	709.5
Tennessee	664.3
Nevada	558.5
Minnesota	540.6
Alabama	515.0
Nebraska	472.6
South Carolina	455.7
Kentucky	452.9

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, August 2004.

An important point for businesses is that the gain in Hispanic buying power stems from more than the natural population increase and immigration growth. The most important is better employment opportunities enhanced by the highest number ever of young Hispanics pursuing higher education and thus entering the workforce better prepared than ever before for long and successful careers in the new century.

With this population growth and buying power at stake, corporations need to understand better the new consumer segments that are appearing among Latinos.

Hispanics in the Labour Force

Hispanics now account for just over 11% of the civilian labour force, compared with only 7.4% in 1988. Hispanic men participate in the labour force at rates similar to white and black men.

Figure 3.6. Labour Force Status of the Population by Age and Hispanic Origin, Annual Average, 2000 (%)

Age Group	Hispanic		White		Black	
	Male	Female	Male	Female	Male	Female
16-19	50.9	41.4	56.6	54.7	39.0	39.4
20-24	89.2	64.9	85.0	74.7	73.4	70.5
25-54	92.3	67.7	92.7	76.9	84.4	78.9
55-64	69.4	41.3	68.2	52.3	57.1	48.4
65+	18.2	7.7	17.7	9.4	14.2	9.9

Source: Bureau of Labor Statistics, Current Population Survey.

Hispanics have broadened their work force participation, moving into more management and professional positions, but they still lag behind. Among Hispanic men in the labour force in 2000, 30.9% of those aged 25 and older had more than a high school diploma, compared with 57.8% of white men and 49.2% of black men. Among women in the labour force in 2000, 38% of Hispanic women aged 25 or older had more than a high school diploma, compared with 60% of white women and 54.2% of black women. Interestingly, among all groups, women in the labour force aged 25 and older are more likely than men in the same age group to have more than a high school diploma. Among Hispanic men in the labour force, 11.5% hold managerial or professional positions, compared with 29.2% of white men and 18.5% of black men. Among women, 27.8% of Hispanics are managers or professionals, compared with 33.4% of whites, and 24.8% of blacks.

Earnings

As expected, education also has an impact on earnings. In 2000, among full-time wage and salary workers, according to the Bureau of Labor Statistics, the median weekly earnings of Hispanics was US$396, compared with US$468 for blacks and US$591 for whites. The earnings gap is also higher for Hispanic men than for Hispanic women, probably reflecting the higher educational levels of Hispanic women. Hispanic men earned about 62% of what their white counterparts earned, whereas Hispanic women earned about 72% of what their white counterparts earned. Since 1986, the earnings gap between Hispanics and their white counterparts has widened. Growth in the Hispanic labour force is projected by the Bureau of Labor Statistics to continue for the near future. In fact, by 2008, the Hispanic labour force is projected to overtake the black labour force in size, primarily as a result of continued immigration. Labour force participation rates for Hispanics are projected to remain virtually the same (see Figure 3.7.).

Figure 3.7. Civilian Labour Force by Race and Hispanic Origin, 1998, and Projected 2008 (Numbers in Thousands)

Characteristic	Civilian Labour Force		Change 1998-2008
Total, 16 and older	1998	2008 (Projected)	(%)
Black	15,982	19,101	19.5
Hispanic origin	14,317	19,585	36.8
Asian and other	6,278	8,809	40.3
White	115,415	126,665	9.7

Source: Table 2 in Howard N. Fullerton, 'Labor Force Projections to 2008: Steady Growth and Changing Composition', *Monthly Labor Review*, November 1999, p. 20.

4. Hispanics Entrepreneurs

Along with the impressive growth in the population and buying power of American Latinos, there has also been significant growth in their business involvement. Not only are Hispanics consumers of mass-market goods, but they also contribute greatly to the marketplace as entrepreneurs and producers of goods and services and as employers and employees.

The number of Hispanic-owned businesses in the US is expected to grow by 55% in the next six years to 3.2 million, with total revenues surging by 70% to more than US$465 billion, according to new estimates by HispanTelligence[9] *()*

Figure 4.1. Growth of Hispanic-owned Firms, Revenues and Employees, 1969-1997

Survey Year	Number of Businesses	Annual Growth (%)	Revenue (US$ bn)	Annual Growth (%)	Number of Employees	Annual Growth (%)
1969	100,212	–	$3.6	–	126,296	–
1972	120,108	6	5.3	14	149,656	6
1977	219,355	13	10.4	14	206,054	7
1982	233975	1	11.8	2	154,791	6
1987	422373	13	24.7	16	264,846	11
1992	862605	15	76.8	25	691,056	32
1997	1,199,896	7.8	186.3	22	1,388,746	20

Note: growth percentages are expressed as compound annual rates. Data for surveys before 1982 reflect some differences from current methodology. However, the apparent slow growth between 1977 and 1982, including the decrease in employment, was real and reflects general economic conditions at that time.
Source: US Bureau of the Census, Economic Surveys.

