Hispanics At The Store

All levels of the food industry are taking notice of a growing population segment.

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By Suzanne B. Bopp
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Ever had a hankering for some prickly pear cactus leaves? These days, your chances of finding these nopales on your grocery store shelves are better than ever before. According to the 2000 census, 32.4 million people of Hispanic origin now make up 11.8 percent of the U.S. population. By 2010, those numbers are expected to grow to 43.7 and 14.6 percent, respectively.
The term Hispanic is simple, but the group is not. Hispanics come from many different places — Mexico, Cuba, Puerto Rico, Nicaragua, Columbia — and different social classes. They have varying levels of acculturation to their lives in the United States, and that plays an important role in their behavior. Acculturation is a process of integration of native and traditional immigrant cultural values with dominant cultural ones.

So, Hispanics present a challenging market – and a very enticing one for the food industry. Research from the Food Marketing Institute reveals that Hispanic purchasing power rose by 160 percent, to $542 billion, in 2001, and they spend more of that money on food than the average consumer. In part, that’s because they tend to have larger households: an average of 3.5 people, compared with the average non-Hispanic household of 2.4 people. The other part of their greater spending on food — an average of $117 per week on groceries, compared with the U.S. average of $87 — is their focus on tradition, food and family.
Different campaigns

“Meat is extremely important to the traditional Hispanic diet; meats are included in just about everything,” says Olga Luz Tirado, president of Luz Tirada Communications Inc.

Pork is one preferred meat; Hispanics over-index in pork consumption by 152 percent, according to Becca Hendricks, strategic marketing manager for the National Pork Board, where a Hispanic marketing program has been in place for the past three years.

“We did some research about their perception of pork,” Hendricks says. “They consider it the most delicious meat, but in their home countries, they still have trichinae. Here, it’s virtually non-existent. They also don’t think it’s nutritious.” The public-relations campaign is showing results; Hendricks says they now find 62 percent of Hispanic consumers are more comfortable buying pork.

Other organizations are also discovering that reaching Hispanics requires a different marketing concept. Large retailers in Hispanic neighborhoods have contacted the California Beef Council for helping them with the task, says Virginia Coelho, executive director of the California Beef Council, where they are paying close attention to the Hispanic market. “We’ve got a 42-member board that selects our priorities,” Coelho says. “They see this as in the top two or three. They recognize that it’s a market friendly to the beef industry. In California, a lot of people are concerned with things like animal welfare. The Hispanic market is very beef-friendly.” Whereas the mass market tends to eat beef two to three times per week, for Hispanics, it’s four to five times per week.

But research showed the “It’s what’s for dinner” ads weren’t really working for the Hispanic market, in part because Hispanics don’t often use the word “dinner.” The California Beef Council came up with the slogan “Rompe la routina,” or “Break the routine.” They have just funded $600,000 toward Hispanic marketing and are sponsoring a Hispanic cooking show this year.

Different cuts and meats

Hispanic consumers eat not only more meat, but also different meat than the market at large, including variety meats and specialty cuts, such as menudo. For pork, “the No. 1 cut is chops, same as the market in general,” Hendricks says. “After that, the next 10 are completely different.” That’s good news for producers. “Most producers are so excited that they’ll be able to add value to more of the carcass.”

In Hispanic homes, goat meat, a rarity in most American homes, is served far more often. Consider that the average person will consume less than 20 ounces of goat meat in one year — yet goat meat is the fastest-growing agricultural product.

“It has been a long time since we have seen an opportunity in the livestock sector where the demand for the commodity far outweighs the supply,” according to the spring 2003 Ohio State University extension newsletter. In 1989, goat carcasses exported exceeded imports by 300 to 400 metric tons. By 1998, exporting was almost non-existent. For the week of March 27, 2004, 79 metric tons of goat meat was imported.
At the 25 Hispanic-oriented Carnival stores in the Dallas-Fort Worth area, goat is sold in a variety of ways: whole baby goats, various goat meat cuts and marinated goat meat. Goat is something of a seasonal item, says John Denbow, meat category manager for Minyards, the company that owns Carnival. It sells best in late spring and summer, when people are barbecuing.

When it comes to other meats, Denbow does see differences in Hispanic preferences. “The Hispanic customer wants a leaner cut, and they want it cut a lot thinner. For the most part, they’re not going to take anything frozen. They will buy some things, like tripe or pig feet, frozen. Distribution is heavier in chucks and middle meats, so distribution is a lot different.” Because his Hispanic customers don’t like prepackaged meat, nothing is precut. Every store has a meat cutter and a lot of service cases “because the Hispanic consumer is used to shopping that way; they’re used to that more than a self-service situation.” Because Hispanics prefer lean meat, there is a lot more trimming and Carnival uses a leaner grade of beef instead of Select or Choice, Denbow says. “Everybody is leaning toward a leaner beef, because of fat or cholesterol or whatever, but it’s always been that way for the Hispanic consumer.”

