

# 20 TREND 17 INSIGHT



## Hispanic Consumers: Food & Beverage

They're 57 million strong and have \$1.3 trillion in annual buying power. Their food and flavor interests span the spectrum, from authentic homestyle cuisine to Asian flavors to craft beer. But when it comes to making a purchase, Hispanics in America have checkboxes that must be met — how are your products appealing to this segment?

*Let's take a look at Hispanic consumers and their impact and interest in food and beverage.*



***We use the term “Hispanic” to refer to consumers from Spanish-speaking countries in North, Central and South America, therefore excluding both Spain and Brazil.***

## **Hispanic Consumers — A Force Worth Courting**

Currently, the Hispanic is counted as 57 million (18% of the total U.S. population) but it is set to add another 62 million by 2060 according to Nielsen data. As of 2015, this segment controlled \$1.3 trillion in annual buying power, an amount larger than the GDP of Australia or Spain. These numbers are only going to grow with Mintel predicting spending power to climb to \$1.7 trillion by 2019. And on top of that, food and meal time are extremely important cultural factors, so these Americans are certainly a demographic to consider when developing new food and drink products, marketing restaurants and stocking grocery stores.

### **First things first:**

#### **What do we mean when we say Hispanic?**

General confusion over the term “Hispanic” paired with the country’s proximity to Mexico can make it easy for Americans to think “Hispanic” directly translates to “Mexican.” But this isn’t the case.

The term Hispanic refers specifically to Spanish-speaking nationalities. The term is often confused with “Latino,” which refers to Latin America. Generally, “Hispanic” includes Spain, but excludes Brazil, since they speak Portuguese. Latino, on the other hand, includes Brazil, but excludes Spain because it’s not in Latin America.

In this report, we use the term “Hispanic” to refer to consumers from Spanish-speaking countries in North, Central and South America, therefore excluding both Spain and Brazil.

## Hispanic: More than Mexican

Know your customers! When product developers think of the Hispanic market, it's important to realize it isn't composed of one single group. There are more than 20 Hispanic countries, each with individual cultures, customs and cuisines.

Luis Lacal, general manager of Bakery Corp. in Miami explains how this affects his business: "In terms of the Hispanic population in South Florida, we don't have the same situation as California or Texas with Mexicans, where there's one particular ethnicity. In South Florida, you have (nearly two dozen) different nationalities, so any product you want to bring to the market doesn't go to just one."

One-size-fits-all products and flavors don't speak to Hispanic consumers. Non-Hispanics may not notice the tremendously broad brush being painted with, but Hispanics certainly do. Authenticity to regional flavors is extremely important when hoping to reach Hispanics, especially Millennials who represent almost 30% of the US Hispanic market. They have strong interests in foods with cultural ties. (More on this next.)

**48% OF ALL  
MILLENNIALS**

*have eaten Central or South American foods, including arroz con pollo and pupusas, in the past three months.*

—*Mintel's Defining Ethnic Food report*



*"In every single country from Guatemala, Costa Rica, El Salvador, Honduras, even though they use and eat tortillas, each one of them have a different kind of tortilla than Mexico."*

—*Luis Lacal, general manager, Bakery Corp., Miami*

---

## KEY PURCHASE DRIVERS

### 1 | Cultural Connection & Authenticity

Food is one of the key ways Hispanics celebrate and share their culture with their family and friends. No matter their age or first language, Hispanics have a strong emotional and cultural tie to food, both recipes/ingredients and brands.

*One of the biggest influences on Hispanic snack purchases and preferences is their heritage, culture and upbringing.*

***51% OF HISPANIC MILLENNIALS*** *who shop at Hispanic grocery stores visit a panadería (Hispanic bakery) or tortilla shop.*

One way Hispanics find this connection in the United States is by shopping at grocery stores specializing in products from home. 57% of all Hispanics in the U.S. say they're drawn to Hispanic grocers because they typically offer the products and brands that reflect their cultural tastes. 61% of U.S. Hispanic Millennials have shopped at a Hispanic supermarket once in the past year, and even though they may have more options than older generations. About 54% say they are drawn because of culture.



**Beer.** The category of beer is a great example of this cultural brand loyalty. Hispanic consumers spend a larger share of their money on beer than other multicultural consumers. In fact, according to Nielsen, “44% of Hispanic adults claim to have consumed a beer within the last 30 days, slightly above the U.S. average overall.” But a large portion of these beer dollars are going toward imported beers, many of them Mexican. Of the top 10 growing brands among Hispanics, half are Mexican imports.

“Connecting with their roots attracts Hispanic consumers to beers they very well may have consumed in their native countries,” says Eric Penicka of Euromonitor. He continues: “While roughly 65% of Hispanics in the U.S. are of Mexican descent, Hispanics from neighboring areas in Central America with cultural similarities have also found familiarity with Mexican beer brands and gravitated towards them.”

