Strategic target marketing considerations and implications for the US Hispanic market

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Abstract  Hispanics, a highly diverse population in terms of geographical origin, education level and language usage, are the fastest-growing ethnic segment in the USA. Despite their growing economic power and cultural significance in the US marketplace, marketers are yet to address this market properly. Utilising both secondary data and interviews with advertising/marketing industry experts targeting Hispanics, this paper presents an application of the strategic marketing process that takes into account the multiplicity of cultural factors influencing the success of targeted marketing campaigns.
The paper provides tactical implementations to execute a multi-cultural marketing strategy. Examples from successful digital campaigns targeting a variety of Hispanic populations in the USA are provided as Hispanics over-index in digital technology usage especially in the mobile category. A brief section on managerial implications for marketing practitioners is provided as well.

KEYWORDS: multi-cultural marketing, Hispanics, digital marketing, marketing strategy

INTRODUCTION
In the context of the US domestic market, the mainstream approach to marketing has long been to target predominantly white households as representatives of the mass population. The proponents of standardisation and the general market approach argue that the convergence of consumption patterns around the world and within domestic markets has allowed brands to adopt a one-size-fits-all approach, thus enabling economies of scale. However, de Mooij\(^1\) argues that 'standardising marketing strategy across cultures does not contribute to a company’s bottom line'. Consumers of same or similar products and services do not necessarily share same or similar cultural values, beliefs or brand affiliations. For this reason, many marketing campaigns fail to reach multi-cultural markets appropriately.

The changing demographics of the nation are evident from the results of the US Census and industry statistics. Forecasts suggest that by 2030, the non-Hispanic white population will be declining annually and all US growth will be multicultural.\(^2\) In the 56 years between 1960 and 2016, the US Hispanic population grew almost tenfold, increasing from 6.3 million to over 55 million. US Hispanics, a highly diverse population in terms of geographical origin, education level and language use, are the fastest-growing ethnic minority in the USA. Indeed, they are no longer a minority in the states of California, New Mexico and Texas. The trajectory of the population growth has vital implications on the marketing world and how these consumers are targeted.

This paper presents an application of the strategic marketing process that takes into account the multiplicity of cultural factors that can influence the success of targeted marketing campaigns. US Hispanics are chosen as the focus of the study as they are the fastest-growing ethnic segment. Moreover, the Hispanic population stands out with respect to its pace of digital technology adoption, especially in the mobile category.\(^3\) Despite this, however, Hispanics are regularly underserved by marketers.\(^4\)

Although this paper draws examples from the growing Hispanic population, the strategy it describes is applicable to various market segments. While the lessons drawn from this application are not channel-specific, the focus of the paper is on digital or mobile platforms, as the US Hispanic population is currently over-indexed on mobile platforms. To this end, the paper starts with an introduction to the theoretical and conceptual background, to include the literature on targeted marketing. This is followed by the methodology section and sample excerpts from interviews with industry professionals. Based on secondary data, the paper provides an analysis of the demographic, psychographic and lifestyle characteristics of the US Hispanic population. The next section is composed of the stages of the strategic marketing process in the Hispanic context. To illustrate how the recommendations driven by this process can be implemented tactically, examples from successful digital campaigns targeting a variety of Hispanic populations in the USA are provided. The paper presents a brief
summary of managerial implications for marketing practitioners and concludes with a discussion of limitations, contributions and avenues for future research.

THEORETICAL AND CONCEPTUAL BACKGROUND

Targeted marketing

Targeted marketing strategy starts by identifying market segments based on their similar characteristics, then develops the marketing mix and deploys marketing campaigns designed specifically for the predetermined target segments. Marketing scholars recognize that, to succeed in a diverse marketplace such as the USA, companies may need to engage in targeted marketing campaigns. While the literature stream on targeted marketing is well established in the discipline since the 1990s, studies focusing on Hispanic populations have only recently started gaining importance. Advertising professionals in multicultural advertising agencies also concede that customer insight into these populations is mostly lacking. Despite the steady growth of this population and its purchasing power, targeted marketing focusing on Hispanics is not yet a focal conversation in academia or in practice.

Scholars have been studying ethnic minorities as consumers and target segments as a monolith by including many minorities (e.g., African American, Asian American and Hispanic). In a 2009 article, Varadarajan and Yadav summarised a decade’s work on marketing strategy in an internet-enabled environment and concluded that interactive marketing scholars should pursue academic inquiry into specific target segments as digital platforms enable more precision in targeting micro segments.

Research into the Hispanic market has gained traction in recent years as the population has grown not only in numbers but also in disposable income. Most studies in this area focus on describing the population in terms of culture, attitudes and behaviour as they relate to consumption. Common findings from these studies suggest Hispanic populations tend to adhere to core cultural values and aspects that reinforce their ethnic and religious identities, while generational acculturation leaves room for bilingual targeting in Spanish and English. Korzenny and Korzenny also observe that the core values of Hispanic consumers relate to retaining optimism, enhancing human experience and embracing spirituality. Earlier research has determined that familism is the defining common value of most Hispanic populations.

In terms of consumption behaviour, McCabe and Corona suggest that Hispanics have traditionally been slower to accept certain contemporary trends. When it comes to media usage, researchers initially found television to be the best option for reaching Hispanics. More recently, McCabe counselled against using PCs as a platform to reach Hispanics and instead recommended contacting them via their mobile devices. Underlining this, recent reports suggest that smartphone adoption among this population is growing faster than among other ethnic segments, and that Hispanics use their smartphones for a variety of purposes including, but not limited to, gathering information on future purchases.

