The Hispanic Market
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Hispanic Market Potential
The 42.7 Million U.S. Hispanic population is greater than...

- The entire country of Canada
- A combined 15 states

Canada’s Total Population 31.0 Million

Hispanics fuel U.S. growth

Hispanics are the nation’s **fastest** growing and **youngest** minority group. Hispanic growth is increasingly fueled by **U.S. births.**

**Hispanic population leads in minority growth**

- **MINORITIES AS PERCENT OF U.S. POPULATION (295.4 million)**
  - White: 67%
  - All minorities: 33%

**HISPANIC POPULATION GROWTH**

- 42.7 million Total Hispanic population growth

**AT A GLANCE**

- Hispanics are the largest minority group. The second largest minority group is blacks (39.7 million), followed by Asians (14.4 million).
- The median age of Hispanics is 27.2 years compared to 36.2 nationwide. About a third are under 18 years of age, compared with one-fourth of the overall population.

**2004-2005 growth**

- 1.3 million (800,000 native births, 500,000 immigrants)

Source: U.S. Census Bureau

By Anne Carey and Ron Coddington, USA TODAY
Geographic concentration

Nearly half of U.S. Hispanics live in 7 key cities:

- Los Angeles: 18%
- New York: 10%
- Miami: 5%
- Houston: 4%
- Chicago: 4%
- Dallas: 4%
- San Francisco: 3%

Source: Nielsen Hispanic Estimates 2006
Dispersion to “new” states

“New” states experienced rapid Hispanic growth between 1990 and 2000

Map 1
Hispanic Growth by State, 1990-2000

Source: Pew Hispanic Center tabulations from the 1990 and 2000 Censuses

North Carolina 394%
Arkansas 337%
Georgia 300%
Tennessee 278%
Nevada 217%
South Carolina 211%
Not a homogeneous population

Average Hispanic household size: 3.32
Average Non-Hispanic household size: 2.48

Living en Familia

Expanding buying power

Hispanic buying power is growing faster than any other group: 1990 – 2010, 413% increase in Hispanic buying power (vs. 165% non Hispanic)

U.S. Diversity Snapshot Population and Buying Power

<table>
<thead>
<tr>
<th></th>
<th>Population (M) 2005</th>
<th>Population (M) 2010</th>
<th>Buying Power ($B) 2005</th>
<th>Buying Power ($B) 2001</th>
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<tbody>
<tr>
<td>Latino</td>
<td>42.4</td>
<td>49.4</td>
<td>$735.6</td>
<td>$1,086.5</td>
</tr>
<tr>
<td>Black</td>
<td>38.0</td>
<td>40.6</td>
<td>760.7</td>
<td>1023.4</td>
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<tr>
<td>Asian</td>
<td>13.2</td>
<td>15.3</td>
<td>396.5</td>
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<tr>
<td>Native American</td>
<td>2.9</td>
<td>3.1</td>
<td>51.1</td>
<td>69.2</td>
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<td>Bi/Multi Ethnic</td>
<td>4.5</td>
<td>5.0</td>
<td>80.6</td>
<td>111.7</td>
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<tr>
<td>Total U.S</td>
<td>296.1</td>
<td>310.1</td>
<td>$9,100.8</td>
<td>$11,847.0</td>
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</table>

Source: Selig Center for Economic Growth, May 2005
Hispanics in the U.S. are undergoing acculturation – retaining their culture, but incorporating U.S. beliefs and values to create new traditions.

The Process of Acculturation

**Yesterday**
Assimilation meant replacing one’s culture with a new one.
Mandated change;
Give up culture.

**Today**
Acculturation means acquiring a second culture.
Less of a mandate to change;
Acceptance of different cultures.
Bilingualism persists among 2\textsuperscript{nd} and 3\textsuperscript{rd} generation Latinos. Among Hispanic school-aged children, 92% speak English very well, although 85% of these kids speak Spanish at home most of the time.

