Tapping U.S. Hispanic Shoppers’ Affinity for Technology and Physical Retail

Click-and-Collect, Smartphones and Social Media Increase Group’s Influence in Shopping Centers

JORGE PEREZ*

Abstract: The increasing population and purchasing power of U.S. Hispanics are important to the future of the retail real estate industry. The ethnic group is at the forefront of technology adoption and social media usage, making it a primary focus for shopping centers looking to the future. Whether through new technology in stores, social media marketing campaigns, or omni-channel efforts, U.S. Hispanics are eagerly embracing these innovative initiatives, and supporting retail real estate during this transitional period.

A Numerous, Bilingual, Educated, and Youthful Population

Over the last 40 years, U.S. Hispanics have been one of the fastest-growing ethnic groups, rising from under 10 million in the 1970s to almost 58 million in 2016—representing nearly 18% of the total population.¹ While the rate of population increase has slowed in recent years, U.S. Hispanics were still the second fastest-growing ethnic group in the country from 2015 to 2016.

This ethnic group is also seeing increased incomes and expenditures. The purchasing power of U.S. Hispanics is forecast to reach $1.8 trillion by 2021,² indicating the importance of this consumer base.

Along with these growth indicators, the composition of U.S. Hispanics has evolved over time. Today about two-thirds are born in the United States, leading to higher citizenship levels.³ This has not affected Hispanics linguistically, however.

Despite this lower percentage of foreign-born individuals, the number of U.S. Hispanics who speak Spanish at home is at an all-time high, according to Pew Research. This makes Hispanic-Americans uniquely bicultural. Many households speak both Spanish and English and follow customs of their home country as well as the United States. This is important for shopping center owners and tenants, because they can directly access this consumer group by advertising in Spanish, making their offering more attractive.

Two factors that have been affected by a higher share of U.S.-born Hispanics are educational attainment and median age. U.S. Hispanics have reached their highest levels of college enrollment and lowest dropout rates ever. With a median age of 28 in 2015, they are nearly 10 years younger than that of the entire population,

Lessons Learned

- Hispanic-Americans, reaching an all-time high in population, are young, more educated than previous generations, and more in touch with their roots. These characteristics naturally in affect how they utilize various technologies.
- In 2017, Hispanics had the highest social network penetration rate (62.7%) of any ethnic group in the United States. This figure is expected to rise to 66.8% by 2021, growing much faster than that of other ethnic groups.
- U.S. Hispanics are more likely to utilize their phones while shopping, have a higher number of retail apps on average, and have the most desire for in-store technology compared with other ethnic groups.
- About four-fifths of Hispanic-Americans claim to have utilized click-and-collect at least once, and 18% have done so frequently.
- Hispanic millennials in the United States are among the most dependable patrons of department stores, shopping at several of these companies over 20% more than the same age segment in other ethnic groups.
- U.S Hispanics are a loyal, growing, and tech-savvy consumer group that can support the retail real estate industry as it evolves to face growing competition.

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³ Flores, "How the U.S. Hispanic Population is Changing."
making them the youngest of the nation’s largest racial and ethnic groups.\(^4\)

Increased educational attainment and youth have made U.S. Hispanics a very attractive consumer market. But shopping centers and landlords hoping to gain their patronage must keep in mind their affinity for technology.

**Among the Heaviest Technology Users**

Hispanics living in the United States rely on technology to enhance their daily lives and shopping experience—spending six hours more online compared to non-Hispanics.\(^5\) Internet penetration rates are steadily increasing for the Hispanic population, primarily driven by elevated usage from foreign-born and Spanish-speaking U.S. Hispanics, according to Pew Research Center.

This trend also manifests itself in the way U.S. Hispanics shop. Nearly 50% of Hispanic shoppers reported they had either discussed a brand online with others or used a brand’s hashtag in social messaging compared with 17% of non-Hispanic shoppers.\(^6\) More so than ever, U.S. Hispanics use social media and online channels to broadcast their feelings about retail trends and their preferences.