All along the food system

Possibly, Denbow says, that trend will make its way down the food system, so the beef producer might need to concentrate on the younger, leaner animals. For now, tailoring the product happens more at the store level.

Olga Luz Tirado says she’s seen more interest in the Hispanic market in the past five years from the food industry than ever before. The interest hasn’t always translated successfully into action. For example, Campbell’s Soups and Progresso tried to make some products to compete with Hispanic food giants such as Goya Foods, with no luck. “They weren’t knowledgeable about how to market to that consumer,” Luz Tirado says.

Hispanic shoppers do tend to be brand loyal. One survey showed two-thirds of Hispanics say it’s risky to buy a brand you are not familiar with. But there is a flipside to that loyalty for marketers to remember. “When they feel they have not been respected, they will stay away from a product, even if it’s the best product in the world,” Luz Tirado says. Some retailers suggest that brand-loyalty concept is falling by the wayside as price consciousness becomes increasingly important.

Hispanic shoppers prefer very fresh food and shop almost daily for meat and produce. “The way many were raised, the process of getting a meal together involves going to the butcher, the bodega, the bakery,” says Todd Hultquist, senior manager of media relations for the FMI. “Even though they enjoy the one-stop shopping opportunity, and the typical supermarket is growing in their home country, this still is the pattern. Freshness is very important.” One pork producer in California has opened a place where customers can come in, pick out a carcass, and cut it up. His customers are mostly Hispanic.
The FMI’s research also shows that 67 percent of Hispanics prepare meals from scratch; 43 percent do not buy frozen food, compared with 2 percent of all U.S. consumers. They buy little pre-packaged food, compared to the average consumer who is looking for convenience.

On the other hand, Jim Herlihy, vice president of communications for Swift & Co., says a survey he’s seen showed convenience was even more important to Hispanic consumers. “Convenience is relative,” he says. “Hispanics may spend a lot of time preparing meals, but the same concerns are there. We’re looking at the audience and developing products that are authentic with a time-saving element.”

To do that, Swift has put products out in test markets for a line called “La Herencia,” meaning “Tradition,” with the help of executive chefs from Mexico and taste panels of Mexican-American consumers. They’ve made four items, both pork and beef: one is fresh and three are precooked and refrigerated. “These are main-course meats that allow consumers to prepare it to their family’s taste,” Herlihy says.

Like many in the food industry, he sees opportunity in the growing Hispanic market. “As raw numbers grow, new consumers are created. Someone eating commodity meat might go to value-added; major packers are getting into extra processing and value-added products.” With time, there may be increasing crossover appeal from Hispanic products to the mass market. “The entire food industry is realizing that tastes are diversifying,” Herlihy says. “What appeals to one ethnic group can catch on with mainstream consumers.”

If you have any doubt about that, consider this fact: according to the USDA, the No. 1 condiment in the United States today, with more than $700 million in sales per year, is salsa.

Look for part two (Hispanics in the agricultural workforce) of this two-part series in the November issue of Food Systems Insider.

Got Leche?

Milk is an important part of the Hispanic diet, though perhaps not as central to it as meat, says Olga Luz Tirado, president of Luz Tirada Communications Inc. “Café con leche is a very big part of the morning ritual, no matter which country you’re from.”

And their dairy products generally have to be the real thing. “You don’t see too much in the way of substitutes being used — it’s butter or nothing, whole milk or nothing,” Luz Tirado says. She remembers a campaign, which, as part of a health fair, tried to convince Hispanics to drink 1 percent milk. It met with little success.

Terri Verason, a spokesperson for the National Dairy Council and a registered dietician, says Hispanics actually have higher consumption rates of dairy products than the average consumer; they spend more money there than any other group, especially on fresh milk and cream. In some areas, their cheese consumption is also higher. For example, in the Southwest, where there are many Mexicans (who make up more than 60 percent of the U.S. Hispanic population), they use more cheese than Cubans and Puerto Ricans in the East do.
An often-heard statistic is that around 50 percent of Hispanics are lactose intolerant, compared with 15 percent of non-Hispanic white Americans. Those numbers may stop some Hispanics from drinking milk who actually could. “A large percentage of their population doesn’t have a problem with lactose,” Verason says. “What ends up being an issue is that people think there might be a problem.”

The National Dairy Council is providing health professionals with materials in Spanish about the benefits of dairy products, so they can share the information with patients.