

Working Smart

The Hispanic Gold Rush Mining a Soon-to-be Trillion-Dollar Opportunity

by Miriam Muléy

Does your current business plan include a comprehensive and well-integrated approach to reaching this country's largest ethnic group? Have you joined the thousands of companies aggressively courting the Hispanic market and experiencing positive sales and profits as a result? Or are you unsure about exactly how and with what resources you should enter this lucrative market segment?

Well, I'm here to tell you that now is the opportune time to take a critical look at your business model and determine what strategic changes in planning and execution are required to get your fair share of this (soon to be) trillion-dollar consumer market.

Just take a look at these statistics and cultural insights about the Hispanic market:

1. Hispanics are now the *largest ethnic "minority"* in the country! In 2005, Latinos outnumbered the African-American population for the first time in history. With 42.5 million Latinos registered in 2005, the Hispanic population represents 14.4 percent of the U.S. population, a figure expected to grow to 24 percent by 2050.
2. Buying power among Hispanics continues to climb to record numbers! In 2000, Latinos accounted for \$550 billion in buying power; by 2005 that number swelled to \$735.6 billion, and by 2010—in three short years—the buying power of Latinos will rise to *\$1.1 trillion*. This makes the U.S. Hispanic market the largest Latin American economy in the world...an economy that is available and accessible, right here in our own backyard.
3. The Hispanic population is concentrated in the top 10 markets of Los Angeles, New York, Miami, Houston, Chicago, Dallas, San Francisco, San Antonio, Phoenix and Sacramento. If you are doing business in *any* of these markets, you have a huge opportunity to grow sales by focusing on Hispanics in three ways: as *customers* of your products, as *independent distributors* of your direct selling business and as *employees* of your company.

4. The educational achievement, professional ranks and higher salaries of *Latina women* make them an essential target. Latina women have \$246 billion in buying power, represent 60 percent of all postgraduate Hispanic students, shop more often, will sacrifice to ensure the needs of the family are met, and influence the purchasing decisions in the Hispanic home—from home and family care to personal care to wellness and more. Latina women spend \$64 billion on food and food-related items, skew higher in the use of cookware, utensils and baking items due to the more frequent use of at-home meal preparation, and are heavy users of cosmetics, skin care, toiletries and fragrances (Source: Selig Center, 2004 *Consumer Expenditure Study*).
5. Hispanics are *increasingly entrepreneurial* and represent a pipeline of potential suppliers for the direct selling industry. There are 1.6 million Latino-owned firms in the United States—33 percent more than there were in 1997—and they generated a record \$222 billion in sales and receipts (+39.7 percent vs. 1997). Many are concentrated in important fields of construction (13 percent), administration (13 percent), and transportation and warehousing (8 percent) and can provide essential supplier services to direct selling companies.
6. According to the Department of Labor Statistics, 33 percent of all new persons added to the workforce between 2000 and 2010 will be Latino. They will close the talent gap created by the mass exit of baby boomers that will begin to retire within the next 20 years. Direct sellers can leverage this change in workforce structure to their benefit by proactively identifying, hiring and training diverse candidates as members of their independent salesforce, wholesale teams and employee management groups. Research and experience shows that consumers are more willing to buy from individuals who speak their language, understand their culture and can empathize with their needs. A diverse independent distributor team will improve your odds of success with diverse customers. In addition, in creating a diverse workforce, you will be creating an environment where new approaches and new perspectives can be leveraged to benefit the business.
7. Culturally, Latinos are *passionate* about their successes—both professionally and financially—and are willing to take matters into their own hands to make that success possible. Many times this passion is motivated by personal situations. In some cases, they are single parents, recent arrivals to this country or sole providers in the household. Regardless of the circumstance, the realization of the “American Dream” is an important goal for many Hispanics and one that is readily obtainable in the direct selling industry through hard work and commitment.

The growing population and buying power, geographic concentration in key markets, heavy buying preferences in key categories, entrepreneurial energy and passion of Hispanic

continued on page 66

global operations software

advanced compensation management

sales force backoffice

replicated websites

sales force automation

state-of-the-art networks

www.idstc.com
1-800-803-7144

www.idstc.com
1-800-803-7144

MLM

Direct Sales

Party Plan

Website Design

System Migration

idstc
International Direct Selling Technology Corporation

continued from page 65

consumers make them *the* quintessential 21st century business opportunity for direct sellers.

What other key insights to the Hispanic market are important to understand as you plan to connect with this incredible growth market?