*Mexican Modelo Especial is America's fastest growing beer brand. It has seen tremendous growth over the last five years with most of its TV ads airing in Spanish only.*



Constellation Brands attributes its 74% sales growth to its beer category, which consists almost entirely of Mexican imports. In fact, Euromonitor reports that Mexican beers are driving the growth of the entire imported premium lager category.

Craft beer is a rising category with a strong flavor profile that *should* be a hit with Hispanics, says Gerry Loredo of Lopez Negrete Communications. But it has actually lost share with Hispanics over recent years, with only 18% identifying as weekly craft beer drinkers. Loredo says this is because brewers court Hispanics around Cinco de Mayo, but ignore them the rest of the year. A traditional lack of advertising also hurts. Even those breweries that do advertise don't often consider doing Spanish-language ads.

Immigrants and their families find comfort in drinking beer they're familiar with, but Hispanics are curious and welcoming of diverse cuisines, so a combination of familiar flavors and targeted outreach beyond May 5 could tap into this large (and growing) beer-drinking demographic.

**87% OF HISPANICS**  
*said their cultural background was important to their personal identity.*  
**66% OF HISPANICS**  
*seek beers that celebrate their heritage.*

—2016 Yankelovich Monitor survey

**“INDEPENDENCE” was a top driver among Hispanic craft beer drinkers.**

**Molli sauces.** Molli's line of cooking sauces and marinades represents authentic flavors from different regions of Mexico, like Acapulco, Oaxaca, and Veracruz. A response to the desire for authentic regional flavors and recipes, they're positioned as "home and comfort" to Hispanic consumers in ways current offerings do not.

"A lack of authentic Mexican food in America," says co-founder Rodrigo Salasa when asked for his inspiration for the brand. He and his wife moved to Texas from Mexico City and realized they couldn't find authentic Mexican foods and flavors.

"You go to grocery aisles looking for sauces that can help you make an authentic Mexican dish, and there are a few that are kind of generic Mexican flavors, like salsa verde, salsa roja," Salas told Carolyn Heneghan of *Food Dive*. "But nothing with the flavors that we were trying to get from all the different ingredients that we're used to eating in Mexico City."

"The major manufacturers basically put all these ingredients in a blender and put them in a jar. We do it the way a home cook in Mexico would do it from scratch," he explains. He says it is a process that takes more time, but delivers the authentic, regional, home-cooked flavor consumers are searching for.

In a year and a half, Molli has become the second-largest Mexican brand at the Central Market gourmet grocery store chain in Texas, selling more than 10,000 jars, according to *Food Dive*.



## 2 | Health & Wellness and Freshness

**What does wellness look like?** Living a healthy lifestyle is a significant concern for 78% of Hispanics, according to Mintel research.

Their motivations are pretty much the same as those of all U.S. consumers, including feeling better (72%), looking better (65%) and living longer (61%). The difference is Hispanics are taking a bit more holistic approach to what a healthy life looks like. They emphasize the physical aspects slightly less while taking mental, emotional and spiritual well-being into account, as well, says the Hartman Group.

**61% OF HISPANICS look for organic foods and beverages when grocery shopping.**

—Hartman Group

**Fresh is best.** Hispanic consumers identify healthy foods as those that are prepared fresh from scratch, and that has nothing to do with calorie counts. In other words: the fresher, the better. We see this desire for fresh food in how they shop. Nielsen looked at multicultural shoppers and found they are particularly influential in fresh groceries, meaning meat, produce, deli, bakery and seafood. Multicultural shoppers spend \$40 billion on fresh products

annually and devote 21% of their annual food spend to fresh. These consumers also spend 4% more on fresh food than white non-Hispanics, or \$60 million in annual sales. Hispanic consumers all over-index in the

amount they spend on meat, seafood, fruit and, interestingly, decorated cakes.

**Prepared Meals.** When shopping for prepared meals their desire for freshness is still evident. We see the same healthy living motivators of feeling better, looking better and living longer driving their selections. Two telling statistics supporting these findings are that almost half (46%) look for a full serving of vegetables in their prepared meals and more than a third look for it to be organic.

Beyond healthy lifestyle concerns, U.S. Hispanics are motivated by culinary curiosity when purchasing prepared meals. According to Mintel's Prepared Meals and Sides research, Hispanics are more likely than non-Hispanics to consider the variety of meals offered as a positive reason for trial. 30% of them say they eat prepared meals because of the wide variety of cuisine options, compared to just 18% of non-Hispanics. Further, Mintel reports almost 25% of Hispanics consider prepared meals a great way to try new cuisines, compared to just 14% of non-Hispanics.

