

THE AUSTIN ADI
HISPANIC MARKET

A MARKET SURVEY OF THE
HISPANIC CONSUMER

Prepared for AMIGO PUBLICATIONS

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The snowball that has taken Spanish language marketers so many long years to roll up the hill is finally over the crest and on its way down the other side, picking up power fast on the way.

And the churning continues in the agency business among those who've set their sights on Hispanic buying power, estimated variously between \$75 billion and \$100 billion.

The range shouldn't be surprising since estimates of the Spanish-speaking population of the U.S. vary due to the uncounted numbers of undocumented Hispanics entering the country each year. These estimates range from the Census Bureau's updated count of 17.6 million in 1985 to a "conservative 24 million Hispanics in U.S. population".

New research, besides the 1970 and 1980 U.S. Census Bureau Reports, includes a most ambitious and voluminous report from Strategy Research Corporation (SRC) entitled U.S. HISPANICS, A MARKET PROFILE 1980 and its updated report U.S. HISPANIC MARKET 1984. Additionally, a study conducted by Yahkelovich, Skelly and White and sponsored by SIN Television entitled SPANISH USA in 1981 and also updated with SPANISH USA 1984 are comprehensive reports on media consumption habits of Hispanics. Similarly, a life-style research piece on Hispanics in the U.S. was conducted by Simmons Market Research Bureau for Ogilvy & Mather's HISPANIC and appeared in O & M's June 1984 Listening Post. In Austin, a survey conducted by the Scarborough Research Corporation for the Austin American Statesman in 1982 was a study of the Mexican American population entitled A SURVEY OF MEXICAN AMERICANS IN AUSTIN.

A significant finding from these studies and particularly from the SRC and the YSW reports which were more in depth is that they did not contradict either their earlier studies or each other.

And an analysis of the new research confirms that the Spanish language market is not blending into the great U.S. melting pot - as so many people used to predict - but to the contrary, it is still there, bigger and richer than ever.

The U.S. Hispanic population is the only sizeable market segment in this country that cannot be reached comprehensively through the use of the English language media. The advertising message itself must be developed so as to be culturally in tune with the Hispanic. The language and culture of the Hispanic market dictate that an advertiser actively pursue it in order to be successful.

A quick historical look shows no other immigrant group has maintained its linguistic or cultural identity with such support from the mainstream society. Also, the predisposition of the Hispanic to acculturate - rather than assimilate - cannot be overlooked. One of the fundamentals that marketers must first understand is the acculturation process.

Acculturation by standard social science definition is "analyzing the process of social-culture change under the conditions of cultures in contact". In the acculturation process there is an exchange - a mutability - that takes place. The dominant or mainstream culture has an impact on the subculture group, but it is important to note that at the same time, the subculture group has an impact, though to a lesser degree, on the mainstream group. By comparison, in assimilation, there is no exchange, there is only an absorption.

Use of the Spanish language is still dominant for several reasons: emotion and pride, nearness to their homeland, constant replenishment from in-migration by Spanish-only speakers. Speaking Spanish in many cases is a must in the job market. And in many places we have reached the "critical mass" - where the size of the market builds on its own strength. In such places there already exists an infrastructure of doctors, lawyers, bankers, retailers, CPA's and the media that describe in Spanish the goods and services needed to participate in the "American good life".

Furthermore, cultural pride is enhanced by the existence of role models - successful entrepreneurs, elected officials and civic leaders. All of this serves to strengthen the cultural core of the Hispanic community and to keep up the high usage level of the Spanish language.

And according to Eduardo Caballero, president of Caballero Spanish Media, as reasons cited for retention of their native language generation after generation is that "in the Southwest, from Texas to California, Hispanics did not come to this country. They were already here when everyone else was still east of the Mississippi and they were still here when the rest of the country finally came to them". And, in addition, the Treaty of Guadalupe of 1848 gave the Mexican Americans the right to retain their native language.