 METHODOLOGY

For the purposes of this study, a variety of data collection techniques were adopted, relying on both primary and secondary data. The primary data collection consisted of long, semi-structured interviews with marketing professionals. For the secondary data, the US Census Bureau, market and consumer analysis reports along with statistical analysis published by prominent research and communications agencies, such as Nielsen and the Pew Research Center served as reliable sources.

Four marketing executives located in the Los Angeles area were interviewed as Los
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Angeles is home to the largest Hispanic community in the USA. These executives included the president of a total market agency (A), the founder and CEO of a marketing consulting agency focused on the multicultural market (B); the founder and president of a cross-cultural marketing agency, headquartered in Los Angeles with offices in Atlanta, Texas and Washington, DC (C); and a senior-level executive at Nielsen, the world’s largest market research company (D). To ensure anonymity of the informants, each name has been substituted with a designated letter.

A small number of industry professionals were interviewed but a saturation point was quickly reached when the informants started giving similar answers and minimal new information was gained. During the recorded interviews, each lasting approximately an hour and a half, informants were asked open-ended questions about past and current marketing campaigns targeting the US Hispanic population, specifically digital/mobile marketing efforts, common mistakes they have encountered, and how they would characterize the necessary conditions/strategies/tactics for successful integrated marketing communications on digital/mobile platforms.

These questions formed the structure of each interview. Respondents were allowed

Table 1: Representative excerpts from the interviews

<table>
<thead>
<tr>
<th>Theme</th>
<th>Sample response</th>
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<tbody>
<tr>
<td>Country of origin</td>
<td>… Not just making sure that we include the Hispanic face, but really being representative of all of the different cultures that are within the Hispanic community which is, you know, there’s Afro-Latino, our Dominican community, we are a tapestry of colors, and increasingly, I suppose the more in the US, we’re, you know, more Hispanics are US born… we have to be representative of all of the ranges of the Hispanics. (D)</td>
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<tr>
<td>Place of residence</td>
<td>That same sort of campaign may not do as well in Miami, because it’s a different sort of Hispanic, a different Hispanic culture. A big part is educating our clients, not only about all of those nuances but how to capitalize on them, and not just so you know they can make more money, but so they can better serve the consumers in the marketplace. (D)</td>
</tr>
<tr>
<td>Generation</td>
<td>US Hispanic marketing, not necessarily, doesn’t need to be in language, it needs to be in culture, and that is the ticket. Additionally, you know, niche marketing, and regionally developing a campaign for the Hispanics in an area is going to yield better results, it just is. Here, the majority of our population in Los Angeles, is Mexican, and so you are going to, you know if you have a campaign with brand integration with you know a celebrity or a talent, you’re going to do better selecting either a very high profile, or picking brand talent entertainment engagements that relate to the Mexican culture. (D)</td>
</tr>
<tr>
<td>Family Life Cycle</td>
<td>Older Hispanics in many ways sort of hold the keys. While they are much more traditional and [their] behaviors are going to be different, there’s more television consumption, there’s more sort of behaviors that align with that particular age group. That said, because of the cultural backgrounds that exist in this community and exist in many other multicultural communities, the influence that they have over the younger generation is pretty significant. The influence however is going to be more with, it’s not going to be with consumption of media, it’s going to be on, well, in some cases maybe there are times that everyone is watching a novella, but this influence that they have is more behavioral as it relates to brand consumption, like this is the brand, this is how we do this, we need to have a voice for this reason, we need to, you know, this older generation that is in the US came up during, you know, like, some of that civil rights like Cesar Chavez and you know, farm worker rights, and so they have a vested interest in, and have seen the benefits of participating in social justice and movements like that, and so they are going to have influence over the younger generation that way, certainly over brand, but in terms of marketing and advertising and consumption, it’s really the younger generation that is going to set the standard, you know and in many ways sort of push that. (D)</td>
</tr>
<tr>
<td></td>
<td>I used to do this [advertising] for a major brand, our minivan advertising was 35 to 54 for this minivan I used to, you know for [brand name] — 35 to 54, and so they would allocate dollars for the general market and allocate dollars for Hispanic, but</td>
</tr>
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the demographics was 35 to 54, that’s who they were reaching. It’s too late, it’s too late here. So this is great for general market, but for US Hispanics you have to really understand not just make the assumption that the same age people are doing the same thing and that’s the way marketing has always been, it’s been like that since ‘Mad Men’, 25 to 54 for this product, this is the main earning years, but it’s different, so what you are seeing then here, these are these main contributing years, two things you are going to see, one this minivan advertising should be [targeting] 25 to 34 period, and number two what you should see an increase in disposable income at an earlier age for Hispanics than you would see for non-Hispanic whites. (D)

If you look at the 60-plus is not a huge number because Hispanics are younger. But as the population is aging, those numbers are growing and we see them grow. That is a, just like in general market baby boomers they have money. They have disposable income. They have been here longer so they make more money. They probably close to paying off their homes. And you know Hispanic families, they are like I’m sure a lot of other cultures, but they take care of their relatives so they have their moms living with them, they have their uncles, and they have everybody helping raising their grandchildren. And so they’re not necessarily like general market spending the money just in them. They’re spending the money in their families. (B)

