

HISPANICS ARE GAINING WEALTH IN AMERICA

Here's what brands need to know

An Ipsos Point of View

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GAME CHANGERS



KEY FINDINGS:

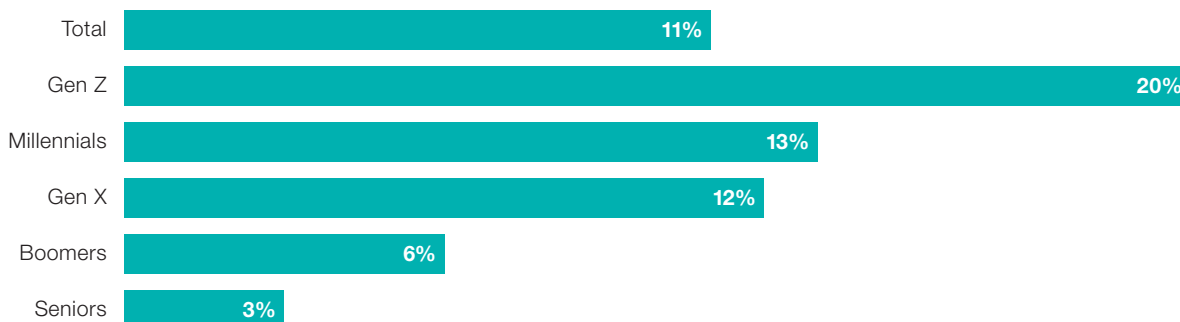
- Out of all the affluent subgroups in the United States, Hispanics now represent the largest, with particular growth among the younger generations.
- Today, one in five affluent Gen Zs are Hispanic, compared to one in fifteen affluent boomers/seniors.
- Brands looking to target affluent Hispanics should keep in mind the diversity within this subgroup and the role that culture, identity and language play in their lives.

The United States is becoming increasingly diverse and multicultural, and a key driver behind this demographic change over the past few decades has been the rapid growth of the Hispanic population in the U.S. Today, Hispanics account for 18% of the U.S. population, according to the 2020 U.S. Census. While they continue to concentrate in states like Texas in the South and California in the West, more now reside in non-traditional Hispanic states in the Midwest and the Northeast.

But beyond their size, Hispanics wield power that expands beyond their own numbers. According to the Federal Reserve Board, Hispanic households control \$12.8 trillion dollars of household net worth. In addition, affluent Hispanic households have an annual household expenditure that is 16% higher than non-Hispanic households (according to Ipsos Affluent Survey Spring 2022).

In the past couple of decades, we have seen affluence increase steadily among Hispanics. In fact, out of all the affluent subgroups in the United States, Hispanics now represent the largest, with particular growth among the younger generations. Today, one in five affluent Gen Zs are Hispanic, compared to one in fifteen affluent boomers/seniors.

% of Affluent who are Hispanic



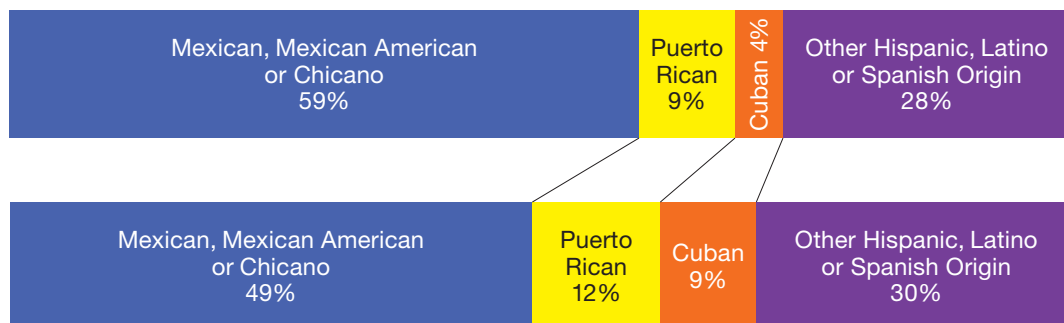
Source: Ipsos Affluent Survey, Spring 2022

Affluents as a whole play an outsized role in the American economy because they hold 70% of the country's net worth, despite representing only 20% of the population. One in five Hispanic American adults are considered affluent. With increased presence comes increased influence inside and outside their Hispanic community. To better understand the impact of the affluent Hispanic population in the U.S. and how to reach them, we should look at who they are, their attitudes towards culture and identity, and their consumer behavior across key categories.