A finding in SRC's research is that "increased economic and educational participation of Hispanics in American society has been accomplished without abandoning the Spanish language. For the nearly 18 million Hispanics

living in the U.S. in 1985, Spanish is the primary language spoken. SRC found that nine out of 10 Hispanics in markets surveyed cite Spanish as the first language they learned to speak as young children and that almost 69% prefer to speak Spanish in their home, while 26% speak both English and Spanish equally at home.

In the new SPANISH USA, 1984 by YSW, a conclusion throughout this study was that "a recurring and overriding factor was the strength and endurance of the Spanish language. This more than any other characteristic is the unifying force linking Hispanics of all nationalities." Today more Hispanics think of themselves as "Hispanics first, Americans second". They place greater importance on perpetuating Hispanic culture and language throughout succeeding generations and are expressing a greater need for Hispanic media.

However, the more in-depth SRC study reports that while 80% of New York (Puerto Rican dominant market) Hispanics and Florida (Cuban dominant) Hispanics feel most comfortable conversing in Spanish, among Texas Hispanics (Mexican American dominant), whose immediate families have been there for several generations, less than 50% "feel most comfortable speaking Spanish".

Culturally, the Hispanic population is conservative, placing great value on family, parental leadership, self and cultural pride, religion, the work ethic and upward mobility.

The birth rate for Hispanic is twice that of the non-Hispanic white population and 60 percent higher than Blacks. The median age in 1980 was 20.1 years for the Hispanic while it was 30.6 years for the total U.S. population. In 1985, the median age for Hispanics has increased to 23.6 years of age while the general population's median age has increased to 32 years.

Between the 1970 and 1980 Census Reports, the Hispanic population grew by 65 percent while the total U.S. population grew at a 9.6 percent rate. In the five year period since 1980, the U.S. Hispanic population has increased 20.5% compared to a 5.1% increase in the general population. In 1985, the median size of Hispanic families is 3.7 persons compared with 2.8 for the general population.

Mexican Americans comprise 60 percent of the U.S. Hispanic population, making them the largest Hispanic subgroup and 85 percent of the U.S. Hispanic population live in Southwestern states between Texas and California. Predictions indicate that by the year 2000, Hispanics will be the largest minority in the U.S. and that in seven Southwestern states, Hispanics will be the major population.

CONSUMER PROFILE

Although the median Hispanic income still trails the U.S. total, the Hispanic families spend approximately 6-7% more in supermarkets and clothing stores than the general population. As an example, Hispanics spend three times more in baby food, spend more on soft drinks, beer and sweet products and they are perhaps the largest consumer of fast-food franchise products. Hispanics are the largest per capita consumers of beer by a margin of six to one. Figures for Hispanics generally indicate they spend more of their disposable income than non-Hispanics. Mexican Americans show strong brand preference preferring quality top-of-the-line items.

Hispanics have different shopping and buying habits; differences and similarities between Hispanics and non-Hispanics in media preferences exist. These are important considerations in formulating a marketing strategy for Hispanics. Should the same advertising media be used to target Hispanics and non-Hispanics? Shopping orientations and media behavior and preferences between Hispanics and non-Hispanics suggest that certain marketing strategies should be altered when targeting Hispanics. When you are catering to women, you talk to women, you think women; when you cater to Hispanics, you talk to Hispanics, you think Hispanic.

A profile of the Hispanic consumer is that they are likely to prefer to shop at smaller shops, dislike impersonal stores, are ecology-minded, are cautious, are less skeptical of ads, are less venturesome, are less impulse buyers, are less apathetic about shopping, use less credit cards preferring to pay cash, are economy-minded, are style-conscious, are planners, are quality-conscious, are non-conformist and are neutral browsers.

INCOME

Meanwhile, though Hispanic family income is not yet up to the overall U.S. level, the SRC report found that U.S. Hispanics today have a median family income estimated at \$19,900, this compared against \$28,400 for the total general population. Though in 1985 the median family income was still below the general U.S. level, nevertheless it has risen dramatically as indicated by comparisons of levels of \$6,000 in 1950, \$12,900 in 1980, \$14,711 in 1982, \$18,000 in 1984 and \$19,900 in 1985.

On annual family income, the new YSW report finds that Hispanic families earning more than \$20,000 or more have increased from 28 percent to 36% between their first study of 1980 and the second study of 1984.