Language

Yes, Hispanics are speaking more English, but there’s still a very big, sizeable pie of the market that speaks Spanish that consume Spanish language media and they will never stop consuming Spanish language media. And those people, you know, maybe 20 years from now they’re not going to be around anymore. (B)

When we talk about Hispanics and we say there’s 55 million or 58 million Hispanics, a significant chunk of those Hispanics are not consuming Spanish language media. They’re not. You know they’re English speaking or they’re bicultural. They can be reached through general market advertising and that’s what’s given away to this sort of next evolution of Hispanic marketing. (C)

Education

But the Latina is, as being sort of the head of her household, now more educated than ever before, more educated than her Hispanic male counterpart, and the influence that she has as sort of the head of her household, and financially stable and independent over, not only her household, but her community because she’s so social. (D)

Acculturation

You can’t have the levels of immigration that we had you know in the 70s, 80s, and 90s continue forever. Like it just, it started to slow down and then most you know the Hispanic population started to change and it started to become primarily native born and bilingual, and more acculturated. (C)

As the Hispanics have acculturated, have become more educated, have gone to college and now the Millennials were born here, were raised here and are still consuming Spanish language for certain things you know a lot of, I think when it comes to music they continue to do that, but I think that they’re watching a lot of English language and that’s why Univision is no longer number one. Telemundo now has eaten up 50 per cent of the share now almost and you know the people using television or consuming radio has really gone down because it’s digital radio, there is internet, you know it’s so much, right? So, yes, I’ve seen a huge evolution of the market and the industry just change. (B)

Digital media usage

A lot of my budgets in today’s world, 70, 60–70 per cent goes into mobile because I know that Hispanics are reaching that. So, when I’m doing a digital campaign, whether it’s with Pandora, whether it’s with Univision.com or Yahoo.com or whoever it is, I always ask them to put the majority of the money into mobile because you know mobile banner, mobile video, mobile. Because we’re spending most of our time on that. (B)

The Latino women in the community are big social sharers, big users of Pinterest, Facebook and Instagram, were sharing pictures, and sharing recipes and they were sharing coupons. Hispanics also own more cell phones as a community than their non-Hispanic counterparts and in many households, the cell phone is sort of, it’s the primary, not only the primary device, but it’s also the primary device to access the internet when it comes to US Hispanics. (D)

When they started using the internet, there was very little content in Spanish, right? And if there was, it was usually inferior and so there was an inferiority sort of complex established … as people become more and more comfortable buying online and you know Amazon becomes part of their just daily experience, they learn to live their life in English online. (C)
to answer each question fully without interruption by the interviewer. Follow-up questions may have varied with each informant, depending on the specific answers given to each question. All interviews were transcribed verbatim and analysed using Dedoose, a qualitative data analysis program. Three of the authors participated in the interview process, while one of the authors conducted the initial coding of the interviews. The authors then independently corroborated all coding. All interview responses were coded into ‘themes’ derived from the literature on market segmentation as well as common responses from the informants. Table 1 contains a representative summary of the responses for each main theme.

THE HISPANIC POPULATION IN THE USA

This paper uses the term ‘Hispanics’ to refer to the US Hispanic population. According to Oxforddictionaries.com, a Hispanic is ‘a Spanish-speaking person, especially one of Latin American descent, living in the US’. The labels ‘Latino’ and ‘Hispanic’ are used interchangeably in the USA, and one label is preferred over the other depending on the constituent’s political views and country affiliations. While Hispanics share certain common characteristics, values and belief systems, constituted through a common heritage, Roman Catholicism and the Spanish language, a common error among marketers is to treat the Hispanic market as a single homogeneous segment and disregard the many differences that exist within this group.

The US Hispanic population accounted for 50 per cent of total US population growth from 2010 to 2015, despite a decline in the number of Hispanic immigrants. In fact, despite the slowdown in immigration, the overall US Hispanic population continued to grow, with 78 per cent of this increase coming from US births. This population increase has been in tandem to an increase in purchasing power as well. US Hispanics are a prominent market segment, ‘a fundamental component to business success, and not a passing niche on the sidelines’. Despite their growing economic power, cultural prominence and significance in the US marketplace, marketers have not properly addressed this target market. Hispanics are a diverse market consisting of multiple micro-segments. To ignore this diversity or simply serve it with standard market advertising translated into Spanish would be to the detriment of marketers. Marketing executives agree that as US demographics are changing drastically, the advertising industry must create new models to serve brands.

Figure 1 depicts the demographic, psychographic and lifestyle factors that affect the strategic decisions within the Hispanic market. Each factor is briefly analysed in relation to its significance to marketing strategy.

Country of origin

A common but major mistake is to treat Hispanics as a race. Hispanics are not a race; they can belong to many different races and nationalities and originate from a number of countries. Hispanics of Mexican origin are by far the largest Hispanic group, making up 64 per cent of US Latinos, followed by Puerto Ricans, who comprise 9.5 per cent of all US Latinos.