In 1997, there were 1.2 million Hispanic-owned businesses in the United States, up from 862,605 in 1992, a 39% increase over the five-year period. Receipts for these companies increased to US$186.3 billion in 1997, up a whopping 142% over 1992.

In 1997, as in 1992, California, Texas, and Florida formed a 'Golden Trio' of states for Hispanic-owned businesses. Twenty-eight percent of the firms with receipts of almost US$52 billion or 27.7% were in California. Texas was second with 240,396 or 20% of US Hispanic firms and receipts of US$39 billion, or 21.2%. Florida was third in number of firms with US$35 billion in receipts.

The latest data on Hispanic-owned businesses released by the US Census Bureau in July 2001 shows that Hispanic entrepreneurship is strong across the nation. Compared with 1992, the same states are in the top-ten for Hispanic businesses, but Illinois and Arizona edged out New Mexico for sixth place. All 50 states had Hispanic-owned firms in 1997, another indication of the depth of the penetration of Hispanic culture and Hispanic households in the US. Figure 4.2. shows the 20 states with the largest number of Hispanic-owned firms in 1997.

[9] *HispanTelligence Market Brief*, June 2004.

Figure 4.2. Twenty States with the Largest Number of Hispanic-owned Firms, 1997

Rank and State	Firms (Number)	Sales (US$ mn)	Paid Employees (Number)
1. California	336,405	51,682	392,434
2. Texas	240,396	39,482	289,142
3. Florida	193,902	35,351	192,761
4. New York	104,189	10,311	56,464
5. New Jersey	36,116	5,107	28,134
6. Illinois	31,010	4,815	71,692
7. Arizona	28,894	4,227	42,791
8. New Mexico	28,285	3,668	39,951
9. Colorado	20,859	3,068	27,620
10. Virginia	13,703	1,809	19,375
11. Massachusetts	12,725	1,623	11,146
12. Maryland	11,158	1,567	13,688
13. Washington	10,009	1,808	19,375
14. Michigan	9,997	1,623	13,763
15. Pennsylvania	7,893	1,273	10,090
16. North Carolina	7,270	1,080	8,305
17. Louisiana	6,645	1,283	9,356
18. Connecticut	6,594	1,163	9,670
19. Nevada	6,565	1,221	11,487
20. Ohio	6,448	1,513	11,353

Number of employees may be lower than number of firms because only paid employees are included, not owners or unpaid family members who work in the firm.
Source: US Bureau of the Census, Economic Census, 1997; released July 2001.

Not surprisingly, the Metropolitan areas strongest in Hispanic-owned businesses are in the states with the largest Hispanic populations. Note, however, that except for Miami (Florida), the list is completely dominated by cities in California, Illinois and Texas.

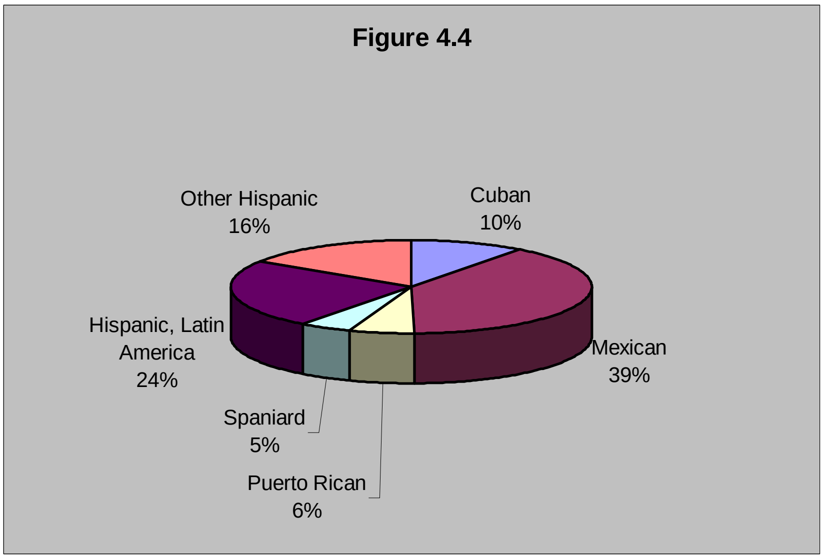
Figure 4.3. Ten Metropolitan Areas with Largest Number of Hispanic-owned Firms, 1997

Metro Area	Firms (Number)	Receipts (US$ mn)
Los Angeles-Long Beach, CA PMSA	136,678	16,246
Miami, FL PMSA	120,605	26,730
New York, NY PMSA	84,880	8,054
Houston, TX PMSA	41,769	12,415
San Antonio, TX PMSA	34,834	7,697
Riverside-San Bernadino, CA PMSA	32,198	54,085
San Diego, CA PMSA	28,087	5,217
Chicago, IL PMSA	27,482	4,554
Dallas, TX PMSA	25,573	2,753
Orange County, CA PMSA	24,184	8,663

Source: US Bureau of the Census, Economic Census, 1997; released July 2001.