### Primary Language Among Latinos, by Generation in the United States

<table>
<thead>
<tr>
<th></th>
<th>1st Generation</th>
<th>2nd Generation</th>
<th>3rd Generation and Higher</th>
</tr>
</thead>
<tbody>
<tr>
<td>English Dominant</td>
<td>4%</td>
<td><strong>46%</strong></td>
<td>78%</td>
</tr>
<tr>
<td>Bilingual</td>
<td>24%</td>
<td>47%</td>
<td>22%</td>
</tr>
<tr>
<td>Spanish Dominant</td>
<td>72%</td>
<td>7%</td>
<td>-</td>
</tr>
</tbody>
</table>

**Source:** Pew Hispanic Survey Brief "Language + Assimilation" 2004
Communicating in Spanish still important

- Despite a shift towards bilingualism in the 2nd and 3rd generations, it is estimated that nearly 80% of 2nd generation Hispanics speak Spanish and 35% of 3rd generation Hispanics still speak Spanish.

- Among Hispanic Adults, commercials in Spanish are:
  - 61% more effective at increasing awareness
  - 57% more effective in terms of message comprehension, and
  - 4.5 times more persuasive as those in English

Source: Roslow Caveat: Roslow’s sample excludes English only, Roslow Research Group, US Hispanic Population Projections by Age and Spanish Language
Trends in the Hispanic Market
The new mainstream

The increased presence of Hispanics in top US markets and the amazing population growth of the Hispanic market continues to reshape our idea of mainstream. Hispanics are renewing pride in their cultural roots, including the Spanish language, preparing traditional meals, and the importance of music and family. Salsa now outsells ketchup! Americans are eating more Mexican food than ever before. Today’s Hispanics are defining the new multicultural America.
When Hispanics arrive in the US, they become “Latino” or “Hispanic.” Before they arrived, they were Mexican or Guatemalan or Cuban…but in the US, they are “Hispanic” – living, eating, and working alongside Hispanics from other countries and from the US. As the Hispanic Market grows and disperses, Hispanics are learning about new ingredients, recipes and traditions from Latinas with different backgrounds … and from non-Hispanics.. That means traditional foods take on a new twist, there are new holidays to celebrate, different genres of music to dance to and even new slang to learn.
As Hispanics blend and mix cultures in the US, food is a key source of “experimentation.” Food retailers like Goya now sell “regional” specialties from the Caribbean, Mexico and Central/South America. Hispanic retailers focus on “must-haves:” fresh-made tortillas, tropical fruit frescas, produce from around the world, and a full-service carniceria, featuring fajitas, carnitas, and chorizos. New “Hispanic-focused” products are entering the marketplace every single day.
The ever-evolving Hispanic family now features Latina moms who are more likely to work outside the home, kids who act as “chief information officers” and multigenerational families speaking more than one language under the same roof. This means the Hispanic woman is living at 150% - increasingly multi-tasking, balancing duties for the house and family, while assisting with financial responsibilities. She listens to her kids for lots of information and is increasingly looking for ways to save time.

Source: Yankelovich Monitor Multicultural Marketing Study 2005
Changing times

Although Latinas continue to cook from scratch more often than not, changing roles and time demands have inspired many Hispanics to embrace convenience foods (frozen, canned) and food preparation methods. As they acculturate, Hispanic women are seeking “healthier” ways to prepare traditional dishes. Increasingly, Latinas are looking for ways to add their own “sazón” to some pre-made dishes to help save time. She is looking for simpler ways, not necessarily “easier” ways to prepare food. In the end, however, Hispanic women want to nourish their families with meals that feel homemade.

Source: NPD Hispanic Eating Trends 2005
Despite being the nation’s youngest ethnic group, Hispanics are a big part of the growing national obesity dilemma. In 2005, at least one in four Hispanic adults living in the U.S. was obese. Hispanics are also more likely to suffer from diabetes. As Hispanics acculturate, they are more likely to become obese – due to an adoption of fast/junk food, increased sedentary lifestyle and a scarcity of fresh fruit/vegetables.
Health watch

As Hispanics acculturate, their definition of “nutritious” undergoes radical changes. They shift towards more “American” views of nutrition and healthy eating. However, regardless of acculturation level, Hispanics believe that “homemade” is more nutritious and that food that is “healthy” often means sacrificing taste. They look for ways to conserve tasty, flavorful meals.

Less acculturated
Fresh
Homemade
Not going without
“Fed-well,” satisfied
Sabroso - tasty

More acculturated
Healthy ingredients
Nutritional content
Manner of cooking
“Well-fed”
Tastes good, good for you

Source: NPD Hispanic Eating Trends 2005
Meals mean more

For the Latina mom, food means love…not only fuel. Sitting down to a meal as a family is the rule, not the exception. This is time for mom to share her devotion and love for her family. She also passes down cultural traditions via the preparation of foods.