Place of residence

The geographic distribution of Hispanics in the USA is closely related to the physical proximity of their country of origin. More than half of the Hispanic immigrants come from Mexico, and reside predominantly in the border states of California and Texas; meanwhile, Cuban immigrants and their descendants live predominantly in Florida (77 per cent) and comprise the largest Hispanic group in that state.
Generation

US Hispanics tend to be younger than the general US population. The US Census estimated 27.9 years to be the median age for Hispanics, compared with 37.4 years for the US population as a whole. While one-third of Hispanics are under 18, only 22.7 per cent account for that age range in the general US population. This means that Generation Z — those born between the mid-1990s and the early 2000s — are on their way to becoming a sizeable segment for marketers to take into serious consideration. In fact, millennials and Generation Z together make up 65 per cent of the US Hispanic population.57

In 2014, Hispanic millennials accounted for 27 per cent of all Hispanics — the second largest Hispanic demographic in the USA. Millennials, also known as Generation Y, constitute a large and growing part of any population segment that might be alluring to marketers. However, older Hispanics are also a sizeable target market and one that is often overlooked. As a typical Hispanic couple marries younger and has children earlier than their non-Hispanic white counterparts, they also become empty-nesters at an earlier age, leaving them with higher disposable incomes in their early 50s.38

Family life cycle and multigenerational living

One of the main characteristics of the Hispanic population is its multigenerational household structure; the family life cycle differs from that of the non-Hispanic white population. While 18 per cent of the total population resided in multigenerational households in 2013, about a quarter...
(25 per cent) of Hispanics lived in family households that contained at least two adult generations or a grandparent and at least one other generation. The percentage was higher among the 50+ age group as 40 per cent lived in multigenerational households, compared with just over 20 per cent of the total population in that age group. The significance of this cultural trait is manifold; more wage-earning adults living in the same household results in a higher disposable household income, which affects buying patterns and shopping decisions made together.

**Language**

The Spanish language is an integral part of Hispanic culture. Older Hispanics use Spanish to sustain their cultural ties and traditions and also to bond with younger bilinguals. It is significant to note that there has been a 73 per cent increase in bilingual Hispanics in the decade between 2003 and 2013, while a 13 per cent decrease (from 44 per cent to 31 per cent) occurred in monolingual English language use and the level of Spanish language dominance remained at about one-third of the Hispanic population. Statistics show that ‘Hispanics 65+ are more bilingual than any group except those 18–29, who mainly use English, Spanish, or both’. The paper delves deeper into the significance and implications of language use below.

**Education level**

In comparison with non-Hispanic whites and all other races, Hispanics are less likely to have a college or associate’s degree. While the percentage of Hispanic high-school graduates (30 per cent) was on par with the white population and all other races in 2013, there were stark differences at the college degree level. About 20 per cent of Hispanics had a college or associate degree, whereas this percentage almost doubled for white counterparts and counterparts from all other races.

**Acculturation**

Acculturation is the process by which people adjust to contact with a culture other than their own. In her study of Mexican immigrants in southern California, Peñaloza identified the antecedent variables determining consumer acculturation outcomes as demographics, language use, recency of arrival, ethnic identity and environmental factors, which she classified as assimilation, maintenance, resistance and segregation. Family, friends, media and (commercial, educational and religious) institutions act as consumer acculturation agents. Assimilation refers to adoption of the host culture concurrent with a cessation of ties to the culture of origin, whereas acculturation is incorporating or acquiring a new culture without relinquishing another. Hispanics acculturate rather than assimilate, as they continue to practise their customs and use Spanish.

Marketers typically classify immigrants into these three categories: acculturated, bicultural and non-acculturated. Acculturated Hispanics are people born in the USA of Hispanic descent; they prefer to speak English but can navigate in the Latin culture; most non-acculturated persons have recently immigrated to the USA, prefer to speak Spanish, and only navigate within the Latino culture; and bicultural or semi-acculturated people can navigate in both cultures. It is generally believed that the more time an individual spends in the USA, the more acculturated he or she becomes. However, this assumption has its pitfalls and can be misleading for marketers. Indeed, this acculturation model, which has long served as the basis for most ethnic marketing strategies, has arguably become outdated as the US Hispanic population is no longer growing due to immigration but due to the increase in the domestic,
US-born population. Furthermore, the simplistic assumption of a linear path from fully unacculturated to fully acculturated has also been criticised and alternative models have been suggested.\textsuperscript{50} Nevertheless, there has been what Carlos E. Garcia calls a ‘retro-accleration’, especially among younger generations, who often consciously search for their ethnic roots.\textsuperscript{51} 

Even though ‘Ueltschy and Krampf (1997)\textsuperscript{52} found that, whereas lowly acculturated Hispanics preferred advertisements written in Spanish, and highly acculturated Hispanics preferred advertisements written in English’ and ‘bilingual Spanish–English speakers tend to prefer to read in English (Hernandez-Newman 1992)\textsuperscript{53} these trends have changed in recent years due to the reasons explained above. For this reason, the traditional views regarding the preference for English language\textsuperscript{54} versus Spanish language\textsuperscript{55} in advertisements among Hispanic audiences are losing ground.

**Employment**

The US Department of Labor estimates that Hispanics accounted for 16 per cent of the 146 million people employed in the USA in 2016.\textsuperscript{56} The highest percentages of Hispanics were employed in the construction sector (27.3 per cent), followed by agriculture, forestry, fishing and hunting (23.1 per cent) and leisure and hospitality (22.3 per cent). They had the lowest share of employment in public administration (11.4 per cent), financial activities (11.3 per cent) and information (10.5 per cent).\textsuperscript{57} As these numbers suggest, Hispanics predominantly occupy working class jobs and are least likely to work in the life, physical or social sciences (7.5 per cent) or in computer and mathematics-related occupations (6.6 per cent).