As mentioned above, Mexicans are the biggest sub-group among American Latinos. Business ownership also reflects this dominance, with 39% of all US Hispanic-owned firms in 1997 owned by Latinos of Mexican origin (see Figure 4.4.).

Figure 4.4. Hispanic-owned Firms by Ethnicity, 1997



Source: US Bureau of the Census, Economic Census, 1997; released July 2001.

Types of Hispanic-owned Businesses

Historically, Hispanics have owned service-related businesses and this pattern still holds in the new millennium. However, more –and larger– Hispanic-owned businesses have emerged in the financial, manufacturing and wholesale industries (see Figure 4.5.).

Figure 4.5. Types of Firms Owned by Hispanics, 1997

Industry Group	Number of Hispanic-owned Firms	% of Total Hispanic Firms
Services	500,449	41.7
Retail trade	155,061	12.9
Construction	152,573	12.7
Transport, communications and utilities	84,554	7.0
Finance, insurance and real estate	56,629	4.7
Agricultural services, forestry and fishing	40,040	3.3
Wholesale trade	31,480	2.6
Manufacturing	25,552	2.2
Mining	1,909	0.2
Other	151,599	12.6
Total	1,199,896	100%*

(*) May not add up due to rounding.
Source: US Bureau of the Census, Economic Census, 1997; released July 2001.

Corporate Influence

Beyond owning their own businesses, Hispanics also have increasing influence in corporations and in their boardrooms. Among Fortune 1000 companies in 2000, Hispanics held 152 board seats, up from just 83 seats in 1993, according to a survey by the Hispanic Association on Corporate Responsibility (HARC). About 12% of Fortune 1000 companies have at least one Hispanic director, but Hispanics hold only about 1.4% of board seats overall in these companies. Fifteen percent of the Hispanic directors were female and they represented 17% of Hispanics who serve on multiple boards. HACR reports that, in general, the larger the corporation and the larger its board of directors, the more likely the company has at least one Hispanic on its board. Moreover, 15 Hispanics lead Fortune 100 companies in their capacities as President, CEO or vice chairman.

5. How to Talk to US Latinos

From a business perspective, it makes a big difference whether consumers are born in the US or abroad. Foreign and native-born Hispanics differ considerably in terms of language use, income, media consumption, purchase patterns and cultural traits –all of which affect business and communications strategies–. The significance of the number of foreign-born Latinos is hard to ignore. In 2000, 39% (or 12.8 million) of the Hispanic population in the US was foreign born. Of this group 43% entered the US in the 1990s. Nearly 30% came in the 1980s and the remainder (27%) before 1980.

The 'In-Culture' Approach

As a science, marketing presumes that consumers have a basic knowledge, awareness and experience with products, services and brands. That presumption is not necessarily valid when marketing to consumers who are born and raised in a different country and with a limited knowledge of the market and retail systems. Because the US Hispanic market has grown exponentially due to foreign immigration, the foreign versus native US-born variable demands consideration. Plus, as previously mentioned, the US economy will continue to attract new immigrants. The continued growth of the foreign-born and the US-born Latino population segments require a practical tool to manage the diversity within.

The US-born or 'Native' Hispanic Consumer

The growth rate of the 'native' or US-born Hispanic segment will continue to accelerate, even in a hypothetical 'zero' Hispanic migration scenario. This is due to several factors. First, Latinos, tend to have on average more children than the average non-Hispanic family. Secondly, many of the offspring of the foreign-born Latinos are now in child-bearing age, contributing to the dramatic growth of new Hispanic citizens. Even though more-acculturated Hispanics tend to have smaller families, their numbers are still too insignificant to have an impact on the total Hispanic market family size. Thirdly, the Latino population is younger overall, and there are many more births than deaths in this population, thus contributing to overall population growth.

Language and Place of Birth

Over 10% of US adults, or 21.4 million, speak Spanish; of all Hispanics, 12.8 million are foreign-born; of all foreign-born Hispanics, 48% arrived in the US since 1990 (figures from the US Census Bureau).

The Foreign-born Hispanic

At the dawn of the new century, Hispanic immigration continues on an upward trend, contributing to the growth of the foreign-born Hispanic segment across all socio-economic groups. As it has done historically, the US economy continues to absorb foreign-born professional and unskilled and semi-skilled labourers across the country. In addition, business ties with Mexico and other Latin American countries are booming. They are fuelled by the synergy of the prosperous US economy of the last decade, the growth of the US Hispanic market, the North America Free Trade Agreement and international global trade in general. These new business opportunities are attracting professionals in great numbers from Mexico, Central America and South America.

