

More Than Just Language Part 2: A Continued Look At Diversity Among Hispanic Boomers

Overview

Earlier this year, Focalyst took a look at Hispanic Boomers and focused on the need to go beyond language in order to understand how diverse this population is, not only by levels of acculturation, but also in terms of their lifestyles. Marketers miss important segments by using language as the defining Hispanic characteristic.

To review, the More-Acculturated Hispanic Boomer segment is made up of those that are Acculturated and Bicultural. Together they represent two-thirds of all Hispanic Boomers (over 7 million consumers), with the balance being Spanish dominant. Acculturated Hispanics are U.S. born and primarily speak English. They identify with the American culture, but still keep ties with their Hispanic roots. Bicultural Hispanics are bilingual consumers born either in the US or in Latin America and identify with aspects of both cultures. While there are common values around family and traditions, these two groups have different life experiences, differing attitudes and different goals for the future.

In Part 2 of this report, Focalyst worked with Millward Brown's Multicultural Practice to examine these More-Acculturated Hispanic Boomers and their attitudes and experiences about their finances, home, health and technology.

Note to the reader: For brevity's sake, the term "Hispanic Boomers" throughout the report refers to the combined population of Acculturated and Bicultural Hispanic Boomers only, and does not address the Spanish-speaking Unacculturated Hispanic Boomers.

Key Findings:

- The three factors that most affect the purchasing behaviors of Hispanic Boomers are a lower income bracket, their close ties with home and family, and their aspirations to improve their status in life.
- Almost half of Bicultural Boomers and one-third of Acculturated Boomers have no savings or investments, compared to only 1 out of 4 General Market Boomers. Factors contributing to the lack of savings by Hispanic Boomers include their somewhat younger age, lower incomes, extended family obligations, tendency to be short-term planners, and a lack of knowledge about the financial options available.
- Hispanic Boomers are more home-oriented and tend to be more concerned about how their homes look than the General Market Boomer. This attitude translates into big spending - despite having lower incomes, Hispanic Boomers say they will spend an average of about \$2,700 on household items in the next



12 months, about 25% more than General Market Boomers.

- Bicultural Boomers are more likely to believe there is conflicting healthcare information, to feel they are not treated with respect and dignity and to have trouble managing their own medical plan.
- Hispanic Boomers are more likely than General Market Boomers to be open to alternative health treatments - about half say they would consider alternative treatments and medicines.
- Hispanic Boomers are more likely than General Market Boomers to value media and advertising - print, TV and radio - for receiving health-related information.
- Compared to General Market Boomers, the connected segment of Hispanic Boomers is less likely to be using the Internet for information searches, emailing or staying in touch with family and friends, but more likely to be task-specific: paying bills, education/training, job searches, instant messaging and downloading/listen to music.
- Hispanic Boomers, especially Biculturals, do not think that keeping abreast of changing technology products is a hassle and they are more likely to upgrade their technology products on a regular basis. They are also planning on spending more on technology products than the General Market Boomer – about \$1,350 in the next year, compared to about \$1,100.

Methodology

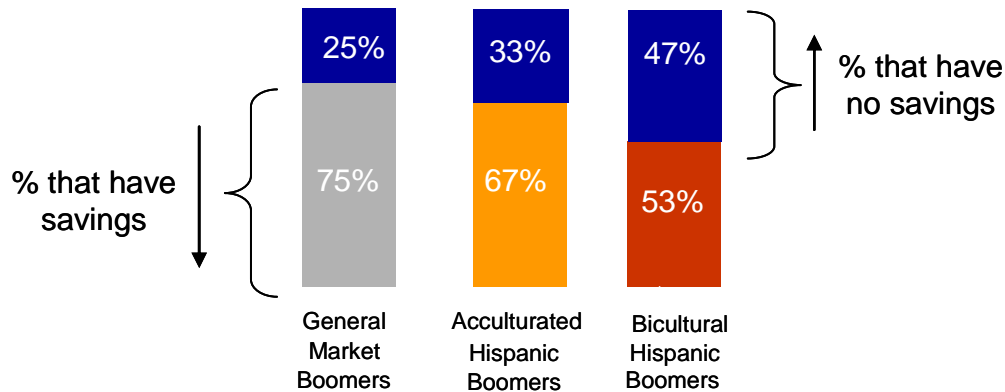
This report is based on survey results from two sources: 1) the Focalyst View survey of 17,040 Boomer Americans (including 482 Acculturated Hispanics and 243 Bicultural Hispanics - the mail questionnaire for this study was in English therefore Spanish dominant households were not included); and 2) a nationally representative Multicultural Segmentation Study conducted by Millward Brown that interviewed 1,300 respondents in the language of their choice.

