



García Trujillo Hispanic Consumer Insight Survey:

*Latinos' Emotional Connection with Companies and Brands*

**Conducted by:**



2/24/2011

### **About Garcia Trujillo Holdings, LLC**

Garcia Trujillo Holdings, LLC helps Fortune 500 and multinational companies and their management teams to grow market share in the global Hispanic market by focusing on strategy, execution, operations and organization. Founded by top Hispanic business leaders, the business services firm also operates a merchant bank and venture capital firm. Garcia Trujillo clients have access to its data-rich online systems, full-service analytics and Hispanic market research to enable a company to link strategy with execution at many levels of operations. In addition, the firm applies its proprietary strategic P.O.D.E.R. methodology, which includes a customized independent Hispanic business steering committee to work with management teams and the company's CEO to drive an integrated Hispanic business strategy. More at [www.garciatrujillo.com](http://www.garciatrujillo.com).

### **Introduction**

**Garcia Trujillo, LLC commissioned this study to explore Hispanic perception about how U.S. companies –broadly defined as large companies and brands – treat U.S. Hispanic consumers and workers. Given the growth of the Hispanic population in the United States and the associated growth of the Hispanic consumer market, this study explores how Hispanic perceptions of large U.S. companies affect their ability to attract Hispanics as consumers.**

**The study measures how Hispanic consumers perceive the value U.S. companies assign to them. It began with the assumption that U.S. companies are focusing resources and initiatives to attract Hispanic consumers. Lured by the size, youth and growing affluence of this demographic sector, many large companies – including AT&T, Wal-Mart, McDonald's, General Mills, GM, and Coca Cola – have initiated programs over the past few years targeting Hispanic consumers. This study attempts to determine if these efforts are paying off.**

**The final census results will likely confirm what is already known about Hispanic consumers. Perhaps most importantly, Hispanics already account for more disposable personal income than any other minority group in the United States. In 2010, Hispanic disposable personal income surpassed the trillion-dollar mark. These same estimates project that by 2015, Hispanic purchasing power in the United States will reach \$1.5 trillion, or over 70% of all minority purchasing power.**

**Most recent studies of the Hispanic consumer argue that this demographic is not only growing in size –the initial findings from the 2010 census have already revealed that there are approximately 50 million Hispanics – but that it is also increasing in influence. In 2010, Hispanic purchasing power accounted for 11% of total purchasing power in the United States, and projections are that this figure will climb to 15% by 2015. These are indeed large figures and U.S. companies appear to be taking note. Efforts to attract Hispanic consumers have been around for many years, although they intensified in the latter part of the 2000's when census data and studies such as those produced by the Pew Foundation documented the growing Hispanic presence in the United States.**

**Increasingly, businesses are making Hispanic consumers a core part of their marketing and product development. Given this trend, Garcia Trujillo decided to assess the effectiveness of these efforts to attract Hispanic consumers. Others, such as the Hispanic Association on Corporate Responsibility (HACR), do a good job of documenting the kinds of Hispanic-oriented programs and initiatives that U.S companies have initiated, the focus here is on the Hispanic consumers themselves and how they perceive these initiatives by U.S. companies.**

**This survey gauges the extent to which Hispanic consumers are aware of these corporate initiatives, and explores whether the consumers view them positively. Among other things, respondents were asked if they perceived that U.S. companies valued them as consumers and workers. In addition, the survey explored the extent to which Hispanic consumer loyalty is**

affected by companies' giving support to Hispanic causes and issues. Finally, the survey explored how Hispanics view efforts by U.S. companies to attract and retain Hispanic employees.

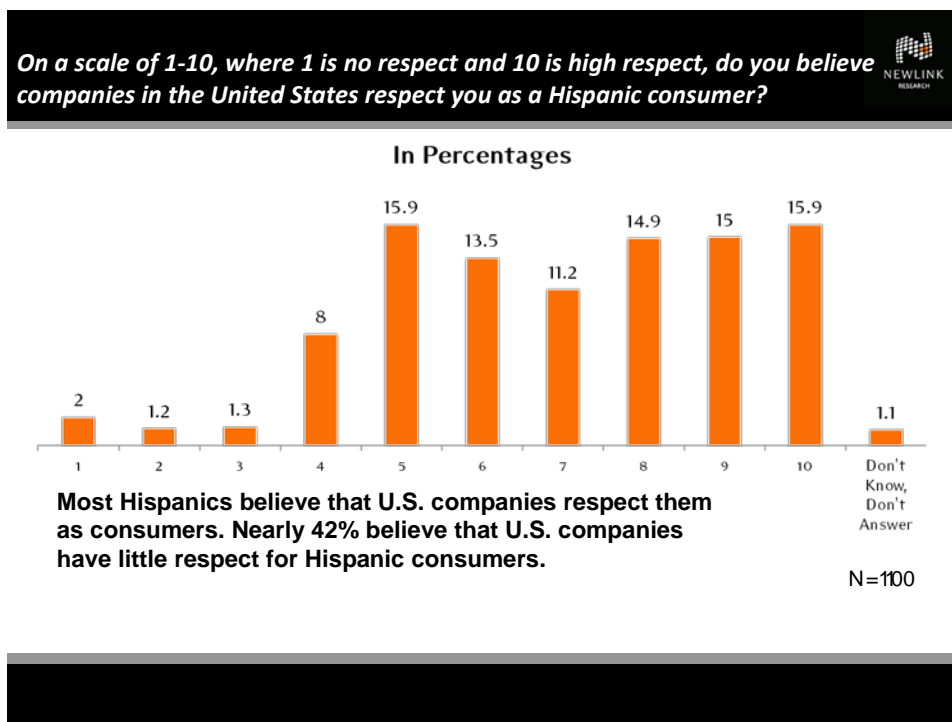
### Methodology

This survey was conducted January 24-29, 2011 using a standard telephone questionnaire applied computer-assisted telephone interviewing through Newlink Research's CATI system. Bilingual operators conducted the interviews, which lasted approximately fifteen minutes. Interviews were conducted in English or Spanish, with the language preference selected by individual respondents. The sample size of 1,100 is a representative sample of adult Hispanic consumers who reside in the four regions of the U.S (Southeast, Northeast, Southwest and West) that have the greatest concentration of Hispanics in the United States. The margin of error is three percent with a confidence interval of 95%. Apart from the regional stratification, the sample took into account standard age, gender, and national origin parameters. The data set, including the questionnaire and SPSS file, is available for evaluation upon request.