By region, median family income is highest in the Southeast (\$24,100)

while the lowest is in the Northeast (\$14,400). The Southwest region registers a median family income of \$19,500 which is under the U.S. norm of \$19,900.

U.S. Hispanics had a mean household income in 1985 of \$25,837, a 61% increase from 1979 (\$16,019). Mean household income is defined as "arithmetic average" household income or "income per household". According to the SRC report, the Southeast and Pacific households have the highest average incomes of \$28,600 while the Northeast has the lowest at \$22,400. The Southwest is again below the national average at \$24,100. However, the Pacific combined with the Southwest regions account for 60% of the U.S. Hispanic household income in 1985.

INCOME - AUSTIN MARKET

In the Austin market, a 1982 survey by the Scarborough Research Corporation showed that Austin Hispanics are better off than the national norm. In Austin, Hispanics earn more, have higher educational levels, are more likely to be employed and to own their own homes.

The 1982 report showed that while 38% of the U.S. Hispanics earn below \$10,000, only 17% of Austin Hispanics earn below \$10,000. Also, 42% of Austin's Hispanics earn between \$10,000 and \$20,000 while nationally only 32% earn that amount. In addition, 41% of Hispanics in Austin earn over \$20,000 while nationally only 30% have that distinction.

In 1982, the Austin Hispanic Median Income was \$18,124 compared to the U.S. Hispanic median income of \$16,288. The following table shows the median household income for Austin Hispanics in 1982.

AUSTIN HISPANIC MARKET MEDIAN INCOME 1982	
Below \$10,000	17%
\$10,000 - 15,000	18%
\$15,000 - 20,000	24%
\$20,000 - 25,000	21%
\$25,000 - 35,000	12%
\$35,000 or more	8%
Total	100%

Source: Austin American Statesman
Scarborough Research Corp.

DEMOGRAPHICS - NATIONAL

A total of 84.1% of the total U.S. Hispanic population is heavily concentrated within 30 Hispanic markets. Slightly more than 50% of the U.S. Hispanic population total resides in the top six markets of Los Angeles, New York, Miami, San Antonio, Chicago and San Francisco. The following table shows the rank, market area and the number of the Hispanic population for the top 30 markets in the U.S.

TOP 30 U.S. HISPANIC MARKETS 1985		
<u>RANK</u>	<u>MARKET (ADI)</u>	<u>HISPANIC POP.(000)</u>
1	Los Angeles	3,353.7
2	New York	2,442.3
3	Miami	863.5
4	San Antonio	781.8
5	Chicago	741.4
6	San Francisco	717.2
7	Houston	611.3
8	McAllen/Brownsville	537.8
9	Albuquerque	422.2
10	El Paso	419.2
11	Fresno	369.1
12	San Diego	340.1
13	Dallas/Fort Worth	324.6
14	Phoenix	317.6
15	Sacramento/Stockton	307.3
16	Corpus Christi	283.1
17	Denver	253.7
18	Philadelphia	225.0
19	Tucson	191.7
20	Salinas/Monterey	141.2
21	AUSTIN	138.0
22	Boston	131.2
23	Lubbock	124.7
24	Tampa/St. Petersburg	122.7
25	Laredo	113.1

TOP 30 U.S. HISPANIC MARKET
1985
(Continued)

<u>RANK</u>	<u>MARKET (ADI)</u>	<u>HISPANIC POP. (000)</u>
26	Washington, D.C.	111.3
27	Odessa/Midland	106.6
28	Colorado Sprgs./Pueblo	95.5
29	El Centro/Yuma	92.8
30	Bakersfield	91.5
Total Top 30 Markets		14,771.2
Total U.S. Hispanics		17,562.7

Source: Strategy Research Corporation

DEMOGRAPHICS - AUSTIN ADI

The Austin ADI is comprised of eleven counties with 138,000 Hispanic residents. The Hispanic population has grown 138% in the 15 years between 1970 and 1985 from 68,400 to 138,000. The following table shows the growth of the individual counties in the Austin ADI and its growth for 1970, 1980 and 1985.

