

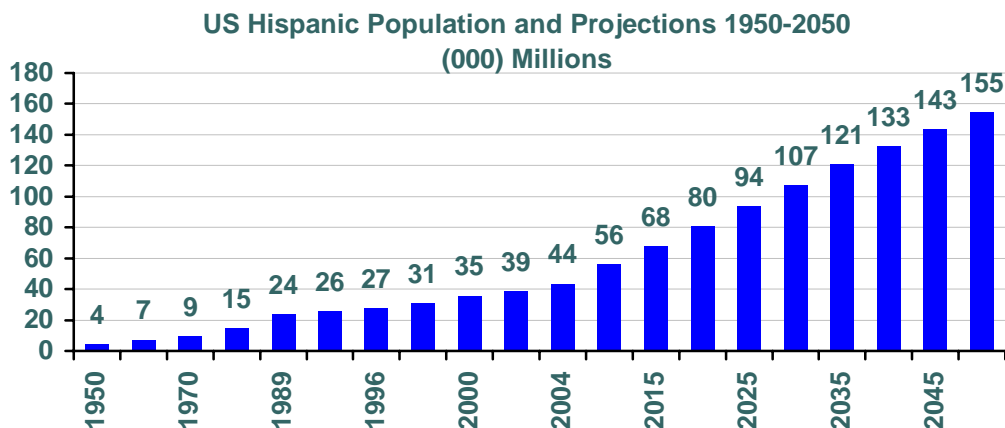
# Search Engine Marketing to the U.S. Hispanic Market

By [Nacho Hernandez](#)

The explosive increase in the U.S. Hispanic population coupled with its increasing purchasing power has companies competing for a larger market share of this largely untapped market. Advertisers spent an estimated \$2.8 billion in 2003 to market their products to U.S. Hispanics. What role does the Internet play in Hispanic's daily lives? How can you improve your Search Engine Marketing strategies to this market? This market is not just big, it's complex and constantly changing. Understanding these facts and developing strategies to address complexity and change will give you a winning approach to the Hispanic Market. We hope this report will offer you alternative solutions to help you grow with the right focus on the U.S. Online Hispanic Market.

## The Growing Hispanic Market

The U.S. Hispanic population, which officially became the largest minority in the United States in 2002, will continue in this position through 2050. Today, Synovate reports over 43.5 million U.S. Hispanics make up almost 15% of the U.S. population and growing 5 times faster than the general population which is more that a 70% increase in the last 10 years. Below is a graph that illustrates historic growth since 1950 and its projections.



Source: Synovate, U.S. Census Bureau

There are many companies that have tracked and researched the Hispanic Market for over 20 years; however, it is now evident that the Hispanic market needs more than just accurate demographics and consumer data. If you can know who they are today and can predict where they will go in the future, then you can guarantee to take the lead in this market.

The Hispanic population in the U.S. continues to increase at a 5.4% annual rate according to Synovate. The main contributing factors to this growth are:

- Continued immigration from Mexico and Central America
- Increased immigration from South America
- Temporary workers and undocumented Hispanics remaining in the U.S.
- Continued growth of the U.S. born Hispanic Population
- Youth of the market.

According to a research by Synovate reported in 2004, net natural growth of the Hispanic population (births minus deaths) surpassed immigration as the main source of population growth. This means that

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each year over 1 million children will be born to Hispanic mothers. Also keep in mind that 35% of all Hispanics are under the age of 18 and 32% are between 18 and 35 years old. Therefore, you are looking at a very young market with the median age of 25.

## Buying Power

The immense buying power of the nation's Hispanic consumers will energize the U.S. consumer market as never before, and combining several sources by Synovate to get a more accurate statistic reveal that this group alone control over \$575 billion in spending power in 2003. Of the many forces supporting this substantial and continued growth, the most important is favorable demographics. However, better employment opportunities also help to increase the group's financial capabilities, which compute to an average household annual buying power of approximately \$46,200 with an average size of 3.5 members per household, while the average for the overall U.S. population is slightly fewer than 2.7 members. Hispanics of Mexican and Central American origin have the largest household size with 3.7.

A relatively young Hispanic population, with larger proportions of them either entering the workforce for the first time or moving up on their career ladders, also argues for additional gains in buying power, which will be even more important in this decade than in the 1990s. The increasing number of Hispanics who are successfully starting and expanding their own businesses is another factor powering the growth.