### Results

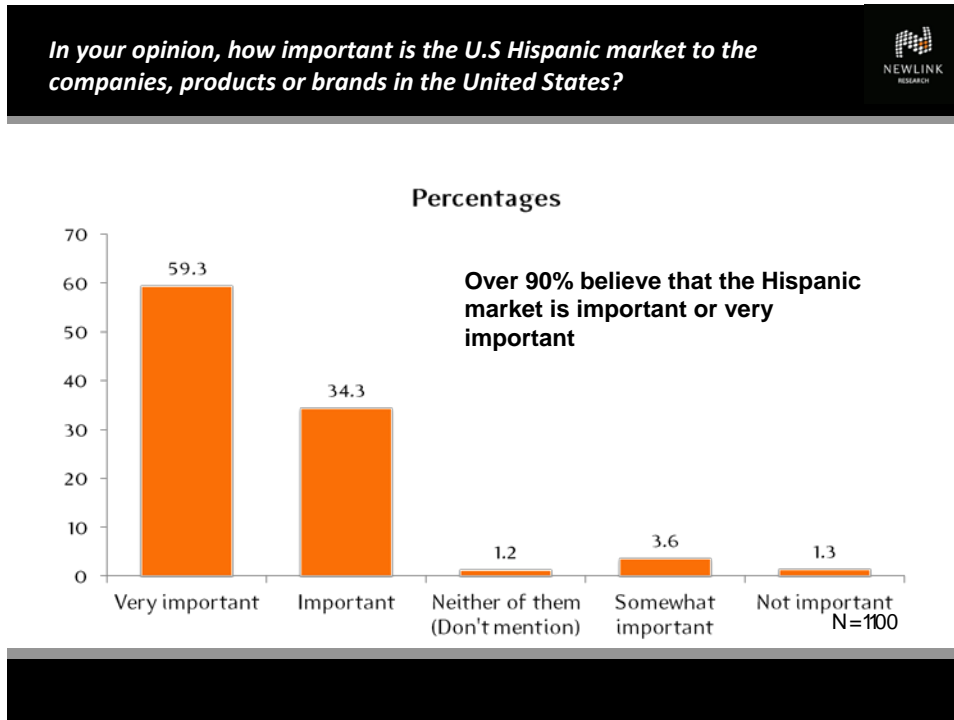
Given the growth of Hispanic purchasing power, it follows that large U.S. companies are likely to demonstrate higher respect for Hispanic consumers. These initiatives have been largely successful, with the finding that seven in ten respondents (71%) stated that U.S. companies show some degree high respect for them – with nearly 31% responding in the two highest rankings and only three percent in the two lowest. Still, more than one in four (28%) rank companies on the lower half of the “respect” scale. Considering the lengths to which many U.S. companies have gone to attract Hispanic consumers, it is noteworthy that such a high number of Hispanic consumers perceive a lack of respect in the marketplace.

### Respect for Hispanics as Consumers



It is noteworthy that lower income Hispanics were the most critical of U.S. companies, while higher income Hispanics generally had a positive regard for them. Wealthier Hispanics with greater purchasing power felt most respected as consumers. These results are consistent with the idea that higher income Hispanics are more acculturated and fall within majority market preferences.

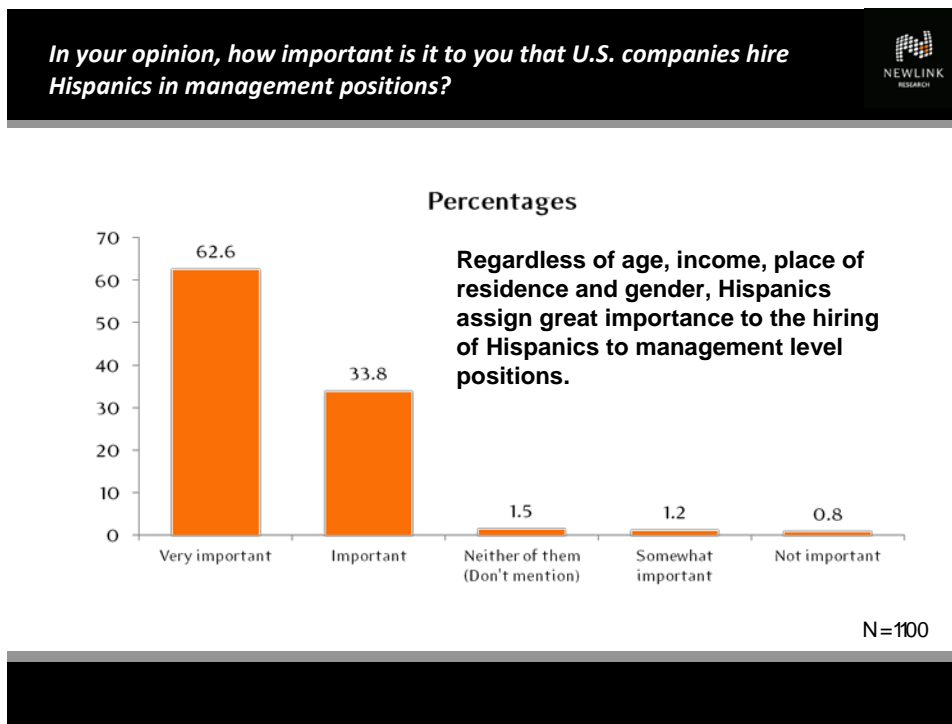
### Importance of Hispanic Market to U.S.



Hispanic consumers clearly believe they are an important segment of the U.S. market, a belief that is supported by population and income growth numbers. While most studies reflect the growing influence of Hispanic purchasing power and its potential to contribute to company revenue, it is also probably true that most Hispanics are not diligent consumers of market studies. Their sense of importance is not derived from academic or specialized literature but from the everyday perception of their influence in the U.S. marketplace. This perception of importance cuts across all income and age brackets.

Companies should heed this high level of awareness among Hispanics of their growing importance in consumer market, considering that this view is tied to the objective reality that by 2015, Hispanics will account for up to 15% of the purchasing power of the U.S. market.

## Hispanics in Management Positions



Like any other ethnic group, Hispanics would like to see more of their own in management positions in U.S. companies, an aspiration that is tied to a perception that too few Hispanics have been able to break through to management levels at large U.S. companies.