Length of Residence in the US Makes a Difference

Place of birth and length of residence in the U.S. are each factors that will continue to have a major impact on Hispanic marketing programs. Foreign-born Latinos tend to have a different mindset than U.S.-born Hispanics, especially if immigration took place after the formative years. For example, recently arrived immigrants may have gaps in their information about marketing such as lack of brand or category awareness, which in addition to limited English language proficiency may limit their access to advertising and promotions.

Figure 5.1. Latino Mean Household Income, 1999

	US$
Foreign born	35,170
US born	43,303

Source: US Census Bureau.

Household incomes tend to correlate and improve dramatically with years of residence in the US. On average, however, the mean household income of foreign-born Latinos continues to lag significantly behind that of their US-born counterparts, as shown in Figure 5.1. Nonetheless, this income gap is significantly smaller when income data of recently-arrived Hispanics –those with less than five years of residence in the US– is disaggregated and analysed separately from the rest of the foreign-born group.

Recent arrivals have much lower household incomes than Latinos who have resided more than five years in the US. Therefore, it is strongly recommended that whenever the income variable comes into play, Hispanic household data for the 'newly arrived' be analysed separately.

Managing Language
Foreign-born and native Latino consumers have different degrees of proficiency in English and Spanish. Tools are needed to target each segment appropriately. Fortunately, this is easily done with basic language proficiency segmentations.

Language Proficiency Segmentation
Language-based segments group consumers into distinct groups or cohorts. These are based on *self-reported* levels of proficiency in English and Spanish. The five segments are:

- **Spanish only or monolingual**. The consumer depends on Spanish to communicate, has limited or no command of English, is foreign born (usually adults who are recent arrivals) and in many cases, but not always, is of lower socio-economic extraction.

- **Spanish preferred**. Spanish-language skills are considerably better than English-language skills. The consumer knows enough English to get around, although he feels more comfortable communicating in Spanish. The majority in this segment are foreign born and have resided for several years in the US. Their socio-economic status improves considerably in proportion to the number of years lived in the US.

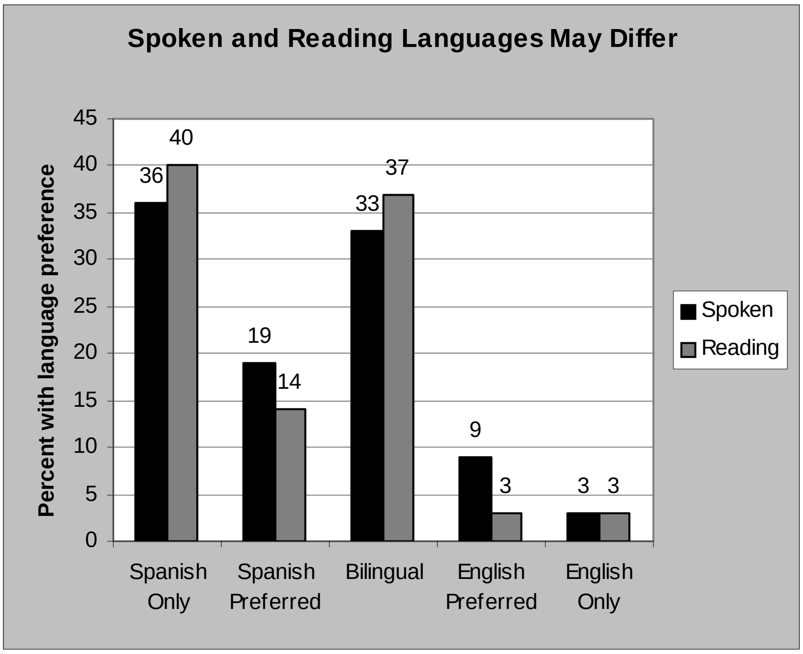
- **Bilingual**. Able to communicate freely in either Spanish or English. Consumers in this segment can be either foreign born or US born. Most grew up exposed to both cultures, either at home or in their neighbourhoods. Socio-economic status improves dramatically.

- **English preferred**. English-language skills of these consumers are considerably better than Spanish-language skills. They know just enough Spanish to get around, but prefer and are more comfortable communicating in English. Most in this segment are US born or went to grade school in the US and have been exposed to both Hispanic and

Anglo American cultures.

- **English only**. This monolingual consumer communicates only in English, has little or no command of Spanish, tends to have higher socio-economic status and greater exposure to Anglo-American culture, lifestyle and values.[10]

Figure 5.2. Language Segmentation: An Example, August 2000



Source: Language Segmentation Study, Los Angeles, courtesy of ACNielsen, August 2000.

Bilingual consumers tend to have retained fewer habits and lifestyle elements, such as cooking styles and leisure activities, from their countries of origin than Spanish-preferred consumers, and they have accepted more American ways in general. English-only consumers are the most highly acculturated group; many of their preferences –in some cases all– are like those of the general market.