Source: Yankelovich Hispanic Monitor 2005
Today’s Hispanic consumers are in control – they are asking for products geared towards them…and retailers are responding. Bodegas and carnicerías abound. Products from Latin America are easier than ever to find. Mainstream menus feature Hispanic flavor. Traditional recipes are being customized and made simpler to fit the evolving role of Latina moms.

Products that balance flavor and nutrition are positioned for success in the Hispanic market.
Hispanics go to grocery store **3 times more** than other shoppers

- They **spend more** on groceries each week than other groups
  - Hispanics spend $117/week vs. $87/week for general market
- Household shopping is done in a series of “Big” and “Little” trips
  - “Big” Trip: Spending $100 - $200 every 15 days on household staples, non-perishable items
  - “Little” Trip: Spending $15 - $30 every week on fresh produce, meats and dairy
- Hispanics are most likely to shop as a family – Mom shops with husband and kids along for the ride

Hispanics focus on **frequent shopping** and **fresh items**. Bigger families and more homemade/scratch cooking means higher grocery spending.

**Sources:** Hispanic Ethnographies, New York and Los Angeles; Qualitative Communications Check; *El Mercado “A Perspective on U.S. Hispanic Shopping Behavior”*
Supermarket is the primary and the most frequented grocery channel for Hispanics

*Store Selection in the Last Month*

- **Chain Supermarkets**: 94%
- **Discount Superstores**: 68%
- **Drug Stores/Pharmacies**: 62%
- **Bodegas**: 60%
- **Carnicerias**: 56%
- **Panaderias**: 54%
- **Warehouse Clubs**: 46%
- **Limited Assortment Stores**: 38%
- **Convenience Stores**: 34%
- **Specialty Stores**: 29%

Specialized retailers are important for customized products:
- **Bodegas** – Produce Markets
- **Panaderias** – Independent bakeries
- **Carnicerías** – Butcher shops
Shopping the meatcase

While 1/3 of Hispanic shoppers prefer Hispanic stores/butchers due to:
- Fresher, more variety and availability of special “Latino” cuts
- Special trimming / packaging instructions
- More personal attention; feels like home

Regular chain stores are the leading meat purchase outlet, being preferred by 2/3 as many consumers believe they have fresher meat and are cleaner / more hygienic.

Source: National Pork Board Hispanic Focus Groups, Phone Survey
Perceptions of Pork
Perceptions of pork

- Already predisposed to eating pork

- Top 3 pork attributes:
  - Delicious
  - Easy to prepare
  - Good value

- Used as main ingredient in many traditional recipes; considered a mainstay of Hispanic culture

- HOWEVER, pork still ranks third in favorability behind beef and chicken

Source: National Pork Board Hispanic Focus Groups, Phone Survey
All parts of the hog consumed

<table>
<thead>
<tr>
<th>Caribbean</th>
<th>Mexican/Central Am.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stew (<em>Potaje</em>)</td>
<td>Soup (<em>Pozole</em>, feet)</td>
</tr>
<tr>
<td>Roast (<em>Asado</em>)</td>
<td>Tamales (shoulder, butt)</td>
</tr>
<tr>
<td>Shish kabobs</td>
<td>Tacos</td>
</tr>
<tr>
<td>Shredded</td>
<td>Meatballs</td>
</tr>
<tr>
<td>Breaded</td>
<td>With Cactus</td>
</tr>
<tr>
<td>Whole Stuffed Pig</td>
<td>With Green Chiles</td>
</tr>
<tr>
<td>Fried</td>
<td>Tripe (<em>Menudo</em>)</td>
</tr>
<tr>
<td>Sandwiches (<em>Medianoche</em>)</td>
<td>Boneless, cubed (<em>Carnitas</em>)</td>
</tr>
<tr>
<td>BBQ Ribs</td>
<td>Spine Soup (<em>Sopa de espina</em>)</td>
</tr>
</tbody>
</table>

Source: National Pork Board Hispanic Focus Groups
Top 10 Pork Cuts Served Regularly

- Chops: 53%
- Ribs: 30%
- Hocks: 23%
- Carnitas/Cubes: 19%
- Shoulder: 13%
- Ham: 9%
- Spine/Back Bone: 6%
- Skin: 6%
- Chorizo: 5%
- Feet: 5%