That perception is correct; the reality is that very few Hispanics have made it to management or executive positions in large U.S. companies. According to recent studies, Hispanics occupy just 1% of the top corporate executive positions of the largest corporations in the United States.<sup>1</sup> The Pew Hispanic Center, a leading research institution on Latino issues, produced a major study in 2005 which noted that:

*Hispanics are concentrated in non-professional service occupations, such as building and grounds, cleaning and maintenance and food preparation and serving... Occupations in which Hispanic workers are concentrated rank low in earnings, education requirements and a general measure of socioeconomic status.*

Moreover, that study concluded that the representation of Hispanics in management and professional occupations declined between 1990 and 2000.<sup>2</sup> While data on the trend since this study was published are not available, it is unlikely that much progress has been made.<sup>3</sup>

Hispanics do not hold a significant number of executive positions in the smallest U.S. corporations, either. Considering that Hispanics make up about 16% of the U.S. population and that over the next four decades they will represent the largest growing segment of the population, U.S. companies should take

<sup>1</sup> Hispanic Association of Corporate Responsibility, 2011 Corporate Inclusion Index

<sup>2</sup> Rakesh Kochhar, The Occupational Status and Mobility of Hispanics, (The Pew Hispanic Center, 2005)

<sup>3</sup> Even at universities and community colleges in California and Florida, where large concentrations of Hispanics can be found, Hispanic administrators are few and far between. See, for example, Manuel Rivera, El Cedazo: Sifting and Shifting or The Hispanic Participation in the Management of the California Community Colleges: 1973-83.

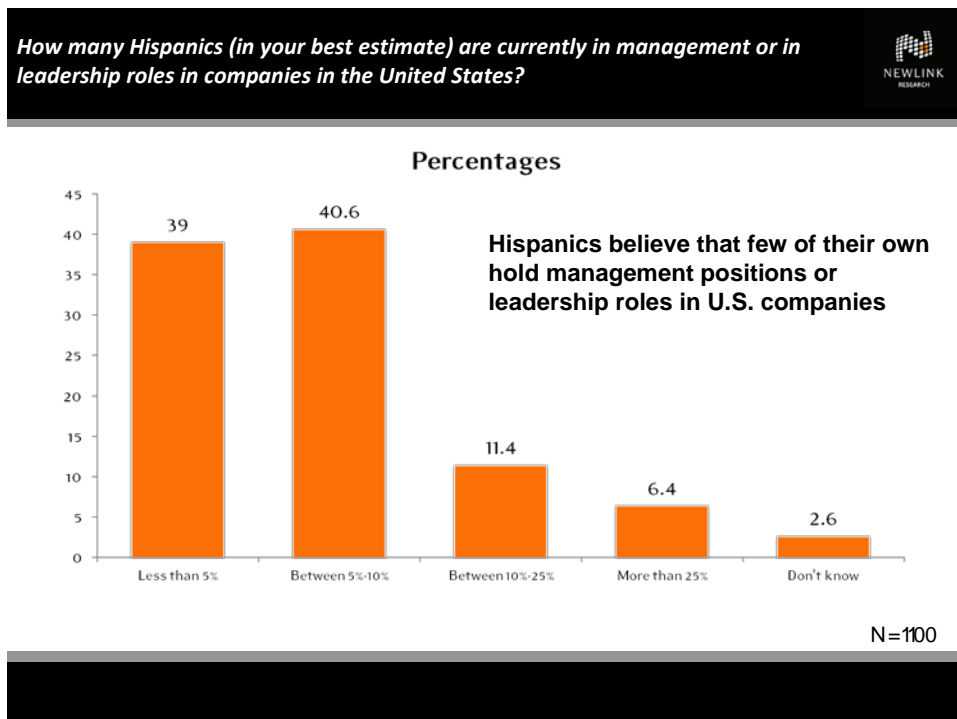
## Garcia Trujillo Hispanic Consumer Insight Survey: *Latinos' Emotional Connection with Companies and Brands*

this enormous gap into account and create targeted responses that prepare them for future advancement. At a time when talent is the coin of the realm, underused Hispanic human capital is a major untapped asset

The presence of Hispanics on the boards of large U.S. companies is also an important issue. This is well-documented by the HACR reports, which track Hispanics on boards and in the executive suites of the largest U.S. corporations. While the HACR survey notes that Hispanic presence on boards has increased considerably over the past decade, just under 4% of board seats are currently held by Hispanics.

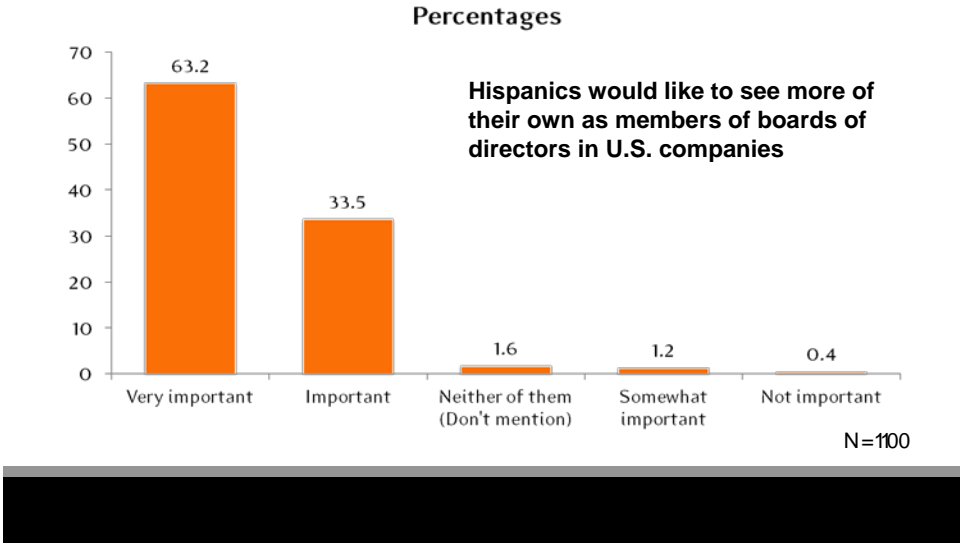
Hispanic consumers are aware of the small presence of their own in management positions and on boards. This survey shows that Hispanic consumers believe that members of their community hold fewer than 10% of all management positions. Still, one in five respondents greatly over-estimate the presence of Hispanics in leadership positions – and about 60% over-estimate to some degree. Still, the actual number is small and is disproportionate to the size and presence of the Hispanic population and its place in the U.S. labor force and consumer market. The presence of Hispanics in management and board positions will continue to grow over the next few years; however, much time is likely to pass before their presence at those levels begins to match their overall population, or even the small (but inflated) percentage perceived by many of the survey respondents.

