

Source: IDEX Magazine



# GROWING NUMBER OF HISPANICS CHANGING UNITED STATES JEWELRY MARKET



## HISPANICS SPEND 20% OF THEIR MONEY ONLINE

The United States' Hispanic population has become an important demographic for retailers, with its strength continuing to grow as the ethnic group becomes larger.

Hispanics account for 25 percent or more of all buying visits, in-store or online, in the jewelry, off-price and footwear specialty retail channels, according to a study carried out in recent years by two bodies, Univision and the NPD Group. Jewelry retailers included in the study were Kay Jewelers, Pandora, Zales, Fossil, Jared the Galleria of Jewelry, Cartier, Tiffany & Co. and similar industry businesses.

The research also showed that bilingual Hispanics spend 20 percent of their money online. That is higher than for white Americans of European descent, who spend 17 percent of their dollars online, and non-Hispanics, who spend 16 percent online. Hispanics spend an average of \$72 per online visit, higher than the total market average of \$68.

"We know that Hispanics tend to have larger households and that shopping is a family affair, and we know this has a significant impact on what they buy, how they buy and where they buy," said Roberto Ruiz, executive vice president of strategy and insights at Univision Communications, which conducted The Hispanic Shopping Activity Service study alongside NPD Group.

Since the U.S. Hispanic population is growing rapidly, understanding Hispanic consumers is becoming ever more crucial to the long-term growth strategy for any retailer.

The NPD Group/Univision research also found that Hispanics are more than twice as likely as non-Hispanics to buy footwear, accessories, video games, sporting goods, music and software.

Furthermore, shoppers who are Spanish-language dominant, meaning they reported that Spanish is the primary language they use at home, spend more per buying visit than non-Hispanics, at \$61 compared to \$53.

"When bilingual and Spanish-language dominant consumers buy, they really buy," said Marshal Cohen, chief industry analyst at NPD Group. "Their shopping behaviors don't conform

to the patterns of other Americans, and it's important for retailers and marketers to understand the differences."

The rise in the birthrate of the Hispanic population – and others such as the Asian community – has come as that of white Americans has declined in recent decades. Census Bureau data estimates that the U.S. Hispanic population topped 56 million as of 2015. Meanwhile, the Asian population grew to 15 million, or five percent of the population, while African-

Americans account for more than 38 million people, or about 12 percent. The white population is around 200 million, or 64 percent.

U.S. births have been the primary driving force behind the increase in the Hispanic population since 2000 and that trend has continued, while growth in the Asian-American population has been fueled primarily by immigration.

Marketers of jewelry and just about every other retail sector in the country are having to take a closer look at what

this could mean for sales. Which are the new strategies required for the U.S. retail jewelry sector? What are the differences, if any, between the jewelry taste of minorities and the traditional jewelry choices seen since the end of the Second World War when De Beers launched its generic diamond promotion efforts worldwide?

Of course, the traditional, white, sector of the population, descended from European countries, remains the majority and is still the wealthiest part of the population. But it is not a



**HISPANICS  
TYPICALLY  
ENJOY  
SHOPPING  
AND SAVE LESS  
THAN THE NON-  
HISPANIC WHITE  
POPULATION**



**THE GOOD  
NEWS IS  
THAT SELF-  
PURCHASING  
IS GROWING  
AMONG  
HISPANIC  
CONSUMERS**

group that can really be counted on by retailers in the coming 20-30 years in terms of looking for an expanding sector of the population. And that has implications not just for the advertising and marketing industries, but also for jewelry designers who will need to start providing younger designs with an ethnic bent.

A report from the Pew Research Center projects that immigration will propel the U.S. population total to 438 million by 2050, from around 320 million today. Along with this growth, the racial and ethnic profile of Americans will continue to shift -

with non-Hispanic whites losing their majority status.

With little immigration and low fertility, the non-Hispanic white population is projected to edge from around 200 million now to 207 million by 2050, while the three other major racial and ethnic groups will see much more growth, rising from 90 million in 2005 to 228 million in 2050. The share of Non-Hispanic whites is slated to slip from 67 percent to 47 percent over the 45-year period. Indeed, they would decline in number by 2050, if not for immigration.

Despite the poor state of the economy

in recent years, the size of the jewelry market has grown considerably due to the sheer numbers of consumers. And Hispanics typically enjoy shopping and save less than the non-Hispanic white population. The market is far too big for jewelers not to pay special attention to this segment of the population, but it also is far too diverse for a one-size-fits-all approach.

While much media and political attention goes to the social problem of millions of illegal immigrants from Mexico and Central America, who may not be in a position to spend on luxuries like jewelry for a long time,

their numbers are overshadowed by tens of millions of legal immigrants and families who trace their roots in the United States back generations and may have few culturally Hispanic markers other than their family names and the same kinds of sentimental ties to the Old Country that characterize Italian-Americans, Irish-Americans and other ethnic groups.

For MVI Marketing, a jewelry consulting group, carried out a study of the Hispanic retail jewelry market, and this question of acculturation is even more important than categorizing Hispanic consumers by country or region of origin, with all that the differences between Mexican, Central American, Cuban, Dominican, South American and Spanish cultures imply for retail buying behavior. The main ethnic focus of the survey was on consumers of Mexican heritage.

MVI President Liz Chatelain said the survey divided the Hispanic market into three broad categories of acculturation – newcomers, bicultural, where they have a foot in both countries, and people who identify themselves as 'Americans with Hispanic heritage' and are very acculturated.

These three groups "shift in what

they buy, who they buy from and how much they are willing to spend," Chatelain said. "For example, there is the question of loyalty to retail brands. People who come to America have more appreciation for luxury brand names. As they grow more acculturated, their loyalty shifts and they become more willing to look at diverse brands."

