



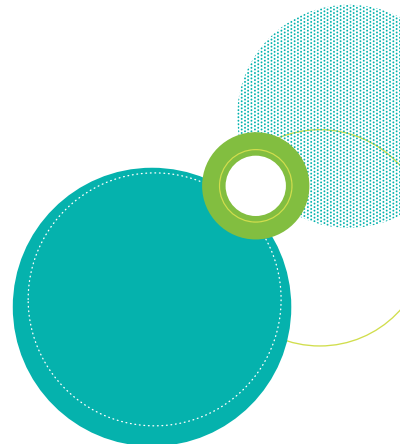
SPECIAL REPORT

Hispanic Car Buyers Matter—Now More Than Ever Before

by Tess Karesky, Market Research Analyst



Evolving the Automotive Retail *Experience*





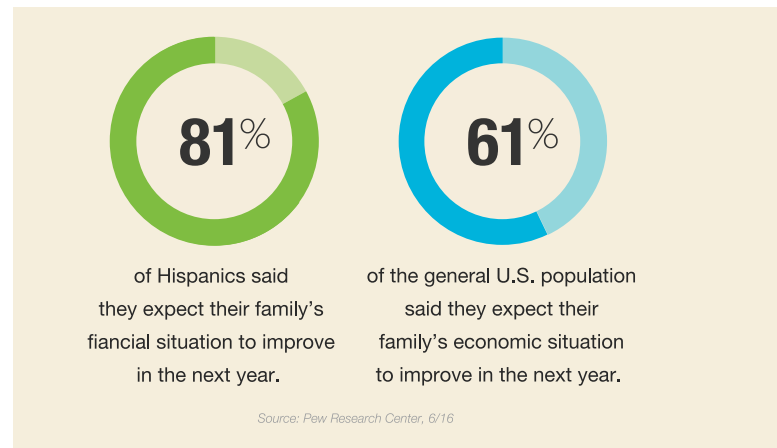
If the buying power of the U.S. Hispanic population was ranked among worldwide economies, it would place 12th, just ahead of the 2015 GDP of Australia¹². At 1.38 trillion dollars, it's a significant economic influence to wield, and it's having an impact on the auto industry. In 2015, the biggest sales year the auto industry has ever seen, Hispanics alone accounted for 35 percent of new vehicle sales growth¹. To stay competitive in the market, it is absolutely essential to understand how to attract Hispanic car shoppers and meet their needs. Offering a quality customer experience is vital to winning any customer. Focusing specifically on the habits and preferences of Hispanic shoppers will not only help you reach them, but also put you ahead of the curve in meeting the needs of other customers.

At 56.6 million, Hispanics make up more than 17 percent of the U.S. population¹¹. By 2060 it is projected that the Hispanic population will swell to 31 percent³, the fastest growth of any racial or ethnic demographic. Hispanics make up more than a quarter of the population in major markets like San Francisco, New York, Washington D.C. and Chicago, and more than half of the population in cities like Los Angeles, Miami and San Antonio¹. Significant populations are emerging in other cities as

well; Philadelphia, Atlanta and Raleigh all claim a 13 percent Hispanic population¹. As the Hispanic population continues to grow and gain influence, it's more and more important for dealers to focus on their needs.

Ready to Buy

Hispanic Millennials are more likely to be getting married, having a child, and be purchasing their first home than non-Hispanic Millennials.¹. As a result, they're much more likely to purchase a vehicle than their non-Hispanic counterparts. In addition, as the median household income of Hispanics continues to get closer in parity to the general population, many feel more optimistic about their financial stability – leading them to spend on big-ticket items like vehicles.⁵ As they grow in stability many are much more positive about their financial future; 81 percent of Hispanics said they expect their family's financial situation to improve in the next year — 20 percent more than the general population⁵.



Luxury

This optimism is reflected in their vehicle interests. A quarter of Hispanic vehicle intenders have a luxury vehicle in their consideration set¹. Not only are they optimistic, but the growing number of affluent Hispanics contributes to greater interest in luxury purchases. There has been a 188 percent growth in Hispanic households earning \$75,000 or more from 2000 to 2015¹. A majority of Hispanics earning \$50,000-\$99,000 identify as luxury seekers¹⁰, defined by Nielsen as someone who feels strongly drawn to luxury, believes luxury is bought for pleasure, and that luxury reflects good taste. This trend is not surprising, seeing as Hispanics view brand/image prestige as one of the top reasons they choose a luxury vehicle¹. Hispanics are increasingly buying luxury vehicles — luxury vehicle purchases have risen 16 percent from 2013-2015 for Hispanics compared to 5 percent for non-Hispanics². This increased interest combined with a concerted effort from luxury brands to reach the Hispanic market has led

Hispanics to drive an increase in luxury compact vehicle sales by 100 percent¹⁵. If you're a luxury dealer, creating a strategy to reach Hispanics is essential to your success.

