

U.S. HISPANICS GO MOBILE: ADOPTION AND MARKETING ENGAGEMENT TRENDS

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Abstract:

Seven in 10 U.S. Hispanics now uses a smartphone, and digital analytics can identify these engagement patterns as Hispanics bypass desktop and laptop computers for tablets and mobile phones. What are these behavior pattern changes and what are marketers doing to adapt their communications to reach them effectively? Considering the facts about Hispanic smartphone usage, research papers relating to Hispanics and mobile marketing are lacking in quantity and substance. This paper discusses the following topics: 1) smartphones usage for U.S. Hispanics. Why are they bypassing the desktop and even the laptop for phones and tablets; 2) shopping behavior on smartphones and tablets; and 3) a SWOT analysis of Hispanics and mobile.

Keywords: mobile marketing, smartphones, Hispanic marketing, marketing strategies, SWOT analysis

INTRODUCTION

U.S. Hispanics accounted for 56% of the total population growth in the 2010 census. They represent 37% of the population in California, and are growing in importance to marketers across the country. This study can help marketers understand future mobile communications needs of U.S. Hispanics and therefore provide crucial information for decision-making purposes.

LITERATURE REVIEW

Behavior Changes and Implications for U.S. Hispanics

We know that wireless media messages are expanding as unlimited data plans increase, screen images are improved and consumers are more satisfied with the apps available (Schiffman & Kanuk, 2010).

Consumer behavior teaches us that there is a segment of the population that understands technology and is highly competent with this exposure. Those without computer skills are now technologically underachieving, and parents seek computer exposure for their children to a point. Researchers have even gone so far to say that geeks are now viewed as friendly and fun (Schiffman & Kanuk, 2010). Clearly the social status of

nerds is changed for the better if you enjoy new technology.

We can see examples of how marketers are changing their interactive messaging in the B2B, B2C, B2G (government) in the United States and in Mexico. (Johnson, 2013; Elliot, 2012; Wentz, 2012).

For Hispanics, who have traditionally been slower to accept some trends, such as driving hybrid vehicles, (McCabe, Weaver, & Corona, 2013), the trend has been fast to accept digital media in the entertainment sector. For the business-to- consumer (B2C) market, Univision Communications has introduced new Spanish language platforms, including: 1) a Web music company, Vevo; 2) original Web TV series, Salseras; 3) five new Uvideos channels; and 4) an online digital video platform for younger Hispanics who identify with millennials, called Flama. (Elliot, 2013).

Core values such as spending time with the family, organized religion, culture, language, and music are important to Hispanics (Meneses, 2011). Hispanics are not so concerned with schedules or timeframes, and enjoy the moment. The percentage of Hispanics earning \$100K or more is half of that of the working population in the United States. Some of the lower

incomes can be attributed to younger workers who do not have a high earning potential due to limited experience and seniority. Just to have enough to get by is satisfactory for many U.S. Hispanics. Hispanic cultural values retain optimism, enhance human experience, and embrace spirituality. (Korzenny & Korzenny, 2005).

Marketers trying to reach Hispanics must advertise on television. Mobile marketing and other digital competition is expected to expand (Korzenny & Korzenny, 2005). Mobile apps such as Pandora and Spotify can provide Hispanics with entertainment that substitutes for radio formats. Radio had always been something of a folklore carrier for education about culture and history for Hispanic immigrants, as well as practical tips for living. (Korzenny & Korzenny, 2005).

U.S. Hispanics' growth of time spent online, on broadband connections and on smartphones is growing. There were 23 million Hispanics online in 2009, more than 50% of the U.S. Hispanic population (eMarketer.com, 2009). Many marketers and online publishers created advertising campaigns in both English and Spanish languages to reach an audience that switches between language and culture. (eMarketer, 2009).

Hispanics like to read news online, and younger, more acculturated Hispanics will use the Internet for sports news, such as soccer, baseball, and boxing, and for national and international news. For Hispanics without Internet access, newspapers in print copy is preferred. In addition, Hispanic consumers surf TV channels seeking entertainment, education and to satisfy their interests, in both English and Spanish languages (Meneses, 2011).