AUSTIN ADI HISPANIC POPULATION			
<u>County</u>	<u>1970(000)</u>	<u>1980(000)</u>	<u>1985(000)</u>
Bastrop	2.1	3.4	4.3
Blanco	0.4	0.4	0.5
Burnet	0.7	1.3	1.6
Caldwell	5.8	7.8	8.8
Fayette	0.3	1.0	1.2
Hays	9.0	12.4	15.2
Lee	0.1	0.6	0.8
Llano	0.1	0.3	0.3
Mason	0.4	0.6	0.7
San Saba	0.7	0.8	n/a
Travis	43.9	72.3	91.5
Williamson	4.9	9.7	13.1

Source: U.S. Dept. of Commerce
Bureau of the Census



1970 SPANISH ORIGIN POPULATION AS THE PERCENTAGE OF TOTAL CENSUS TRACT POPULATION

Percent
 0 to 5
 5 to 10
 10 to 20

Percent
 20 to 50
 more than 50

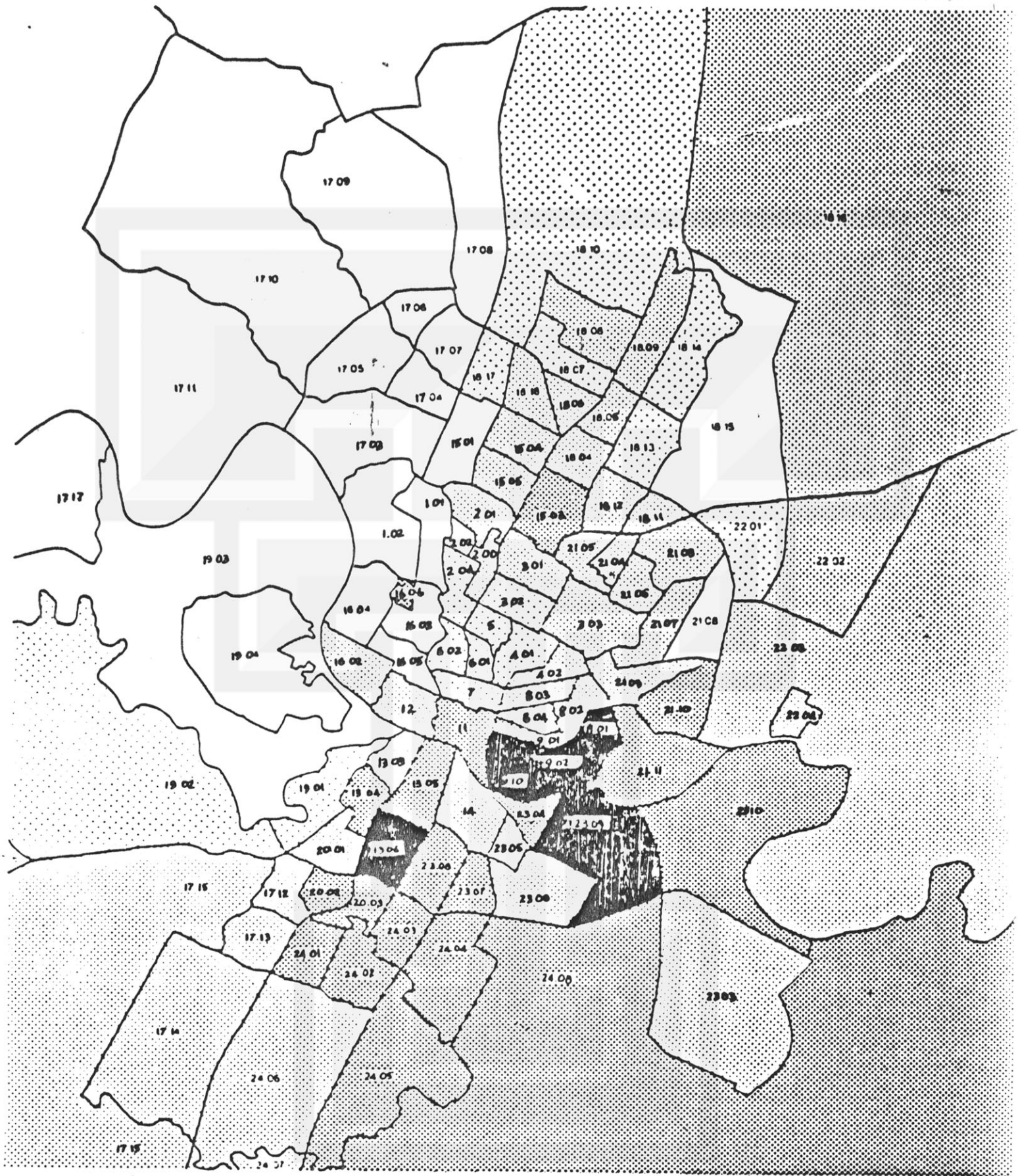


1980 SPANISH ORIGIN POPULATION AS THE PERCENTAGE OF TOTAL CENSUS TRACT POPULATION

MAP 3

Percent
 0 to 5
 5 to 10
 10 to 20

Percent
 20 to 50
 more than 50



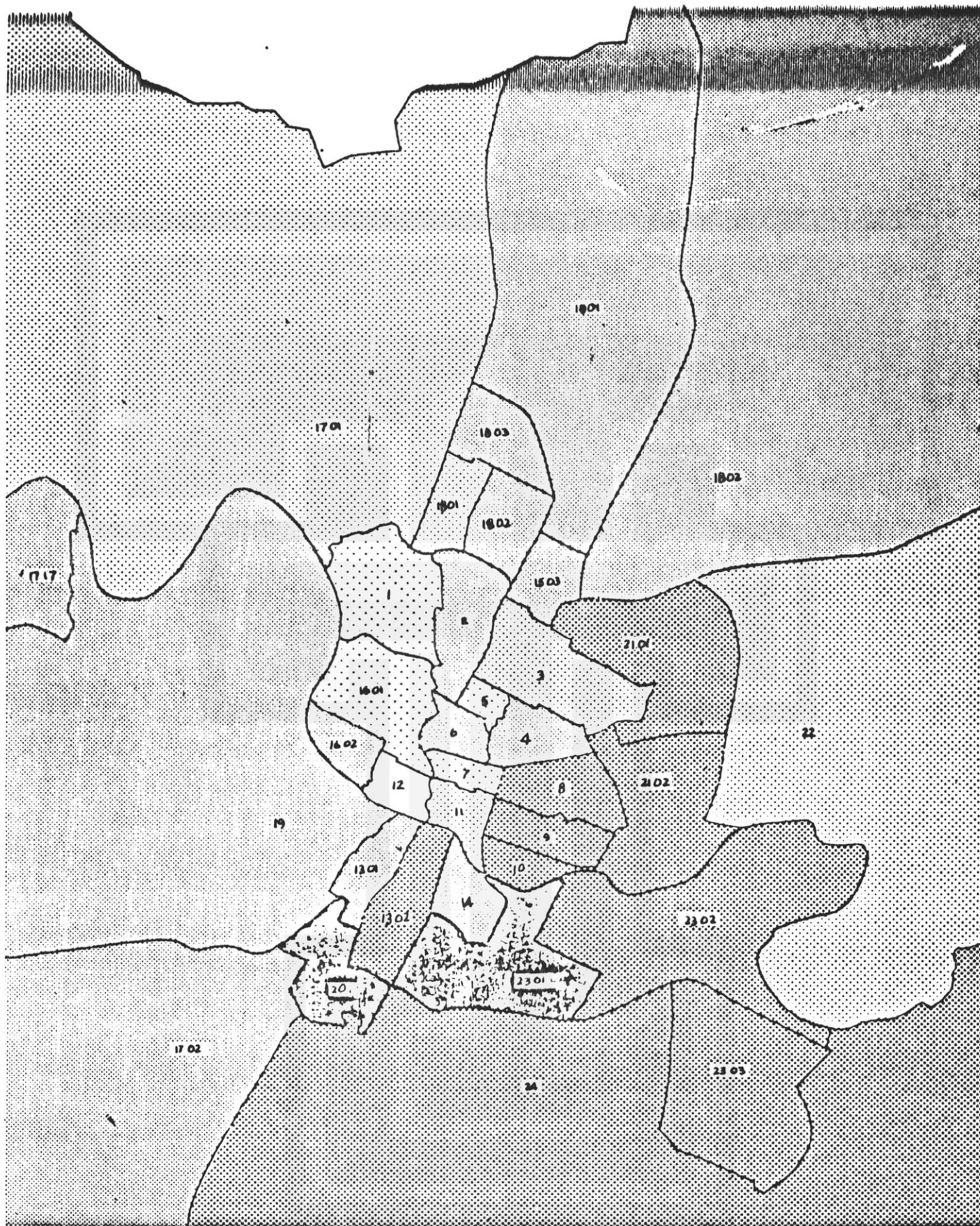
-1980 SPANISH ORIGIN POPULATION AS THE PERCENTAGE OF
TOTAL CENSUS TRACT POPULATION