The Basics

Brands looking to target affluent Hispanics should keep in mind the diversity within this subgroup and the role that culture, identity and language play in their lives. Affluent Hispanics represent the cultures and values of many countries and territories but differ from the Hispanic population overall in terms of origin. Hispanics of Mexican origin are underrepresented among Affluents (49%), while Puerto Ricans (12%), Cubans (9%), and other Hispanics (30%) are more likely than their Mexican-American counterparts to live in affluent households.

Total Hispanics



Affluent Hispanics

Source: Ipsos Affluent Survey, Spring 2022 and U.S. Census Bureau ACS 2022

Additionally, they are racially diverse, 79% self-identify as white, 12% as Afro-Hispanic, and 5% as Asian.

One demographic characteristic that stands out for affluent Hispanics relates to how they grew up, and this has tremendous implications across many aspects of their lives. The vast majority are first-generation affluent, with three-quarters growing up middle-class and nearly one in four growing up poor. Affluence is also not evenly distributed across the Hispanic subgroups. Those of Cuban origin are the most affluent, with 51% of them residing in a household with an income of \$200,000 or more per year compared to 48% for Puerto Ricans and 38% for Mexicans.

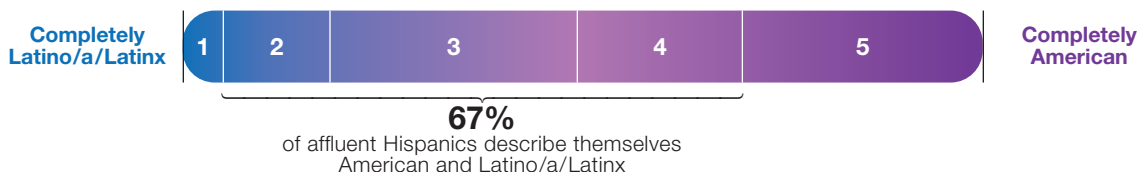
Attitudes Towards Identity and Culture

Affluent Hispanics are bicultural: They retain a connection to both the Hispanic/Latino and American cultures to different degrees. While 30% self-identify as completely American, the remainder fall in a continuum ranging from totally Latino to mostly American.

Cultural Identity

While leaning towards American culture, nearly 7 in 10 affluent Hispanics self-describe both as Latino/a/Latinx and American

How Affluent Hispanics Describe Themselves



Source: Ipsos Affluent Barometer, Q2 2022

Culture plays a big role in different aspects of their lives, from their values and the way they see the world, to the food they eat outside home, to the friends they have. In fact, they are the most likely affluent subgroup to agree “I feel more connected to my cultural heritage than my parents did” at 47%, compared to 39% for non-Hispanic Blacks, and 18% for non-Hispanic Asians. Moreover, 6 in 10 feel “It is easier these days to express my cultural heritage than it was for previous generations” so an accurate representation of their culture in messaging and the ways brands choose to engage with them is key.

Marketers thinking about how to message to affluent Hispanics need to consider that language continues to be the glue that connects them to their culture and with their loved ones. While 40% only speak English at home, half of them (51%), are bilingual and use both Spanish and English to different degrees.

Impact of Ethnicity: Existing Barriers

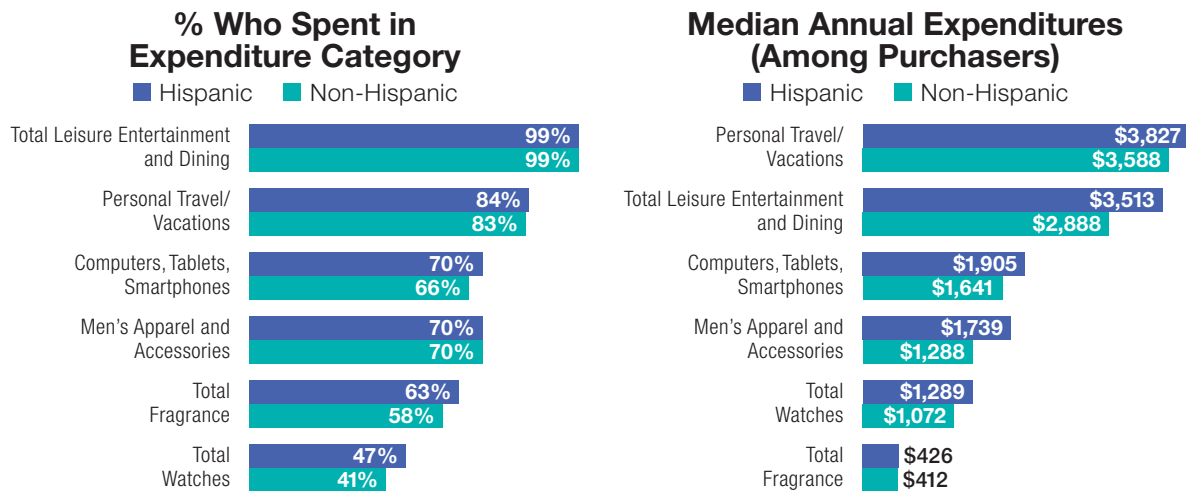
When interacting with the broader world, affluent Hispanics find varying levels of acceptance. Between 20% and 30% state that they have been discriminated against in their lifetime. For all the measured categories affluent Hispanics felt discrimination at greater levels in categories such as healthcare and education in the past year.

