

Ethnic marketing: Hispanics lead growth

Continuing changes in demographics in the United States can be beneficial for marketers seeking new opportunities among thirsty consumers. A better look at the Hispanic market was offered during BevExpo last month in Tampa, Fla. Representing the largest ethnic-consumer base in the United States, Hispanics account for high-volume beverage purchases in predominantly mass merchandise outlets. However, there's much more to consider when targeting this growing market.

Currently outnumbering the total population of Canada, the Hispanic population in the United States is expected to reach 42 million by 2007, and represent 21 percent of Americans by 2020. The purchasing power of this burgeoning ethnic group continues to get stronger, and statistics show that from 1996 to 2001 the average household income for Hispanics increased 55 percent. Furthermore, current buying power is more than \$675 billion, according to Hispanic-market.com. In addition to purchasing power, having an average of one additional person per household, this group represents an important market segment for beverage producers.

While they share beverage preferences with the average U.S. citizen and enjoy products such as Coca-Cola and Sunny Delight, they also tend to consume nectars and imported carbonated soft drinks, skewing toward

Hispanic-targeted brands such as Senorial Sangria and Jarritos, according to Information Resources Inc., Chicago. The largest Hispanic consumer base hails from Mexico, making up approximately 60 percent of the population, while Caribbean and Central/South American-born consumers account for less than 30 percent, according to U.S. Census data. Mexican consumers prefer variety and sweet flavors and will pay a premium for brands from their home country, and will gravitate toward products such as aguas frescas whereas Caribbean consumers prefer sugar cane juice, according to experts. Flavors that are popular among Mexican consumers include Tamarind and Horchata, while Caribbean and Central/South American con-

sumers prefer Coconut and Guanabana.

As important as taste preference is when targeting the Hispanic market, understanding cultural tendencies is equally necessary. For example, first-generation Hispanics are less likely to interact with other cultures, creating a barrier to new products. However, they connect with mainstream brands that are perceived as popular. Comparatively, later generation Hispanics are more likely to interact with other cultures while maintaining their cultural identity, thereby purchasing mainstream and

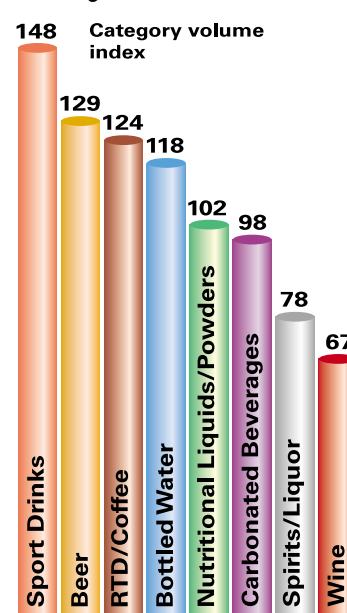


Corona, which featured a Mexican-pride promotion in September, is one of the few ethnic brands that transitioned to non-Hispanics.

traditional beverages or imports.

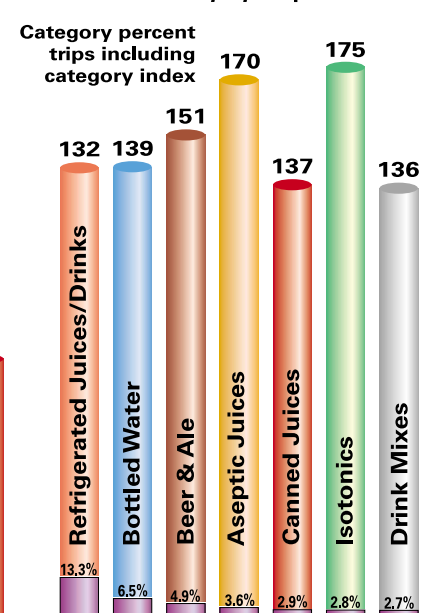
Sports drinks are purchased more often by Hispanic consumers than non-Hispanic consumers, with beer and the ready-to-drink tea/coffee categories coming in second and third, respectively, according to IRI. Hispanic households spend more time and money in grocery outlets per visit, but spend more annually in mass merchandise, super center and club stores than the average household, with mass merchandise accounting for more than \$1.1 billion spent annually, according to IRI. Furthermore, beverages such as refrigerated juices, bottled water, beer and aseptic juices top the categories that are shopped in the grocery channel. BI

Hispanic Household Beverage Purchases



Source: IRI Consumer Network for the 52 weeks ending May 30, 2004. Volume Index: Hispanic volume sales compared to Hispanic population.

Top Beverage Categories Shopped in U.S. Grocery by Hispanics



Source: IRI Multi-outlet panel data for 52 weeks ending Dec. 17, 2002.