



How Is the Recession Changing Hispanics as Consumers?

How is the economy affecting the Hispanic market? The answer, at this time, may be inconclusive. In a recent article by Terry Soto, president & CEO of About Marketing Solutions, she cites data from Experian and concludes that Hispanics may be "recession proof" or at least "recession aloof."

For example, 34 percent of Hispanics are optimistic about their finances in the coming year (compared to 25 percent of non-Hispanics), and 29 percent of Hispanics are more positive about the U.S economy (compared to 21 percent of non-Hispanics).

Hispanics may also be less burdened with financial difficulties because they are not as involved in some of the most problematic areas. According to the Simmons NCS data, 46 percent of Hispanics use credit cards compared to 72 percent among non-Hispanics, and only 15 percent of Hispanics own investments (compared to 43 percent of non-Hispanics). The Experian data also highlights that Hispanics are more likely to rent their homes than non-Hispanics. This makes them less likely to be affected by the mortgage foreclosure.

There are some categories in which Hispanics are spending more than their non-Hispanic counterparts. According to a Packaged Fact Study, Hispanics spend more in:

- * Food at home (8.3 percent vs. 6.8 percent -- of total annual expenditure)
- * Poultry (0.5 percent vs. 0.3 percent)
- * Fresh vegetables (0.6 percent vs. 0.4 percent)

That Hispanics spend more in food is not surprising. They have bigger households and like to cook from scratch. But interestingly enough they are also spending more in less expected areas, for example, in apparel and services (4.8 percent vs. 3.7 percent). What is more, Hispanic men are more likely to keep up with the latest fashions (25 percent vs. 17 percent). Also...

- * They like to experiment with new styles (26 percent vs. 14 percent)
- * Buy the latest fashion every season (17 percent vs. seven percent)
- * Enjoy any kind of shopping (28 percent vs. 13 percent)

More Hispanics say they buy recycled paper products (men 40 percent vs. 34 percent and women 45 percent vs. 39 percent). Also, Hispanics are more likely to claim that they would pay more for environmentally friendly products (men 42 percent vs. 35 percent and women 47 percent vs. 40 percent).

But additional data from the Nielsen Homescan Hispanic Panel presents a less positive view on how Hispanics perceive that the current downturn is affecting their lives. The research shows that about half of Hispanics feel that their household is somewhat or much worse off financially now than a year ago, and 37 percent feel that their or their spouse's job is not too secure or not secure at all. More than 70 percent feel that their level of savings to deal with potential disasters is not secure.

According to this study, not only do Hispanics have a less positive outlook, they have changed some of their consumer habits; for example, in the past three months they are eating at fast food restaurants less often (64 percent vs. 47.9 percent of non-Hispanics), and close to 45 percent are bringing lunch to work more often (compared to 36 percent of non-Hispanics).

(Source: Retail Wire, 06/19/09)