As Hispanic consumers become more adjusted to mainstream American culture, "they become more diamond-oriented, but are not necessarily willing to spend more," she added. "[Hispanic immigrants] don't necessarily come to America with the idea of the diamond engagement ring as a given, but wanting to be as Americanized as possible. They want to fit in, to assimilate, so they want the ring."

Some retail jewelry chains specialize in serving immigrants and those with low-to-medium levels of acculturation. "A lot of it is on credit," Chatelain said. "For the un- or low-acculturated consumer, that's a bonus, because it helps them establish credit." That's a benefit not to be taken lightly for a

segment of the population that has suffered a good deal from the down economy of recent years.

Daniel's, a southern California retail jewelry chain known for serving Hispanic consumers, aims at more acculturated consumers, and its president, David Sherwood of Sherwood Management, warned of the danger of stereotyping Hispanic consumers. "When we look at our customers, we segment them by needs and age, but not by whether they are Hispanic or not," he said. "There is no 'Spanish cut' of diamonds, there is no 'Spanish clarity.' The Hispanic customer likes the finest cut of diamond, just like anyone else."

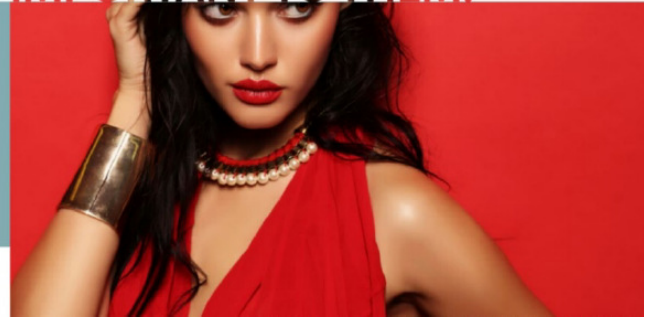
Sherwood acknowledged that first-generation immigrants may come from the Old Country with certain buying habits and expectations, but he said other jewelry chains such as Don Roberto and La Curacao are set up to serve their needs. "But that's true if it's a Hispanic, Chinese or Korean customer. They are more used to a different way of doing business. But our customers are second generation

or later."

Chatelain stressed that brand loyalty is weaker among acculturated consumers of Hispanic heritage. Among all respondents to MVI's survey, the most popular venue for buying fine jewelry was department stores, the choice of 39 percent. But the findings get more interesting when broken down by level of acculturation, with only 12.4 percent of consumers with a low level of acculturation choosing

to shop in regional or national retail jewelry chain stores, a level that rises to 18.7 percent for the bicultural group and 27 percent of those with a high level of acculturation. The most popular fine jewelry chain store among all respondents was Kay Jewelers at 32 percent, though again "the more acculturated they are, the more they shop there," closely followed by Zale's at 30 percent, Gordon's at 14 percent, Piercing Pagoda at 13 percent and

## COMPANIES NEED TO DEMONSTRATE THAT THEY CARE AND THAT HISPANICS ARE IMPORTANT TO THEM.



## HISPANIC CULTURES CONNECT JEWELRY PURCHASING TO SPECIAL OCCASIONS.

Helzberg Diamonds at 11 percent. Jewelers of whatever size seeking to serve Hispanic consumers start with the important advantage that many Hispanic cultures connect jewelry purchasing to all kinds of special occasions. The quinceañera, or 15th-birthday party for girls, is one well-known life event, but births, 21st birthdays, high school and college graduations, golden and other significant wedding anniversaries, and even Easter can be jewelry buying occasions. Earrings are popular gifts, as are crosses set in pendants or earrings and religious medals for Easter and other religion-themed occasions, Chatelain said.

The problem remains that the retail

jewelry trade in general neglects the Hispanic market, failing to educate this important group of consumers even on such basics as the four C's. "Almost 41 percent [of the survey respondents] said they are 'extremely unfamiliar' with the four C's, 22 percent are 'somewhat unfamiliar' and only 18 percent are 'somewhat' or 'extremely familiar.' Only 10 percent of low-acculturated people understand the four C's."

As a consequence, many survey respondents said they buy even bridal jewelry at mass marketers like Wal-Mart, "because they don't really have a good knowledge of diamonds," Chatelain said. "I believe they're not spending as much as they would if they knew more. The industry is missing out. The diamond message is that the Hispanic consumer is not knowledgeable enough, so they are not comfortable buying and investing large amounts of money in this product category. No one takes time to educate them on the four C's; [survey respondents] didn't even know that insurance is available for jewelry."

The good news is that self-purchasing is growing among Hispanic consumers, and that coupled with jewelry-buying traditions for special occasions and the burgeoning size of the Hispanic

population can mean a growing market. But it won't grow without effort. "We haven't done as good a job as we could," Chatelain said.

Meanwhile, Phil Lempert from Nielsen says the way to connect with Hispanics is to address them as young, passionate, and family-driven since their growth rate is three times that of the U.S. population overall. Two-thirds of the Hispanic population are under age 35, and they're 10 years younger on average than the U.S. populace overall, so their lifetime spending value makes them a target for marketers. Their collective buying power is expected to grow by more than \$400 billion to around \$1.5 trillion.

They are proud to be seen as consumers, says Lempert, and are aspirational consumers. They have money and like to spend it, whether they need it or not. They buy on impulse and live in the moment. They spend on things they value, he noted. He advocates creating a value proposition for Hispanic consumers – not just for your product, but for your brands and for your company. Companies need to demonstrate that they care and that Hispanics are important to them.