The Savings/Investment Gap

Previously we reported the disparity in annual income between the General Market Boomer and Hispanics. With lower income, plus outlays going to extended family, Hispanics Boomers have more difficulty saving and investing. While 1 out of 4 General Market Boomers has no savings or investments, this climbs to one-third of the Acculturated group and almost half of Bicultural Boomers (Figure 1).

Figure 1

Hispanic Boomers are Less Likely to Have Savings/Investments

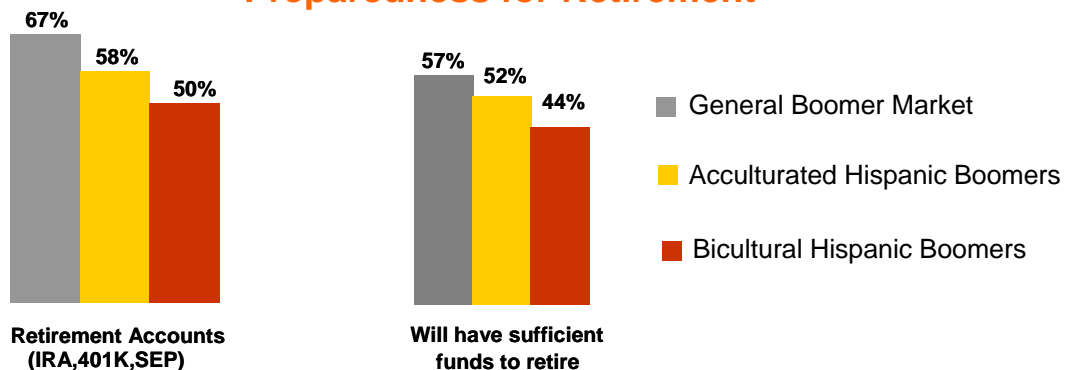


Source: Focalyst

While lack of preparedness for retirement cuts across all Boomers (only 6 out of 10 say they have taken steps to ensure they have sufficient retirement income), Hispanic Boomers are even less prepared (Figure 2). Only about half say they have a retirement account, but having a retirement account does not mean that Hispanic Boomers believe they are prepared for retirement as only 4 out of 10 Biculturals say they will have sufficient income for retirement.

Figure 2

Preparedness for Retirement



Source: Focalyst

Perhaps the reasons only half of Biculturals have any type of retirement savings and also far less likely to have savings or investments accounts are because they are somewhat younger or they are financially stretched with lower incomes and extended family obligations. It may also be a cultural barrier - Hispanics tend to be more short-term thinkers due in part to age and having less money to plan for the future.

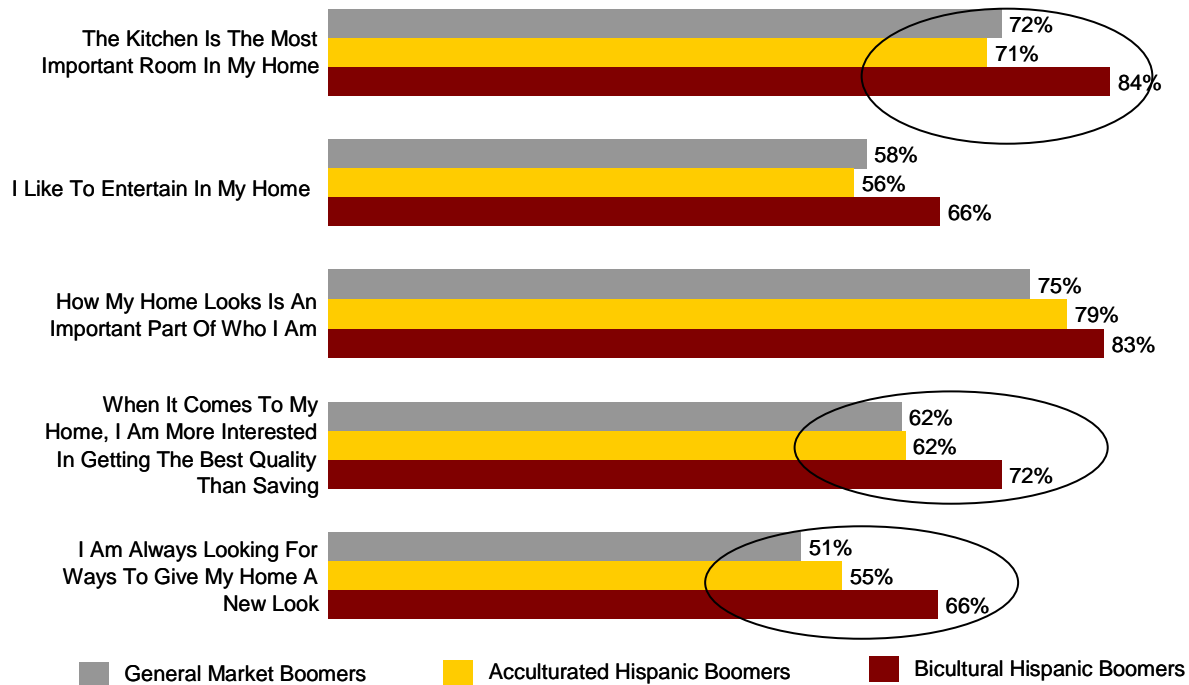
Another factor likely contributing to the lack of savings may be that they know less about financial options available. Although these types of financial services and products are growing in Latin America, they are still very limited when compared to what is available in the United States.