### Hispanics in Management or Leadership Roles



While Hispanics correctly believe that few of their own hold management or leadership positions in U.S. companies, not surprisingly they would like to see more. Again this seems like an obvious response. Any ethnic group asked the same question is likely to express a desire for more of their own to hold leadership positions. The point in this study is that many Hispanics believe their presence in leadership positions is much higher than it actually is.

**How important is it to you that companies in the United States have Hispanics on their boards of directors ?**


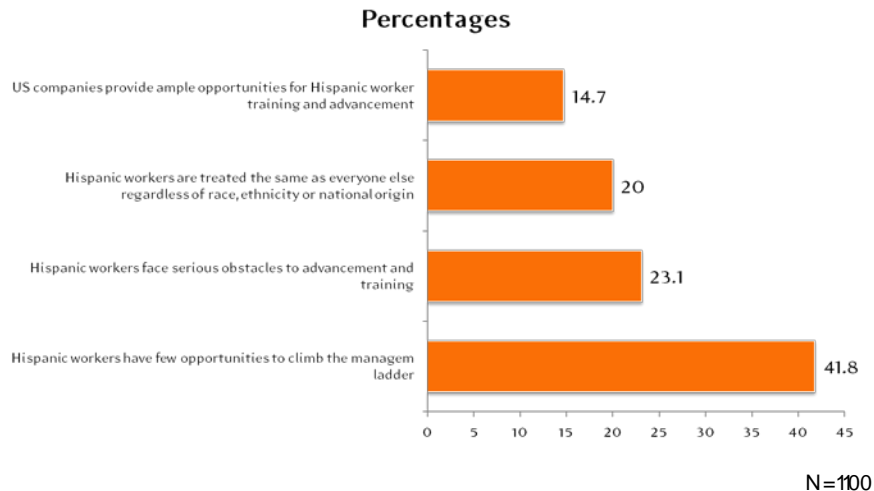
Another dimension of Hispanic presence in U.S. companies has to do with the perception of how companies treat the Hispanic labor force. While more than one in three find “ample opportunities” and “equal treatment” in the workplace, over 60% believed that Hispanic workers face serious obstacles to advancement and have few opportunities to climb the management ladder.

One of the most telling indicators of the overall treatment of Hispanic workers is wages. Over the past decade, studies have documented the sad reality that despite population growth at a faster pace (mainly because of immigration) than any other group, the wages of Hispanics, both native and non-native born, continue to be low. For foreign-born Hispanic workers, median wages have continued to decrease and in the absence of comprehensive national immigration reform, it is unlikely that this situation will improve.<sup>4</sup>

<sup>4</sup> See, for example, Kochhar, Rakesh, C. Soledad Espinoza and Rebecca Hinze-Pifer. “After the Great Recession: Foreign Born Gain Jobs; Native Born Lose Jobs,” Pew Hispanic Center, Washington, D.C. (October 29, 2010).

**Treatment of Hispanic Workers by U.S. Companies**

*Which of the following statements best reflects how companies in the United States treat Hispanic workers?*

This study reveals that a majority of Hispanics have a pessimistic perception of their own chances for professional growth. Nearly 42% of our sample claimed that U.S. companies provide very few opportunities for employees to “climb the management ladder.” This sentiment is strongest among first-generation Hispanics who also identify language as the principal barrier to their personal advancement. Older first-generation Hispanics are clearly the ones most affected by language barriers. While language is the first barrier for advancement, findings confirm that the lack of higher education is also perceived as a major obstacle to professional advancement. In short, the absence of English language skills and post-secondary educational attainment are the most serious perceived obstacles to Hispanic advancement.

The American Community Survey and the U.S. Census have amply measured language proficiency. Data for 2008 reveal that only 63% of all Hispanics are proficient in English. Over 80% of Puerto Ricans are proficient in English; however, others, including Mexicans, lack language skills that might allow them to move up the management ladder.

Data from the Pew Hispanic Center reveals the extent to which educational skills may be affecting Hispanic advancement. Only 13% of all Hispanics hold a college degree and only 26% have a high school education. The differences are also great among Hispanic nationalities. Colombians have the highest proportion of college-educated people (30%) yet they rank seventh in size. Only 9% of Mexicans, the largest segment of the Hispanic consumer and labor force, has a college education.<sup>5</sup>

