TRACKING THE GROWING FMCG BUYING POWER OF HISPANIC CONSUMERS

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Amid a relatively flat fast-moving consumer goods (FMCG) landscape, the growing buying power of the 57 million Hispanics in the U.S. is a definite opportunity for manufacturers and retailers. Notably, Hispanic consumers increased their dollar spending in the U.S. FMCG industry by 0.7% in the year-ended Oct. 28, 2017, while non-Hispanic spending was -0.1%. In fact, Hispanics out-spent non-Hispanic consumers in 12 of 16 primary FMCG categories over the past year.

In looking at the FMCG landscape over the past year, Hispanic spending has remained strong, dipping only in first-quarter 2017, mostly due to the late nature of the Easter holiday in 2017. In fact, Hispanic FMCG dollar spend increased by more than 1% in five of the past seven quarters. Comparatively, non-Hispanic FMCG spend only surpassed 1% in two (Q1 2016, Q2 2016).

But as with any aggregated data, it's important for manufacturers and retailers to be able to identify trends across the entire Hispanic consumer group, as well as those within the various sub-groups. For example, 41% of the total Hispanic consumer group reports not buying large product sizes in order to share with friends and family. Comparatively, only 31% of Hispanics who prefer Spanish over English say they don't buy large product sizes in order to share with friends and family.

HISPANICS OUT-SPENT NON-HISPANIC CONSUMERS IN 12 OF 16 PRIMARY FMCG CATEGORIES OVER THE PAST YEAR

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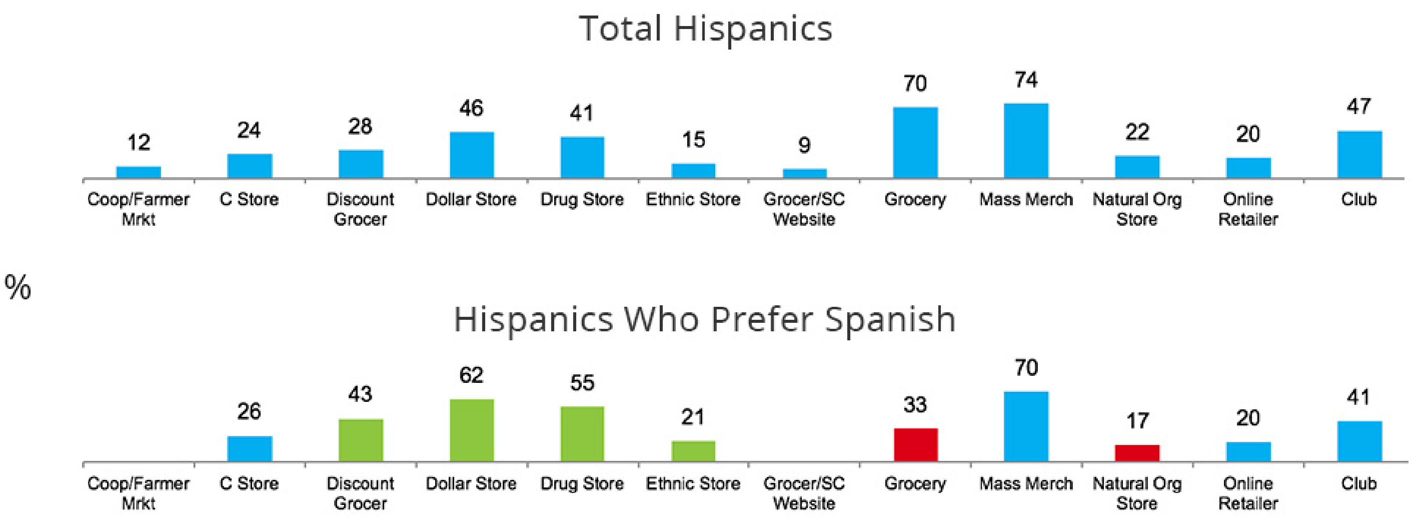
Similarly, paper products are the most widely purchased items in bulk to share among all Hispanics, but the second-most purchased bulk item varies within the broader Hispanic consumer group. Specifically, bilingual Hispanics and Hispanics that prefer English over Spanish purchase fresh fruits and vegetables to share, while Hispanics that prefer Spanish over English buy more coffee to share than fresh produce.

When it comes to shopping for specific products, an increasing number of Americans are opting for store brands over nationally known brands, and many Hispanics are doing the same. Notably, 72% of all Hispanics say they believe store branded products are a good alternative to name brands. That percentage, however, drops to 66% among Hispanics who prefer Spanish over English.

The differences are even more pronounced across store formats. For example, 70% of all Hispanics say they have shopped at a grocery store in the past three months. Comparatively, only 33% of Hispanics who prefer Spanish over English have shopped at a grocery store in the same period. So where are Hispanics who prefer Spanish over English shopping more? Compared with the total Hispanic group, Hispanics who prefer Spanish are shopping significantly more at discount grocers, dollar stores, ethnic stores and drug stores.

HISPANIC CONSUMERS WHO PREFER SPANISH FAVOR SMALL-FORMAT STORES

Store types shopped for food/household items in past 3 months



Source: Nielsen Hispanic Fall Survey

Online purchase trends vary among Hispanics as well. For example, 42% of all Hispanics who shop online for groceries and household items say they have shopped less frequently over the past three months. Among Hispanics who prefer Spanish, that percentage rises to 69%. Comparatively, it falls to 30% among Hispanics who prefer English to Spanish, and 54% of this group says they've shopped online more in the past three months.

It's never a good idea to assume that consumer preferences are homogeneous—even among similar demographics. And when it comes to the FMCG market, manufacturers and retailers can't afford to assume. While Hispanics overall are accepting of private-label products and make purchases to share with others, more specific shopping trends vary within the broader group. Specifically, Hispanics who prefer Spanish favor smaller-format stores and are buying less online, both of which are key differentiators that stand in contrast to the overall Hispanic consumer group.

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http://www.nielsen.com/us/en/insights/news/2018/tracking-the-growing-fmcg-buying-power-of-hispanic-consumers.html