Language segments work because language proficiency –how much and how well a Latino consumer speaks and understands English or Spanish– is a key indicator of the acculturation level, or how much the consumer has adopted the habits and culture of the US general market. Thus, language-proficiency-based segmentation, even if self- reported, is an extremely useful targeting tool for reaching the US Hispanic market today.

Less acculturated consumers seek a different product and service set, and they respond to different emotional cues than do more acculturated consumers. Thus, with language segmentation, a marketer can develop targeted *in-culture* strategies for specific segments or select one or two 'high potential' market segments, but with a great deal of supporting intelligence. The same model can be applied to any immigrant population, substituting French, Chinese or any specific language. Therefore, marketers who manage multicultural consumers can standardise their marketing-intelligence databases.

[10] M. Isabel Valdés, 'National Hispanic Database, 1987-1982', *Hispanic Market Handbook*, Gale Research, 1999.

Language Management: The 'Practical' Approach
The five language segments may be used individually or grouped, combining segments of similar acculturation levels. For example, in the ACNielsen Homescan Hispanic Panel, the two least acculturated language segments combine into one, 'Spanish only/Spanish preferred'. Bilinguals are a second segment, and the two most acculturated language segments are combined into a third, 'English only/English preferred'. The three resulting language segments still show distinct habits and preferences. This insight is invaluable when developing and executing targeted *in-culture* marketing plans. Moreover, each segment is larger, thus providing a more robust sample for smaller product categories and simplifying the tracking analysis.

In Figure 5.3. below, the term *Spanish-dominant* simplified language segmentation approach is used to include Spanish-only and Spanish-preferred households and *English-dominant* to include English-only and English-preferred.

Again, it must be stated that language proficiency is a self-rated measure. Therefore, participants may either understate or overstate their ability to speak Spanish or English.

Figure 5.3. ACNielsen's Los Angeles Homescan Hispanic Panel Profile, 2000

Household Characteristics	Spanish Dominant	Bilingual	English Dominant
Average household size (number of persons)	4.5	3.8	3.1
Percentage with children	66.4	58.8	39.2
Average age of household head	30.6	35.7	39.3
Completed high school or more (%)	48	79	85
Average income	20,200	32,200	52,400
Foreign born (%)	Nearly 100	66	20
Average years lived in US	12.7	19.2	25.9

Source: ACNielsen.

This table shows the household changes that occur in language segments with acculturation. Households become smaller, with a smaller percentage having children. Because more acculturated Hispanics tend to marry later, the average age of the head of household goes up. The educational attainment goes up, as does average income.

Over the years, several language-based segmentations have emerged and are in use today. However, these segmentations may be based on factors other than proficiency in English or Spanish, such as what language Hispanic consumers speak at home or work, or what media they consume.

Why the fuss? This small difference can make a big difference in your marketing intelligence and strategy. For example, I was once contacted for a survey by telephone and asked 'Do you read any newspapers or magazines in Spanish?'. At that time –the early 1980s– there were no mature Spanish language newspapers in the San Francisco Bay area and no US-produced magazines in Spanish. Hence, my reply was 'No'. Next the interviewer read the familiar 'thank you for your participation' and hung up. Had she asked instead 'Do you read in Spanish?' my reply and that of many other Latinos interviewed would have been 'Yes'. This study could have shown there was a segment of Hispanic readers not being served and a business opportunity. However, by not asking the question properly, the answers led to an erroneous conclusion: 'Hispanics don't read in Spanish'. This small difference contributed to the pervasive belief that 'Hispanics don't read', which is false, judging by the success and growth of the Spanish-language print industry.

6. Segmenting the Hispanic Market

The Hispanic population has grown with an unusual population pyramid, as most tend to immigrate under 25 years of age. Hence, until recently, the Hispanic population did not have enough consumers in some age groups to create a complete age-based population segmentation. Presently this is possible due to the exponential population growth during the past two decades.

Segment breaks were created based on the natural age breaks of the US Hispanic population and the marketing opportunities these represent. Whenever possible, the segment breaks also reflect the *in-culture* principles, that is to say, following the US Latino life-cycle and cultural mindset (see Figure 6.1.).

