

Past Economic Trends Suggest Hispanics are Recession Aloof

by: Terry Soto, Chair, AMA Hispanic Marketing Hot Topic Series

So the question has been asked: 'Are Hispanics recession proof?' Recession proof - the jury is still out; Recession aloof - trends seem to suggest 'Yes'. Consider the research and data from the last recession in the 90's, which indicate that Hispanics were not as affected by recessionary trends as the general market. During economic downturns, Hispanics' income continued to increase, as did their spending. It's important to note that Hispanic households have multiple sources of income from immediate and extended family members which are pooled together thus affording them greater proportions of disposable income. The Selig Center for Economic Growth projects that in 2009, Hispanic buying power will reach \$1.1 trillion.

The reality is that with today's "Sale" frenzy, Hispanics are likely able to purchase twice as much as they were previously, as their disposable income stretches much further than ever before. Additionally, recent data from Experian Consumer Research indicated that 58 percent of Hispanics did not use a credit card in the last month or so and that approximately one-third opt for cash transactions making them more liquid than its general market, credit-maxed cohort and less affected by the credit crisis.

What does this mean to corporate America today? Well, in the 90's, this positive trend did not go unnoticed by savvy Fortune 500 marketers which began increasing Hispanic marketing budgets, even while decreasing general marketing budgets. The result: Many brand leaders who started out marketing to Hispanics in the 90s are now well-recognized in the Hispanic marketplace and reaping the benefits of their early efforts.

It's a no-brainer that any for-profit business would jump at the chance to adjust its marketing strategy and spend to target consumers who are still spending, rather than the masses 'who are struggling'. Although the segment is smaller, the spending threshold is likely to be greater than ever before. And, if Hispanics constitute 17 percent of the U.S. population, it sets up a pair of interesting questions: How much business am I leaving on the table today by not targeting Hispanics or by not targeting them strategically? And what if the economy does not, in fact, improve for 18-24 months?

If it's true what they say about history repeating itself, the current recession represents a remarkable opportunity for any company to make an impact especially in view of the sea of others who have been distracted and have taken their eye off the market as evidenced by budget cuts as high as 70-100%, and while it takes time and effort to build a Hispanic market strategy for your company, well planned and implemented strategies that are deployed sooner rather than later, could begin to see fruit much quicker than expected.

Register for AMA's Hispanic Marketing Hot Topic Series today! Don't miss this opportunity to learn how to quickly position your company for growth and to potentially leapfrog your competition by devising a winning Hispanic Marketing strategy.

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