



For more information, contact:
Natalie Judd, 203-605-9515,
natalie@bigvoicecomm.com
Jennifer Walus, 630-873-3080,
jennifer@bigvoicecomm.com

FAST-GROWING UPSCALE LATINO SEGMENT WIELDS NEARLY HALF OF HISPANIC SPENDING POWER

New AHAA Study Provides Insight on Highly Influential Segment

McLean, VA, April 30, 2013 – As part of its Thought Leadership strategy to provide in-depth understanding of the diversity of the Hispanic market, AHAA: The Voice of Hispanic Marketing explores the Upscale Latino segment as part of its research series released during the AHAA 2013 Conference. The study revealed that this viable and sophisticated market boasts 40 percent of Hispanic Spending Power, lives in a world of cultural duality, and provides lifetime value and upside opportunities for many high-end and luxury brands. The most influential segment since the baby boomers, Upscale Hispanics will drive shifts in category consideration, purchasing behavior and brand relationship.

In partnership with Nielsen, AHAA conducted a comprehensive study on Hispanic households earning \$50-100K annual income dissecting demographics, lifestyle, financial and investment behavior, purchasing habits, media consumption and technological adoption. At the direction of AHAA, this preliminary meta-study mined Nielsen’s responder data, including P\$ycle, Homescan, and Nielsen People Meter.

Young, urban and connected

In 2012, Upscale Latinos accounted for 29 percent, or 15 million, of the U.S. Hispanic population – that figure is expected to double by 2050. Younger than Upscale Non-Hispanic Whites (33 years old compared to 39 years old), they are living active lifestyles, often with young families – in fact, 85 percent of Upscale Hispanics having a household size of three or more, compared to 65 percent of Upscale Non-Hispanics.

While they reside across the country, they are mostly concentrated in urban areas, such as Los Angeles, New York, Houston and Miami, and the surrounding communities. They also are boosting the Hispanic populations of secondary markets, like Jacksonville, Honolulu and Washington D.C., and smaller communities, such as Salt Lake City, Raleigh and Oklahoma City, which has seen its Hispanic populations jump by 191 percent.

A force behind new businesses with higher educational and professional attainment, Upscale Latinos are technologically savvy, often seen as trendsetters among their peers. They are more likely to use smartphones, own iPads and subscribe to one of the top four U.S. mobile providers.

Building the American Dream through education and investments

With more than half having attended college, Upscale Latinos are more likely to be business owners than Upscale Non-Hispanics. Accordingly, the Upscale Hispanic segment has a higher concentration of White Collar professionals than total U.S. Hispanics. They also have a larger share within the work force with only 19 percent currently not working.

Heavily involved with wealth creation and preservation, Upscale Hispanics are building a brighter future for their children with a greater emphasis on saving for education compared to Upscale Non-Hispanics. This segment tends to be homeowners and are very financially savvy with half having investments and 86 percent using savings accounts and 50% more likely to manage their financial accounts from their mobile device. Mutual funds and stocks are the most commonly used investment opportunities among Upscale Hispanics with the majority more likely to invest in stock plans provided by their employers. In addition, more Upscale Hispanics use mutual funds compared to total U.S. Hispanics (21 vs. 16 percent).

Cultural duality fuels media consumption and purchasing behavior

Deeper pockets do not translate to increased assimilation. Upscale Hispanics live in two cultures with three-quarters speaking both English and Spanish. While they are slightly more English-dominant, their strong cultural duality and bicultural behavior is reflected in their media consumption. More than a third of Upscale Hispanics watch content in both languages, with English-language comedies, documentary-style programming and children's weekly programming as the most watched. However, Upscale Latinos will switch to Spanish-language television for cultural events, concerts and sports.

Upscale Latinos have the disposable income to pamper their image, with health and beauty products comprising the overwhelming majority of categories above and beyond Upscale Non-Hispanic Whites and Hispanics overall. Men's toiletries, women's fragrances, hair care and cosmetics dominate with an emphasis on brand choices, while alcohol and baby care categories skew to store labels. In addition, Upscale Hispanics over-index on fresh ingredients, as feeding their growing families healthy and nutritious food is a priority.

The study also identified sub-segments within Upscale Latinos: Young Accumulators, Young Achievers, Urban Uptowners, and Affluentials.

What does this mean for marketers?

Marketers have a unique opportunity to identify the needs of an evolving Upscale Hispanic household. With an interest in building net worth and simplifying their lives, Upscale Latinos are

fueling the growth of America's middle class, while benefiting from a bicultural lifestyle, streamlining their multi-generational responsibilities and enriching their American Dream.

Key touch points for this segment include:

- Bringing financial services to their specific needs.
- Supporting small businesses.
- Expanding investment and retirement education.
- Strengthening higher learning opportunities.
- Aligning with segment's interest in (image related), beautification and wellness.

With Upscale Hispanics controlling \$4 out of every \$10 Hispanic spend dollars, this growing segment will be an essential component not only for Hispanic marketers but also for successful total market Upscale marketers.

For more information on this study, please visit <http://ahaa.org>.

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About AHAA: Headquartered in McLean, VA, AHAA: The Voice of Hispanic Marketing represents the best minds and resources dedicated to Hispanic-specialized marketing. Companies trying to reach and connect with Hispanic consumers turn to AHAA members for unmatched cultural expertise and knowledge. As the voice of the Hispanic marketing industry since its founding in 1996, AHAA demonstrates the value of targeting Hispanics, showcases the impact of using AHAA member agencies, and provides forums for the discussion and dialogue between brands and industry professionals.