



# The Power of the Hispanic Consumer Online

*A complimentary report from Scarborough Research*



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## INTRODUCTION

Almost a decade has passed since the U.S. Census released information showing the prominence and expected growth of Hispanics. Marketers and media professionals responded by increasing multicultural targeting budgets and placing more emphasis on Hispanic-focused programs. At the time, the strategy focused on developing brand loyalty with Hispanics while they are young, thereby laying the foundation for lifetime brand affinity. In the digital age, developing brand loyalty online is becoming a critical component of overall brand development programs and efficient targeting. The following complimentary report from Scarborough Research explores and illustrates the growing prominence of the Internet among Hispanic adults and its increasing importance to multicultural marketers.

At the time of the Census, Hispanics were considerably less likely to be Internet users than the general population. But times have changed. Hispanics have reached a critical mass online - more than half (54%) use the Internet, according to consumer and media research firm Scarborough Research. The Hispanic adult is as dynamic a consumer online as he or she is in the traditional media world. Local influencers and unique demographics drive distinctive online shopping behaviors, types of Internet connectivity, and overall Internet usage.

This report will explore Hispanic Internet usage patterns, such as:

- Downloading: Hispanic Internet Users are avid downloaders. They are more likely than the average Internet User to download numerous types of online content.
- Broadband: Hispanic broadband connectivity is increasing at the same rate as that of the total Internet population.
- Mobile: Mobile devices could be an important point of Internet entry for Hispanic adults.
- Online Spending: Average Internet spending among Hispanic Internet Purchasers increased by about 6% since 2006, a rate comparable to Internet Purchasers overall.
- Local Variations: Internet spending, broadband connectivity and overall online usage will vary depending on where Hispanic adults live.

The report draws upon data from Scarborough's national study, Scarborough USA+, as well as individual Local Market Studies. All data is based on U.S. adults ages 18+. It also includes information about 13 markets with higher-than-average Hispanic concentrations. Additionally, the report features perspective from Scarborough's digital analyst, Gary Meo.

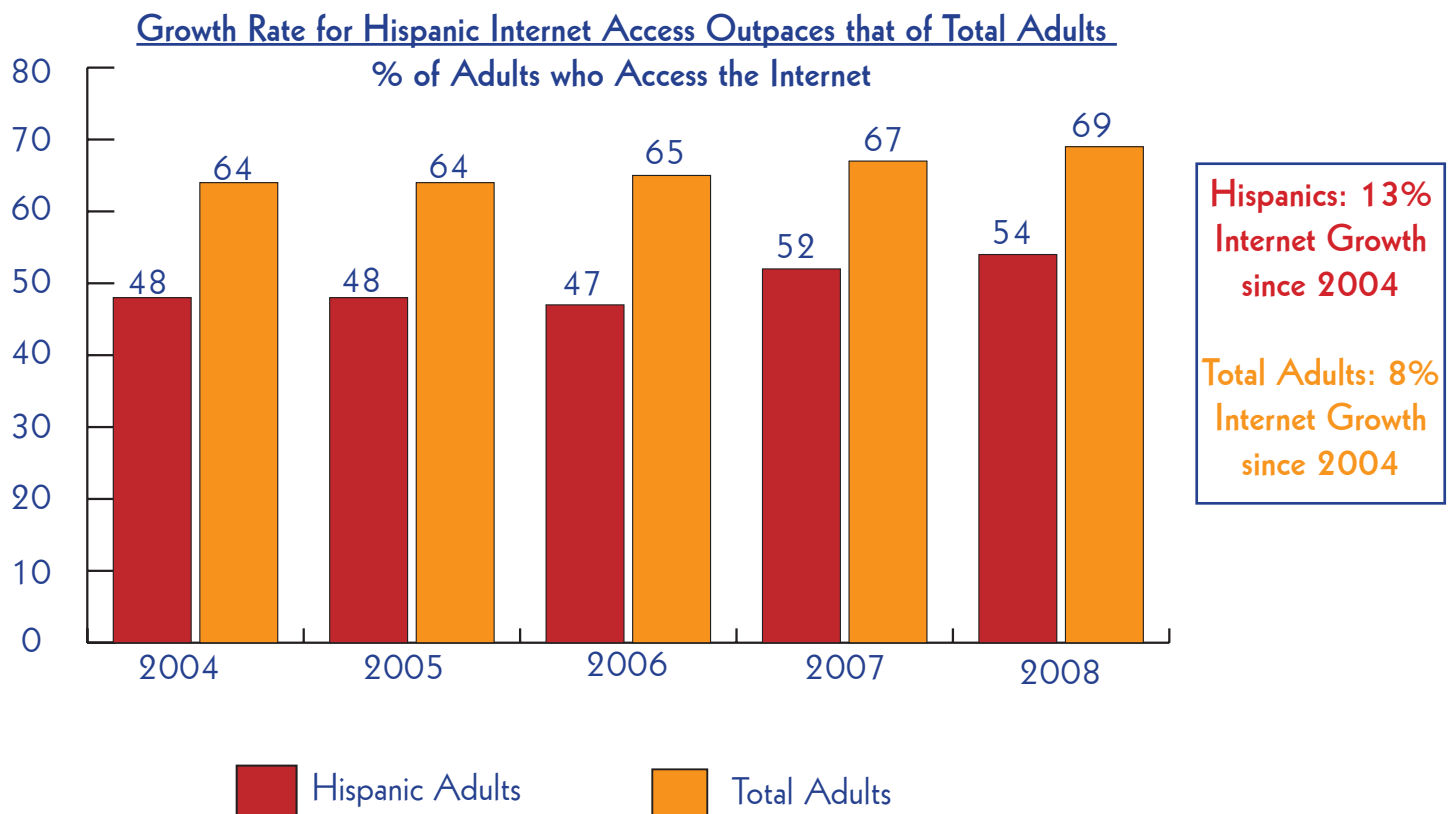
## PART 1: INTERNET USAGE

### Internet Access Among Hispanic Adults Has Reached a Critical Mass

Scarborough Research finds that the majority (54%) of Hispanics are now online. In fact, Internet access among Hispanics has been increasing at a faster rate than it has among total adults in the U.S.

Hispanic Internet access has grown 13% (on a relative basis) since 2004 - from 48% in 2004 to its current penetration of 54% (as noted above). By contrast, Internet access by all consumers nationally grew 8% during the same time period. In 2004, 64% of all consumers accessed the Internet, and this increased to 69% in 2008.