**Buying power**

Another factor that distinguishes this target market is socioeconomic status. The stereotypical Hispanic is the poor, uneducated, working class immigrant who is a blue-collar labourer. ‘Overall, one-quarter of Hispanics live below the poverty line — higher than the 16 per cent poverty rate among the general US population’.\textsuperscript{58} However, a small subsegment of elite immigrants who go back and forth between their country of origin and the USA lead rather affluent and cosmopolitan lifestyles and can be targeted by large investment companies and luxury products and services.\textsuperscript{59} Affluent Hispanic consumers — those earning more than US$70,000 — not only have significantly different consumer sentiments compared with Hispanics as a whole but also show striking similarities to the general market and are more aligned with their affluent non-Hispanic white counterparts.\textsuperscript{60}

This has important implications for marketers who use segmentation strategies based solely on ethnicity or race. When it comes to purchase intent and economic sentiment, income is a key driver in creating common behavioural cohorts. Statistical data show that the purchase behaviour of affluent Hispanics more closely resembles that of affluent non-Hispanic whites.\textsuperscript{61}

Undoubtedly, household income is a good predictor of consumer disposable income. In this regard, the average Hispanic household income has seen dramatic changes in the last 15 years. The most significant change has been in the US$100,000+ income category, where the numbers more than doubled — from 6 per cent of the population in 2000 to 14 per cent in 2014. Relevantly, Hispanic spending power reached US$1.4tn in 2016, and projections show that this figure will only continue to grow.

**Digital media usage**

Among Hispanic households, 4.2 million (27 per cent) have multi-device ownership, while 60 per cent have at least one of the following devices: internet-connected devices,
internet-enabled video-game consoles and internet-enabled smart televisions. According to Gevelber, despite the fact that Hispanics are ahead of the curve when it comes to digital (ie early adopters of new devices, mobile usage, and higher than average video consumption), they are largely underserved in the digital domain, opening opportunities for marketers.

According to Nielsen’s 2016 Total Audience Report, digital media use is more fragmented among Hispanic adults. For example, in May 2016, Hispanics visited 46 different PC sites, used 29 different smartphone apps, viewed 18 different television channels, and tuned into nine different AM/FM stations. Their media use trends across multiple platforms showed significant changes even from Q3 2015 to Q3 2016: while live television viewership among adult Hispanics decreased as smartphone app usage increased.

This paper has already discussed the family orientation of the Hispanic population who live in multi-generational households. In multigenerational household structures, television viewing becomes a family affair. According to viewing data from Nielsen, 54 per cent of Hispanics watch television with other Hispanics and 45 per cent of them watch with non-Hispanics. Research suggests this phenomenon is not just about language, but is more about a shared cultural experience as these co-viewing patterns hold for both English and Spanish language dominant households.

YouTube is at the forefront of digital media that helps US Hispanics stay connected to their cultural heritage. In 2015, YouTube viewership among Hispanics surpassed any cable network viewership in the USA. Despite this, in 2014, 75.9 per cent of the advertising budget targeted to Hispanics was allocated to television advertising, while only 7 per cent was dedicated to digital advertising. The statistics are striking: 59 per cent of Hispanic mobile video viewers turn to their smartphones first to watch video, which is higher than the general population. Fifty-three per cent of Hispanic smartphone video viewers are more likely to watch ads on their smartphone than the general population. Hispanics use YouTube not only for entertainment purposes but also as a source of information that influences their purchase decisions, especially in the product categories of food/beverage, personal care and car. When they want to learn more about a product or service by watching a video, 75 per cent of Hispanics go to YouTube first, and 60 per cent of them watch in English always or most of the time. In keeping with the digital trend, Univision, one of the oldest Spanish-language broadcast networks in the USA, launched its own YouTube network in 2015. The channel partners with high-profile content creators to extend its reach among its target audience.

The strategic marketing process, presented in the next section, is created based on the primary and secondary data collected for this research.

**MARKETING STRATEGY PROCESS**

The strategic marketing process entails market research, target market selection, tactical implementation, and evaluation in its most generic form. In Figure 2, this strategic marketing process is adapted for the US Hispanic target market. The target segment framework in Figure 1 summarises the factors marketers should take into consideration, while Figure 2 illustrates the process and relevant tactics at each level of marketing as a strategic process. Below, the paper will focus on each stage of this process in turn, describing what it entails and providing specific examples from digital campaigns targeting Hispanic populations to illustrate best practices in targeted digital marketing.

**Market research**

Good market research lies at the heart of an effective marketing strategy. The informants
were in agreement that current market research on US Hispanics lacks rigour and accurate insights into this multifaceted and heterogeneous group of consumers. The following excerpt reflects one of the informants’ concerns about the shortcomings of relying on online surveys and the flaws of focus groups:

‘There’s been a shift towards more quant because of costs, efficiencies, online surveys. But I think we’re doing ourselves a disservice because we’re failing to truly understand our target. I’m not a huge fan of traditional focus groups and sort of a laboratory environment because you tend to get professional people and you tend to get you know professional focus group participants and people group think and they don’t tell you, people tell you what they want you … So, I’m much more of a believer in observational you know in-market research where you know, you’re looking at what people are doing in a store aisle or how they’re behaving with their friends.’ (C)

Another informant argued that what current marketers seem to be missing is accurate insight into the life of Hispanics of various subsegments within this culture:

‘They have to know their target, they have to understand their target, they have to like in their mind do a consumer journey. What did this target do first thing in the morning, what did it do afternoon, and at 2.00, and at 3.00, and how did the day end? You have to look at it from the moment they wake up to the moment they get up. And what, for example, devices did they choose to consume media or you know engage with? That is the first you thing you have to do. That’s the thing really, really...’