"El hogar es donde está el corazón" (Home is Where the Heart Is)

Hispanic Boomers are more home-oriented and tend to be more concerned about how their homes look (primarily the kitchen) than the General Market Boomer. In our last report we looked at household size for Hispanic Boomers, and found that larger household size coupled with support of family outside the home, leave many 'sandwiched " between caring for children and caring for elders and that their home is the center of their lives.

Figure 3

Boomer Attitudes About the Home



Source: Focalyst

While all groups focus to some degree on their home as a reflection of themselves, the values tied to the kitchen as the home's center, home entertaining and improvements are even more pronounced among Bicultural Boomers (Figure 3). For Hispanics, their home is a means for communicating their personal success, i.e. how well they are doing in the U.S.

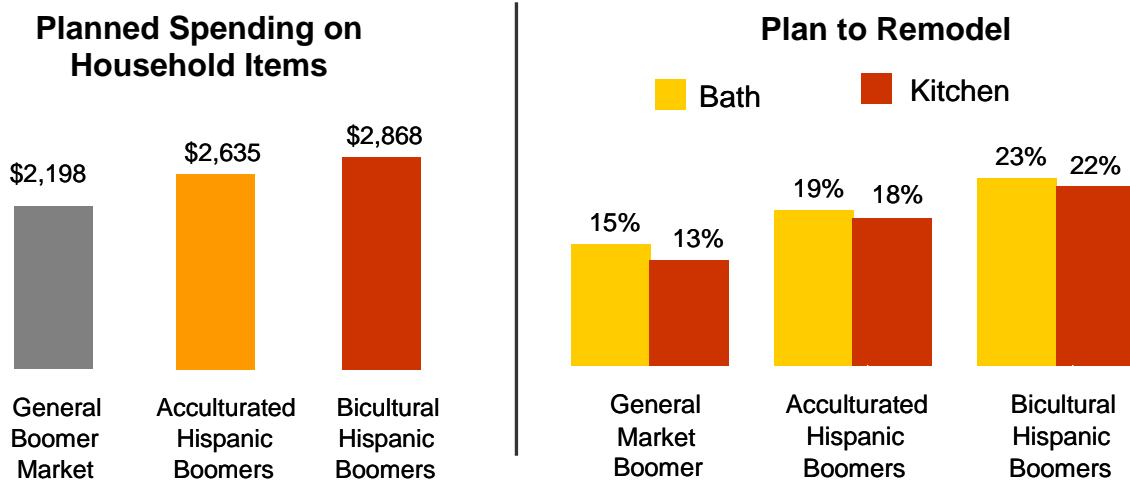
Hispanic Boomer's attachment to their homes goes beyond sentiment and is reflected in their home remodeling plans and spending on household items. Despite having lower incomes, Hispanic Boomers say they will spend an average of about \$2700 on household items in the next 12 months, about 25% more than General Market Boomers (Figure 4).

Hispanic Boomers say they will spend about 25% more than General Market Boomers on household items in the next 12 months, an average of \$2,700

Many in the Hispanic community are actively improving their homes, looking for quality and ways to give their homes a new look. Far more Hispanic Boomers are planning to remodel their kitchen and/or add/remodel a bathroom in the next year underscoring their dedication and attention to their homes.