Because of differences in per capita income, wealth, demographics, and culture, the spending habits of Hispanics are not the same as those of the average U.S. consumer. The most recent Consumer Expenditure Survey indicates that Hispanic consumers spent in total only about 87 percent as much as the average non-Hispanic household and spent a higher proportion of their income on goods and services.

Despite their lower average income levels, Hispanics spent more on groceries, phone services, furniture, small appliances and housewares, children's apparel, and footwear. Also, a higher proportion of Hispanics' total spending was concentrated on restaurants, housing, vehicle purchases, and gasoline and motor oil. Compared to the total population, Hispanics spent about the same proportion of their total outlays on alcoholic beverages, utilities, housekeeping supplies, household textiles, floor coverings, major appliances, men and boy's clothing, public transportation, and personal care products and services.

## Segmentation

Segmenting is an extremely valuable research tool for marketers. As with any population, Hispanics can be divided into various different segments depending on the interests and goals of the marketer. The reasons marketers segment consumers are varied, but mostly segmentation helps in identifying who will be a good target for your marketing initiative and helps you position your product or service in a way that makes sense to the target consumer.

In today's market, it is not good enough just to say: "we are going to target the Hispanic market." A more analytical approach is usually needed. The Hispanic market is composed of immigrants and 3<sup>rd</sup> generation Americans; Spanish dominant Hispanics and those who only speak English; not to mention 67% are Mexicans, 9% Puerto Ricans, 4% Cubans – 22 different countries of origin with different values, customs, behaviors, attitudes, and maybe have pre-conceived notions of your brand.

Because marketing to Hispanics can seem difficult – 2 languages, 22 country of origins, immigrants vs. U.S. born Hispanics – Hispanic marketers have relied on Acculturation Models in order to paint a clearer picture of the makeup of the Hispanic market. The main focus is to market into groups that make sense from a strategic marketing perspective and develop groups that are inherently different from each other in

the way they perceive and interact with the world, and because of those differences, differ in ways they respond to your communications and brand.

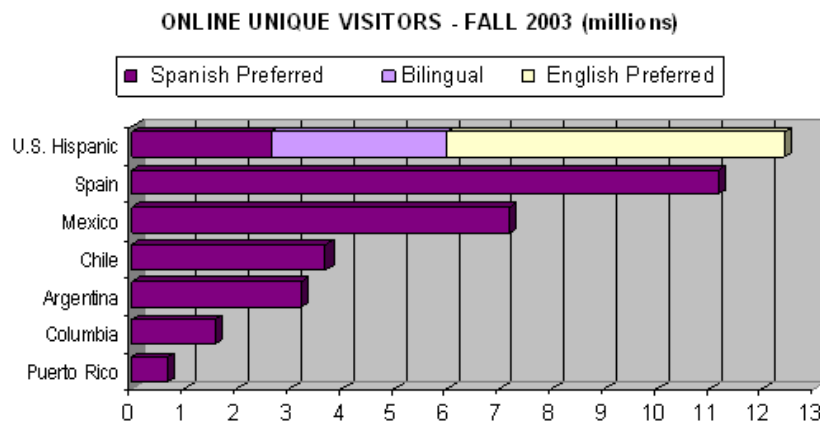
Your company can benefit with knowledge of how segmenting the Hispanic Market works through the acculturation process because:

- It will identify the best business opportunities, from a Hispanic consumer segment perspective
- Develop the best fit between Hispanic consumers and our brands
- Design the most meaningful marketing programs
- Partner with the most relevant external marketing partners
- And a sophisticated knowledge of the U.S. Hispanic market, and the different acculturation segments will help avoid common pitfalls

U.S. Hispanics are not a homogenous group of consumers and competitors are already marketing to specific segments. Marketing to the right group of Hispanic consumers will build effectiveness and efficiency of efforts in all your Search Engine Marketing campaigns.

## The Online Hispanic Market

According to COMscore MediaMetrix in a study conducted with users at home, work and university, the U.S. has over 12.9 million Hispanic Internet users with a 30% penetration (see chart below). To put that in perspective, that's more than the entire online population of Spain, Mexico, Argentina and Chile. If U.S. Hispanics are growing by 15-20% annually, the It's definitely a market you must include in your global strategy.