Figure 2: Strategic marketing process, adapted to multicultural target segments
key. Without that you really have, you’re like shooting darts in the dark because you’re just hoping that you’re reaching that one guy. But when you go through that consumer journey, you really have a clear picture of what exactly they do. And you know that data right, that will drive that knowledge is really key. The data that helped you know what they’re doing at every point of their day.’ (B)

The views of these industry professionals highlight the necessity to move towards more qualitative data, utilising ethnographic research tools such as observations and a deeper and closer look into the lifestyles of these consumers.

**Target market selection:**

**Micro-targeting**

Market selection is a pivotal phase in a targeted campaign in determining the positioning decisions. Moreover, as digital platforms allow more extensive data collection and analysis than was previously possible, companies are now able to segment their offerings more specifically and target a group’s explicit and even latent needs.

A thorough understanding of the target segments within US Hispanic markets enables accurate target marketing practices. For instance, through micro-targeting, companies can decrease advertising fatigue to segments with a low likelihood of engagement and increase return on marketing spend. As commonly assumed by industry professionals, ethnic minorities are often considered monolithic cultural groups, neglecting the previously discussed subcultural distinctions.

A successful digital strategy makes use of digital analytics data to determine which specific psychographic segments have an interest in learning more about the offering. This enables less intrusive marketing practices while increasing the likelihood of onboarding prospective customers.

Assuming any ethnic minority to be a monolithic culture seems an obvious pitfall to be avoided, yet the literal translation of advertisements from English to Spanish has long been a common practice among marketers targeting Hispanic populations. Successful campaigns, however, do not try to appeal to a stereotype. Indeed, those campaigns transcreate the advertisement with an authentic message customised to appeal to the specific target. This approach works best when micro-targeting is utilised based on the customer insights outlined in the previous section.

**Tactical implementation for digital marketing campaigns**

A successful digital/mobile campaign in multi-cultural markets depends on targeting the correct micro-segment determined by utilising the variables in Figure 1, and on the content and positioning of the promotional message. Goh *et al.* studied the interrelationships between advertisement content, information search behaviour and advertising response in a mobile advertising campaign and found that the relevance of a mobile campaign depends on the advertisement content. Advertisement content in multicultural markets is commonly based on a literal translation of the message from the dominant language (English) to the target segment’s most common language (Spanish). As highlighted in the interviews, however, truly engaging content is not achieved through a word-for-word translation but rather the transcreation of the promotional message for the targeted micro-segment.

**Transcreation**

Any offering positioned towards Hispanic segments in the market would benefit from considering transcreation of the brand message instead of literal translation to ensure authenticity and delivery through a contextualised lens instead of broad generalisations and stereotypes. Transcreation defined as ‘new content developed or
adapted for a given target audience, rather than translated directly from the original version' is often applied to ‘advertising content that must resonate in local markets in order to deliver the same impact as the original’.

Advertising campaigns aim to elicit a response or reaction from the target audience. When translating an advertisement, the aim should be to evoke an equivalent reaction to the original advertisement’s intention. While literal translation ensures that the message will be reproduced verbatim, transcreation may rewrite the copy to ensure the intended message is conveyed. Transcreation of campaigns can create messages that are authentic to the target segment (authenticity) and contextually appropriate (contextualisation).

**Authenticity**
The concept of authenticity in advertising has gone through an evolution of meaning. However, even in different contexts, the definitions consistently refer to an adherence to an original identifying element. Scholars focusing on authenticity as a phenomenon and a strategy have examined how authenticity of referents, and representations of those referents, affect consumer attitude and behaviour. Other studies also suggest that consumers seek authenticity in marketing messages, and authentic branding is considered a best practice in the industry.

Davila observes the common pitfall of relying on stereotypical rather than authentic characteristics of Hispanic markets. In fact, when transcreation is employed, the variety of textures enriches the marketing message. The interviewees also addressed this:

‘I think marketers sometimes feel that their general market advertising or their English language advertising can also reach the US Hispanic market, and in some ways it can, but the challenge or what’s missing is the nuance. It’s not just a brown face.

It is nuanced marketing that in a space that is so crowded today, I mean, you talk about advertising and brand marketing. It needs to be just the right message at just the right time with just the right nuance to be able to, you know, really pique the interest of a consumer in particular or a Hispanic consumer, who, you know, in the current climate of the country wants to genuinely feel like they’re being spoken to about whether it’s a product, or a service, or a need that the message is created for and directed to them. So, there is a big opportunity for marketers to refine their advertising.’