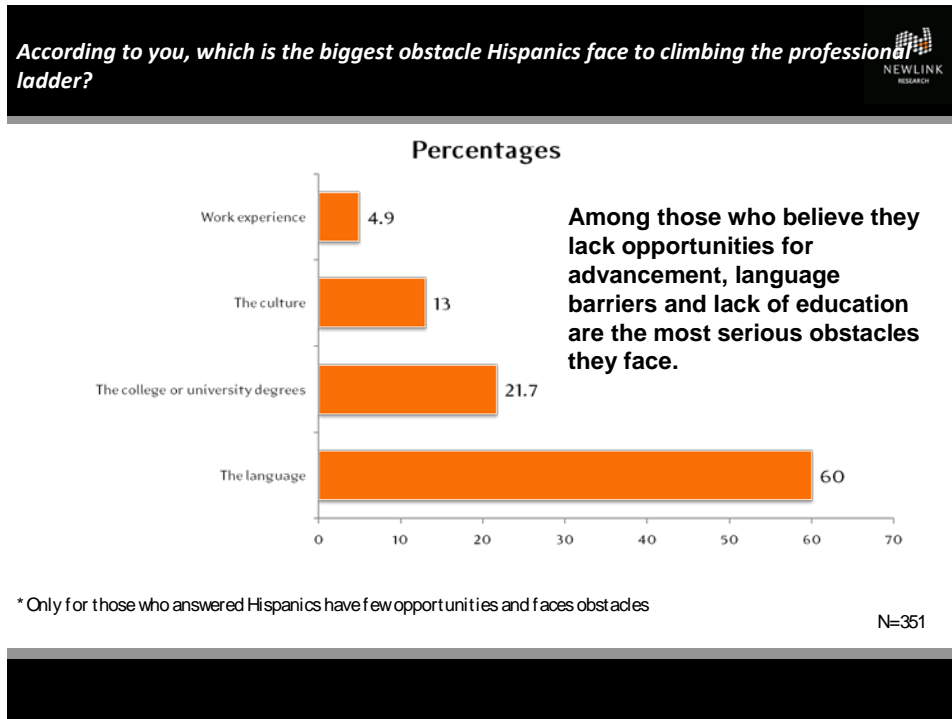
<sup>5</sup>According to the U.S. Census, “18% of civilian employed Hispanics or Latinos 16 years and older worked in management, professional and related occupations in 2008. The same percentage worked in production, transportation and material moving occupations. Another 15 percent worked in construction, extraction, maintenance and repair occupations. Approximately 24 percent of Hispanics 16 or older worked in service occupations; 22 percent in sales and office occupations; and 2 percent in farming, fishing and forestry occupations. The number of Hispanic chief executives in 2008 was 79,440. In addition, 50,866 physicians and surgeons; 48,720 postsecondary teachers; 38,532 lawyers; and 2,726 news analysts, reporters and correspondents were Hispanic.” See: [Hispanic Americans: Census Facts — Infoplease.com](http://www.infoplease.com/spot/hhmcensus1.html#ixzz1Dlem8NOL)  
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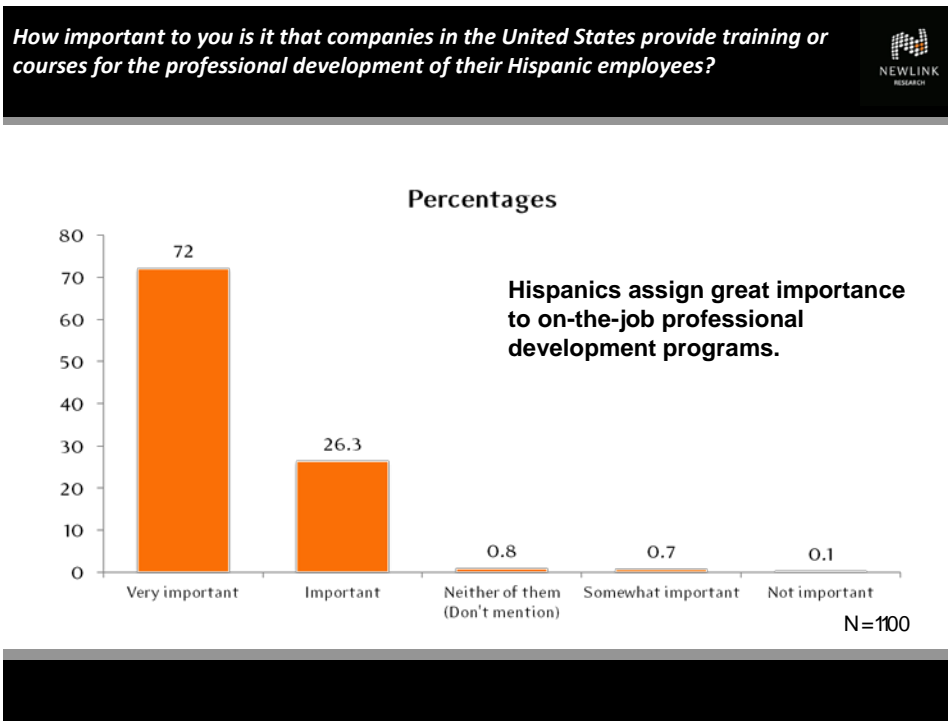
Differences between Hispanics born in the U.S. and those who are foreign born is another important differentiating factor. According to the 2008 American Community Survey, many foreign-born Hispanics end up working the construction and general services industries. This structural reality affects not only Hispanic presence in leadership positions; it also influences their income levels in relation to U.S. born Hispanics. While U.S. born Hispanics have an average annual income of \$33,607, foreign-born Hispanics make only \$25,460 per year.

### Biggest Obstacle to Hispanic Professional Advancement



From the analysis thus far it is clear that many Hispanics perceive important obstacles to professional advancement – especially language skills and post-secondary education. It is also clear that Hispanics have high expectations and would like opportunities for advancement. The study identifies the importance that Hispanics assign to training and educational opportunities provided by U.S. companies: over 90% of those surveyed assign great importance to training and professional development. One of the ways to overcome obstacles for Hispanics may be company-provided training. Many large companies already offer these kinds of opportunities.

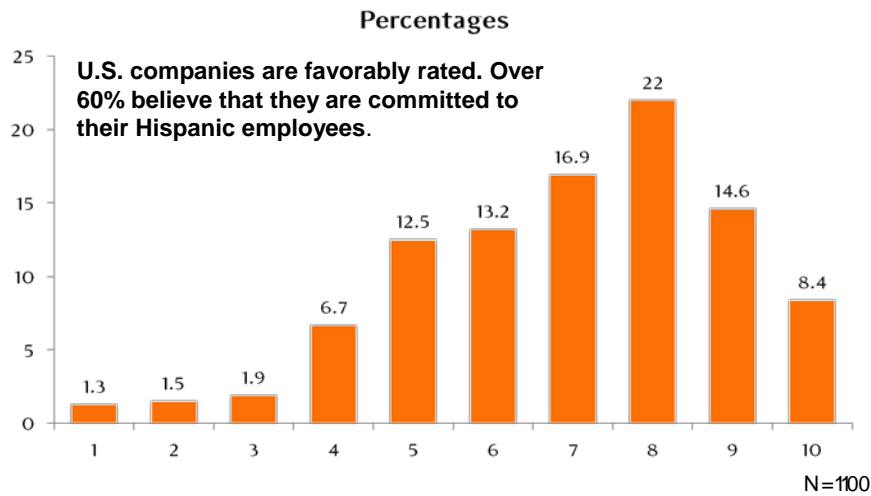
### Importance that U.S. Companies Provide Training for Hispanic Employees



The commitment of U.S. companies to Hispanics can be measured in a variety of ways. The HACR survey does a good job by asking large U.S. companies to respond to describe their on-the-job training opportunities. By contrast, the Garcia Trujillo study asked Hispanic consumers how they perceive large company commitment to Hispanics. Overall the response was positive with over 50% of those surveyed stating that U.S. companies are committed to their Hispanic employees. Specifically, the number of training programs and other benefits provided to Hispanic employees can be used as a measure of commitment. The HACR survey notes that, “Of the 44 respondents, 25 reported having internship programs specifically designed or geared to recruit Hispanics, while over 95% reported they do have an Economic Resource Group ERG/Affinity group and an Executive Champion that supports the ERG/Affinity. Of the remaining companies, 4% had neither an ERG nor Executive Champion.” As in other areas explored by this survey, the trend is positive though some might question the pace of growth.