Hispanic Internet users are young; nearly two thirds are under age 35. Eight out of 10 Hispanic adults own a cellphone, and for 25% of these adults their mobile is their primary phone. They use smartphone features, including accessing the Internet, at higher

rates than other mobile subscribers (eMarketer, 2009).

Hispanics, like non-Hispanics, are visiting mobile websites via smartphones and tablets in large percentages, but this is a recent phenomena. Hispanics prefer TV and the Web for media such as news, and non-Hispanics selected magazines, newspapers and the Web for their news. Facebook ranked about the same for both Hispanic and non-Hispanic, but Twitter is only used by 5% of Hispanics versus 18.4% of non-Hispanics. Mobile adoption rates were not considered in this 2012 study. (McCabe, Corona, & Weaver, 2012).

DATA AND METHODOLOGY

A Hispanic marketing research service reported that U.S. smartphone penetration in 2012 approached 50%. (Essany, 2012). That number has moved to 70% in 2013 (Nielsen, 2013). Hispanics and African Americans are adopting new mobile shopping technologies at a faster rate than Caucasians, with 18% of African American shoppers and 16% of Hispanic shoppers using their mobile device to make purchases as compared to 10% of non-Hispanic whites (Essany, 2012).

One in five African American shoppers (21% versus 13% of Caucasian shoppers) use their phone to read product reviews and maintain shopping lists, and one in five Hispanic shoppers (20% versus 13% of non-Hispanic white shoppers) use their mobile device to compare prices on products (Essany, 2012) Natural entry level points would be SMS and mobile Websites for business to reach Hispanics (Essany, 2012). The Digital Divide is the gap between the computer haves and have-nots (James, 2011). In California, 20% of adults do not use the Internet and 30% do not have broadband access at home, about the same as the national average. Those left behind are increasingly in the Digital Divide as more of life's basic information,

like community news, transit schedules or job listings, are online, but they are not (James, 2011).

The divide is most pronounced in California's Latino community, where one third of adults do not use the Internet and only 50% have broadband access at home. Other demographic groups fare better, according to a 2010 study by the Public Policy Institute of California, a nonpartisan research group: whites (90% use the Internet, 82% have broadband access at home); Asians (87% use the Internet, 77% use broadband); and blacks (82% use the Internet, 70% use broadband) (James, 2011).

Why Bypass the Desktop and Laptop?

There has been a recent increase in "leapfrogging" among Latinos, accessing the Internet via smartphones, which costs less than computers and Wi-Fi. (James, 2011).

Nationally, 93% of teenagers are online, but in a study done near Berkeley, California, 30% of teenagers did not have an email address (James, 2011).

The literature points to the youthfulness and lack of broadband access at home. Because they are younger, they do not have the buying power for the newest desktop machines plus all of the required software and IT required. Even laptops cost hundreds of dollars, if not a thousand dollars for a high-end model. But a smartphone can cost as little as \$100 without a 2-year contract, and email can be combined with texting and phone service for as little as \$50 per month plus taxes. So, the initial investment can be low, which is appealing to the more youthful audience. Paying for broadband access at home plus paying for desktop broadband requires a double payment, so many opt for only the more portable and useful device, the smartphone.

How Shopping Behavior Is Changing

For the B2B market, Univision offers advertisers opportunities to combine their advertising messages across multiple platforms, including mobile. Advertisers traditionally use television, radio, online, social media, and now are entering into mobile (Elliot,

2013). They consider themselves leaders in technology as Hispanics have high penetration of smartphone ownership (72%). Hispanics also watch more online video, 62% more than for non-Hispanics (Nielsen, 2013).

B2C examples like Target stores, one of the top 30 advertisers in Hispanic media (Ad Age, 2013), show how big brand early adopters of mobile marketing have strived to focus on the Hispanic community through cutting edge mobile marketing techniques.

Case Study: Beverages

A B2C example is an alcoholic beverage company that created a Hispanic mobile marketing campaign (Johnson, 2013). Coors/Miller used three different mobile marketing platforms: texting, mobile websites and their Android application, to engage their Spanish language customers. This example shows how using mobile engagement in sports became a successful outreach for a beer company.