Percent
 0 - 5
 5 - 10
 10 - 20

Percent
 20 - 50
 more than 50

1980 Census Tracts	Total	Anglo & Other Races		Black		Spanish Origin	
		Total	Percent of Total	Total	Percent of Total	Total	Percent of Total
18.04	4,695	3,508	74.7	492	10.5	695	14.8
18.05	3,335	2,586	77.5	282	8.5	467	14.0
18.06	2,874	2,237	77.8	172	6.0	465	16.2
18.07	5,656	4,794	84.8	373	6.6	489	8.6
18.08	7,527	6,374	84.7	341	4.5	812	10.8
18.09	2,996	2,608	87.0	32	1.1	356	11.9
18.10	8,024	6,859	85.5	373	4.6	792	9.9
18.11	2,274	1,665	73.2	375	16.5	234	10.3
18.12	2,450	1,047	42.7	1,065	43.5	338	13.8
18.13	2,813	2,351	83.6	216	7.7	246	8.7
18.14	6,194	5,295	85.5	296	4.8	603	9.7
18.15	1,235	1,072	86.8	103	8.3	60	4.9
18.16	4,998	4,397	88.0	80	1.6	521	10.4
18.17	3,824	3,389	88.6	82	2.2	353	9.2
18.18	5,086	4,378	86.1	163	3.2	545	10.7
19.01	4,791	4,385	91.5	62	1.3	344	7.2
19.02	2,856	2,650	92.8	27	.9	179	6.3
19.03	5,638	5,455	96.8	30	.5	153	2.7
19.04	4,245	4,133	97.4	5	.1	107	2.5
20.01	4,038	3,120	77.2	144	3.6	774	19.2
20.02	3,295	2,546	77.3	46	1.4	703	21.3
20.03	2,723	1,849	67.9	47	1.7	827	30.4
21.03	7,363	5,230	71.0	1,384	18.8	749	10.2
21.04	3,198	2,666	83.3	210	6.6	322	10.1
21.05	2,940	2,051	69.8	365	12.4	524	17.8
21.06	3,202	2,423	75.6	447	14.0	332	10.4
21.07	4,119	1,756	42.6	1,948	47.3	415	10.1
21.08	1,903	190	10.0	1,630	85.6	83	4.4
21.09	4,016	51	1.3	3,548	88.3	417	10.4
21.10	3,338	106	3.2	2,097	62.8	1,135	34.0
21.11	4,184	409	9.8	1,968	47.0	1,807	43.2
22.01	1,057	335	31.7	631	59.7	91	8.6
22.02	1,716	482	28.1	993	57.9	241	14.0
22.03	5,160	2,221	43.1	1,994	38.6	945	18.3
22.04	1,228	855	69.6	177	14.4	196	16.0
23.03	3,880	2,624	67.6	717	18.5	539	13.9
23.04	4,002	2,358	58.9	521	13.0	1,123	28.1
23.05	5,794	4,420	76.3	358	6.2	1,016	17.5
23.06	1,003	818	81.6	59	5.9	126	12.5
23.07	3,234	2,348	72.6	174	5.4	712	22.0
23.08	3,694	2,571	69.6	211	5.7	912	24.7
23.09	7,130	1,131	15.8	1,359	19.1	4,640	65.1
23.10	2,317	1,348	58.2	337	14.5	632	27.3
24.01	4,786	3,301	69.0	262	5.5	1,223	25.5
24.02	4,593	2,861	62.3	227	4.9	1,505	32.8
24.03	2,583	1,585	61.3	82	3.2	916	35.5
24.04	7,517	4,944	65.8	739	9.8	1,834	24.4
24.05	4,499	3,219	71.5	264	5.9	1,016	22.6
24.06	7,039	5,457	77.5	281	4.0	1,301	18.5
24.07	1,782	1,528	85.7	24	1.4	230	12.9
24.08	9,144	6,337	69.3	428	4.7	2,379	26.0
TOTAL	419,335	302,076	72.0	44,988	10.7	72,271	17.3