*"For years, online Hispanics have been overlooked by many as a marketing target. Our research shows that Hispanic Internet Users are not only well-deserving of the same level of focus as non-Hispanics online, but continuing to ignore this dynamic consumer group could hinder or stall the future growth of online businesses," said Gary Meo, senior vice president, digital media services, Scarborough Research.*

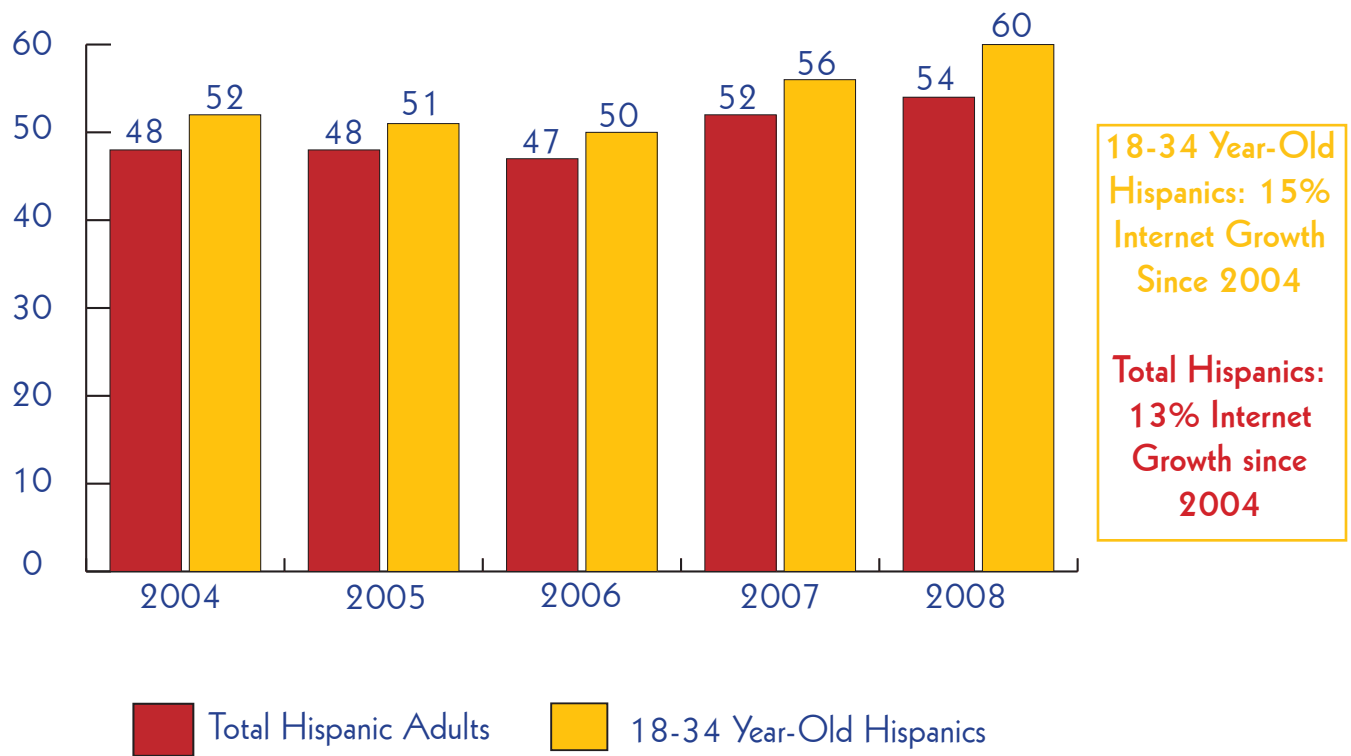


### Internet Usage: The Youth Element

18-34 year-old Hispanics are more likely to access the Internet than Hispanics overall, and their rate of Internet access is growing at a faster pace than that of the total Hispanic population. 52% of 18-34 year-old Hispanics were online in 2004. This grew to 60% in 2008, an increase of 15%. Given that both Internet users and Hispanics tend to be younger than the general population, this is no surprise.

#### 18-34 Year-Old Hispanic Internet Usage Growth

% of Total Hispanics Accessing the Internet Over Time vs. 18-34 Year-Old Hispanics



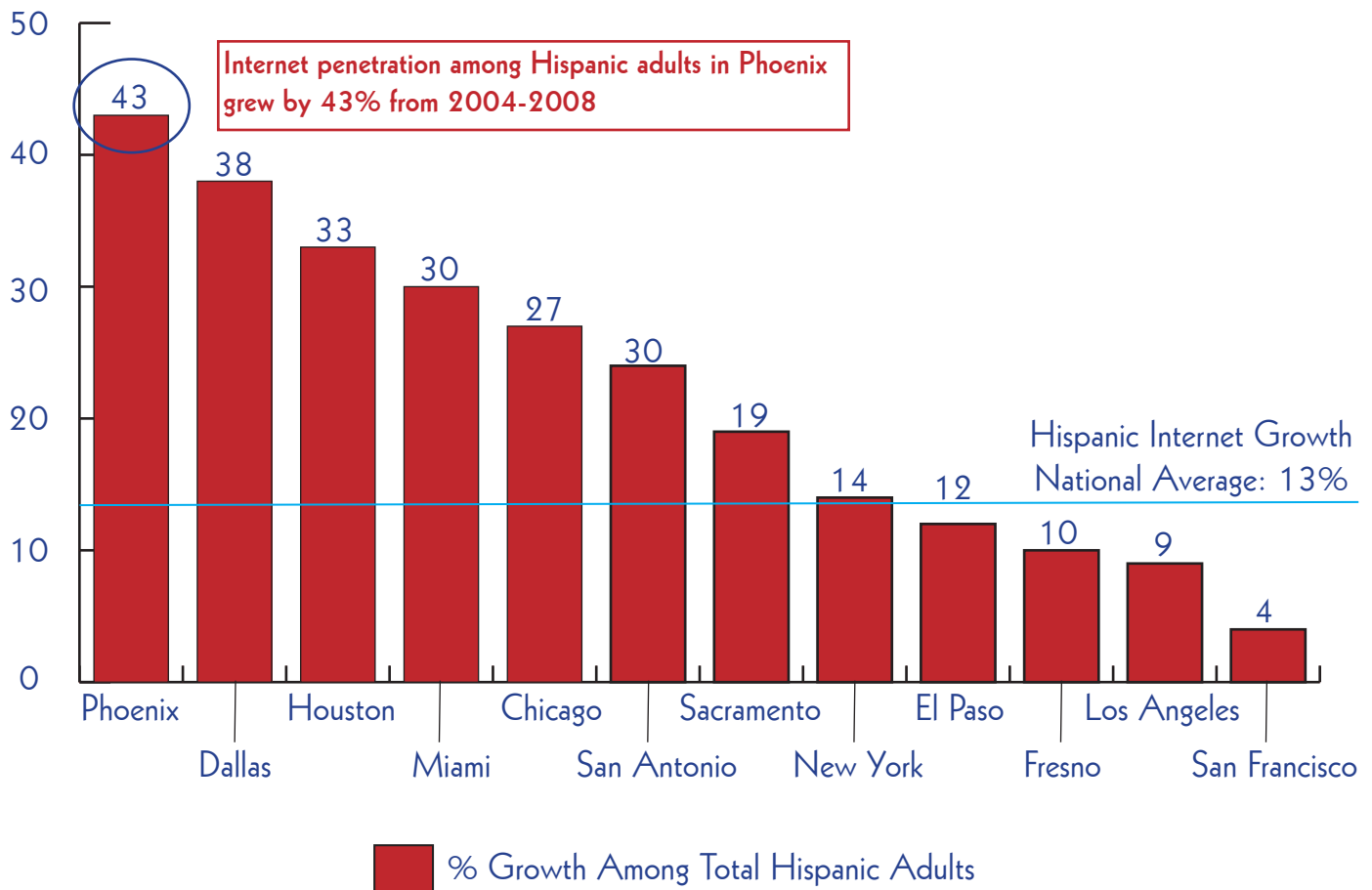
### Internet Access: The Local Perspective