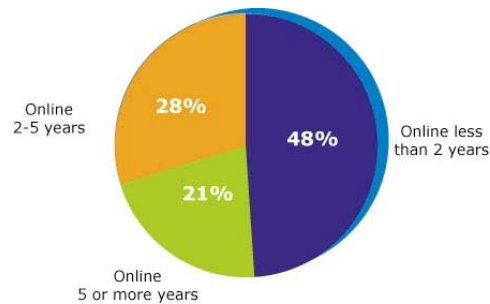
Source: COMscore Media Metrix. Cyberstudy with users at work, home and university.

In a recent study made by eMarketer, it shows that Hispanic Internet users spend more time online than Internet users in general. Among Hispanics online, 76 percent use the Internet to communicate with family and friends; 69 percent use it to swap photos; and 66 percent use it to zap instant messages. It also shows that Hispanics also like to use the Internet for entertainment purposes, buying concert and movie tickets, watching video clips and downloading music in greater proportions than overall Internet users. According to this same report, there will be over 16 million Hispanic Internet users in the US by 2007, where they will represent 8.4% of all US Net users.

"As more and more Hispanic consumers go online, marketers using Internet advertising can better target them and measure their actions, compared with what is allowed by traditional ad media," says eMarketer Senior Analyst David Hallerman. "In fact, a great way to start marketing to Hispanics online, going beyond

the obvious demographic targeting, is to use paid search since it allows you to reach Hispanics who are already expressing an interest in your product or service category."

In the AOL and RoperASW research to determine shopping online, the surveys determined that U.S. Internet users have spent an average of \$104 online more than Hispanics over a past-three month period. However, reviewing specific items bought online, AOL and Roper report that Hispanics are more likely than the general Internet population to buy consumer electronics, event tickets, CDs or DVDs and groceries online. They report that 48% of U.S. Hispanics have gone online from home in the past two years (see pie chart below), compared to 21% of all U.S. consumers. These two companies say that Hispanics spend more time online at home (9.5 hours per week) and work (13.8 hours per week) than all U.S. consumers (8.4 and 9.6 hours per week respectively).



Source : AOL Roper Starch Roper Cyberstudy 2002

"It's more likely that the percentage of going online has risen because of more college students," says the Pew Internet & American Life Project in September of 2002, when they found that 82% of Hispanic college students had been online before, which compares to just 60% of the general Hispanic population.

"Both Hispanics and African Americans are late adopters of the internet, compared to their Caucasian and Asian American counterparts." says eMarketer senior analyst Ben Macklin when analyzing online activity and general sentiment of the two minority groups, "This is a fact the Department of Commerce has consistently identified since its first study of the Internet use in 1998. While minorities are some of the fastest growing demographic segments online, a digital divide as it relates to race and ethnicity still remains in 2003."

It's true that the general Hispanic population has a relatively lower rate of credit card ownership, however, it is also believed that the more Hispanics spend time online the more comfortable they will be shopping on the Internet. Paying online is probably less likely an issue today as debit cards and other alternative payment systems can be used instead of credit cards. Keep in mind that those Hispanics that are online today are more educated and receive higher incomes. On the other hand, Hispanics are particularly concerned about security online, according to Pew Internet. One of their fears is that if their credit card information was stolen, or if they were victims of identity theft, they would have a harder time getting help from the authorities and from companies that their non-Hispanic white counterparts.

Still one of the most significant facts presented by COMscore MediaMetrix was that Internet purchasing behavior among the U.S. Hispanics is reflected in the increase in spending which grew from \$4.3 billion in 2002 to \$5.6 billion in 2003. Therefore it is clear that purchasing online is a reality. The question is, how do Hispanics get to the right webpages on the Internet and how do they research before they buy when search engines and shop comparison websites have not done any distinct effort to for this market community?

## Case Study: MexGrocer.com

**Company Overview:** MexGrocer.com, founded on 2000, is the largest online grocery store for authentic Mexican food, cook books and cooking utensils. It sells over 1,000 items through its bilingual website. They partnered with a leading Mexican specialty foods distributor in the United States and UPS ensures reliable delivery of orders nationwide. This service fills a unique niche for all online Hispanics and Anglo Americans that loves to enjoy Mexican food cooking at home.

**Business Challenge:** MexGrocer's focus was to tailor its service to both markets in its own language and therefore created two identical stores: English and Spanish. The company also wanted to increase their conversion rate (orders to unique customers) and traffic flow coming from the search engine positions via organic listings, as well as add many PPC ads with Spanish origin keywords that apply for both markets.