Figure 6.1. Segment Summary Table, In-Culture Age Segments, US Census 2000

Five Main Segments By Age In Thousands Segment Size (n)	% of Hispanic Population	Nine Sub-segments (Age)	Size (Thousands)	% of Total Hispanic Population
Los Bebés/ Los Niños Ages 0-9 n = 6,408	18.1	**Los Bebés** (0-5)	3,191	9.1
		Los Niños (6-9)	3,217	9.1
Generation Ñ Ages 10-19 n = 6,117	17.4	**Tweens** (10-14)	3,059	8.6
		Teens (15-19)	3,058	8.8
Latinos/Latinas Ages 20-39 n = 11,175	31.7	**Twenty-something** (20-29)	5,434	15.4
		Thirty-something (30-39)	5,741	16.3
Latin Boomers Ages 40-59 n = 8,307	23.5	**Young Boomers** (40-49)	5,045	14.3
		Mature Boomers (50-59)	3,262	9.2
Los Grandes Ages 60+ n = 3,299	9.3	**Seniors** (60+)	3,299	9.3
Total	100		35,306 mn*	100

(*) Does not include Puerto Rico's 3.8 million Hispanics nor Census undercount.[11]
Source: M. Isabel Valdés based on US Census 2000 data and TGE Demographics.

The Youngest Latino Citizens

'*Los Bebés*' – Aged 0-5 – Segment size 3.2 million. The youngest of the Census 2000 Latino age segments –close to 3.2 million Latino babies and toddlers (aged 0 to 4)– will live in a different world than their older siblings. Most of them will be raised in acculturated households with computers and at least one family member who will navigate the web not only in Spanish but also in English (see Figure 6.2.).

Figure 6.2. *Los Bebés,* (9% of US Hispanics), Aged 0-5, in Thousands

Total *Bebés* Aged 0-5	Total Foreign born Aged 0-5	Total US Born Aged 0-5
100%	4%	96%
3,191	135	3,055

Source: M. Isabel Valdés based on US Census 2000 data and TGE Demographics.

[11] M. Isabel Valdés, *Marketing to American Latinos: The In-culture Approach*, Part 2, Paramount Market Publishers, Ithaca, NY, 2002.

Corporate America has discovered the value of the youngest Latino citizens. Not only are traditional advertisers developing programs to appeal to the expecting and new moms but also more players are entering the market, including consumer products, toys, health care and pharmaceutical, the financial sectors, magazines and the on-line world.

***'Los Niños'* – Aged 5-9 – Segment size 3.2 million**. Between 2001 and 2010, the percentage of Hispanic children, aged 5 to 9, will increase by 21%, while the share of white non-Hispanic and non-Hispanic black children will continue to decline steadily. (Figure 6.3)

Figure 6.3. *Los Niños*, Aged 5-9, in Thousands

Total *Niños* Aged 5-9	Total Foreign Born Aged 5-9	Total US Born Aged 5-9
100%	11%	89%
3,217	349	2,868

Source: M. Isabel Valdés based on US Census 2000 data and TGE Demographics.

Many Latino youngsters face identity conflicts as a consequence of being raised in two cultures. However, this is a declining issue as 'pride in being Latino' continues to grow. First-generation parents are learning to get around in their new country, have more disposable income and enjoy indulging their children with products, goods, and fun they themselves did not have when growing up.

Given that 89% of *Los Niños* are born in the US and go to grade school in the US, their non-Latino peers at school will shape not only their language use and preference, but also their cultural value orientation. However, in highly concentrated Hispanic urban areas, such as East Los Angeles, Coral Gables in Miami, Corona in Queens and Washington Heights in New York, children interact closely with other Latino children, helping them maintain and be more comfortable with their Latino culture and speaking Spanish outside the home. As a consequence, this *Niños* generation will grow to be bilingual and bi-cultural and, in many cases, maintain traditional Hispanic value orientation. This observation is less the case with Latino children residing in lower density Hispanic population areas –usually suburbs with higher incomes–. These Latino children are exposed mostly to an Anglo-Saxon culture and speak mostly English with their friends and peers. Depending on the parents' pressure, they may or may not speak Spanish at home.

Hispanic children and youth tend to play a key role in introducing their families to new products, brands and services. As they visit their non-Hispanic friends' households, they learn about new foods, computer games, technology, and other products and services not yet promoted via Spanish language media. In cases where parents have limited English, Latino children help translate for their elders in many social situations, from interactions with authorities and doctors to directions for preparing a recipe. Marketers many times 'talk' to the children in their media messages in order to reach the Latino mother or father in what I call the '*two-step communications strategy*'.

Generation Ñ

'The Best of Both Worlds' – Aged 10-19 – Segment size 6.1 million. *Generation Ñ* is probably the most written about and coveted US Hispanic market segment today. At more than 6 million in size, this group is living fully 'the best of both worlds'. Media, entertainment channels, music producers, manufacturers of apparel foods, beverages and even cars are targeting Latino tweens and teens and, through them, their parents.

A study by Teenage Research Unlimited in June 2001 states 'Latino youths shop more and outspend their counterparts in the non-Latino world –despite coming from lower-income families. The average Hispanic teen spends $320 a month, 4% more than the average non-Hispanic teen. Favorite shopping outlets are malls (84%), supermarkets (80%) and discount chains (78%).'[12]

With an estimated US$19 billion in spending power, *Gen Ñ* is not only changing the content of Hispanic TV, radio and print media, but also general market media as well. They are proud of their Latino heritage and do not want to lose their 'Hispanic' identity (see Figure 6.4.).