14% of the U.S. adult population is Hispanic. Scarborough identified 13 local markets with an above-average concentration of Hispanic adults and examined their distinctive Internet patterns. These markets, along with their Hispanic incidence among adults, are:

- Chicago, IL: 17%
- Dallas, TX: 22%
- El Paso, TX: 75%
- Fresno, CA: 46%
- Harlingen, TX: 86%
- Houston, TX: 29%
- Los Angeles, CA: 39%
- Miami, FL: 46%
- New York, NY: 19%
- Phoenix, AZ: 23%
- Sacramento, CA: 21%
- San Antonio, TX: 50%
- San Francisco, CA: 19%

When we take a look at these markets with a high concentration of Hispanics, we see many local market variations. For example, in Phoenix, AZ, Hispanic Internet access has grown 43% since 2004 - the highest growth rate of any Hispanic market. Growth was slowest in San Francisco, where Hispanic Internet access grew only 4% during that timeframe.

**Internet Access Increases Across Hispanic Markets (DMAs)**  
**Growth Rate of Internet Access Among Hispanics, 2004-2008**



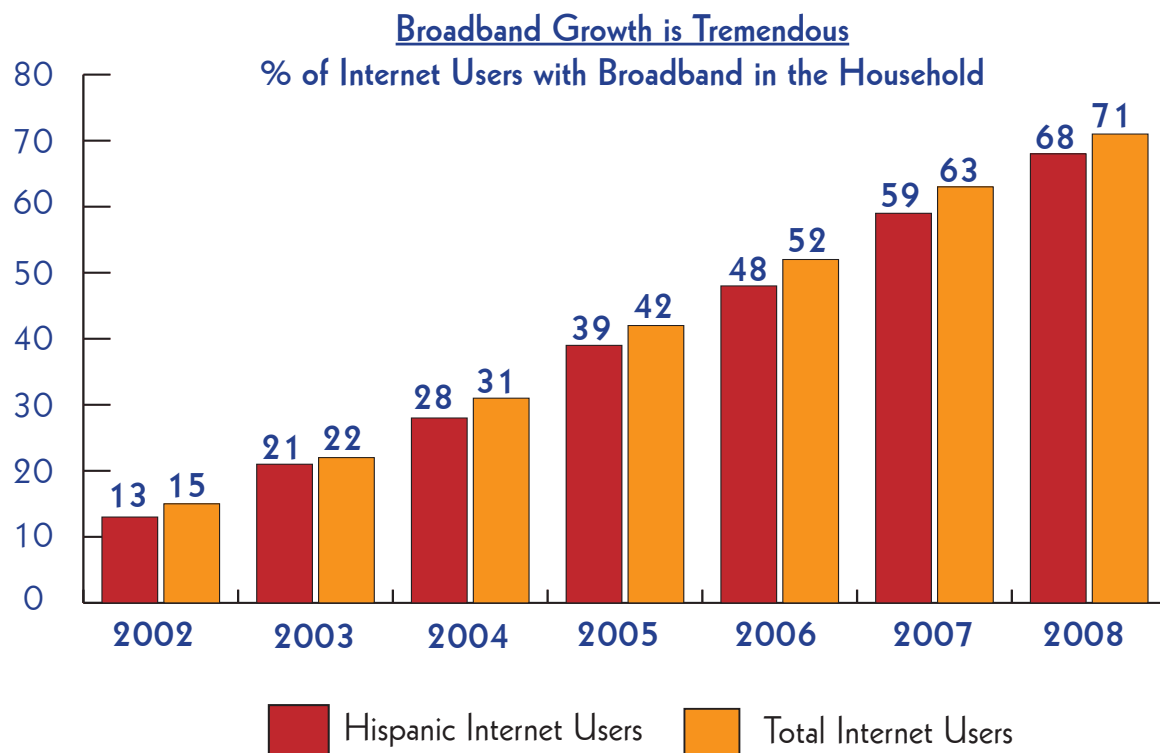
(Please note that Harlingen, TX, is not included in the graphic above as trended data is not yet available for the market).

## PART 2: BROADBAND

### Broadband Access Grows, Hispanics Take Advantage

Household broadband\* access has grown exponentially since the start of the decade. According to Scarborough Research, 71% of U.S. Internet Users have broadband at home, growing from just 15% in 2002. Hispanics have been taking advantage of the expansion of broadband, and their rate of adoption has mirrored that of the total U.S. population. Currently, 68% of Hispanic Internet Users\*\* have a broadband connection in their household. This grew from 13% in 2002 – an increase of more than five-fold.

Broadband is flirting with reaching a saturation point in the U.S., and there is increasingly minimal web content that can be viewed or interacted with that does not require a high-speed connection. Broadband will only be further extended through President Obama's stimulus plan, a component of which involves bringing broadband to more rural communities. Hispanics will be able to benefit from this growth. In turn, marketers targeting Hispanics online have a variety of tools to engage with the online Hispanic. From social networking to video downloads, hi-speed access opens the door to all types of new consumer interactions.



\* Broadband connection is defined as having a cable modem or DSL connection in the household