In fact, in 2017 U.S. Hispanics had the highest social network penetration rates at 62.7% and are forecast to grow faster than all other ethnic groups by this measure over the next five years.\(^7\)

Hispanics are also heavy users of retailer apps. According to ICSC’s Shopping Center Technology Survey,\(^8\) they are nearly twice as likely to have 11 or more retailer apps on their phone, as seen in Table 1. About a quarter of Hispanics utilized at least one of their retailer apps about once per week, compared with about a fifth of non-Hispanics. Another 35% of Hispanics claim to use an app at least once a day, significantly more than other demographic segment (about 25%).\(^9\)

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Retail-Related Mobile Usage for Hispanics and Non-Hispanics</th>
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<tbody>
<tr>
<td></td>
<td>Have 11 or more retailer apps on mobile</td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Hispanic</td>
<td>15%</td>
</tr>
<tr>
<td>Non-Hispanics</td>
<td>8%</td>
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However, Hispanics are also avid users of their mobile phones for online purchases—35% of the time they buy something online, they utilize their phones, compared with just 26% for non-Hispanics. Mobile shopping goes beyond just the convenience of on-the-go purchasing. Due to Hispanics’ heavy social media usage and the accessibility of retail information, the mobile phone is becoming a primary shopping channel for them.

**Championing Omni-channel Retail**

Hispanics in the U.S. spend nearly six times as many hours shopping online as non-Hispanics. However, this does not entail strictly E-commerce.\(^10\) Surprisingly, Hispanics have lower rates of pure-play online shopping. Only one in five Hispanic millennials shop on Amazon, compared with roughly two in five for non-Hispanics. Hispanic millennials spend more on Amazon than at any one department store, but spend about 12% less than non-Hispanics.\(^11\) This supports the idea that *much of the online shopping done by U.S. Hispanics is directed towards omni-channel retailers.*

In fact, U.S. Hispanics, especially millennials, are more committed to shopping in store at department stores. According to a survey done by Viant, a market research company, Hispanic millennials were 26% more likely to shop at JCPenney and Nordstrom, and 21% more likely to shop at Macy’s than non-Hispanic millennials. They also outspend non-Hispanic millennials by nearly 10% at JCPenney.\(^12\)

U.S. Hispanics also utilize technology in conjunction with brick-and-mortar shopping. As highlighted in Table 2, 82% say they have used click-and-collect and 18% do so frequently (compared with 71% and 11% for non-Hispanics respectively).

<table>
<thead>
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<th>Table 2</th>
<th>Click-and-Collect Use by U.S. Hispanics and Non-Hispanics, 2017(^13)</th>
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<tbody>
<tr>
<td>Hispanic</td>
<td>Have Used</td>
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<tr>
<td>Non-Hispanics</td>
<td>82%</td>
</tr>
<tr>
<td>Non-Hispanics</td>
<td>71%</td>
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U.S. Hispanics are also patrons of in-store technologies. In the aforementioned Shopping Center Technology Survey, Hispanic-Americans express much more interest in interactive shelves with product information, supplemental iPads/tablets showing a much larger offering of products to purchase, and the product catalogues available right at the window.

**How Can Shopping Centers Attract Hispanic Consumers?**

Collectively, U.S. Hispanics form a powerful and numerous consumer group, and their frequent usage of technology makes them readily accessible for retailers and other retail real estate tenants. This is emphasized by Jesus Legaspi, owner of the development company The Legaspi Co., who claims, “The

\(^4\) Ibid.


\(^6\) Ibid.


\(^8\) The ICSC Shopping Center Technology Survey was conducted between February 16 and 19, 2017. The survey had 1,022 respondents.

\(^9\) Ibid.

\(^10\) Ibid.

\(^11\) Ibid.

\(^12\) Ibid.

\(^13\) Survey respondents were given the option to choose whether they utilize click and collect “Frequently,” “Sometimes,” “Rarely,” or “Never.”
Hispanic consumer requires much more personal servicing, and our promotions and events are placed in those sites and on social-media to draw attention to our welcome mat at the center.”

U.S. Hispanics’ adoption of technology and social media creates an avenue for the retail real estate industry to attract this ethnic group. As brick-and-mortar stores evolve, technologies, both in store and as a vehicle for omni-channel marketing, can create the experiences and efficiencies necessary to encourage consumers into stores.

Typically, with new technologies, consumers pass through a period of adjustment to new features. Hispanics in the U.S., due to their commitment to various forms of technology, are an excellent demographic group for pioneering these innovations.

U.S. Hispanics have supported brick-and-mortar retail and omni-channel efforts, particularly the department store sector. Through social-media marketing, engaging Spanish-speaking consumers, and the offering discounts and promotions on technologically driven platforms such as apps, owners and tenants can reap greater benefit from this loyal consumer group that can support the retail industry during a time of immense structural change.

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