Figure 4

Plans for the Home - Next 12 Months



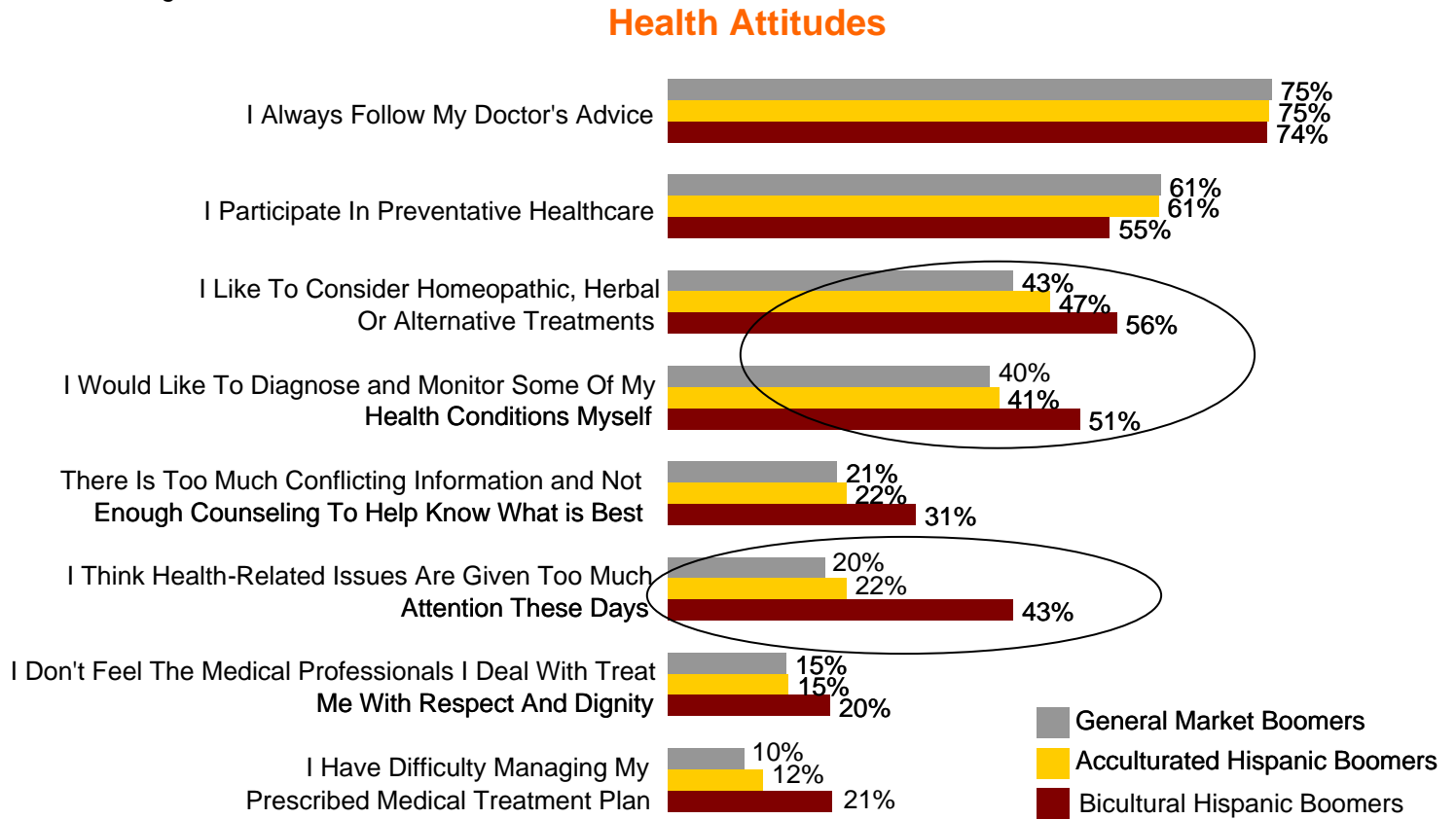
Source: Focalyst

Hispanics' focus on the home represents an opportunity for retailers of home goods and home improvements. To connect with this market, retailers need to customize their message and offerings to capture the pride felt by Hispanic Boomers about their homes and themselves.

Healthy and Willing to Experiment

Hispanic Boomers say they follow their doctor's advice and Acculturated Hispanics participate in preventive healthcare in line with General Market Boomers (Figure 5).

Figure 5



Source: Focalyst

Perhaps due to cultural differences, preventive healthcare is somewhat lower among Bicultural Hispanics. Biculturals often want to be able to diagnose their own conditions and self-medicate, a common practice in Latin America. It is also likely that Biculturals will medicate to ease the immediate symptoms, but will not comply with a full course of treatment for prevention – a barrier that will need to be addressed when thinking about how to prevent certain lifestyle diseases (diabetes, heart disease, stroke, etc.) that are more common with age.

The biggest obstacle with regard to healthcare and Hispanic Boomers is in how they receive and deal with health information, and these issues are more pronounced among the less acculturated. Bicultural Boomers are more likely to believe there is conflicting healthcare information, less likely to feel they are treated with respect and dignity and have more trouble managing their own medical plan. One outcome of these beliefs is