Figure 6.4. *Generation Ñ*, Aged 10-19, In Thousands

Total *Gen Ñ* Aged 10-19	Total Foreign Born Aged 10-19	Total US Born Aged 10-19
100%	20%	80%
6,117	1,215	4,902

Source: M. Isabel Valdés based on US Census 2000 data and TGE Demographics.

This segment is presently leading the growth in the under age 18 age group in the US. While the non-Hispanic youth growth rate continues to decline, the Latino segment has grown exponentially. One in five teens in the US is of Hispanic descent. Between 2005 and 2020, the Latino teen population is expected to grow by 35.6%, compared with a decline of 2.6% among non-Hispanic whites (see Figure 6.5.).

Figure 6.5. Total US Youth Under the Age of 18, 2005-20 (Projections, in Thousands)

	2005	2010	2020	% Change 2005-20
White (non-Hispanic)	43,873	42,474	42,752	(2.6) %
Hispanic	13,325	14,894	18,069	35.6
African American	10,292	10,195	10,835	5.3
Asian	3,449	3,887	4,763	38.1
Total	70,939	71,450	76,419	7.7

Source: US Census Bureau, 2000 Middle Series.

HispanTelligence, the research division of Hispanic Business Inc. (*www.HispanicBusiness.com*) estimates that Hispanics aged 16 to 24 wield purchasing power of more than US$25 million. 'An investor dreams of finding a trend like this', said a San Francisco-based merchant banker.

Both scenarios bear some truth. Latino teen culture is a hybrid between the general market and the Latino '*barrio* teen' culture that also varies by region. Many feel the pull of *Familismo,* the strong Hispanic family-centred orientation, sometimes at odds with the values of their non-Hispanic peers leading to a conflict of allegiances and lifestyles.

'*Latinas and Latinos'*

Aged 20-39 – Segment size 11.2 million. Hispanic young adults, aged 20 to 39, are in the main household formation years. About 14% of Hispanics are in their 20s and another 16% in their 30s. They are responsible, in part, for the growing Latino baby boom, as they begin to have families and settle down (see Figure 6.6.).

[12] 'Untapped Teen Segment', *Marketing to the Emerging Majorities*, vol. XIII, nr 7, EPM Communications Inc.

Figure 6.6. ***Latinos/Latinas,*** **Aged 20-39, In Thousands**

Total *Latinos/as* Aged 20-39	**Total Foreign Born Aged 20-39**	**Total US Born Aged 20-39**
100%	(47%)	53%
11,175	5,287	5,887

Source: M. Isabel Valdés based on US Census 2000 data and TGE Demographics.

Most in this age segment tend to be bilingual and bicultural. They are the fastest-growing group among first-time employed persons.

'*La Ola Latina*'. Latinos and Latinas are the beacons of 'La Ola Latina', the positive Latin wave that emerged in the past decade. Insurance, financial and many service corporations, social organisations and even the government continue to recruit aggressively bilingual professional and para-professional Hispanic men and women. Radio and TV programming, in Spanish and English, cable, magazines, on-line businesses and websites compete for their attention.

On the high-tech front, many Latinos and Latinas have leapfrogged into the cyberworld, have started new companies and learnt to take advantage of financial products and services.

Most have banking relationships, use credit cards and value the stability of the banking system in the US. They are more likely than previous generations to save money and buy a home using a mortgage, travel by plane and purchase new cars. Median income for households in this age group ranges from about US$24,000 for those under the age of 25 to US$34,000 for those in their late thirties.

The new entrepreneurs. One way that Latinas are taking their labour force participation into their own hands is by starting their own businesses. Latinas have the fastest growing small-business-ownership rate in the US. From construction businesses to beauty salons, restaurants and child care centres, they are pursuing entrepreneurial careers.

'Latin Boomers'
Aged 40-50 – Segment size 8.3 million. Latinos now in their 40s and 50s are 'boomers'. This group of consumers was born between approximately 1946 and 1964. The big difference from other boomers is that many of them were born outside the United States. The younger Boomers (aged 40 to 49) represent 14% of Latinos, while the older group (aged 50 to 59) is about 9% of the Latino population.

Many of these Hispanic consumers are among the 27% of the Hispanic population who entered this country before 1980s. They have lived in the United States about one-half of their adult lives, and they are likely to have obtained citizenship (see Figure 6.7.).

Figure 6.7. ***Latin Boomers,*** **Aged 40-59, In Thousands**

Total *Latin Boomers* Aged 40-59	**Total Foreign Born Aged 40-59**	**Total US Born Aged 40-59**	**US-born Generation**			
100%	(59%)	41%	2nd	3rd	4th or Greater	Total
8,307	4,941	3,366	1,187	1,091	1,088	3,366
			35%	32%	33%	100%

Source: M. Isabel Valdés based on US Census 2000 data and TGE Demographics.