**Hispanics are more likely than non-Hispanics to consider “organic” and “refrigerated” (versus frozen) as important choice factors when purchasing prepared meals. —Mintel**

**Hispanics are culinary adventurers.** According to the Mintel report “Defining Ethnic Food” Hispanics are much more likely than non-Hispanics to enjoy a wide range of international cuisines. Mintel's research found this adventurous spirit most evident in the exploration of regional and emerging ethnic cuisines such as Central/South American, Spanish, Thai and Korean.

### 3 | Family

*La familia* is extremely important in dining experiences for Hispanics, both at home and at restaurants. Research published by The University of Notre Dame's Institute of Latino Studies discusses how this consistent focus on eating as a family stands in contrast with the predominant American style of scattered, solo dining. They define this tradition as a strong marker of Mexican cultural values and an example of pushing back against the dominant culture even as they become more acculturated.

This focus on family means, naturally, that family-friendly restaurants are at the top of Hispanics' list for dining out. According to Mintel, more than six in 10 Hispanics (62%) bring children with them when they go out to eat. They're typically looking for places where they feel welcome, find a good value for their money, and that their kids enjoy.

### CONCLUSION

Developing and marketing Hispanic products — whether inside or outside the core demographic group — is a much more complex notion than one might anticipate, right down to identifying who your particular consumers are. Whether it's traditional Hispanic products, inspired twists on Latino classics or mixing up flavor fusions from a variety of Hispanic cultures, product developers should put time into learning who their audience is specifically and connect with them on the issues that matter most.

Most importantly, don't have a narrowed focus when trying to capture this consumer. Even the taste of tortillas vary from nationality to nationality, within this subset. And realize that many Hispanics have interests beyond their own culture, whether it's craft beer or Korean flavors. This means meeting Hispanics where they are, and making them a priority.

## Latino Cuisine Gets Stamp of Approval

*The United States Postal Service commissioned award-winning illustrator John Parra, known for his Latino-themed children's books, to create a series of stamps honoring the influence of Latino foods and flavors on American cuisine. The stamps feature bright illustrations of tamales, flan, empanadas, chile rellenos, ceviche and the traditional soup sancocho. Parra says the stamps bring back memories of the meals shared with family while growing up in California.*







## FONA CAN HELP!

Let FONA's market insight and research experts translate these trends into product category ideas for your brand. They can help you with concept and flavor pipeline development, ideation, consumer studies and white space analysis to pinpoint opportunities in the market.

Our flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. We understand how to mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution.

### CONTACT OUR SALES SERVICE DEPARTMENT

at 630.578.8600 to request a flavor sample or visit [www.fona.com](http://www.fona.com).

## SOURCES

Hispanic influences on snacks, Food Business News, April 2016

Authentic flavors and tradition keep Hispanic foods simmering, Food Dive, Carolyn Heneghan, July 12, 2016

Strong influence and culture ties drive older Hispanics food buying behaviors, Nielsen, December 8, 2015

Hispanic Millennials Seek Cultural Connection at Grocery Stores, Meat & Poultry/Nielsen, April 25, 2016

Fresh foods and flavors, Nielsen, November 4, 2016

The Hispanic Health & Wellness Consumer, The Hartman Group, May 5, 2016

Hispanic Consumers and Dining Out, Mintel, January 2015

How Hispanic consumers influence snacking culture, VRTC

Cinco de Maybe Not?, Peter Rowe, San Diego Union Tribune, April 20, 2017

Understanding Today's Craft Beer Lovers, Julia Herz, Brewers Association, August 15, 2016

Modelo Especial, Stella Artois are fastest growing beer brands, Samuel Stebbins, USA Today, December 17, 2016

Getting a flavor for what attracts Hispanic Millennials, May 31, 2016

Chains, like Applebee's benefit from Hispanic outreach, NPD Group, April 20, 2016

Pleasing Multicultural Consumers' Palates Can Drive Growth for Alcoholic Beverages, Nielsen June 15, 2016

Hispanics hop on the latest beer trends, Andrea Riberi and Eva Gonzalez

Hispanic Population Growth Not the Sole Driver of Mexican Beer Imports in the US, Euromonitor

Power Hour: Craft Beer Growth Opportunity Lies with Female Consumers, Justin Kendall, March 2017

Hispanics' Diet and Wellness, US, March 2016, Mintel

Fresh and organic attributes build prepared meals uptake with US Hispanic Consumers, April 2016, Mintel

<http://www.micfood.com/blog/hispanic-food-consumption-trends-authenticity-fusion-and-the-influence-of-kids/>

<http://www.nbc29.com/story/35203853/new-delicioso-postage-stamps-dedicated-to-latino-cuisine>

Food and Identity Among Latinos, Institute of Latino Studies, University of Notre Dame, 2011