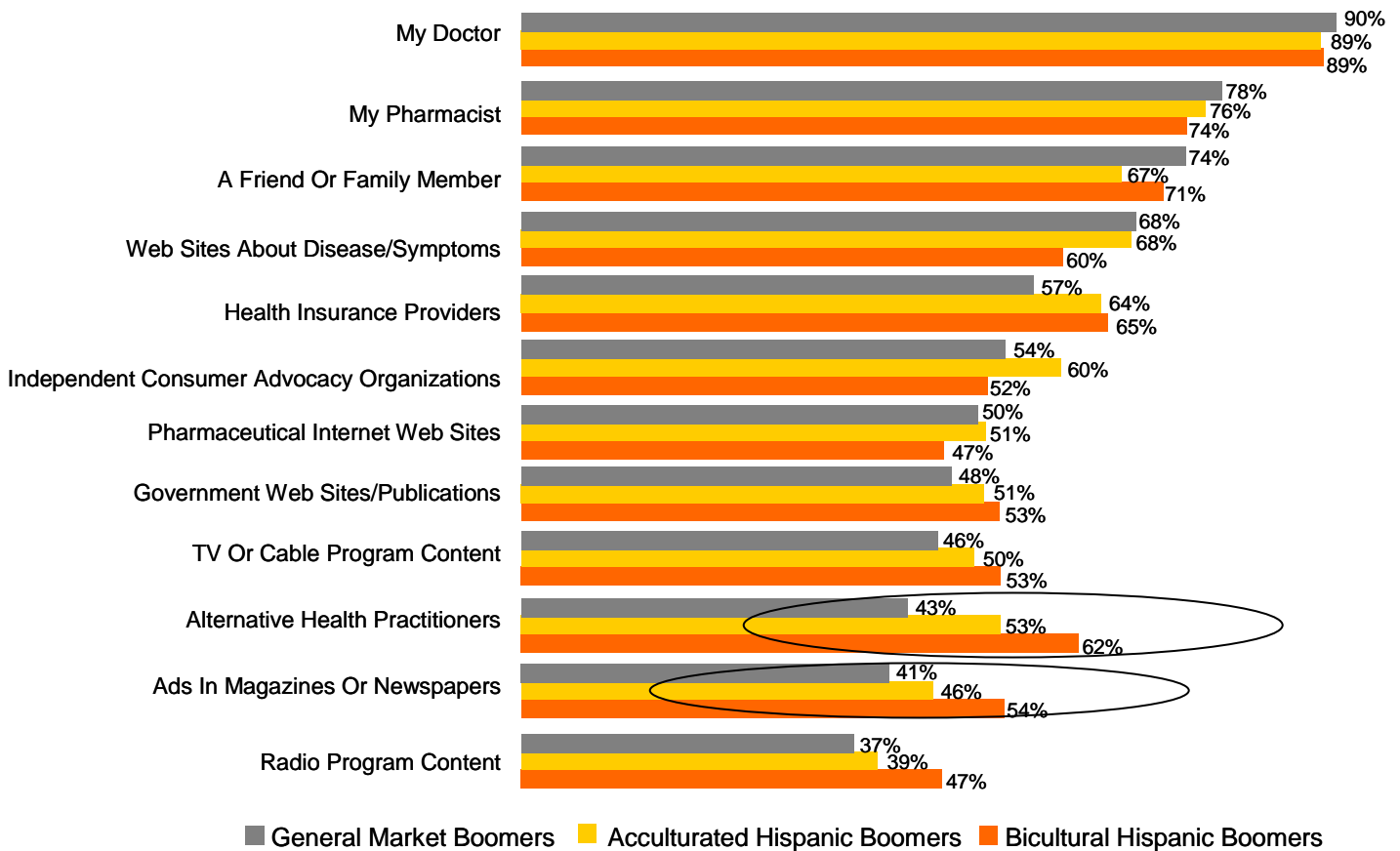
that about half of Hispanic Boomers say they would consider alternative treatments and medicines – another avenue that allows them to self-medicate.

Almost 1 in 2 Bicultural Hispanic Boomers agree that too much attention is given to health related issues. This may be a reflection of the language difficulties, with information and medical terminology causing them to feel more overwhelmed, but may also be because direct-to-consumer advertising is not allowed in Latin America. Therefore, foreign-born Hispanics are less used to the huge amount of information available and the many different, and at times conflicting, options and data. They are eager for information, but between the language barrier and the abundance of information, they may have difficulty in processing everything.

Hispanic Boomers trust and value their doctor and pharmacist as an information source the same as the General Market Boomer but they also display a greater reliance on the media and advertising - print, TV and radio - for information (Figure 6).

Figure 6

Valued Health Information Sources



Source: Focalyst

Bicultural Hispanic Boomers especially want to control their own healthcare, which may be tied to language barriers, insurance concerns (1 out of 5 Bicultural Hispanic Boomers has no healthcare coverage, a rate almost twice as high as the average Boomer) or their striving for independence. Whatever the motive, Biculturals are far more likely to seek out and trust alternative health practitioners.