Like their Anglo counterparts, *Latin Boomers* are the sandwiched generation, often responsible for parents and other family members while they still have children living at home. However, unlike their Anglo counterparts they have additional stress, caught between two cultures. Many have to manage aging parents in another country or city and a premature 'empty-nest' as their children leave home at young ages (17 to 18) to go to college or pursue work in other cities. Changes in value systems and lifestyle do not happen easily, particularly as we get older. Therefore, a large segment of *Latin Boomers* is very traditional, enjoys the 'very close knit' family ties, prepares meals made from scratch, believes more in curative than preventive medicine and tends to distrust financial institutions, large organisations or government agencies.

'Los Grandes'

Aged 60+ – Segment size 3.3 million. During the 90s many baby boomer families joined the ranks of the American middle class. Others did not do as well financially by American standards, but the vast majority have a banking relationship, own two or more cars and are also taking mortgages to own a home. Ownership of durable goods, such as TV sets, microwave ovens and DVD players is almost universal, and computer ownership is rising at a fast pace.

The number of Americans older than 65 will double over the next 30 years to close to 70 million, or 20% of the population by 2030. In contrast, *Los Grandes*, the senior members of the Hispanic market aged 60 and over in this segmentation, represent about 9.5% of all Hispanics, a small but growing number of people. They must learn the ropes of both being seniors and living in a very different culture. Their social activities tend to centre around the family, and many take care of their grandchildren and other family members.

Presently, about 1 million Hispanic households, or nearly 11% of total Hispanic households, are headed by someone aged 65 or older. This share is projected to increase dramatically as the percentage of Hispanics in this age group increases during the coming decades (see Figure 6.8.).

Figure 6.8. *Los Grandes* Segment (Ages 60 +), In Thousands

Total *Los Grandes* Aged 60+	**Total Foreign Born Aged 60+**	**Total US Born Aged 60+**
100%	(64%)	36%
3,299	2,110	1,189

Source: 2000 M. Isabel Valdés based on US Census 2000 data and TGE Demographics.

Over two thirds were born outside the US. Spanish is the only language spoken by the majority, particularly among women. This fact, as is expected, has an impact on their quality of life, access to information and so forth, curtailing their independence and freedom. The vast majority of Hispanics in this age group adhere to traditional Hispanic culture values and do not want to lose the 'old ways' of the Hispanic family. Some, particularly the foreign born who migrated for political and economic reasons, are coping with issues of nostalgia and acculturation. Aging in a different culture is not an easy process for many. Only about 21% of Hispanic men and 23% of Hispanic women aged 65 and older had a pension in 1998, according to the Bureau of the Census. Unfortunately, Hispanics lose both affluence and education as the group gets older. A 2001 study by The Media Audit of almost 10,000 Hispanics shows that only 4.6% of Latinos older than age 50 have annual incomes of US$50,000 or more. In contrast, 14.3% of non-Hispanic whites and 7.3% of African-Americans have incomes of more than US$50,000.[13]

However, it is important to understand that not all Hispanic seniors are poor or Spanish monolingual. The lower-income group tends to be over-represented in large urban areas and any programme for targeting *Los Grandes* needs to consider their socio-economic realities.

Over half, 64% of *Los Grandes*, are foreign born and most migrated to the US as adults. The presence of older Hispanics varies considerably by market. For example, Cubans in Miami are over-represented in this age group, whereas in Los Angeles Cubans are under-represented in this age group. Only recently have American businesses started to target *Los Grandes*.

7. Conclusions

In sum, the 2000 US Census data confirmed what Hispanic-marketing experts already knew. The US Hispanic market continues to contribute to the US market, not only in size but also in dramatically increasing income and business ownership. Slowly, but steadily, educational attainment has improved, voter participation is significantly higher and more powerful and larger numbers of Hispanics are joining the middle class and learning about wealth creation.

Regionalisation is still driven by country of origin. Mexicans, Cubans, Puerto Ricans and others tend to concentrate and start businesses in the states where they have historically settled. However, the shift to new areas is now evident as Hispanics can be found in every state of the Union. Moreover, they are becoming the largest minority in several states. With more and more Hispanics joining the middle class, more businesses have targeted Hispanics and are learning to capitalise on the opportunity presented by 'instant new consumers'. Certainly, all is not rosy. The Hispanic community continues to face problems such as high teen pregnancy and high school dropout rates. The events of September 11, 2001 and the economic recession have adversely affected undocumented immigrant employment. Fortunately, corporate America is more and more aware of how it can help solve some of these problems with increased training for workers and with contributions to scholarship funds. The development process will help to create a healthy, wealthy, accepted and acculturated Hispanic market in the US.

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