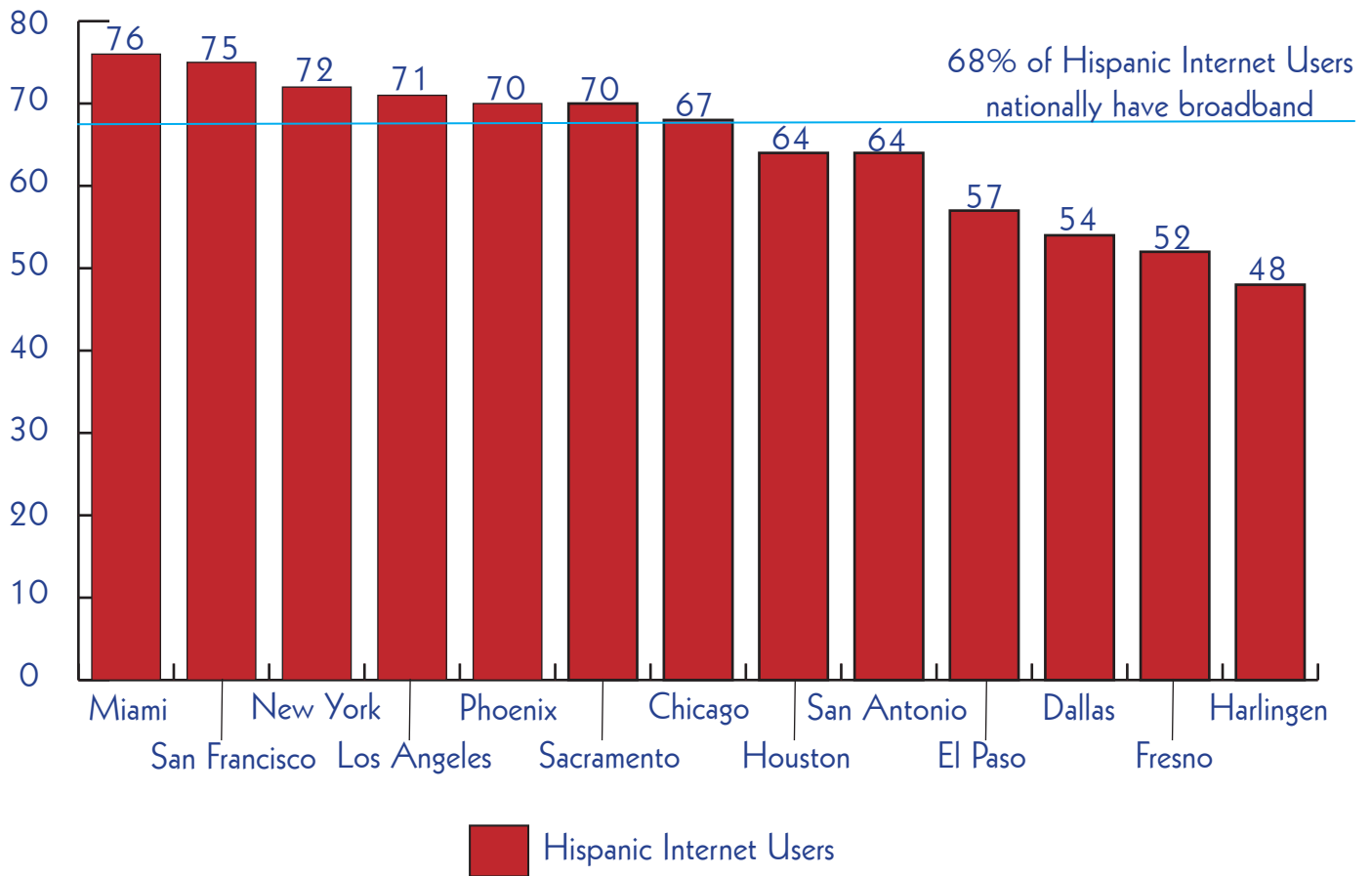
\*\* Hispanic Internet Users are those Hispanics that access the Internet

### Broadband Access: The Local Perspective

Miami is the leading Hispanic market for broadband penetration. 76% of Hispanic Internet Users in Miami have broadband access at home. Fresno, CA, where 52% of Hispanic Internet users have broadband, and Harlingen, TX (48%) are the markets where Hispanics are least likely to have this type of Internet connection.

*“Opportunities for broadband growth vary across local markets. Some cities, like Miami, are more saturated with broadband subscribers than others, such as Fresno and Harlingen. Through identifying local Internet usage patterns - shopping, downloading, online banking, etc. - broadband providers can develop products that meet specific needs within a given geography,” said Mr. Meo.*

**Broadband Access Rates Across Hispanic Markets**  
**% of Hispanic Internet Users with Broadband at Home**



President Obama’s stimulus package calls for a deep expansion of broadband across the U.S. Interested in examining a certain county or zip code? Email us at [info@scarborough.com](mailto:info@scarborough.com).

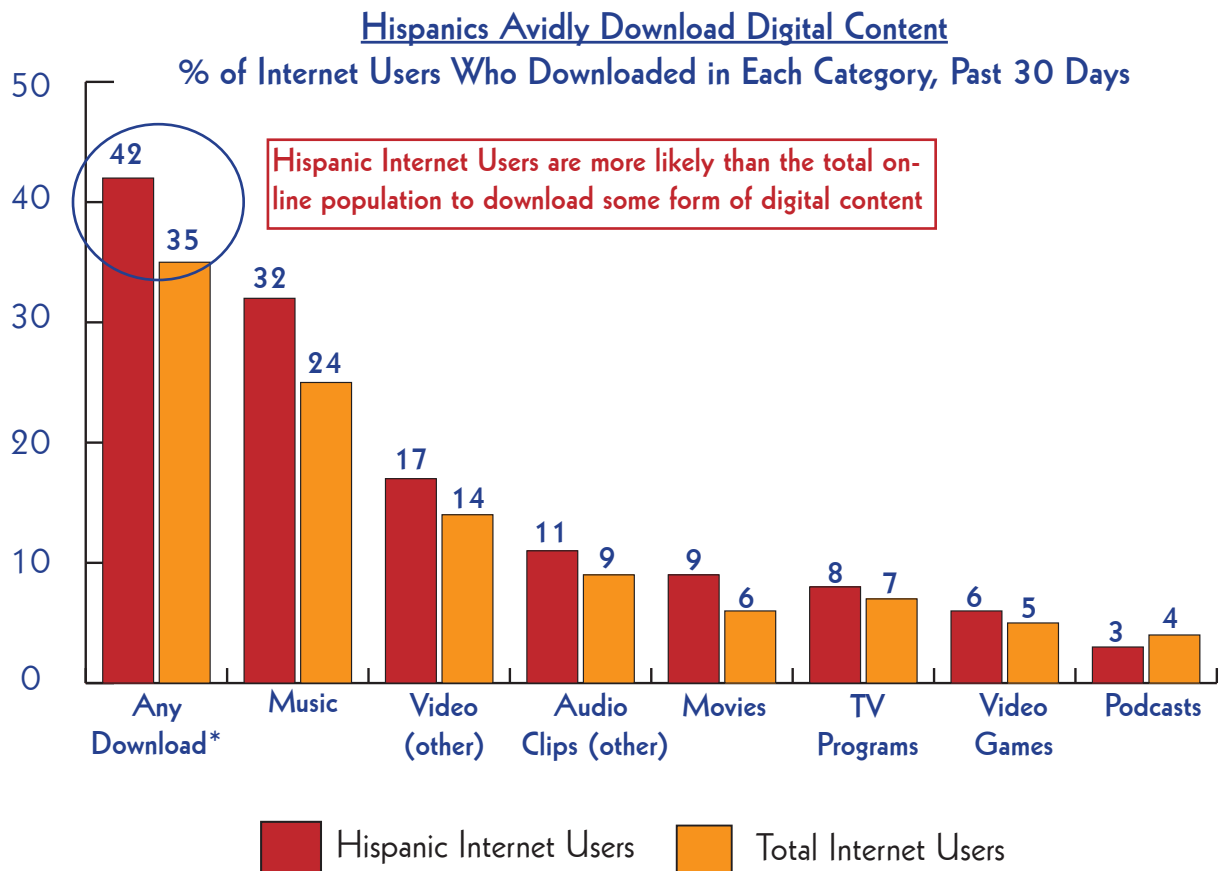
## PART 3: DOWNLOADING

### Hispanics Avidly Download Digital Content

Forty-two percent of Hispanic Internet Users downloaded\* some form of digital content, such as music, podcasts or video games during the past month, in comparison to 35% of all Internet Users. In fact, Hispanic Internet Users are 21% more likely to download digital content than the average adult online.