Source: 1980 Census counts from the U.S. Bureau of the Census Public Law 94-171 Computer File released March 1981.



SPANISH ORIGIN POPULATION: CHANGES IN THE PERCENT OF TOTAL POPULATION
1970 TO 1980



DEMOGRAPHICS - AUSTIN ADI (continued)

Hispanics represent 17.6% of the total Travis County population, which includes the city of Austin; it has 91,500 Hispanic residents. The tri-county metro area (Hays, Travis and Williamson) make up 86.8% of the Austin ADI Hispanic population of 782,400. The Hispanic adult (18+) in the Austin ADI is 29.7% male and 31.3% female. Roughly 51% of Austin Hispanics speak Spanish at home and an additional 38% speak both English and Spanish at home.

The Hispanic population of Travis County, from 1970 (Map 2) to 1980 (Map 3), increased from 43,899 to 72,271 at a growth rate of 64.6%. This same population has grown to 91,500 in 1985, a growth rate of 26.5% since January, 1980.

The Hispanic population in the incorporated City of Austin has increased from 64,945 in 1980 to 82,155 in 1985. Hispanic residents in the City of Austin account for slightly over 56% of the entire Hispanic populace of the entire Austin ADI.

Hispanics are a highly urban population; fully 90% of all Hispanics live in urban areas as compared to 74% for the general population. In Austin, the Hispanic population is geographically concentrated (Map 4); however, Hispanics reside in every Census boundary tract of Travis County.

EDUCATION - NATIONAL

Turning to education, the SRC report found that 9.4% of U.S. Hispanic males 25 years and older have completed 4 years of college and so have 6.0% of women in the same age category. SRC also reports that 12.2% of U.S. Hispanics 16 years and older are now in managerial and professional positions.

The YSW study similarly found "a renewed commitment to trying to move up the socio-economic ladder via individual effort and renewed emphasis on education as the road to upward mobility".

By 1985, an estimated 45.4% of U.S. Hispanic males 25 years and more had completed 4 years of high school or more compared to 67.3% of all U.S. males of the same age.

Among Hispanic females 25 years and over, 42.7% had achieved the same education compared to 65.8% of the U.S. females of that age.

EDUCATION - AUSTIN MARKET

Among Mexican Americans, which comprise the majority of Hispanic residents in Austin, 38.9% males and 36.3% females 25 years and over have

EDUCATION - AUSTIN MARKET (continued)

completed 4 years of high school and more.

In the 1982 Scarborough survey, 61% of all persons surveyed had completed high school and 33% of those surveyed had completed some college (20%) or graduated from college (13%).

(Note: In the Scarborough report, 73% of those surveyed were above 25 years of age.)

MEDIA CONSUMPTION - NATIONAL

Overall, slightly more than two-thirds of all U.S. Hispanics interviewed by SRC stated that they watched Spanish language television yesterday. Meanwhile, nearly one-third (47.3%) also mentioned listening to Spanish language radio stations. The reading of Spanish newspapers and magazines was cited as 21.5% and 19.1% respectively.

While Hispanics in New York registered the highest TV programming viewership (76.8%), Hispanics in Texas registered the least level (57.5%) of TV viewership and the lowest level of Spanish radio listening (37.5%) and of reading Spanish language newspapers (10.5%) and magazines (8.2%).