The promotional push included "Text to Win" chances to tickets to a soccer game in Mexico, allowing for a dialog with Coors/Miller Hispanic customers in Spanish. This became an ongoing conversation, due to multiple interactive channels (i.e., texting, websites and apps) that fostered engagement with the brand. The mobile website connected Hispanics on the go with the Coors Light brand through their smartphones. The first step for the consumer was to enter their date of birth to be sure they were at least 21 years old. Then users had access to a calendar of upcoming games, exclusive articles on players and teams, and video games to play. The Fans del Frio Android app allowed them to find out about upcoming games and allowed them to add game reminders to their device's calendars. The SMS codes found on bottles and cans of beer allowed them to enter the codes for a chance to win a trip and tickets to a championship soccer final match in Mexico. This was not the first beer company to promote using mobile. Miller Lite had done a similar campaign earlier, promoting watching live soccer games on their mobile website. Prior

to this mobile campaign, MillerCoors had sponsored a soccer team, Club Deportiva, in Guadalajara, Mexico (Johnson, 2013).

Case Study: Entertainment

Hispanics buy a quarter of all movie tickets sold in the United States. But do they need their own place to buy them? In February 2013, Spanish language broadcaster Telemundo introduced a digital movie ticket service aimed at Latinos called Fandango Cine. Separate from Fandango, this app highlights Hispanic movies, actors and original video clips. In a struggling entertainment industry, Hispanic moviegoers bought 286 million movie tickets in 2011, and they go to an average of seven films per year, compared with five movies a year for non-Hispanics, according to the Motion Picture Association of America (Chozick, 2013).

At the same time, Hispanics are 68% more likely than non-Hispanics to watch video on the Internet, according to Nielsen. Fandango had an average of 41 million unique visitors a month in 2012, a record for the service, which charges users a fee to buy movie tickets in advance.

Fandango sees the data from Hispanics preferring movies and mobile technology. Fandango Cine highlights Hispanic actors and directors under the heading "Overlooked by Oscar." A segment called "Cine Buzz" provides celebrity scoops on Latinos in Hollywood in addition to selling tickets to Spanish language films, for example, "Snitch," starring Benjamin Bratt as a Mexican drug lord, and "Bless Me, Ultima," based on the novel by Rudolfo Anaya (Chozick, 2013).

ANALYSIS

Figure 1 describes how the elements of the Hispanic family are connected to mobile marketing, shopping and technology. Youthful Hispanic consumers tend to have strong connections to family. Those connections help keep Hispanics texting, talking and involved. For shopping, we know that Hispanics

are brand loyal, so businesses that can attract and maintain good relationships have a better opportunity to gain and keep Hispanic customers. The language and the culture both are important to the connections that involve the family and values.

Figure 1: Hispanics are mobile and family focused

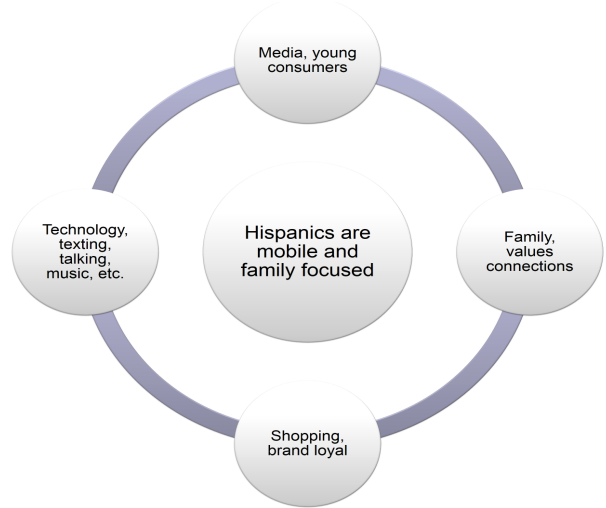


Chart 1 shows that Hispanics are more likely to use smartphones than the total marketplace. They are more likely to interact with their smartphones for many measured activities, including text messaging, streaming music, streaming video/TV and using mobile apps (eMarketer, 2012).