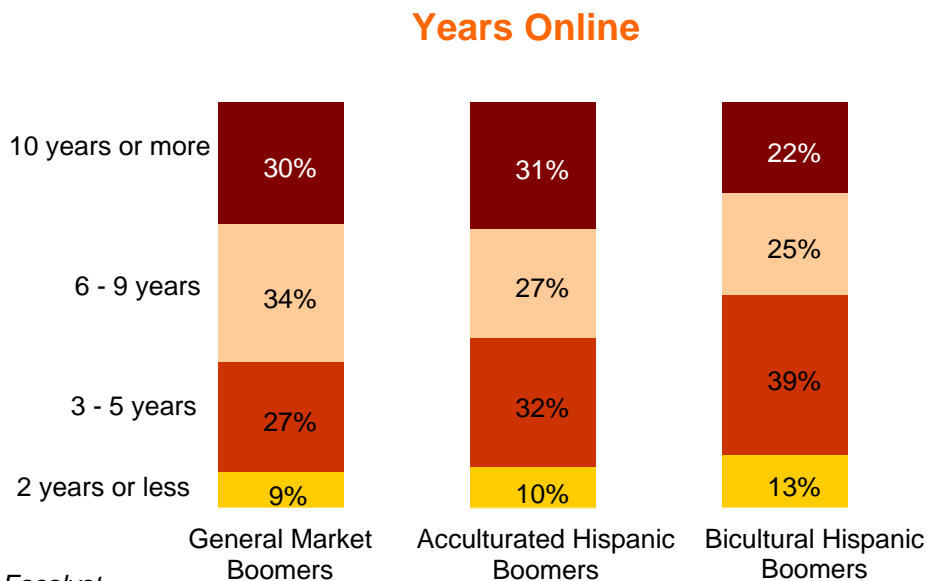
Hispanic Boomers are supplementing what they believe is sub-optimal healthcare information with other sources including advertising and opening themselves to alternative treatments. The attitudes about healthcare among Hispanics present an opportunity for the pharmaceutical and healthcare industries to communicate with this community in clear, understandable terms and language that imparts the respect and dignity Hispanics believe is absent and which may keep them using traditional medical treatments.

Ultimately, the lack of knowledge about health issues and the huge amount of information available is confusing more than helping Hispanic Boomers. As they are also less educated in general, they tend to prefer and respond more to simple, straightforward messages. This is likely why they value information provided in advertising – it is in much simpler language than that of most medical information.

Catching Up

According to Pew Research about half of the Hispanic community is connected to the Internet but this level still lags well behind General Market Boomers (3 out of 4).¹ And Hispanics' adoption of the Internet is fairly recent compared with General Market Boomers. Among total Boomers, 2 out of 3 have been connected for 6 years or more while about half of Biculturals have come online in only the past 5 years (Figure 7).