Music is the top category for downloading. 32% of Hispanic Internet Users report downloading music during the past month. 11% downloaded audio clips. In the video category, 9% downloaded movies, 8% downloaded television programs, and 17% downloaded "other video." 3% of Hispanic Internet Users downloaded podcasts, and six percent downloaded video games.

*"Downloads just might be the manner in which Hispanics are attaining and interacting with certain brands for the first time. For example, downloading may be a preferred method to receive media content including local and national news. This is exemplary of a larger phenomena occurring across the youth culture, as people in younger age brackets go online for content typically associated with more 'traditional' media, such as movies or television," said Mr. Meo. "Media content providers and marketers have an opportunity to leverage downloading habits and create content that engages Hispanic consumers online."*



\* "Download" refers to the download of any of the following during the past month: podcasts, video games, music, other audio clips, movies, television programs, other video

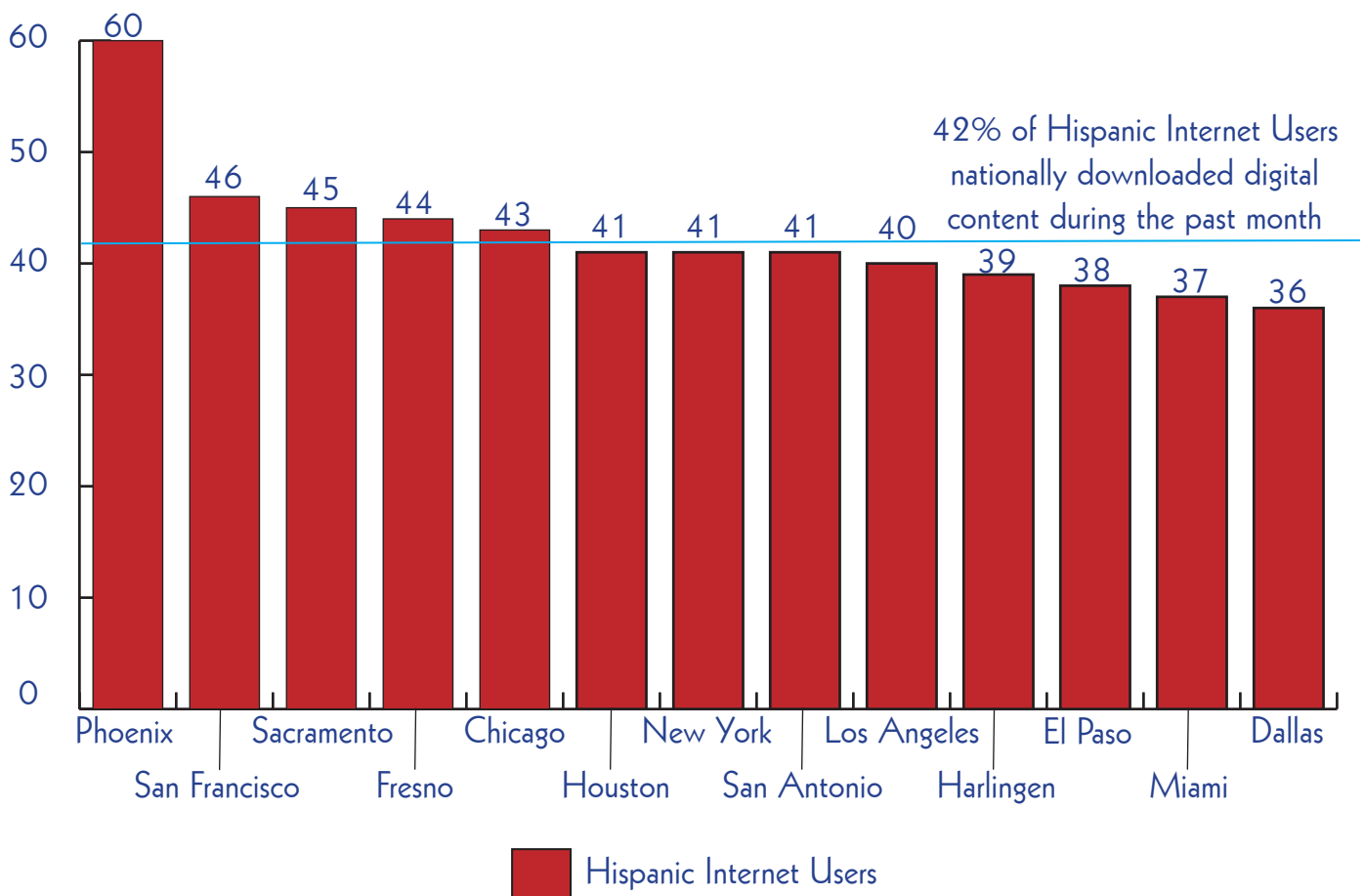
## The Youth Element

Younger consumers are more likely to download content online. Forty-nine percent of 18-34 year-old adult Internet Users downloaded digital content in the past month, compared to 35% of the total online population. Similarly, it is no surprise that when you examine this younger demographic of Hispanics, the percentage is even higher. 51% of 18-34 year-old Hispanics downloaded digital content during the past 30 days.

## The Local Market Index

60% of Hispanic Internet Users in Phoenix downloaded digital content during the past month, making it the leading Hispanic market for this Internet behavior. Harlingen, El Paso, Miami and Dallas are the Hispanic markets least likely to download digital content.

**Hispanic Downloading Rates Vary Across Local Markets**  
**% of Hispanic Internet Users Who Downloaded Any Content, Past 30 Days**