Texas A&M Development Research Shows:
- Pork chops and canned ham development is high
- Low development for processed products and tenderloin

Source: National Pork Board Hispanic Phone Survey
Barriers to consumption

- **Food safety concerns:**
  - Quality and care of livestock below U.S. standards in Latin America / homeland
  - Fear of trichinosis and other illnesses taken to the extreme
  - Consciously limit intake of pork to minimize risk

- **Nutritional/diet concerns:**
  - Health concerns in general prevalent in Hispanic market
  - Have been instructed by their family doctors to avoid pork; eat more white meat
  - No unanimous understanding of red & white meat classifications
  - Reflects a growing awareness of the ties between diet and health, but still trailing mass market

Source: National Pork Board Hispanic Focus Groups
Barriers to consumption

- Despite the love for pork within traditional meals and events, major misperceptions serve as barriers to increased consumption.

  - Negative perceptions relate not only to health and safety but also other benefits like convenience and comfort in preparation.

  - Misperceptions differed greatly from general market’s concerns & attitudes.

  - Hispanics are less aware/lack education on the entire meat category.

  - Underscores need for different approach in marketing.
It's not a safe food to eat: 22.40%
High in fat: 15.50%
High in cholesterol: 11.80%
Don't know: 11.10%
Health issues: 6.70%
Don't eat pork/too much: 6.30%
Like to change/variety: 4.20%
Like to eat pork/tastes good: 3.70%
Is expensive or too high prices: 3.10%
Other reasons: 3.10%
High in calories: 2.80%
Refused/no answer: 1.90%
Vegetarian/don't eat meat: 1.60%
Custom/tradition: 1.40%
Religious reasons: 0.80%

Among Hispanics, food safety and health are the key reasons for eating pork less often.

Source: “Test Your Knowledge” National Hispanic Omnibus
How the National Pork Board Addresses this Consumer
Pork’s positioning

“Pork is Healthy, Safe and Nutritious for your family, and it’s the Most Flavorful Part of the Meal”

**Target:** Hispanic Moms - Gatekeepers to communications and primary purchasers

**Strategy:**
- Create messages that balance emotional and functional benefits in culturally relevant ways
- Help eliminate any barriers to consumption of pork by:
  - Empowering consumers with new information and knowledge
  - Raising recognition of “U.S. Pork” quality
  - Raising “favorability” ratings
- Reinforce purchasing behavior by providing nutritional information
More about pork’s target

Demographics
- Spanish-speaking + bilingual Latina moms 18-49
  - Cook at home at least 4 times a week
  - Primary purchaser of food products
- Largest, most viable segment
- 8.1 million Hispanic Moms 18-49
- 72% have kids under 11
- Primarily in charge of grocery shopping and meal preparation

Psychographics
- She’s balancing traditional values with life in the U.S.
- Proud of preserving her culture & traditions
- Willing to make sacrifices for her family
- Constantly looking for the well being of her family
- Cooking is a vehicle to nurture and show love for her family;
  Family satisfaction = Validation of being a good mother
Pork’s brand personality

**CREATIVE**
Versatility
How you put your personal touches
Creative license, ownership with in her repertoire of Latino recipes

**ENGAGING**
Social
Engages families
More than just a meal
Engages your senses
Involves
Unites
Instills gatherings
Celebratory
An emotionally charged experience

**CONFIDENT**
Health (nutritious/safe)
Satisfies your appetite (taste/what your family longs for)
Quality; Seal of approval
NPB Hispanic advertising

- Focus on Los Angeles, Miami and Dallas as priority markets
  - Represents over 25% of the population of Hispanic women aged 18-49 (with a strong presence of Spanish speakers)
- Influence purchase decision through advertising to Hispanic female target
  - Spanish TV, female magazines, and direct mail are impactful touch points based on targets’ media consumption habits
  - 2006 plan delivers 25 million gross impressions against target
“La Gran Mentira”
(The Big Lie) campaign

Print

Direct Mail

DE CASADA JAMAS
HE MIRADO A OTRO HOMBRE

SIEMPRE HE USADO TALLA 2

NUNCA USE UNA RECIETA

I’VE NEVER USED A RECIPE
Public relations

• Utilizes traditional media relations tactics to communicate to multiple target audiences through:
  • Market tours
  • Audio news releases
  • Matte releases/food pages
  • Community outreach