**Contextualisation**
Contextualisation in advertising (not to be confused with contextual advertising) refers to delivering advertising content that is relevant to the consumer and the context in which the message is viewed. Best implemented on mobile or digital media, contextualisation enables companies to focus the message to reach specific segments within the Hispanic population, which gathers information mostly through mobile devices. Andrews and colleagues determined one of the key advantages of mobile marketing to be its capacity for spatiotemporal tracking and targeting, hence paving the way for contextual advertising and promotions. While most recent applications of contextualisation focus on geolocation services, real-time social media analytics allow platforms like Facebook to contextualise advertisements based on psychographic data and increasing relevance. With this information, an advertising can be transcreated in a different context — one that appeals to the micro-target or subsegment.

The 2013 Golden Effie-winner campaign for Tide integrated a message that had previously gone unseen within familial, multigenerational contexts. It featured a variety of Spanish accents to pivot the company’s slowing sales in the Hispanic market. The ‘Mi Tide’ campaign featured
multiple adverts and online rich media campaigns, explaining Tide’s product line. One of the adverts in this campaign featured a family (mother, father, son and grandfather) sitting around a table playing cards; another briefly addressed the different acculturation levels between a teenager and her mother when pronouncing the word ‘hoodie’. The mothers featured in these advertisements speak with authentic accents in the micro-target they aim to reach. The campaign reportedly increased sales by conveying an authentic message that would appeal to the target segment by adhering to the contextual cues in which the advertisement would be viewed and using language cues that are authentic to the microsegment.88

Digital influencers and co-creation
As one of the informants put it ‘It is no longer about multicultural consumers; it’s about multicultural influencers’. The role of influencers in social media is undeniable. Influencers are not just celebrities; they are people who are connected to the community who do things at the community level and engage with the community in a unique way. Brand–influencer partnerships provide opportunities for a brand to reach its audience in more authentic ways. One important factor brands must keep in mind is that through such partnerships they are reaching out to the influencer’s audience and not necessarily to the brand’s direct audience. Influencers are not hired actors playing roles; instead, their brands have already achieved brand recognition and have credibility among their fans. There are numerous examples of such partnerships. One such partnership is between Gabriel Zamora, a Mexican–American YouTuber, and MAC, the global cosmetics brand. Zamora describes his feelings about this collaboration:

‘I’m absolutely thrilled to represent my Mexican heritage! … Once I started to embrace my background, I realized how much it had shaped me. I’m Gabriel Zamora, and I am Mexican-American, gay, and a guy who wears makeup and has blue hair. These are all things that make me, ME’.89

Nestlé’s Nescafé is a highly popular brand among Hispanic consumers, and it is highly aware of the effect of celebrity power on this market segment. The Nescafé Clasico campaign combined experiential with digital marketing to achieve maximum reach and effectiveness. The result was an award-winning campaign that received the grand prize in the experiential marketing category at the 2016 Association of National Advertisers Multicultural Marketing Awards. The campaign involved the construction of a pop-up café in Miami, and passersby were asked if they would have a cup of coffee with a complete stranger, who turned out to be Ricky Martin, the popular Puerto Rican artist. The coffee encounters hashtagged as #MomentosNestle became a trending topic and the video received 17 million views. Nescafé Clasico sales rose by 5 per cent.90

Strategic budgeting
According to the Association of Hispanic Advertising Agencies (AHAA) 2015 Hispanic Ad Allocation Report,91 the top 500 US marketers have increased their advertising allocation to Hispanics from 5.5 per cent in 2010 to 8.4 per cent in 2014. Similar increases were seen among the top 500 advertisers, whose advertising spending in Hispanic targeted media went up by 63 per cent from US$4.3bn in 2010 to US$7.1bn in 2014. Effective advertising campaigns and targeting fuelled by increased advertising allocation has led to greater return on investment.92

Despite the fact that Hispanic media spending is increasing, it still is not proportionate to the size of the population and its increasing buying power. Juan Mantilla, Senior Vice President of Cultural Insight at LatinWorks, agrees: ‘We rarely
see the proportion of Hispanic marketing budgets match the size of the US Hispanic population. I think a fair share of a marketing budget going toward Hispanics could be about 16 per cent.95

One informant shared similar sentiments:

‘When you look at the US Hispanic market in general being younger and undoubtedly, you know, gonna be growing larger than any other segment of the population, it’s interesting to see that such a small percentage of the dollars are going to this market. This is the market that will be the economic engine of our country in the next, you know, not even 10 to 20 years or less than that, and yet the marketing budgets and the targets don’t necessarily touch this market in the right way.’ (D)

Jose Villa94 dispels some of the current approaches to the right investment levels in targeting this population, which either base the ‘investment decision on the cost of producing a Spanish-language television spot and running it on Spanish television for some short-to-medium flight’ or liken this market to an emerging market and make the wrong assumption that the production and investment costs will be low. The former approach fails as relying solely on Spanish television campaigns is increasingly limited as a means of reaching the diverse and widely dispersed Hispanic market, while the latter approach fails because a majority of US Hispanics live in some of the most expensive markets in the world, such as Los Angeles, New York City and Chicago. Instead, Villa95 recommends three alternative approaches to determining initial investment levels for entering this market: (1) choosing pilot markets to test the effectiveness of the campaigns and measuring success with data; (2) making big investments — at least six figures — and taking a long-term rather than short-term approach; and (3) identifying a well-defined Hispanic target segment and a market potential along with projected return on investment. In summary, he recommends demand-based modelling to guide initial resource allocation.