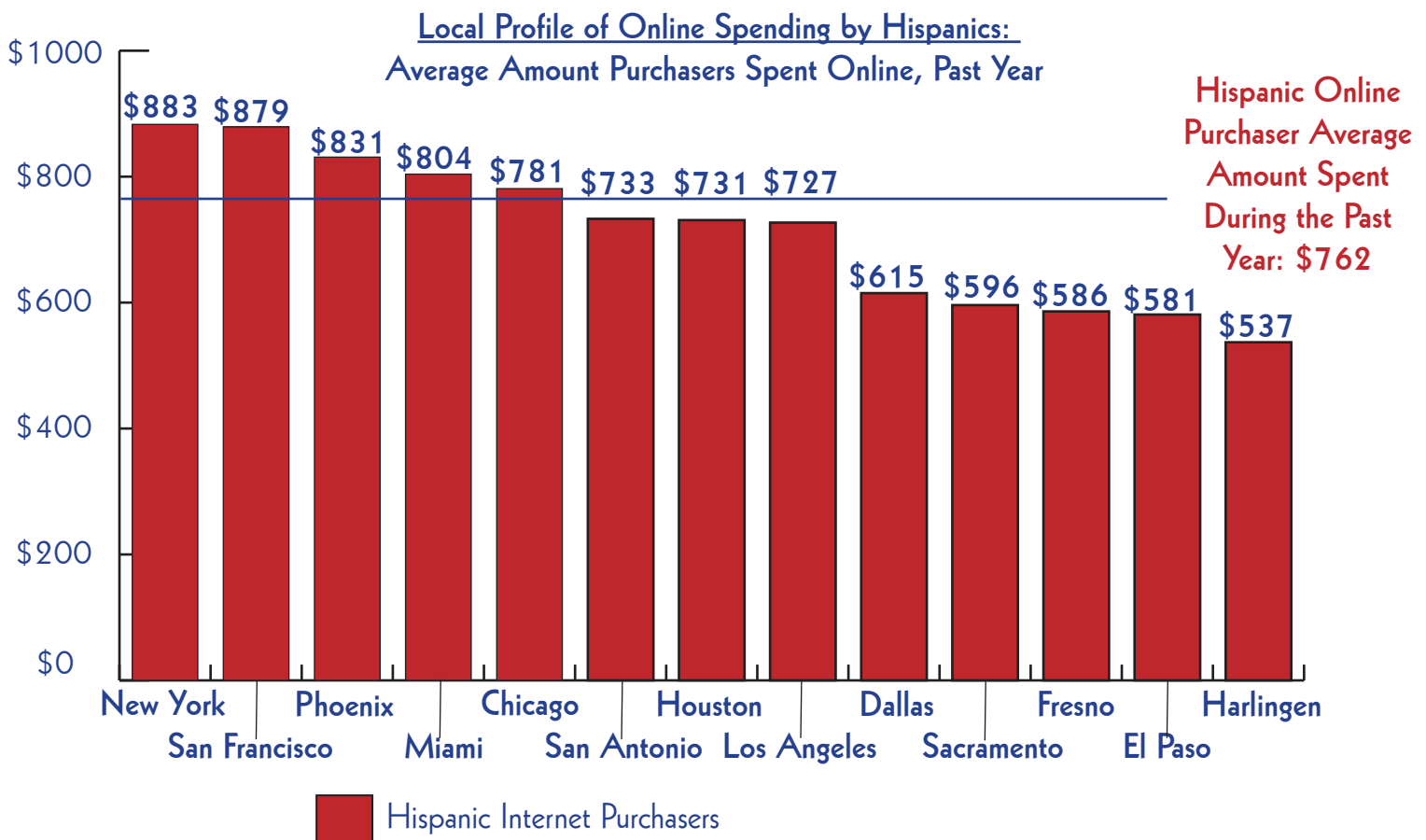
The Internet provides a cost-efficient means of communication between countries. Interested in learning more about how language, time in the U.S., or other acculturation factors impact Internet usage? Email us at [info@scarborough.com](mailto:info@scarborough.com).

## PART 4: INTERNET SPENDING

### Almost Two-Thirds of Hispanic Internet Users Are Buying Online

Scarborough finds that almost two-thirds (62%) of Hispanic Internet Users are online purchasers, meaning that they bought merchandise online during the past year. This is not far behind the total Internet population, as 70% of Internet users nationally made an online purchase in the past 12 months. The mean amount spent online annually by Hispanic Internet Purchasers\*\*\* is \$762, versus \$861 for all Internet Purchasers. Moreover, average Internet spending among Hispanic Internet Purchasers increased by about 6% since 2006, a rate of increase comparable to Internet Purchasers overall.

Hispanic Internet spending varies from city to city. New York and San Francisco are the cities where the top Hispanic spenders online can be found. Hispanic Internet Purchasers in New York spend \$883 online annually, while those in San Francisco spend \$879 annually. Sacramento, Fresno, El Paso and Harlingen Hispanic Internet Purchasers spent the least amount of money online annually (under \$600 per year).



\*\*\* Hispanic Internet Purchaser refers to Hispanics who made "any" Internet purchase during the past year

## PART 5: THE MOBILE CONNECTION

### Mobile Devices are an Important Point of Internet Entry for Hispanics

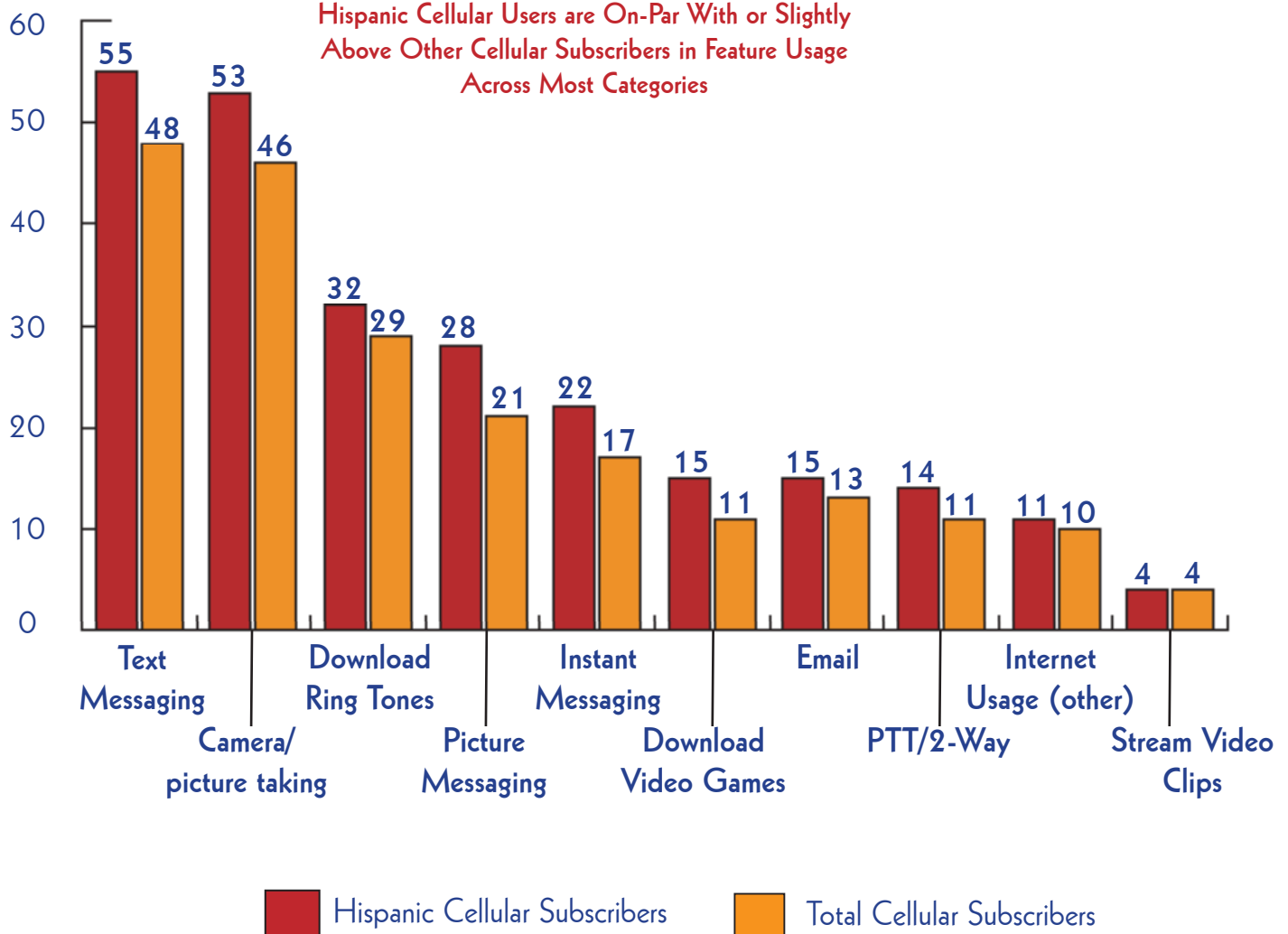
Hispanics are avid cellular phone users. They are more likely than the typical adult to have a cell phone, and they are in the top spending brackets for cellular usage. Hispanics have been at the forefront of using the expanded functionality and technology in cellular devices, such as picture taking, text messaging and downloading ring tones or games. They are also more likely to use cell phones for tasks such as email or utilizing other Internet features.