Figure 7

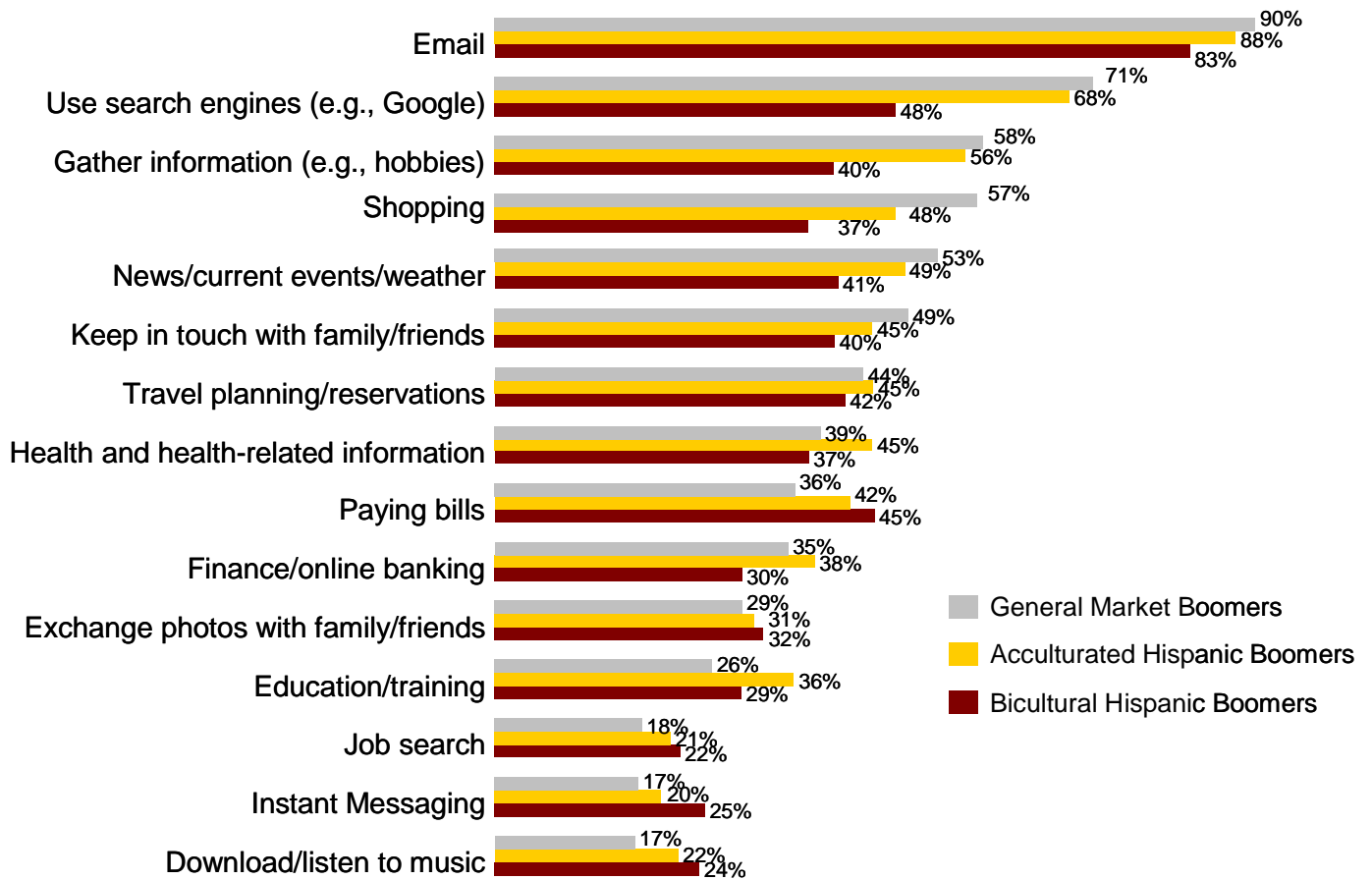


Source: Focalyst

The connected segment of Hispanic Boomers is less likely to be using the Internet for information searches, emailing or staying in touch with family and friends. Rather Hispanic internet usage, when compared with General Market Boomers, is more specific: paying bills, education/training, job searches, instant messaging and downloading/listen to music (Figure 8).

