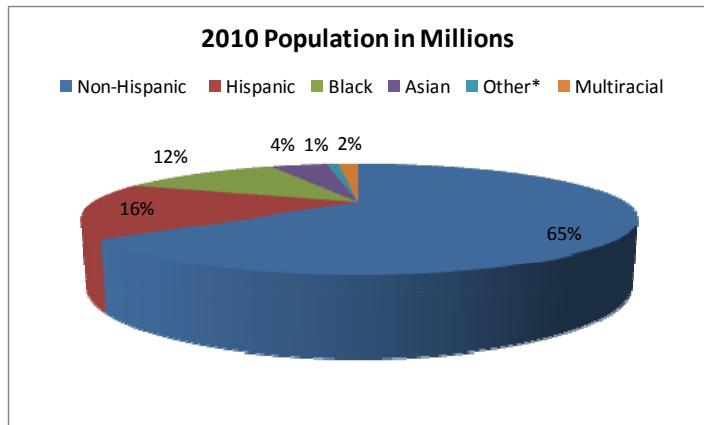




By [Terry Soto](#), Author of [Marketing to Hispanics a Strategic Approach to Assessing and Planning Your Initiative](#) and [Grow with American Best Practices in Ethnic Marketing and Merchandising](#)

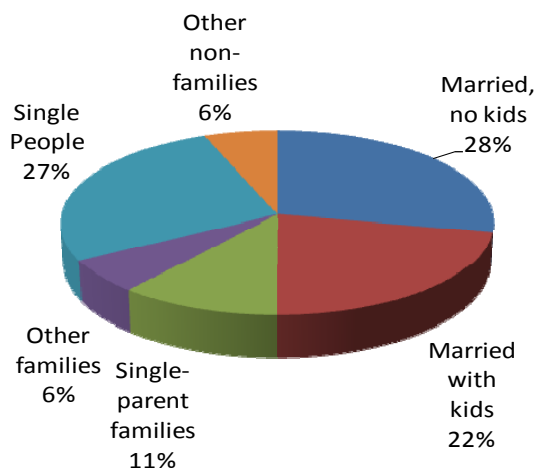
In his recent white paper, "[What the Census Means for Marketing and Advertising](#), Peter Franchise, founder of *American Demographics* magazine says, "**The concept of an 'average American' is gone, probably forever.**" Franchise's preliminary 2010 Census projections "shows the **U.S. as a multicultural nation, a multigenerational society and a multi-segmented household economy.**"

Franchise notes that as of 2010, 35% of the country's population is multicultural. One in six and one in eight people respectively are Hispanic and African American. In California and Texas, the country's two largest states, the traditional majority is now the minority. More than 300 counties (one in ten) are "majority-minority" counties. Los Angeles is the largest Hispanic market with 5MM Hispanics; more than in the country of Costa Rica.



Cook County (Chicago) has the largest African American population - 1.3MM followed by the 5-county region of NY with 2MM, and Asians are concentrated in CA, NY and TX. All told, there are 103 million Hispanics, Asians and African-Americans that currently make up one-third of the U.S. population, and are projected by 2042 to become the majority of the nation's population -- this new majority will be a young, diverse group that behaves and consumes marketing approaches very differently.

**Population by Household Type**



U.S. household structures are also ever more complex and varied indicating that in 2010 and beyond **describing or marketing to the "average American" or the "General Market" is no longer a relevant undertaking.**

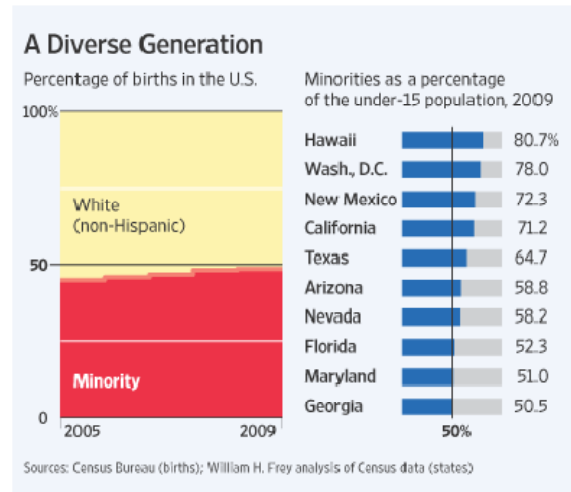
No household type describes even one third of U.S. households and the "Iconic" Family with Kids is only 22% of Households. The largest household group is Married couples with no kids (28%) and Single People (27%) comprised of mostly older single women.



As we look at the multicultural population especially Hispanics, the segment as a whole is young and fertile. Looking forward, they are and will continue to represent a stronger growth market compared to non-Hispanic whites who are older and not having kids at the same rate.