### Search Engine Marketing Challenges:

- Both MexGrocer's target consumers were searching for their products in both the English and Spanish languages. Anglo Americans were searching in Spanish because by doing so they believe to be getting search engine results to the more authentic products from Mexico. Many of their Hispanic consumers are on the highly acculturated segment, therefore being more comfortable searching for products in English, except for the same occasions as the Anglos where they are looking for the better products. The problem was that the Spanish store's web pages were ranking higher on the search engine's results at many times versus the English version, and when Anglos reached the Spanish version of the site they thought it was a store from Mexico only (not bothering to hit the English tab in the top navigation menu). Therefore conversions were very low.
- There are also cultural differences in search for both markets, where Anglos place the brand in front of the keyword vs. Hispanics place the keyword and then the brand ("Herdez salsa verde" vs. "salsa verde Herdez").
- Many words from the content copy used marks such as the "ñ" in "jalapeños" and U.S. keyboards do not include such characters.
- The dynamic database driven site was very poorly optimized for the search engines. Could not be indexed by Inktomi from the free crawl.
- When MexGrocer wanted to add Spanish origin keyword PPC ads with Overture (formerly Goto.com) that apply for both markets, such as "tamales, chipotle, tortillas, jalapeños", and many more, the media company said that the only way they could accept the ad was if the target URL was directed to the Spanish version only.

### Search Engine Marketing Strategies:

- MexGrocer realized that only 5% of their total traffic was Spanish only users, but the other 30% Hispanic users (total Hispanic traffic was about 35%) were comfortable in navigating and going through the buying process in English. Therefore the site was totally redesigned using search term theme pyramids to be one store, bilingual at the product level with English navigation.
- The new website was more search engine optimized and built on a content management system provided by Yahoo! stores that allowed them to have a static html file look and feel for the search engines.
- Copy was revised to be fully bilingual and bicultural so that the product pages would rank high on the organic listings. As well as balancing correct grammar usage with natural keyboard typing behavior.
- MexGrocer executives had to escalate their concern to higher Overture officials for the Spanish keywords issue among English speaking users. The challenge was explained and words were accepted on a case by case basis.

## Results:

- Total traffic increased over 250%. Organic search engine traffic increased from being 26% to 62% of total traffic.
- Inktomi finally got around to index over 60% of the site before it got replaced by the new Yahoo! Search.
- The small amount of Spanish only traffic that was lost (less than 3% of total traffic) were mainly Hispanic users with low buying capability online due to no credit card and lack of confidence for purchasing on the web.
- Buying conversion rates increased 190% and now MexGrocer.com sells in over 7,000 cities nationwide.
- The company reduced it's IT overhead by moving to a Yahoo! store by 90% and achieved higher security infrastructure.
- Orders increased 247% over the total transition period.

## Search Engine Marketing Strategies

Each year, companies lose billions of dollars in potential sales to Hispanics because they underestimate the size and power of this market. From entertainment to politics, food to fashion, health to hospitality, every sector of our economy is being transformed by the Hispanic community, the nation's fastest-growing and largest ethnic group. Researching is obviously important in the pre-targeting phase, but there are many other steps that need to be considered for an effective Search Engine Marketing campaign. The following list will help you build a solid starting point.

### *10 Elements to a Successful SEM Strategy with the Hispanic Market*

1. **Have a realistic objective strategy** and do not always compare the Hispanic Market with that done for the general market. Remember, this market is unique and responds in its distinctive ways.
2. Top executives and marketing managers must **be committed to the market**, not just for a test here and there. You need at least 12 months to measure real results and adjust campaigns to be in maximum efficiency.
3. **Pre-targeting the Hispanic market needs readiness assessment.** Marketers need the right front and back-end processes, as well as be advised to have third-party audits from specialists.
4. **Your organization must set aside enough resources:** people, time, money and systems. The reason many CEOs do not move into Hispanic marketing is they are unsure how it will change their organization. They want the option to retain, upsell and cross-sell. The right strategy can be very rewarding.
5. **Should your website be in Spanish or in both languages?** This really depends to your unique case. Sometimes companies need to have a fully translated website, other times it can be enough to just implement bilingual webpages. In the past, usually portals with heavy content need full translation and ecommerce websites can get away with just adding product descriptions in Spanish. Now websites are more competitive with this market, therefore the right decision for language use can be one of the most important points of consideration in your overall strategy.
6. Other issues to consider on the content are not just simple translations from English, **proper production standards and effective creative for correct imagery must be set to achieve high conversions** on the landing pages.
7. Start with paid programs, **Cost per Click campaigns are much less expensive**, and you could be getting very high traffic volume keywords for just fractions of the cost compared to English terms. **Organic results on search engines are much less competed**, so be the first to set foot on solid top rankings through Search Engine Optimization efforts.
8. **Anticipate additional marketing efforts designing your advertisements and optimized pages.** Copy is longer in Spanish and you will need to translate keywords that need to be