Chart 1: Digital media use among U.S. Hispanic vs. total shoppers (eMarketer, 2012)

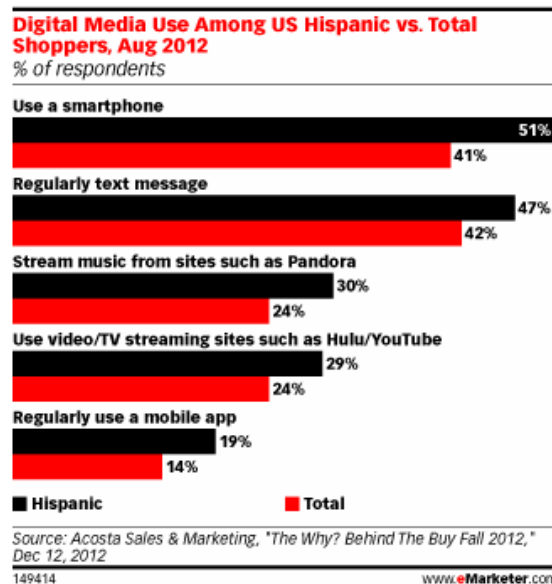
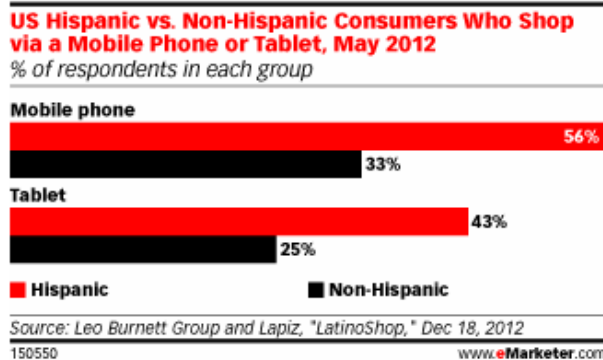


Chart 2 describes the percentage of Hispanics who shop with a mobile phone or tablet (56%) as nearly double that of non-Hispanic (33%) (Leo Burnett, 2012). This means that many types of businesses are more likely to get Hispanic customers using a mobile phone or even a tablet, and they should be creating content that reflects these segments. They should make sure the mobile Websites and apps are easy to use, easy to read text and sized properly for the smaller screens. In order to make the user experience positive, companies should test their messaging on all major phone device manufacturers.

Chart 2: U.S. Hispanic vs. non-Hispanic consumers who shop via a mobile phone or tablet (Leo Burnett, 2012; eMarketer, 2012)



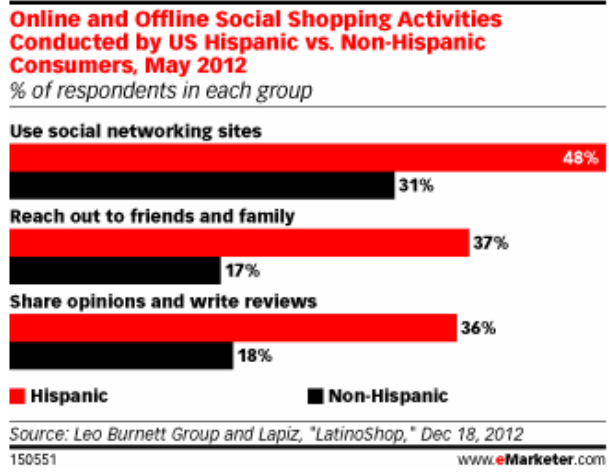
Based upon Chart 3, Hispanics would be a solid target market for the purchase of event tickets on smartphones. Clearly, this is the largest category for purchasing consumer products/services thus far, and this goes for the tablets as well. With nearly 11% of share of commerce for smartphone and 4.5% of tablet, expect this percentage to be increasing as the desktop commerce diminishes for Hispanics. Marketers should consider this for ease of product tracking, delivery and convenience for the future for certain product categories such as concerts, sporting events, and cultural outings.