So how do you start tailoring your strategy?

Hispanic and Millennial

With a median age of 28, this group is a decade younger than the national age average¹⁷. This means a significant portion of the Hispanic population are also Millennials, who have proven to be influential in the automotive market. As a result, many of the traits that apply to Millennials also apply to Hispanics. For instance, Hispanic Millennials are particularly interested in participating in charitable causes, which occurs at a higher rate than non-Hispanic Millennials⁹. Highlighting your dealership's community involvement can go a long way in creating loyal, Hispanic customers.

Digitally Savvy

Whether it's smartphone ownership, social media use or shopping for cars online, Hispanics are more likely than the general population to be digital¹. Paying attention to their digital trends and interests is required to stay relevant. Mobile and video are particularly important. Hispanics average 25 percent more time on smartphone apps/web and nearly twice as much time on mobile video than the total population⁸. Hispanic intenders and non-intenders both said video ads were more likely to persuade them to make a purchase than non-Hispanic intenders². In order to better reach Hispanics, make sure your site is mobile-friendly and incorporates video.



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Source: Viant, "Why Hispanic Americans are Automotive Marketers' Most Receptive Audience", 6/16

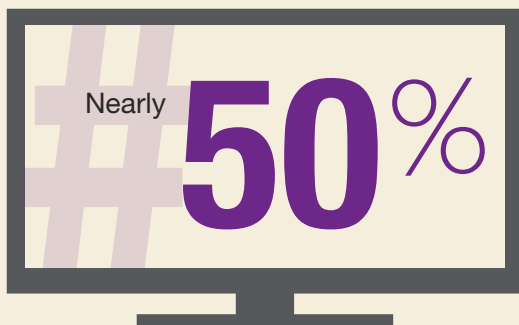
Social Media

A strong digital preference translates into high social media use. Hispanics have the highest social network user penetration of any race or ethnicity¹³. Their affinity for digital video makes visual social networks like Instagram and Snapchat among the most popular for Hispanics, though social media stalwarts Facebook and Twitter are still ranked relatively high¹⁴. Social media presence can reap dividends when connected with the right ad strategy. Nearly 50 percent of in-market Hispanic shoppers said they discussed online and/or used a brand hashtag as a result of seeing an ad on television². Even Hispanics not buying cars were more likely to do these activities than non-Hispanic auto shoppers². A social media presence will allow them to connect with you at various points in their decision-making process. In addition, it allows you to encourage your customers to endorse you on social media, as advice from friends and family ranked as an important shopping activity to half of Hispanic intenders¹.



Why They'll Buy

The reputation of the dealership is extremely important to Hispanics. Both luxury and non-luxury shoppers said that trust in the brand and quality were reasons for their first choice vehicle¹. Working to promote your OEM brands in a positive light can be very impactful to a Hispanic shopper. In terms of actual vehicle features, safety and gas economy were particularly important to Hispanic shoppers¹⁶. When you are advertising your vehicles, specifically call out some of these features in order to better connect with Hispanic shoppers. However, you should present these more technical specifications with flattering images or the vehicle's aesthetics. Hispanics have a higher consideration for modern vehicles with attention to styling¹. With a higher than average model consideration and purchase cycle, you have more time and opportunity to tailor your messaging to a Hispanic shopper's preferences, putting you in a prime position to make the sale.



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Source: Viant, "Hispanic American Auto Buyers", 6/16

Regardless of a shopper's background, if you provide good value with a quality shopping experience, your customer is likely to drive away happy. These happy customers have great potential to then become Service customers, advocates and eventually return Sales customers. In order to make that happen, you need to be able to reach and connect with your customer. For Hispanics, that means a strong, visually oriented digital presence. It also means paying attention to the wants and habits of Millennials and luxury shoppers. This young and growing Hispanic population will have an increasing impact on the auto industry. Creating a strategy around them now will help ensure your place in that future.



About the Author

Tess Karesky is a Market Research Analyst with CDK Global specializing in automotive audience segmentation. She has

researched the behavior and habits of luxury, Millennial, Hispanic and female shoppers, in addition to other consumer groups. Her findings include insights into optimizing Web content, reputation, advertising, digital marketing, on-lot experience and customer retention. Her work has been presented to automotive executives with Audi, Lexus, Infiniti, Nissan, and GM. Tess can be reached at tess.karesky@cdk.com.

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