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- carefully researched so that it can receive the highest traffic volume through correctly chosen keywords and phrases that might not be your original translation.
9. Apply the same analytical metrics to Hispanic campaigns as to general market efforts, but do not expect the same results. **Test, measure results and make adjustments** until you have reached maximum efficiency on your Hispanic Search Engine Marketing campaigns.
  10. Most important of all, **the Hispanic market is not a “One-Size Fits All”**, proper segmentation is the key to reaching the right Hispanic consumer for your product or service. There are different acculturation segments, countries of origin, education levels, financial status, geographical and demographic characteristics among many other factors that play important roles finding your targeted online Hispanic consumer.

Today, the primary search engines use their regular ranking algorithms for search queries in Spanish and you will most likely find a combination of both English and Spanish paid ads on the sponsored results. Even if search engines have made an effort to build a distinct Spanish engine (such as [espanol.yahoo.com](http://espanol.yahoo.com)), direct company sources have admitted that U.S. Hispanics primarily use the main network search platforms for finding their results (such as [yahoo.com](http://yahoo.com)). The future seems more promising, since levels of competition continue to increase for keyword terms and phrases. Search engines will most likely use geographic locations and link analysis to determine clusters of Hispanic communities that will point Hispanic users to the right pages relevant to the Spanish words in the method they are used.

## Conclusions

Having U.S. Hispanics be the largest minority and one of the most powerful Spanish speaking communities in the world with \$575 Billion dollars in buying power, it is very evident that companies need more than just accurate demographics and consumer data to build their Search Engine Marketing campaigns. It takes a lot more than just correct usage of the Spanish language to take a piece of the \$5.6 billion spent online by U.S. Hispanics in 2003. There must be a realistic overall strategy from marketers and commitment to achieve measurable results.

The Search Engine Marketing business has dramatically changed since the year 2000 and so has the Hispanic market as well. It used to be a relatively easy task translating paid ads into Spanish or optimizing web pages for top ranking among the most popular search engines, but now this has turned out to be a complicated process requiring research, analysis and skill that needs to be very personalized for winning a market share in the U.S. Online Hispanic market.

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## About the Author

Ignacio (“Nacho”) Hernandez Jr., president of [iHispanic Marketing Group](http://iHispanicMarketingGroup.com), has been involved with international business, e-commerce and marketing for the past 10 years and has been targeting the U.S. Online Hispanic Market for the last 5 years. He founded [MexGrocer.com](http://MexGrocer.com) in 2000 and is now one of the very few profitable businesses in the online grocery segment. He has made strategic alliances with the major shopping portals, such as Amazon, Univision.com, Terra-Lycos, HispanicOnline.com, Yahoo! En Español and many others. He is a regular speaker at [Search Engine Strategies Conference & Expo](http://SearchEngineStrategiesConference.com), he is a member of the [Search Engine Marketing Professional Organization](http://www.sempo.org) ([www.sempo.org](http://www.sempo.org)) helps develop the Hispanic and Latin American divisions, he is a contributing writer for [WebProNews](http://WebProNews.com) and a Moderator for [SearchEngineWatch Forums](http://SearchEngineWatch.com) for the “Multilingual Search Markets & Non-US engines” topic.

Other publications where Mr. Hernandez has been quoted include: [Forrester Research](http://ForresterResearch.com), [SearchEngineWatch](http://SearchEngineWatch.com), [WebProNews](http://WebProNews.com), [MediaPost](http://MediaPost.com), [Entrepreneur Magazine](http://EntrepreneurMagazine.com), [La Opinion](http://LaOpinion.com), El Financiero (Mexico), Reforma (Mexico) and others.

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