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Hispanic Snacking Trends and Drivers

The Hispanic Market in the United States is not only growing in size, but it is influencing the way America eats, drinks and thinks.

According to U.S. Census Bureau statistics, the U.S. Hispanic population will grow by 33 percent from 2007 to 2017, fueled not by immigration, but by the rise in births. There are 53 million Hispanics living in the United States, making it our largest single ethnic group. This segment of our population had a 2012 buying power exceeding $1.2 trillion[1].

Food Business News (December 2012), projects that by 2017, Hispanic food and beverage purchases will top $10.7 billion; astonishingly, tortillas are outselling pasta, bagels, croissants, hotdog and hamburger buns.

Snack World magazine's state of the industry report (May 2012) showed the "Mexican Sauce" category exceeded $1 billion in sales, with salsa sales at a whopping $767 million, a rise of 0.6 percent over 2011. This seemingly flat performance is belied by the fact that the salsa market showed a remarkable recovery in 2011 over 2010 of 4.2 percent. Most mainstream grocers have established Hispanic food sections and integrated within produce sections offerings such as mangoes, plantains and sugarcane. We have even witnessed an explosion in the consumption of Hispanic-influenced, alcoholic beverages. KOMONews.com and other sources reported (October 17, 2013), "In 2006, nearly 107 million of liters of tequila were exported to the U.S., a 23 percent increase over 2005."

Language is Key

Of importance in understanding Hispanic snacking trends is an appreciation of the role the Spanish language plays to this ethnic group. Referencing information from the Pew Research Hispanic Center (2012), we learn that of the 53 million Hispanics in the U.S., more than 80 percent speak Spanish. 59 percent of Hispanic household's state that they speak Spanish "all of the time," and 33 percent say they speak Spanish half the time. Only 4 percent of Spanish households claim to speak no Spanish at all.

Spanish is a major touchstone and a driver to purchase. Reaching the Hispanic consumer is not an activity to be made with a broad brush-stroke; snack food purchasing patterns are

[1] Selig Center for Economic Growth, as quoted in AHAA, "The Voice of Hispanic Marketing."

influenced by the degree to which Spanish is spoken in the household. There is clearly segmentation that must be respected.

As with any other ethnic group, there is acculturation and assimilation within the Hispanic population. However, *unlike* other ethnic groups, the Hispanics gets much of their food and beverage messaging through the strong presence of U.S., Mexican and Latin American based-Hispanic television networks, radio, magazines, newspapers and a growing online presence. Trying to reach the Hispanic snack market without a respect for language and culture is an imprudent endeavor.

Snacking Preferences

We have conducted extensive Hispanic snack trend research for R&D, food technologists, formulators and marketing research professionals. The results have been interesting and at times surprising, and we shall summarize some of those trends and drivers in this document.

In households where Spanish is the *dominant* language, the household is *less likely* to eat salty snacks. This includes potato chips, crackers, tortilla chips, popcorn and cheese snacks. To Spanish dominant speaking consumers, health factors are extremely important including a desire for low fat, low cholesterol, low salt and low sugar.

In English dominant Hispanic households, those factors are of less importance. This is quantitatively demonstrable and statistically significant.

According to our research, in Spanish dominant households 79 percent want low fat in their snack foods, while in English dominant households, it declines to 39 percent. As to cholesterol, in Spanish dominant households 78 percent want low cholesterol versus English dominant Hispanic households at 41 percent. Low sugar in snack foods is also a major point of differentiation. In Spanish only households 75 percent deem it important to have low sugar as opposed to 39 percent in English-speaking dominant homes.

As to salt, a couple of examples show that where there is “mostly English,” spoken we often see a sharp rise in salty snack consumption. The classic Hispanic snack food, salty tortilla chips, are consumed in only 49 percent of Spanish dominant households, while 57 percent are consumed in English dominant Hispanic households.

Potato chip consumption also follows a similar though less dramatic pattern where 66 percent of Spanish dominant households consume potato chips but in English dominant households consumption rises to 69 percent.