## Commitment to Hispanic Employees

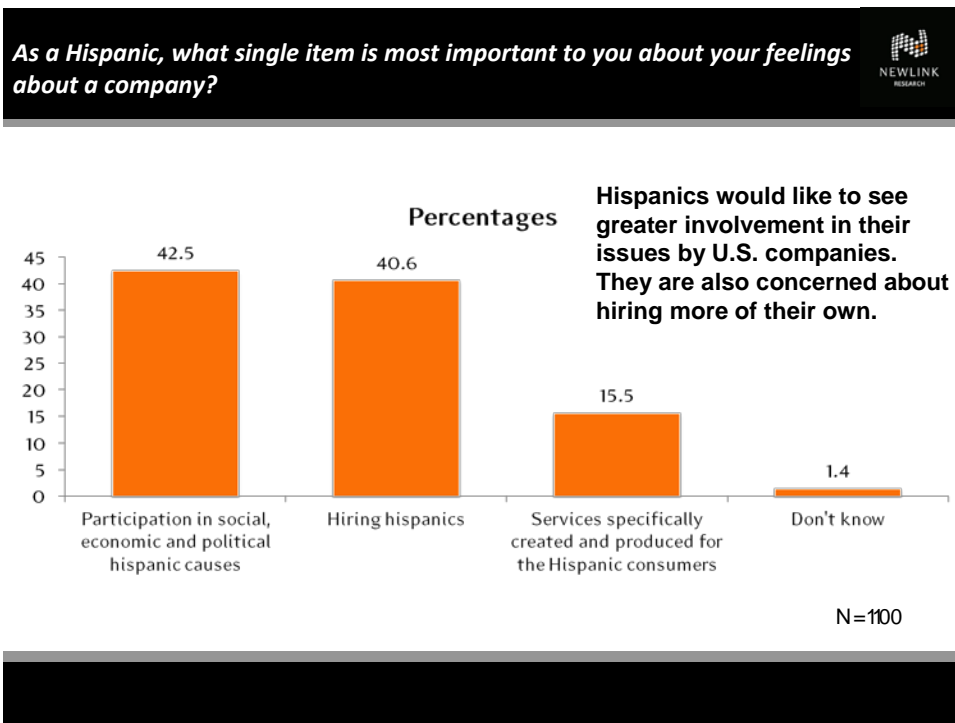
*On a scale of 1-10 where 1 is not committed and 10 is strongly committed, in general, and in your opinion, how committed are companies in this country to their Hispanic employees?*



An important indicator of commitment was the extent to which Hispanics perceive that large U.S. companies support Hispanic causes and charities. Hispanics assign extraordinary importance to large company involvement in key issues important to the Hispanic community. This is not surprising given the particular moment that the Hispanic community is facing in the United States. The immigration, healthcare, and job creation debates are central to Hispanic aspirations. These findings reveal that Hispanic consumers might be more inclined to support companies that identify with their principal causes. As the HACR survey reveals, however, large U.S. corporations do not give much to Hispanic causes and charities. According to the HACR survey:

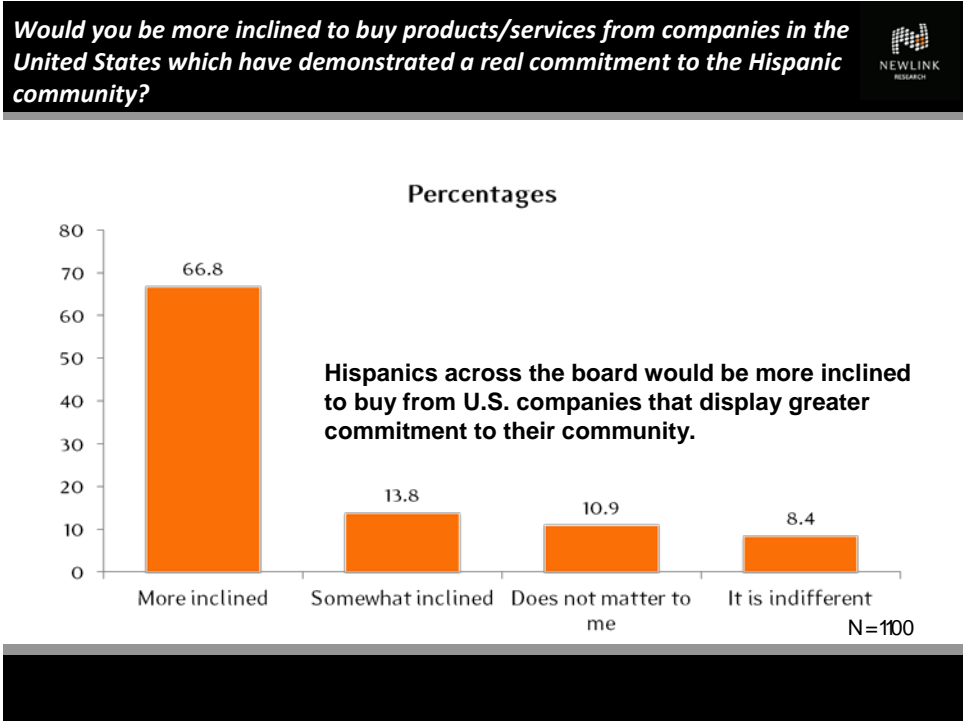
*A total of \$155 million was given in 2009 from corporate foundations and/or general giving. Of these dollars only \$31 million were contributed directly to the Hispanic community. Nearly one-third of the respondents acknowledged a contribution of 5% or less as their Hispanic give in 2009.*