On the whole, Hispanics spent slightly less than 2½ hours watching Spanish language television, approximately 1½ hours listening to Spanish radio, slightly more than a ½ hour reading Spanish language newspapers and approximately 28 minutes reading Spanish language magazines.

Though there is no frequency variance by age groups in media consumption, however, print media records a slightly higher level of readership among Hispanics 35-49 years of age. Conversely, broadcast media records a higher level of viewership among young Hispanics in the 18-34 age group.

Hispanics in the 18-34 age group also watch a half hour more TV and listen to a quarter hour more radio than do the 35-49 age group.

By comparison, Texas Hispanics view TV 2 hours, 9 minutes; listen to radio 1 hour, 2 minutes; read newspapers 13 minutes and magazines 20 minutes.

MEDIA CONSUMPTION - AUSTIN MARKET

In Austin, the Hispanic market is served by two Spanish language format radio stations and the TV audience is covered by a low power station which receives its signal from the SIN affiliate in San Antonio, 80 miles away.

A February, 1982 survey conducted by the Austin American Newspaper research department reported that although a higher percent of Hispanics reported watching more TV than listening to radio, the time spent with radio

MEDIA CONSUMPTION - AUSTIN MARKET (continued)

was greater. Many who watched Spanish television did so only on Sundays. Currently there is only one weekly bilingual newspaper serving Austin and its reporting content is disproportionately more advertising than news content.

Although three-fourths of respondents reported reading the English language newspaper during the week and that 43% stated that it was the number one source of news about Austin, when asked about their news source about the Hispanic community, 22% said they had no good source of news about Hispanics in Austin. When asked what media was their number one source of news about Hispanics in Austin, the report concluded: 23% read local English newspaper, 6% read other newspapers, 19% watch television, 17% listen to radio, 6% receive their news from friends, 6% reported "other sources", and 22% reported "none".

Overall, when asked for their number one source news about Austin, 43% read local newspaper, 10% listen to radio, 42% watch television and 5% list "other" as their source.

Hispanics in Austin listen to 2.2 hours of radio and watch 1.74 hours of TV.

When asked how important it is to listen to radio in Spanish, 38% said "very important", 26% stated "somewhat important" and 36% replied "not important". Thus, 64% overall considered Spanish radio format important.

On TV programming in Spanish, Austin Hispanics responded 34% "very important", 32% "somewhat important" and 34% "not important".

CONCLUDING DEMOGRAPHICS - AUSTIN MARKET

<u>Number of Adults in Household</u>		<u>Number of Children in Household</u>	
One	13%	None	41%
Two	55%	One	24%
Three	16%	Two	18%
Four or more	16%	Three	10%
	<hr/> 100%	Four or more	7%
			<hr/> 100%

CONCLUDING DEMOGRAPHICS - AUSTIN MARKET (continued)

Age of Respondents

18-24	27%
25-34	34%
35-49	22%
50-64	12%
65 or older	5%
<hr/>	
	100%

Marital Status

Never married	30%
Married	58%
Widowed	4%
Separated/divorced	8%
<hr/>	
	100%

Employment Status

Employed full-time	63%
Employed part-time	11%
Housewife	14%
Unemployed student	4%
Retired	5%
Looking for work	3%
<hr/>	
	100%

Occupation

Professional/Managerial	19%
Sales/Clerical	27%
Craft	21%
Other Blue Collar	15%
Service	17%
Other	1%
<hr/>	
	100%

Religion

Catholic	81%
Protestant	9%
Other	9%
None	1%
<hr/>	
	100%

Home Ownership

Own	58%
Rent	41%
Other	1%
<hr/>	
	100%

Birthplace

Austin, Texas	37%
Outside Austin, Texas	49%
U.S. (outside Texas)	5%
Mexico	9%
Other	1%
<hr/>	
	100%

Number of Years in Austin

Less than one	2%
1 to 4	16%
5 to 9	14%
10 to 19	19%
20 or more	49%
<hr/>	
	100%

Sex

Male	50%
Female	50%

(Source: Austin American Statesman
Austin Chamber of Commerce

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