The lower consumption of salty snacks in Spanish speaking households should signal an opportunity rather than a challenge. This market may, in fact, want snack foods with flavor profiles more focused on traditional and new Hispanic flavor traditions combined with a more healthful perception such as lime, cilantro, or even fruit flavors.

The one exception to primarily Spanish speaking Hispanics likely to eat salty snacks are young Hispanic men between 18 and 34. This group is less likely to be married and to eat meals at home.

The Influence of Children

Technologists and marketers should not ignore the influence of children as drivers to Hispanic snack purchases.

Hispanic households with one or more children under age 18 tend to eat more salty snacks. For example, 76 percent of all Hispanic households with children claim to eat popcorn snacks, versus 64 percent of Hispanic households without children. Potato chips follow a similar trend; 84 percent of Hispanic households with one or more children under age 18 eat potato chips versus 76 percent of Hispanic households having no children.

The influence of children can also be indirectly measured when reviewing language preferences. We have reviewed salty and savory trends in households exclusively speaking Spanish versus English speaking only Hispanic households. There is another category, "mostly English," where the results of consumption present a notable aberration.

For example, we mentioned salty tortilla chips, where in Spanish only versus English only Hispanic households consumption was 49 percent versus 57 percent. Yet in "Mostly English" speaking households it rose to 73 percent. Similarly, for potato chips where the Spanish speaking to English speaking Hispanic household's consumption rate was 66 percent to 69 percent, we see a dramatic rise in "Mostly English" households to 80 percent.

"Mostly English" Hispanic households have a broad exposure to media, both Spanish and English. It is likely that these are intergenerational households where children are bilingual or are moving from Spanish to English as their first language. Children are also in school situations where friends of other ethnicities eat salted snack foods and there may be aspirational preferences at play outside the home environment,

Where They Shop & What They Want

No matter the degree of Spanish in the household, all of the segments of Hispanic consumers tend to favor, in order, the following retail outlets: mass merchandisers, Hispanic supermarkets, and supermarkets.

Across all segments, and regardless of Spanish language preferences or the make-up of the household, *flavor preferences* are the most important driver to purchase. 80 percent of salty/savory snack purchases are driven by those seeking their *favorite flavor*. 78 percent of Hispanics seek out brands they trust, and not surprising 70 percent seek nutritious types of salty/savory fare.

Marketers and product developers should consider *focusing on flavor research*, creating and nurturing "trust," and emphasizing the nutritious aspects of snack foods. Being loyal to Hispanic consumers through quality products and a concerted effort to advertise and market will result in loyal customers.

There are areas in the salty/savory snacks category in regard to Spanish speaking households that are underserved and present significant upside for food companies with the right formulation and marketing efforts. The snack areas include salted nuts for *cooking purposes* and pretzels of all types in addition to salted crackers. Of interest as well, is that of all ethnic groups tested, Spanish dominant households have the least interest in meat jerkies and *baked* potato chips. Different flavoring systems and effective, Spanish language marketing programs may present significant opportunities.

Sweet Snacks

Though we have spent the majority of this paper discussing salty and savory snacks, we should touch on at least one aspect of "sweet." Far and away, ice cream represents the top sweet snack, particularly among *Latinas*. 79 percent of Hispanics state that they ate ice cream at least twice a month. Women comprise 83 percent of the consumers versus 76 percent of men.

In fact, Hispanic women are more likely than Hispanic men to regularly eat all kinds of sweet snacks regardless of language preferences in the household.

Know Your Market

The "Hispanic market" is not homogeneous and language preference in the household makes a difference as we have shown. Outreach to this market, especially with the launch of a new flavor, needs to be well researched and planned as to segment, preferences, the awareness of your brand and the perception that the various segments have about the nutrition represented by the product. The outreach must also anticipate where the customer is likely to shop. The results of a properly planned launch with concomitant advertising and marketing could play big dividends in long-term loyalty.