*"Hispanics use their cell phones for an array of Internet functions, and it is clear that the mobile device is an important point of Internet entry for Hispanics. As devices get increasingly sophisticated, we expect this pattern of multifaceted usage to increase. This is important information for media companies offering cross-platform content, or marketers targeting Hispanics. This is an on-the-go and connected consumer group, and mobile marketing could be a key way to reach them," said Mr. Meo.*

#### Cellular Features Currently Used

%, Base: Cellular Subscribers

Hispanic Cellular Users are On-Par With or Slightly Above Other Cellular Subscribers in Feature Usage Across Most Categories



## PART 6: DEMOGRAPHICS

### Hispanic Internet Users Have a Sought-After Demographic Profile

Youth, education, and higher than average household incomes are three demographic calling cards of Hispanic Internet Users.

Hispanic Internet Users have higher household incomes than the total Hispanic population. Half (50%) of Hispanic Internet Users have an annual household income of \$50,000 or more. The average household income of a Hispanic Internet User is \$67,000, versus \$54,000 for all Hispanics. They are also more likely (than the average Hispanic) to have a four-year college degree or greater, and to be employed full- or part-time. Well over half (57%) of adult Hispanic Internet Users are under the age of 35, versus 35% of total Internet Users. As Hispanics overall are more youthful than the general population, and Internet users are younger, the online “youth factor” is accentuated even more among Hispanics.

*“Marketers today recognize that the Internet is an efficient way to target young people. But the youth factor is accentuated among Hispanics, so the Internet becomes even more of an important component of a Hispanic marketing strategy,” said Mr. Meo. “Marketing circles deem the young, ethnic and higher-income target as highly desirable but often elusive. Scarborough data shows that the Internet is the place where this target engages.”*

#### Demographic Profile: Hispanics vs. Hispanic Internet Users

	Total Hispanics (18+)	Hispanic Internet Users (18+)
Under Age of 35 (Ages 18-34)	52%	57%
HHLD Income \$50k+	36%	50%
Employed Part-Time or Full-Time	71%	77%
Education Level: 4- Year College Degree or Greater	11%	18%
Home Ownership	47%	55%

Local Market Demographics: Hispanics vs. Hispanic Internet Users

CHICAGO	Total Hispanics (18+)	Hispanic Internet Users (18+)
Under Age of 35 (Ages 18-34)	57%	58%
HHLI Income \$50k+	48%	57%
Employed Part-Time or Full-Time	74%	82%
Education Level: 4-Year College Degree or Greater	9%	14%
Home Ownership	47%	55%

DALLAS	Total Hispanics (18+)	Hispanic Internet Users (18+)
Under Age of 35 (Ages 18-34)	49%	56%
HHLI Income \$50k+	30%	42%
Employed Part-Time or Full-Time	73%	79%
Education Level: 4-Year College Degree or Greater	9%	14%
Home Ownership	52%	55%

EL PASO	Total Hispanics (18+)	Hispanic Internet Users (18+)
Under Age of 35 (Ages 18-34)	38%	52%
HHLI Income \$50k+	25%	37%
Employed Part-Time or Full-Time	65%	74%
Education Level: 4-Year College Degree or Greater	12%	19%
Home Ownership	67%	71%

Local Market Demographics: Hispanics vs. Hispanic Internet Users

<b>FRESNO</b>	<b>Total Hispanics (18+)</b>	<b>Hispanic Internet Users (18+)</b>
Under Age of 35 (Ages 18-34)	50%	61%
HHLID Income \$50k+	20%	36%
Employed Part-Time or Full-Time	67%	76%
Education Level: 4-Year College Degree or Greater	5%	10%
Home Ownership	43%	53%

<b>HOUSTON</b>	<b>Total Hispanics (18+)</b>	<b>Hispanic Internet Users (18+)</b>
Under Age of 35 (Ages 18-34)	54%	57%
HHLID Income \$50k+	35%	47%
Employed Part-Time or Full-Time	69%	73%
Education Level: 4-Year College Degree or Greater	9%	15%
Home Ownership	48%	57%

<b>HARLINGEN</b>	<b>Total Hispanics (18+)</b>	<b>Hispanic Internet Users (18+)</b>
Under Age of 35 (Ages 18-34)	42%	56%
HHLID Income \$50k+	21%	34%
Employed Part-Time or Full-Time	61%	73%
Education Level: 4-Year College Degree or Greater	10%	18%
Home Ownership	68%	71%

Local Market Demographics: Hispanics vs. Hispanic Internet Users

<b>LOS ANGELES</b>	<b>Total Hispanics (18+)</b>	<b>Hispanic Internet Users (18+)</b>
Under Age of 35 (Ages 18-34)	50%	56%
HHLID Income \$50k+	36%	51%
Employed Part-Time or Full-Time	71%	78%
Education Level: 4-Year College Degree or Greater	8%	15%
Home Ownership	40%	51%

<b>MIAMI</b>	<b>Total Hispanics (18+)</b>	<b>Hispanic Internet Users (18+)</b>
Under Age of 35 (Ages 18-34)	31%	40%
HHLID Income \$50k+	45%	53%
Employed Part-Time or Full-Time	64%	71%
Education Level: 4-Year College Degree or Greater	20%	24%
Home Ownership	60%	63%