Chart 3: Share of total digital commerce spending by platform: Leading product categories, Q1-Q2 2013 (comScore, 2013)

Source: comScore M-Commerce and E-Commerce Measurement			
	Share of Total Digital Commerce by Platform		
	Desktop	Smartphone	Tablet
Total Digital Commerce	90.4%	6.0%	3.5%
Apparel & Accessories	90.3%	6.2%	3.5%
Computer Hardware	94.5%	3.3%	2.1%
Consumer Packaged Goods	95.6%	3.0%	1.3%
Consumer Electronics	94.4%	2.6%	2.9%
Event Tickets	84.6%	10.9%	4.5%

Chart 4 indicates that social shopping activities are very important to Hispanics. Not only do they use social networking sites, they tend to share more often. This sharing is done both online in the form of writing reviews, but also sharing of content and "likes." They also do more offline sharing, reaching out to friends and family, often by phone, to communicate their favorite activities and products.

Chart 4: Online and offline social shopping activities (Leo Burnett, 2012)



SWOT Analysis

Traditional marketers are familiar with the SWOT analysis (Humphrey, 2005). Chart 5 shows results of a SWOT analysis of Hispanics and mobile marketing. A SWOT analysis can be carried out for a product, place, industry or person. In this case it is a subset of an industry. For the U.S. Hispanic mobile market, the specific objective is to identify the strategic internal and external factors that are relevant to success.

Strengths are internal aspects of mobile with a product or market focus. Those include text messaging, streaming music and video, Hispanics love of language and conversation, ease of use of mobile phones, younger market, improved technology, and new technology such as SMS, QR codes and geo-location.

Weaknesses, which are also product or market focused, are privacy, lower levels of trust (Banamex, 2013), language barriers of mobile apps, and mobile websites. An example of this weakness is when a mobile transaction is initiated by a Spanish speaking person. Often the commerce from Spanish goes through English before the transaction is completed, thus creating a barrier to that transaction completion. The education gap is also a weakness as fewer Hispanics have a formal education than the general public. This is changing, but

slowly. Part of this is due to the youth of the market compared to non-Hispanic youth.

Opportunities, which are market focused, include growing in political influence, low barriers to entry, brand loyalty, sporting and music events, higher cell-only and cell-mostly customers. (Lee, Elkasabi, & Streja, 2012)

Threats, which are also external, include market saturation already, poor education historically, and the digital divide (i.e., the education and economic differences between the haves and the have-nots (Scott, 2011)), is still large.

Chart 5: Discussion and illustration of SWOT analysis for Hispanics and mobile marketing.

Internal (Product and Market)

Strengths	Weaknesses
Text messaging	Privacy
Streaming music and videos	Low levels of trust
Love of language and talking	Fewer Spanish language apps/mobile websites
Younger market	Education gap
High penetration levels of smartphones	
Use social networking sites	
Reach out to friends and family	
Share opinions and write reviews	

External (Environmental)

Opportunities	Threats
Political influence rising	Security
Low barrier to entry, low costs	Unlimited data issues and rising costs
Brand loyalty	Digital divide
Sporting and music events	

Summary: Hispanics and Mobile Marketing Engagement

Mobile engagement is rising for U.S. Hispanics with more than 70% adoption rates by Hispanics for the smartphone (Nielsen, 2013). Many bypass the desktop and laptop for tablet and mobile devices. This represents an innovative segment, which in the past was a laggard in new technology adoption. These market changes will alter how many marketers look at the Hispanic opportunity.

CONCLUSIONS AND RECOMMENDATIONS

The purpose of this paper was to share insights on Hispanic use of mobile phones and tablets. The SWOT analysis identifies strategies that future marketers may want to consider when planning future campaigns and marketing direction.

Mobile media and marketing for U.S. Hispanics will grow and flourish:

1. Overall data traffic increases and a growing population with more mobility will make that growth faster for mostly younger Hispanics.
2. Screen image quality is enhanced as smartphones and tablets improve technology and make it easier to produce content in Spanish.
3. Consumer-user experiences with Web applications improve across all interests, including entertainment, political, travel, and health organizations.
4. Advertisers may consider using more mobile campaigns to address their Hispanic customers.

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