In fact, a June 2010 article in the [Wall Street Journal](#) reported that Whites are on the verge of becoming a minority among newborn children in the U.S., marking a demographic shift that is already reshaping the nation's politics and economy.

The Census reported that the nonwhite multicultural population accounted for 48.6% of the children born in the U.S. between July 2008 and July 2009, gaining ground from 46.8% two years earlier. The trajectory suggests that minority births will soon eclipse births of whites of European ancestry.



Hispanics, for instance, accounted for 54.7% of the total population increase between July 2008 and July 2009, but about two-thirds of that gain came from births.



*Indeed, the U.S. is now a dichotomy of young and old with very different views of the world and a very difficult time among Boomer age marketers in understanding and relating to the new multicultural wave of American consumers.* The numbers clearly speak to this. Generationally, half (46%) of children under 18, and 40% of Gen Y and Gen X are multicultural while 66% to 80% of Boomers and adults 65+, respectively are Non-Hispanic White.

And as we look at key DMAs across the country, the multicultural population skew among the younger generations is even more pronounced as is their influence on the total market. ***We see proof of this skew in the chart above which shows that multicultural children under 15 represent well over 50% in 10 U.S. States.*** This represents tremendous growth implications and opportunities among multicultural consumers for U.S. marketers.

And it is with this "new majority" in mind that some of the nation's largest marketers are shifting the way they speak to multicultural audiences, shaping their messages to address a group that is



increasingly complex and diverse. Their preferences, tastes and ways are influencing what is now known as the "general market."

Being relevant today will require reflecting all consumers the way they actually live in the multi-culturally influenced total market. The fact is that today's youth market, multicultural or otherwise, is color blind to ethnicity and intolerant of being placed in a box. They live, shop, study, work and play together NOT in niches and they respond to marketing efforts that reflect this.

While dedicated messaging is still important, three significant overarching changes in Marcom strategy are critical: 1) the need to discard the old stereotype that marketing to Hispanics means Spanish-language advertising to a less sophisticated consumer, 2) the need to include multicultural consumers in English language efforts because ***two thirds of Hispanics speak English and consume mostly English language media***, and 3) the need to lead "total market" efforts with ethnic insights.

Why? Because as multicultural markets have grown so has their influence on the total market. Popular culture; largely driven by multicultural influences has permeated U.S. consumer lifestyles for the last 50 years and never so profoundly as in the last 10 radically influencing Total Market preferences and behavior. Multicultural consumers have influenced popular culture in aspects of politics, music, sports, movies, fashion and food, and today's American consumer has a "sweet tooth" for a variety of multicultural fare. In many cases, their choices are not even considered "multicultural, they are just choosing what they like. Nowhere is this more true than among the country's youth market.

***Marketers must recognize that relevantly growing their brands will require recognizing the signs that "general market" has come to mean something other than "white" and a re-visioning of today's multi-dimensional consumer.***

In most cases, this will mean leading marketing strategies with multicultural insights that will enable marketers to speak to and reflect pertinent lifestyle and cultural cues as input for product development, messaging, merchandising and promotions in English and Spanish – in dedicated efforts and in total market efforts.

The sharper minds in corporate America are already leading or are trying to learn how to lead their marketing through multicultural insights, and to their advantage – at least for now, they are in the lead.

- "We know the face of America is changing, and we want our marketing communications to mirror what's going on in this country so State Farm has shifted its marketing based on the understanding that young people across ethnic groups may have more in common than older folks of the same race. It's very deliberate. I think industry-wide, as America becomes more multicultural, you will see more ethnic insights across the board. I think we're seeing it already, but I think we'll see it two-, three, four-, five-fold going forward," said Pamela El, VP-Marketing at State Farm. "



- "It's very clear that African-American, Hispanic and Asian-American consumers set the trends," McDonald's USA Chief Marketing Officer Neil Golden said in a speech at last year's ANA conference, adding that 40% of McDonald's U.S. business comes from the Hispanic, Asian and African-American markets.
- "Within the next three decades, Hispanics, African-Americans, Asians and other minorities, as well as young consumers, will become the country's new majority," Jeff Bewkes, Time Warner's chairman-CEO, recently said in an internal memo calling for a company-wide revamp of multicultural initiatives under the heading, "The Multicultural Key to Our Growth." Mr. Bewkes, concluded in his internal memo: "It is more important than ever for us to get this right, because the future is coming faster every day."
- "Ultimately, what's happening here is that multicultural audiences are no longer a separate market ... they are the general market," said Guy García, author of "The New Mainstream" and founder and CEO of Mentamatrix.

Additionally, understanding which segment of the Hispanic population is your target is critical. As we've heard many times – the market is not a homogenous group. Yet, as I write this, there are many companies for which the recently arrived, less acculturated Hispanic is not the most productive customer profile yet these same companies spend millions against a Hispanic consumer segment which won't be profitable for them for at least five years to ten years.