Figure 8

Activities of Online Boomers

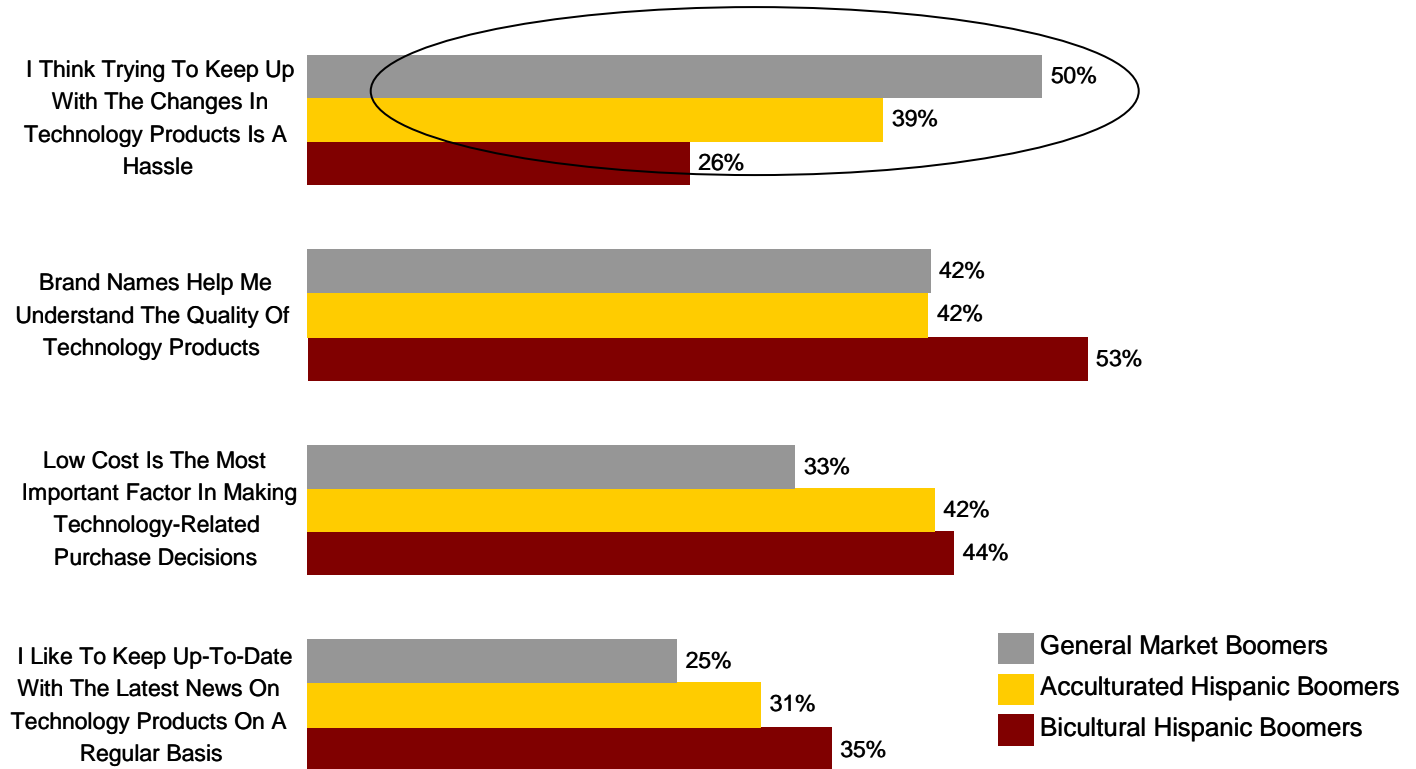


Source: Focalyst

While Hispanics lag in connectivity they make up for it with forward thinking. Hispanic Boomers, especially Biculturals, do not think that keeping abreast of changing technology products is a hassle and they are more likely to update on a regular basis. Biculturals also use brand names as a surrogate for product quality but, concurrently, they are balancing price/value as low cost is important to almost half (Figure 9).

Figure 9

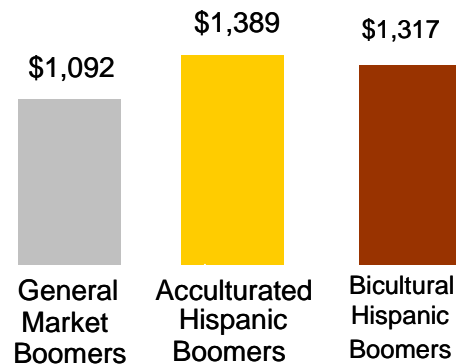
Attitudes About Technology



Source: Focalyst

When asked about possible technology products they plan to buy over the next 12 months, Hispanic Boomers, perhaps catching up, are more likely to affirm their intent for items like satellite radio, portable DVD players, navigation systems for cars and home theater equipment. Across an array of new technology products, Hispanics plan to spend about 24% more than the General Market Boomer in the next 12 months.

Planned Tech Products Spending (next 12 months)



Conclusions

The Hispanic Boomer population is not a homogenous group divided only by language. Acculturation and other demographic and attitudinal variables are more indicative of behaviors and these must be understood by marketers to connect with this audience. The more acculturated Hispanic Boomers seek progress and a better future. Even with financial struggles that limited savings and retirement plans they are aspirational. They want to improve their lives by upgrading their homes and buying the latest tech products. Their openness to alternative healthcare reflects their desire for independence and control if traditional healthcare delivery and communication does not meet their needs. Bicultural Hispanics differ the most from General Market Boomers and require communication and products attuned to their lifestyle.

Hispanic Boomers represent a huge growth opportunity because this segment is generally underserved, particularly in financial services and healthcare, despite being a growing population segment. Marketers need to tailor their products and services, as well as their communication to really reach this segment. As we have seen, there are cultural factors that make them different from the General Market Boomer, such as having lower incomes, being more short-term thinkers, and lacking knowledge about specific industries. Relying on a mainstream communication to reach both of these segments may not be the solution as messages aimed at the General Market may not resonate with English-speaking Hispanics.

Our two Insight Reports have focused on the ways that Hispanic Boomers are different from (and are similar to) General Market Boomers. We have signaled that marketers cannot expect to reach this population using only mainstream messaging. The lesson is clear - marketers must look for insights about Hispanic Boomers that reveal their thoughts, feelings and needs if they are to successfully penetrate this growing market.

¹ Pew Internet & American Life Project, "Latinos Online," March 14, 2007.

Focalyst™ (www.focalyst.com) is a leading source of information and insights about Baby Boomers and Mature consumers. As a Millward Brown specialty practice supported by AARP Services Inc.,SM Focalyst offers a broad range of qualitative and quantitative custom research solutions. Focalyst pioneered the largest, most comprehensive study ever conducted about Boomers and Matures and has the unique expertise to help marketers better understand and connect with this important demographic. For more information about Focalyst call 212.548.7270 or email Jackie.Bartolotta@focalyst.com.

Millward Brown's Multicultural Practice is a specialty group focused on providing research consultancy and market insights on Hispanics, African Americans and Asian Americans. Most recently, MB's Multicultural Practice conducted a lifestyles segmentation of the US Hispanic market, approach that went beyond language to analyze Hispanic consumers on a diverse array of dimensions. For more information about the Multicultural Practice of Millward Brown, call 630.955.8993 or email David.Burgos@us.millwardbrown.com.