### Items of Importance to Hispanics

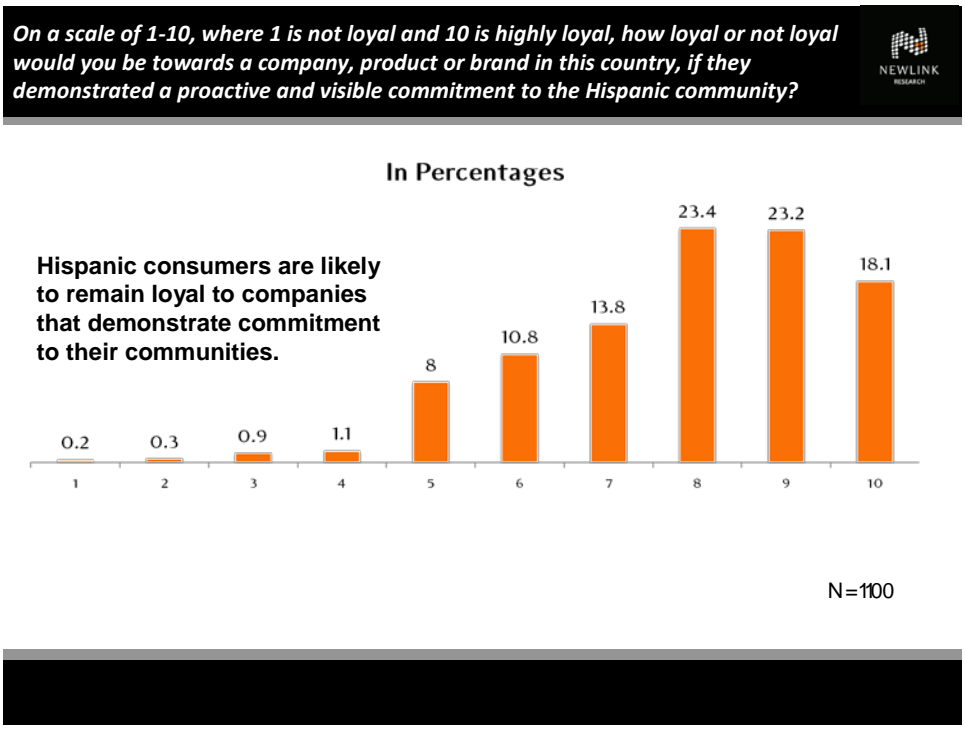


Our findings suggest that large U.S. companies can benefit among Hispanic consumers by increasing their participation in Hispanic causes. The message is clear; companies that hire Hispanic employees, and identify with Hispanic causes are likely to benefit from increased Hispanic customer loyalty. Our results show that Hispanics place enormous value on company involvement in their social, political and economic causes. They give equal importance to the hiring of Hispanics. Considering the high unemployment rate among Hispanics, this concern is not surprising. This study clearly shows that concern for Hispanic causes, hiring more of their own, providing opportunities for upward mobility, and promoting more Hispanics into leadership positions are recurring themes in the responses of Hispanic consumers.

**Loyalty to Large U.S. Companies**



**Hispanic Loyalty to U.S. Companies**

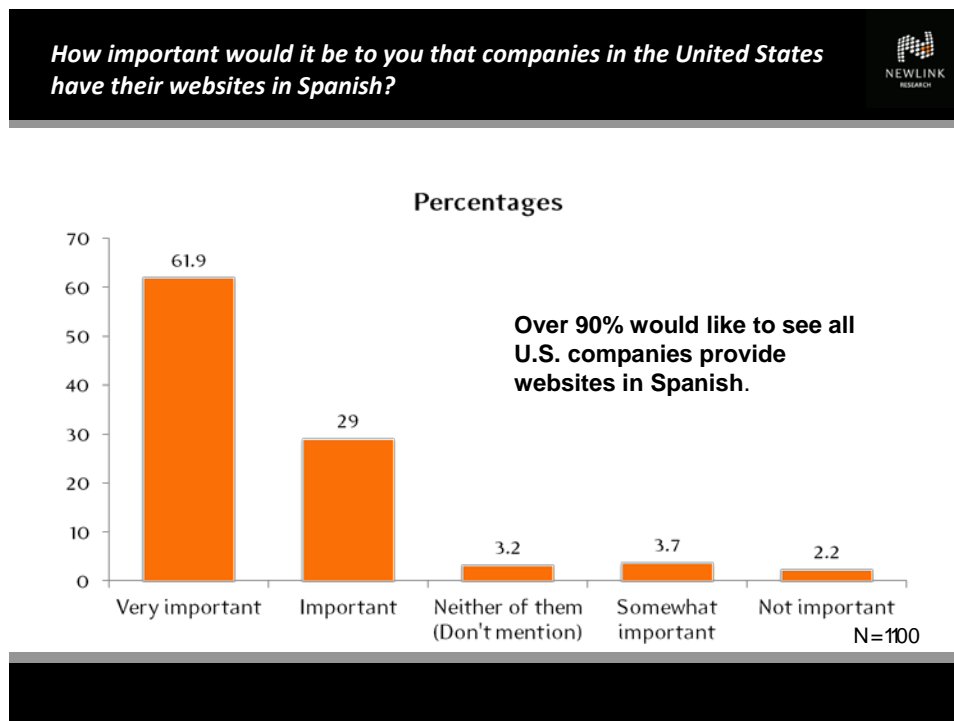


The final component of the survey dealt with the Spanish language as it relates to large U.S. corporations. This survey suggests that companies of all sizes would do well to consider the use of Spanish in a variety of ways. For example, our respondents stated that it is important to them to see Spanish speakers in advertising campaigns. A large majority also believed that companies should develop Spanish language websites. These responses must be placed in the context of the 2010 census data. According to the current U.S. Census data, 35 million people age five and older spoke Spanish at home in 2008 in the United States. Put another way, 76% of all Hispanics five and older speak Spanish at home. Only 12% of U.S. residents spoke only Spanish. More than half of all Spanish speakers spoke English "very well."<sup>6</sup>

Recent data from Nielsen drives home the point that large U.S. corporations could benefit by conducting more business in Spanish. Hispanics of all stripes, including those who speak mostly English, are watching Spanish language television. Nielsen reports that almost one in three of all English-mostly Hispanics spend more than an hour a day watching Spanish language television. Interestingly,<sup>7</sup> about the same number of Spanish-only Hispanics spend an hour or more watching television in English.

More than nine in ten Hispanic respondents (91%) stated that it was "important" or "very important" for companies to provide Spanish language web pages. Recent data on Internet usage show that Hispanics are indeed using the Internet, especially those who are bilingual. Contrary to the conventional wisdom, however, bilinguals and even English-mostly Hispanics spend significant time surfing the web in Spanish. According to Nielsen, almost 40% of mostly-English speakers report using some Spanish language Internet daily.