<b>NEW YORK</b>	<b>Total Hispanics (18+)</b>	<b>Hispanic Internet Users (18+)</b>
Under Age of 35 (Ages 18-34)	45%	51%
HHLID Income \$50k+	43%	54%
Employed Part-Time or Full-Time	70%	79%
Education Level: 4-Year College Degree or Greater	12%	19%
Home Ownership	29%	37%

Local Market Demographics: Hispanics vs. Hispanic Internet Users

PHOENIX	Total Hispanics (18+)	Hispanic Internet Users (18+)
Under Age of 35 (Ages 18-34)	59%	64%
HHLI Income \$50k+	45%	66%
Employed Part-Time or Full-Time	77%	86%
Education Level: 4-Year College Degree or Greater	10%	16%
Home Ownership	56%	64%

SACRAMENTO	Total Hispanics (18+)	Hispanic Internet Users (18+)
Under Age of 35 (Ages 18-34)	52%	56%
HHLI Income \$50k+	37%	52%
Employed Part-Time or Full-Time	66%	67%
Education Level: 4-Year College Degree or Greater	9%	14%
Home Ownership	50%	56%

SAN ANTONIO	Total Hispanics (18+)	Hispanic Internet Users (18+)
Under Age of 35 (Ages 18-34)	43%	55%
HHLI Income \$50k+	33%	45%
Employed Part-Time or Full-Time	68%	78%
Education Level: 4-Year College Degree or Greater	14%	21%
Home Ownership	66%	64%

SAN FRANCISCO	Total Hispanics (18+)	Hispanic Internet Users (18+)
Under Age of 35 (Ages 18-34)	50%	54%
HHLI Income \$50k+	46%	63%
Employed Part-Time or Full-Time	74%	83%
Education Level: 4-Year College Degree or Greater	13%	21%
Home Ownership	42%	50%

## CONCLUSION

Hispanics are an important online consumer group: they have distinctive online needs and represent an emerging and growing marketing opportunity. Brands utilizing interactive marketing to target Hispanics could have an advantage. The online advertising marketplace appears to be under-represented when it comes to Hispanic promotions, so first-movers with Hispanic-targeting online marketing activity could lay the groundwork for creating greater opportunities for lifetime brand loyalty.

Hispanics Internet Users are a distinctive consumer group:

- Hispanics are taking advantage of increased accessibility to broadband. As their households enhance broadband connections, marketers can create online content that utilizes all types of rich media and high-end design.
- Younger Hispanics are avid content downloaders. Downloaded material - from video games to podcasts - could be a way that Hispanics are interacting with media content for the first time.
- Youth is more pronounced among Hispanic Internet Users. As Hispanics overall are more youthful than the general population, and Internet users are younger, the online “youth factor” is accentuated even more among Hispanic Internet Users.
- Hispanics could be an important new revenue stream for online retailers, particularly in the current economic environment. The rate of Internet spending among Hispanic Internet Purchasers is not far behind the total Internet buying population. Still, there are undoubtedly opportunities for Internet retailers to grow their Hispanic business.
- Local Markets with a high concentration of Hispanics differ in consumer behavior.
  - Phoenix, in particular, appears to be emerging as an important Hispanic Internet market. It leads the other Hispanic Internet markets in terms of growth of Internet access and downloading. It is also above the average for Hispanic broadband access and Internet spending.
  - San Francisco, known for being a tech hub, has one of the lowest Hispanic Internet access growth rates in the country (4% growth from 2004-2008). However, it has one of the highest Hispanic broadband penetration rates and Hispanic downloading rates.
  - Harlingen is still gaining traction as a Hispanic Internet market. Hispanics Internet users here tend to be less likely than those in other markets when it comes to spending, broadband penetration, and downloading.
- Cellular phones could be an important point of Internet entry for Hispanics, creating a mobile marketing opportunity. Hispanics are more likely than other cellular users to utilize many cellular features, including Internet access and email.
- Hispanic Internet Users present a highly desirable but often elusive demographic profile: they are younger and have higher household incomes and education levels than the average Hispanic.

The information in this report only “scratches the surface” in terms of the wealth of knowledge and breadth of information about Hispanic behaviors available from Scarborough Research. Research on Hispanics - or any other consumer group - is valuable in the current economic environment, as marketers need to ensure that plans start from a solid strategy based on an informed understanding. Those targeting Hispanics can utilize this information as detailed background for communication planning. Media professionals will benefit from the information about cross-platform media usage. Both can use the study as a springboard for ideas to enhance Hispanic targeting and planning efforts, and to illustrate the richness and dimensionality of this target market. We encourage you to use it as a springboard for your Hispanic marketing efforts.

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## APPENDIX

**SOURCE:** The data in this report is from Scarborough USA+, Release 1 2008 (Data collection dates: February 2007-March 2008), and from Scarborough Local Market Studies for Chicago, Dallas, El Paso, Fresno, Harlingen, Houston, Los Angeles, Miami, New York, Phoenix, Sacramento, San Antonio, and San Francisco, Release 1 2008. Local market data for Chicago, New York and San Francisco is based on the DMA-plus geography.

**ABOUT SCARBOROUGH RESEARCH:** Scarborough Research ([www.scarborough.com](http://www.scarborough.com), [info@scarborough.com](mailto:info@scarborough.com)) measures the lifestyle and shopping patterns, media behaviors and demographics of American consumers, and is considered the authority on local market research. Scarborough's core syndicated consumer insight studies in 81 Top-Tier Markets, its Multi-Market Study and its national USA+ Study are Media Rating Council (MRC) accredited. Other products and services include Scarborough Mid-Tier Local Market Studies, Hispanic Studies and Custom Research Solutions. Scarborough measures 2,000 consumer categories and serves a broad client base that includes marketers, advertising agencies, print and electronic media (broadcast and cable television, radio stations), sports teams and leagues and out-of-home media companies. Surveying more than 220,000 adults annually,



**Gary Meo**, Scarborough's Senior Vice President of Digital Media Services, oversees the service of Internet companies and digital media providers nationwide. Gary started his career in 1980 with the Time Inc. Magazine Group in New York where he spent four years in newsstand marketing and sales, and a year as Assistant to the Business Manager of People Weekly. He moved to Los Angeles in 1985 and spent a year as Assistant Circulation Director for LA WEEKLY. In 1986, Gary joined the Los Angeles Times where he held a number of positions in the Marketing Research department, culminating in Publications and Systems Manager. In this position, Gary directed a group of analysts and artists in the development of advertising sales support materials for the display and classified sales staffs. Gary was also responsible for the department's marketing databases, which included Scarborough and Claritas, among others. During his tenure at The Times, Gary also held positions in Operations and Employee Relations. Gary moved to Austin, Texas in 1994 and worked for a year as Circulation Director for Hispanic Magazine. He joined Scarborough Research in 1995 as Vice President, Print Sales for the Western U.S. He was promoted to Senior Vice President, Print Sales in 2000 and to Senior Vice President, Print and Internet Sales in 2001. Gary is an Associate Member of the Research Federation of the Newspaper Association of America and a member of the California Newspaper Advertising Executives Association.

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