1. Hispanics Are Not Monolithic

Not only are Hispanics different from the point of view of country of origin, they also differ in levels of acculturation and language usage or preference. From a country of origin perspective, most Hispanics trace their ancestry to Mexico (64 percent). Central Americans account for 9 percent, Puerto Ricans and South Americans 8 percent each, Cubans 5 percent, Dominicans 2 percent and all others 4 percent.

From an acculturation perspective—or the degree to which a Hispanic has adapted to the American culture—a great deal of work has been done by highly respected research firms on this subject. Rather than attempting to summarize this wealth of information here, I would simply highlight that there are three distinct Hispanic acculturation groups that vary on degree of cultural adaptation, language preference and education/affluence. It's important for direct sellers to understand which segment has the greatest potential for their products and services from both a customer and independent distributor perspective.

Highly Acculturated Hispanics are primarily characterized by second- and third-generation Latinos, whose surnames are Spanish in origin, but their knowledge of the language may be very limited, and their media preference is heavily weighted toward English content and programming. Approximately 55 percent of their media usage is in English (TV, radio, print). They tend to be younger, better educated and more affluent than other groups. They represent a high degree of value to companies whose products or services are technological in nature and are higher priced.

Partially Acculturated Hispanics consume media in both English and Spanish, and are comfortable in each, spending approximately 40 percent of their time in English media. Importantly, both acculturated and partially acculturated Hispanics maintain strong Latino pride and retain elements of their heritage in the form of ethnic/traditionally prepared foods, ethnic music and conversational Spanish.

Unacculturated Hispanics tend to be older, Spanish-language-dominant groups of Latinos. They are generally recent immigrants and include both young and old. The common unifier for unacculturated Hispanics is the lack of English language proficiency and strong reliance on Spanish as the basis of communication. Not surprisingly, more than 80 percent of their media is consumed in Spanish.

2. The Internet Is Effective in Reaching Segments of the Hispanic Population

Marketers and the media agree that the English-dominant and bilingual Latino can be exposed to their messages through

effective use of general market programming that appeals to Latino prospects. Ideally, the creative used on these programs would be developed with the intent to appeal to both the general population as well as to the Hispanic population, using cultural cues that resonate with Latino buyers. For example, Toyota aired a commercial on the Super Bowl for its hybrid vehicle using both Spanish and English in the commercial. This commercial appealed to the bilingual/English-dominant Hispanic buyer of new vehicles (who tends to be well educated and have a higher income), as well as to the general market of new car intenders.

In addition to the effective use of general market media and creative, technology is another media platform that offers targeted reach to bilingual and English-dominant Hispanics. It also allows companies to reach a younger, more affluent and better educated segment of Hispanic buyers. According to a study recently released by the Pew Hispanic Center:

- + 78 percent of Latinos who are English-dominant and 76 percent of bilingual Latinos use the Internet, compared with 32 percent of Spanish-dominant Hispanic adults.
- + 76 percent of U.S.-born Latinos go online, compared with 43 percent of those born outside the U.S.
- + 89 percent of Latinos who have a college degree, 70 percent of Latinos who completed high school, and 31 percent of Latinos who did not complete high school go online.
- + Mexicans, the largest national origin group in the U.S. Latino population, are among the least likely to go online: 52 percent of Latinos of Mexican descent use the Internet.

Direct selling companies will want to prioritize the use of technology as a strategy in reaching Hispanics based on the segment of the population most appropriate for their brands—English-dominant, bilingual or Spanish-dominant. Alternatively, the cell phone represents another viable medium to convey messages. According to the Pew Online study, “Some Latinos who do not use the Internet are connecting to the communications revolution in a different way—via cell phone. Fully 59 percent of Latino adults have a cell phone and 49 percent of Latino cell phone users send and receive text messages on their phone.”

3. Hispanics Do Not All Look Alike

Contrary to popular belief, Hispanics are not all Caucasian and fair-skinned. According to the U.S. Census, 44.5 percent of all Hispanics indicated they were of “mixed” racial heritage, and an additional 2 percent claimed African ancestry. From a historical perspective, only 5 percent of the African slaves traded during the Middle Passage were sent to the United States; 95 percent were sent to South America and the Caribbean. In addition, the first slaves to arrive in the Western Hemisphere went to Hispanola—today's Dominican Republic and Haiti—not Virginia. Therefore, most Hispanics are a unique combination of European, African and Indian ancestry.

continued on page 68

Your Message. Our Magazine.