### Importance of Spanish Language Websites

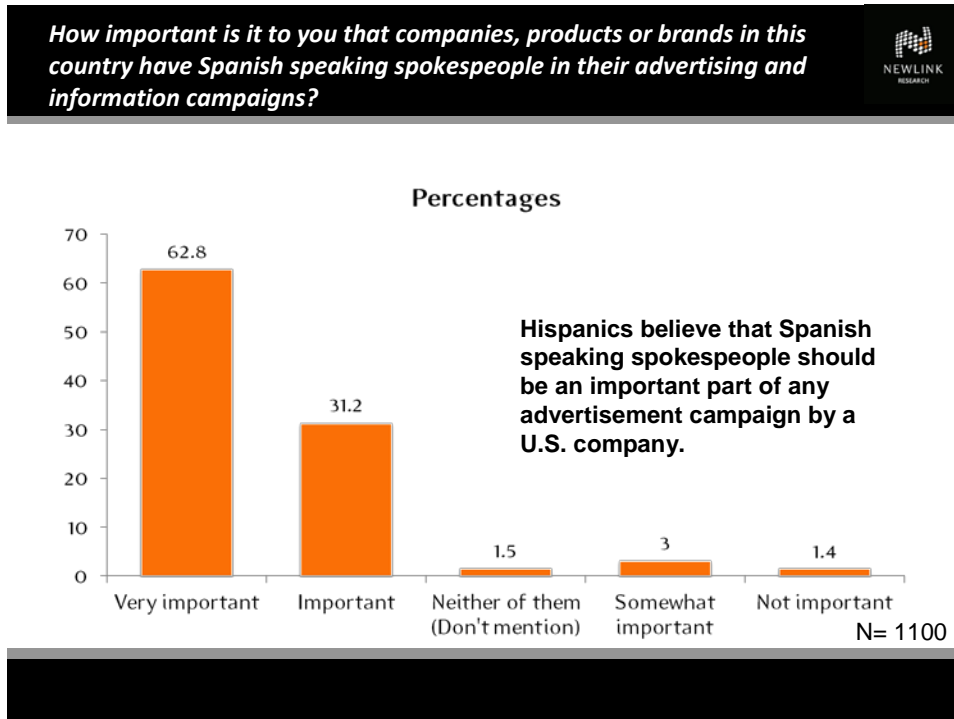


<sup>6</sup>Hispanic Americans: Census Facts — Infoplease.com <http://www.infoplease.com/spot/hhmcensus1.html#ixzz1DIYZnkzS>

<sup>7</sup> A Snapshot of Hispanic Media Usage in the U.S., September 2010, <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/Nielsen-Snapshot-of-Hispanic-Media-Usage-US.pdf>

Nielson also reports that computer ownership among Hispanics is high: 72% claim to own a computer and 89% claim to have Internet access. Nielsen survey results show that almost half of Hispanics spend some time each day on the Spanish language Internet. And, surprisingly, about one-third of respondents claimed that they never look at the English language Internet at all. In short, large numbers of Hispanics are surfing the Spanish web and U.S. companies would likely benefit from reaching out to Hispanic consumers through web pages in Spanish.

### Importance of Spanish Speaking Spokespeople



Hispanics are beginning to appreciate their growing influence, not only in the United States, but worldwide. The U.S. census shows that over the last twenty years, the size of the Hispanic population has doubled. Estimates are that by 2050, Hispanics will constitute approximately 30% of the U.S. population. If the Hispanic population of the U.S. were treated as a nation, it would constitute the second largest Hispanic origin nation in the world, surpassed only by Mexico. The results of this survey point out that Hispanics have increasing self-awareness and a justified sense of their growing importance in the nation's changing marketplace. Against this backdrop, large U.S. corporations should focus and differentiate their efforts to appeal to U.S. Hispanics. Additionally, by aligning their interests with those of the Hispanic community, U.S. companies would improve their opportunity to increase their market share among this growing and increasingly wealthy demographic.

## Conclusion

This study reveals that, on balance, Hispanics in the U.S have a fairly realistic image of both their growing importance in the marketplace and the factors that are barriers to their advancement. Growing influence is indicated, first and foremost, by the fact that since 1990 the Hispanic population has more than doubled, and that U.S. Hispanics, as a group, have made the United States the second largest Spanish speaking country in the world. Projections for continued growth are also an important reason to take this population seriously, as some estimates suggest that by the year 2050 close to one out of every three Americans will be Hispanic. This has important implications for the U.S. labor force and the consumer market; U.S. companies that take these numbers into account will clearly be advantaged as they move into the second decade of the 21<sup>st</sup> century.

The study also shows that these trends and projections are widely understood among Hispanics and that Hispanics aspire to be taken seriously and would like to see large U.S. companies assign greater value to them as consumers and as workers. However, the reality is that U.S. companies have been slow to advance Hispanics into corporate leadership and management roles and onto corporate boards. Our survey shows that many Hispanics optimistically – and wrongly – believe that they hold a higher proportion of board positions than they actually do.

It is also noteworthy that Hispanics have what seems to be a realistic view of the obstacles to advancement. Indeed, most identify language and educational deficiencies as the main barriers to advancement – and not that companies systematically lock Hispanics out of leadership positions and the boardroom. The 2010 census data should send a very important message to U.S. Hispanics: We need to improve our high school and college graduation rates if we are to ever reach our full potential in the United States. Indeed, it is encouraging that that nearly three out of four Hispanics (72%) see on-the-job training as “very important” to professional development.

This survey shows that while U.S. companies may not have many Hispanics in leadership positions, this group is certainly becoming a major part of the consumer base. And, to be consumers, Hispanics do not have to hold any specific degree or even speak English. They tend to purchase goods and services regardless of their command of the English language – though more than half speak English “very well.”

The survey also shows that strategies for winning Hispanic customer loyalty. The HACR survey reveals that U.S. companies do not give a major share of their donations to Hispanic charities or causes. However, this spotlights an opportunity because our survey shows that Hispanic consumer loyalty could be swayed by U.S. companies’ giving more time, talent and treasure to Hispanic causes.

A final concluding observation involves language. Hispanics clearly see that one of the keys to advancement in the U.S. workplace is to learn English. Increasingly, however, given the fast pace toward global markets and increasing diversity in the U.S. market, bilingual skills will be a positive advantage for many workers. Even in some domestic markets like Miami, Houston, and Los Angeles professional level bilingualism is already a valued asset and in the near future is likely to become an expected skill for increasing numbers of professionals and workers.

The language issue is more complex when it comes to consumers, as demonstrated not only by our survey but also by other studies, including the Nielsen tracking polls. To achieve success with Hispanic consumers, data show it is important to market and sell in English *and* Spanish. Even English-mainly consumers spend some time each day with Spanish language television or web pages. Our respondents overwhelmingly stated that they would like to see more Spanish language spokespeople and web pages, even though a majority of our respondents were English-mainly speakers. In the final analysis, it is good marketing these days to sell in both languages.

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