A common mistake is to adopt a total market approach when targeting ethnic groups rather than segmenting and targeting these groups directly. One of the informants explained that the shift away from targeted marketing to a total market approach has turned out to be problematic as it results in the creation of campaigns that are not necessarily authentic and do not resonate well with the target audience:

‘The problem is that the general market shops have the same people that are doing total market doing Hispanic, and they don’t know anything about it so they do just whatever is needed, which is very … just kind of they look at the numbers and they go one, two, that’s it. They don’t see the intricacies, they don’t know the culture, they don’t know what moves the target, and they’re not educated in, they haven’t been in the market for a very long time.’ (C)

Evaluation and post campaign considerations

The success of any campaign is assessed based on its specific objectives and its adherence to a set budget. Digital marketing platforms have enabled real-time analysis of customer reactions to advertising and satisfaction with products and services. Database marketing is paving the way for precise targeting practices and facilitating the calibration of offerings to meet latent demand and expectations. Companies can leverage these opportunities with little expense and reap the benefits almost immediately.

The key performance indicators (KPIs) for a digital campaign include marketplace and financial performance following the campaign,96 and website conversion rates. Mobile marketing KPIs also include a variety of metrics, such as number of messages sent, delivered and read, as well as click-through rates and purchase conversion rates.97 Grewal and colleagues98 suggest ‘greater emphasis on
employing data captured by mobile devices’ as well as surveys to measure customer sentiment. Companies should exploit the ease of access to these measurements not simply to correct course in ongoing campaigns but also to inform customer insights into the chosen microsegment for upcoming campaigns. Additionally, de Mooij warns against using advertising measurements for one culture for another by stating simply that ‘many of the measurements developed in the Anglo-Saxon world do not apply to advertising in other parts of the world’.

**MANAGERIAL IMPLICATIONS**

Changing population trends in the USA have made it imperative for marketers to adopt multicultural targeted marketing strategies. Effective market research should not rely solely on surveys and questionnaires but should employ more qualitative research techniques that include in-depth interviews and observation. Appropriate data collection techniques must be selected that provide a deeper understanding of the cultural nuances to target various market segments. When targeting multicultural segments, marketers should adopt transcreation to create messages that are authentic to the target segment as well as contextually appropriate. Digital influencers, with their established niche audiences, offer an effective way to reach the target markets. Strategic budgeting is necessary for an effective campaign. This means demand-based modelling should guide initial resource allocation rather than a total market approach where the main budget is allocated to the non-Hispanic white population first and other ethnic minorities and gender considerations are given a small percentage of the budget as an add-on.

**CONCLUSION**

The strategic marketing process enables a systematic marketing communications plan that focuses on the most viable target segments for an offering. This paper included interviews with industry professionals and examined marketing campaigns targeting a specific segment of the market which until recently has generally been approached as a monolithic ethnic culture by mainstream agencies. The intention is to emphasise the importance of specific elements in a strategic campaign targeted towards the varied sub-cultures in a multi-cultural market such as the USA. The expansion of ethnic minority segments, in population, purchasing power and intention, will require marketing professionals to understand that strategic marketing may not be successful without relevant variation in targeting and positioning considerations. Simply put: one size does not fit all. The process described in this paper can be adapted to fit the specific necessities of micro-targets. The paper proposed several determinants of cultural segmentation to choose the appropriate micro-targets for the message, as well as tactical implementations to position products specifically towards these sub-segments. The Hispanic population was selected to illustrate these determinants and tactics due to the impact that the growth of this market has on the US economy and markets; as well as the cultural variety within Hispanic segments. By extension, the paper focused on digital and mobile applications of transcreation to fit the medium/platform to the sub-segments with a truly targeted marketing campaign.

The contributions of this paper are two-fold. Theoretically, it itemises the relevant, and often overlooked, segmentation considerations for ethnic minorities in a targeted marketing strategy. While separate streams of literature in consumer behaviour and advertising strategy study these elements, their place in the larger strategic plan is not examined with an interrelated approach. This paper brings them together and puts them into context to create a cohesive theoretical basis for practice. Secondly, the paper provides
concrete recommendations for marketing managers, advertising professionals and practitioners at the tactical level. Through the interviews with practitioners in this area, it becomes clear that what is lacking is customer insight (caused by the monolithic view) and attention to how marketing messages are delivered (through literal translation). Therefore, this paper illustrates how a varied rather than monolithic view of the target segment, combined with the attentive positioning of advertisement messages through transcreation enabled by the contextualisation capabilities of digital and mobile platforms, leads to the better communication of offerings.

This study is informed by interviews with a small number of Hispanic industry professionals who provided their unique in-group perspectives as both consumers and content providers. What is missing, however, is the perspective of non-Hispanic marketers who work on Hispanic campaigns. Future research could target this group of marketers and advertising agencies in an effort to understand their perceptions of their respective successes and failures in reaching this demographic. While there are sure to be overlapping perceptions of successful campaigns, uncovering and understanding when and where the cultural disconnect occurs would be managerially relevant for marketers. Additionally, future research could use the considerations proposed here to create strategies for other minority groups in the USA and identify any differences that may exist in creating effective marketing strategies for each group.

Given the multitude of cultures that form the Hispanic population, companies that cling to the outdated practice of translating content into Spanish, ignoring both cultural and linguistic differences and nuance, are wilfully leaving money on the table. The Hispanic market is thirsting for culturally resonant content, and the brands that are able to leverage their digital marketing strategy to ‘quench’ this thirst will reap the financial benefits of this profoundly brand-loyal segment.

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