No matter what message you want to communicate,
VideoPlus has a publication to reach your intended market.

Magazines from VideoPlus Publishing are an exciting and extremely effective recruiting and marketing tool for your field. With a family of magazines developed to meet a breadth of needs within the direct selling industry, we have the right tool for your message.

Why a Magazine?

- » Powerful Third Party Validation
- » Nationwide Newsstand Distribution
- » Positions Your Company as a Leader
- » Easy to Use and Understand
- » Persuasive and Professional
- » Low Cost Marketing and Prospecting Tool
- » Engage Readers and Influence Decisions

"We're pleased to be featured in such a great publication; we saw this as our opportunity to reach out to people who need an opportunity like ACN. The stories and featured articles in the magazine celebrate our achievements over the last 14 years and provide a business-building tool our representatives are proud to use."

—Greg Provenzano, President & Co-Founder, ACN

VideoPlus[®]
www.videoplus.com

Call today!
800.752.2030



continued from page 66

The implications of the racial diversity among Hispanics are twofold:

1. The explosive growth of the Hispanic market and the racial diversity within this audience represent exciting R&D and marketing opportunities to broaden the direct selling industry's personal care portfolio in the areas of hair care, skin care and scalp care to reach this segment of Spanish-language, African-descended and mixed people. Few if any companies are targeting Latinos of African or mixed descent with a customized beauty line—in Spanish.
2. Hispanics want to see themselves represented in company catalogs, brochures, advertising and company literature in positive, realistic images—images that reflect their ethnic and racial heritage of deep, medium and fair skin tones.

4. A Hispanic Salesforce and Independent Distributor Base Are Key to Mining the Hispanic Gold Rush

Taking a close look at the makeup of your salesforce, including independent distributors, wholesale salesforce and management teams, is a critical step to ensure you achieve maximum sales results in the Hispanic market. Do you have the correct compensation and reward structure in place to motivate your team to achieve business targets among diverse consumers? Do you have market awareness and training tools available (through company intranet sites, downloadable diversity tool kits, local market action planning materials) for your sales teams? These are critical questions that must be answered to maximize your sales penetration of Hispanics.

5. Have a Meaningful Presence in the Community

Companies must be genuine in their desire to market to Hispanics; they cannot be patronizing and they must be sincere. Latinos want to work with companies that give back to the community and have a community presence. Loyalty depends on

Top Hispanic Markets: Buying Power

State	2006 Hispanic Buying Power
California	\$214.5 B
Texas	140.2
Florida	82.2
New York	63.3
Illinois	34.8
New Jersey	30.5
Arizona	26.4
Colorado	18.5
New Mexico	15.1
Georgia	12.4

Source: Selig 2006 Economic Report

Top Hispanic Markets: Population

DMA	Hispanic Universe	Hispanic % of Total Population
Los Angeles	6,811,000	42.4%
New York	3,894,000	19.8%
Miami	1,690,000	42.3%
Houston	1,533,000	30.2%
Chicago	1,610,000	17.7%
Dallas	1,309,000	22.0%
San Francisco	1,357,000	20.8%
San Antonio	1,051,000	52.6%
Phoenix	994,000	24.3%
Sacramento	747,000	21.5%

Source: U.S. Census

whether the company is perceived as having a vested interest in the Hispanic community and as a company that can be trusted.

We've covered a great deal in this article and armed you with vital information about the strength of the Hispanic market as a true gold mine of opportunity for direct sellers. There is no question that companies who secure a position with the Hispanic market will yield high degrees of success going forward. The time is now. Make sure you anchor your success with four important steps:

1. Make sure you have the full support of your entire organization. The Hispanic market's \$1 trillion growing economic and political clout demands the attention and commitment of you, as a member of the senior management team, and of the balance of the organization.
2. Direct sales and marketing strategies, communication, Internet programs, promotions and new-product development activities need to be held to the same high-quality standards as any implemented in the general population.
3. Measurement and tracking mechanisms should be put in place from the outset to measure success and fine-tune efforts for optimum results. Set base and more aggressive stretch goals with appropriate payout requirements for each to determine the full market potential for your brand. Test and track results.
4. Commitment should be for the long term and not just short-term opportunistic spurts, as these are most likely to fail. 🚫



Miriam Muléy is CEO of The 85 percent Niche. For more information and customized strategies to get your fair share of this Trillion-Dollar Gold Mine, visit www.85percentniche.com.