As for stereotyping, we see quite a different story. Nearly half (48%) state that they have never felt negatively stereotyped in any of the measured categories. This compares to 16% of affluent African Americans and 49% of affluent Asian Americans. The low numbers for stereotyping may come from the fact that over three quarters of affluent Hispanics identify as white.



Consumer Behavior

Affluent Hispanics are active and engaged consumers, who spend more on average, across multiple categories, including Leisure and Entertainment, Travel, Apparel and Tech. Some of these higher levels of spending can be linked to their demographic profile: larger family size for Travel, Leisure, and Entertainment; and younger median age for Tech.



Source: Ipsos Affluent Survey, Spring 2022

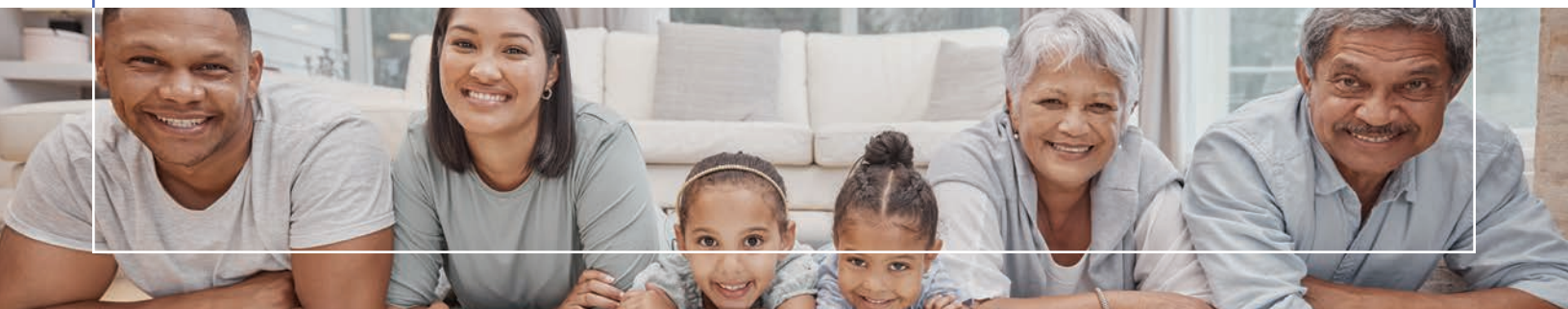
Fashion and style are especially important to affluent Hispanic consumers, skewing higher for multiple fashion-related attitudes than non-Hispanics. For this subgroup, presentation is an important part of demonstrating ones' status as affluent. The importance of presentation makes them an attractive target for high-end brands.

In addition, they are early adopters who like to keep up with the latest technology. With their relative youth, their openness to targeted advertising and preference for video gaming, affluent Hispanics offer a valuable path to reach the Gen-Z consumer.

Brands looking for ways to connect to Hispanics should always consider a digital component in addition to traditional media. While affluent Hispanics watch TV, they watch it less frequently than non-Hispanics. Instead, they are on par with non-Hispanics when it comes to hours spent online. That said, affluent Hispanics are more likely to engage than non-Hispanic affluents on a wider range of online activities including video chats, listening to music, watching TV shows, movies, or sports. In fact, they over-index across all media behaviors online, particularly listening to music and viewing content. Affluent Hispanics are also more likely to use social media to connect with brands, to keep informed, and to engage with others online.

The Future

It is hard to ignore the impact Hispanics overall are having on this country. Affluent Hispanics, with their growing numbers, distinct consumer behavior across categories, and their youth are poised to be a force to be reckoned with. They will significantly impact the affluent American market for years to come.



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