Many misaligned strategies are being driven by agencies of record who insist that Hispanic marketing means Spanish because their revenue models depend on placing dollars in Spanish language media – what makes sense from a consumer and business strategy perspective is sometimes being sacrificed. The flip side of this coin are clients who limit their agencies' to tactically mirroring "general market" efforts in Spanish because they don't see or don't know how to see beyond this paradigm and / or because artificially set budgets are simply too small to place English language targeted media efficiently.

Today's consumer landscape requires a reframing of how clients utilize their agency partners to create meaningful and synchronized efforts that make sense for the "new mainstream." This can only happen when marketers stop relegating Hispanic segment strategy to agency partners and actually go through the rigor of the due diligence to understand which Hispanic customer segments are most productive for their brand regardless of ethnicity/ culture or language. If they did this, they would be able to better lead their organizations and their agencies in optimizing efforts.



Consumers' and companies' DNAs must align – if a marketer doesn't have the products, distribution, price points or infrastructure to service and retain a certain Hispanic segment, why market to them? That isn't to say that you walk away from this consumer segment, but you do acknowledge that what they really represent is a market development opportunity. Then the question becomes whether the company is willing to invest resources to develop these consumers in order to win their lifetime value and in so doing, decision are made on whether the company is willing to invest to adapt their offering and organization to develop a market segment.

The answer to the question is – it depends. Unless the product is a cross cultural staple or a well developed category, the more productive Hispanic consumer segment will in most cases be a more bicultural and bilingual or even English dominant Hispanic. And, depending on the category, the majority of the media should be in English. But this is just one of many scenarios that may or may not be true for your product and service.

***And, don't be so quick to assume that current general market efforts are the solution.*** It has to be relevant. This is where the ethnic insights come into play. This is an area of great controversy, but mostly because many marketers still do not see this through a strategic lens. Clearly, identifying, reaching and relevantly meeting the needs of productive Hispanic sub-segments requires greater sophistication and competency in merging art and science to properly capture the multicultural mindset. But attaining this competency is critical in order to be in a position to craft the right messaging, allocate budgets strategically, choose the right media regardless of language and also deliver or even develop the right products and services.

And, beyond Marcom efforts, ensuring a satisfying customer experience across all customer touch points is critical to retention efforts and positive word of mouth (Read ROI) lest Marcom efforts be wasted again when brands aren't successful retaining the customers they attract. This means ensuring that product / service and retail delivery aligns with the types of Hispanic customers buying the company's products or going into your stores or websites – this would include digital screens, employees, self-serve payment or checkout kiosks, signage, collateral, merchandising and product assortment.

This also means that post sale strategies, actions and communications must follow suit – everything from billing, to customer service lines, CRM and loyalty efforts and even online account management functionality must all be in alignment – this doesn't always mean language, but it certainly means culturally relevant content and images.

Importantly, organizations must own the responsibility and be accountable for knowing what this relevant delivery must look like, how to execute it and how to create the infrastructure and allocate the resources to do so across business lines and functional areas.



So the old adage, “know thy customer” becomes more and more important as the Hispanic population grows, and as it grows more complex as a consumer segment. Some questions you may want to ask internally should include:

- What are the opportunities on a brand-by-brand basis within our portfolio or products assortment?
- How can we use current data resources available to us to calculate the potential?
- What other data sources are available?
- How should we be designing and implementing primary research against this consumer?
- How can our brands craft strategies that are appropriate to the market?
- On a brand-by-brand basis, what is the best path to reach the market?
- What industry best practices exist in these areas?
- Does our company have the internal capabilities and competencies to do this?
- How do we make Hispanic Marketing a core competency within our company?
- What would this team look like?
- How do we identify the right Hispanic-focused marketing agency to help us execute our strategies in a way that will drive our brands’ success within the market?

It is speculated that the Hispanic segment may be underdeveloped in some categories because not enough resources have been invested to properly assess, plan and implement a solid strategy against it – and this may be true – while in others because quite simply companies have been targeting the wrong folks or targeting them with the wrong message and in the wrong language and media.

I’m sure we’ve all heard the quote “Insanity is doing the same thing over and over again and expecting different results.” Yet many organizations continue to do the same thing and wonder why ROI in the Hispanic market isn’t greater, but few organizations stop to assess their strategies and do the due diligence to understand the right approach and to take corrective measures where necessary. Does this sound familiar?

The 2010 census results are upon us and companies who strategically organize and prepare to understand this market segment, its diversity, cultural influences, taste preferences and shopping behaviors are likely to win big given the exponential growth of the Hispanic population well into the future. Will yours be one of them?

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