



MARCH 2018

SPANISH SPEAKERS ORDER TAKEOUT: SE HABLÁ ESPAÑOL?

Hispanic consumers and takeout: a pairing that could bring a piece of \$1.8 trillion to the industry's table if restaurants get the recipe right.

A POPULATION GROWING IN NUMBER & SPENDING POWER

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At 57.5 million people, Hispanics represent nearly 18 percent of the total U.S. population; and, according to the U.S. Census Bureau, the Hispanic population is expected to more than double by 2060. Along with this increase in persons, Hispanics' spending power is also climbing charts. In 2016, Hispanic buying power reached \$1.4 trillion, and it's expected to reach \$1.8 trillion by 2021, Nielsen, a data analytics company, reports.

According to Nielsen, the Hispanic population is “the most dynamic and fastest growing segment of the U.S. consumer economy.” Restaurants that want a piece of this segment's \$1.8 trillion in spending power need to start providing better services for them now. And, with takeout taking over the restaurant industry, molding your takeout operations to better serve this dynamic population group will be essential. Use the **following steps** to help your restaurant develop takeout systems that benefit all guests, and, specifically, the growing Hispanic population.





To develop and mold your operations to cater a certain group, you need to know that group. What do you know about the Hispanic community? If you want to capture the attention of these vibrant, active consumers, then you need to know more about them.

Here are a few characteristics of Hispanics that restaurants should note:

YOUNG

According to a study performed by the Pew Research Center, about 60 percent of Hispanics are Millennial age or younger. Nearly one quarter of the entire Hispanic population are millennials (18- to 33-year-olds). And, out of the total number of U.S. millennials, Hispanics make up one-fifth.

With all the chatter and buzz around millennials and their spending power, it's surprising that many restaurants and other businesses have not specifically targeted a fifth of them. Most restaurants have neglected creating services and advertisements targeted specifically to Hispanic millennials. Assuming that this age group shares all the same preferences as the rest of millennials is a poor business strategy. Yes, they share many similarities; however, there are some key differences that should be noted.

For example, while the younger Hispanic population is known for being more proficient and fluent with the English language, there are still about 19 percent of Hispanic millennials that do not speak English very well, and 5 percent that do not speak English at all, according to Pew research. So, servicing this group requires a multifaceted approach. And, restaurants can start with the languages they offer, which will ultimately provide a better guest experience for all ages of Hispanic consumers.

Plus, while a large majority of Hispanics are young, 40 percent are older than 33. Attending to their needs in takeout and other restaurant operations will also be critical for success. The need to overcome language barriers will be more and more important as this consumer group grows.

TECH-FRIENDLY

Along with their primarily young age, most Hispanics view technology as a beneficial, value-adding characteristic of restaurants. According to a 2017 Restaurant Business Online (RBO) article: "A third of Hispanic consumers say that tech-based ordering or payment options figure heavily into their full-service dining decision, up from a quarter of diners who said the same in 2015." In another RBO article, it states that Hispanic consumers list Wi-Fi as a major reason for choosing one restaurant instead of another. They like to be connected. In a QSR Magazine article, it states: "Hispanic Millennials are nearly two-thirds more likely to connect to the Internet via a mobile device than non-Hispanic Caucasians, and nearly twice as likely to own a tablet." Hispanic consumers tend to use mobile devices more than any other consumer group, and research shows that a large percentage of these consumers will make dining decisions based on mobile coupons. With close to 25 percent of adult Hispanics being Millennials, restaurants should note the tech-forward tendencies and preferences of this group.



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FAMILY-ORIENTED

Hispanic consumers take their kids out to eat a lot. According to research from The NDP Group, U.S. Hispanics “particularly like chains that offer a family-friendly environment since more Hispanics dine with their children than non-Hispanics. Hispanics dine with their children 42 percent of visits compared to non-Hispanics who do so 30 percent of the time....” So, your restaurant should consider developing menu options that are attractive to families with kids.

Plus, with the family-oriented nature of this consumer group, there are other inherent characteristics to consider. A Technomic report found that: “Two-fifths (41%) of Latinos and 54% of Spanish-dominant Latinos say that they are now more likely to visit restaurants that publicly support Latinos compared to in 2015.” Hispanics recognize and support restaurants that accommodate their entire family, from the grandparents who only speak Spanish to the grandchildren who only speak English.



BILINGUAL

As touched on already, within the Hispanic community, disparity arises based on the language each consumer speaks. Some primarily, or only, speak Spanish; some don't know any Spanish; and, some speak both Spanish and English proficiently. A lot of the language differences arise based on age; however, as stated with the family-oriented nature of Hispanics, it's important to provide services for all generations.

According to a Nation's Restaurant News article citing Univision research: "Eighty-seven percent of Hispanic consumers, including both Spanish- and English-dominant speakers, say they appreciate businesses that communicate with them in Spanish ... And 73 percent of Hispanic consumers say more advertising should be specifically directed at their demographic group." If your restaurant is going to capture the attention and spending power of this consumer group, you must provide the services they want.

In 2016, restaurants experienced a loss in visits from Spanish-oriented Hispanics, according to NDP research, and many Hispanics cite language barriers as part of the reason. Pew research states: "Among the oldest Hispanics, those in the Silent or Greatest generation, just 43% are proficient English speakers and 22% do not speak English at all." There are a lot of primarily Spanish-speaking consumers that restaurants need to do a better job of serving if they want to get more Hispanic guests ordering from their restaurant.





BIG SPENDERS

In a MarketWatch article detailing findings from Morgan Stanley analysts, it states: “Hispanic growth in income and population across all ages will drive increases in consumer spending that will exceed the shopping totals of the millennial demographic by 2020.” Hispanics are going to spend more than millennials! And, they already spend more and hold more buying power than other ethnic minority groups.

Plus, Hispanics currently spend more on a daily basis than any other racial or ethnic group. “In addition to making up roughly 18% of the US population, or about 57 million people—and counting—Hispanics also spend more money on a daily basis than other groups, and their buying power is growing faster than the rest of the US,” a Quartz article states. Hispanics spend approximately \$96/day compared to the average of \$90/day for all U.S. adults, according to Gallup News.

Additionally, in spite of the concerns that Hispanic spending would drop due to the political environment of the last couple years, it’s just kept rising. Hispanics are continuing to play a significant role in the U.S. economy; and, political changes aren’t affecting that. Reporting on the state of the fast-moving consumer goods market, an industry that some feared would suffer from the political environment, Nielsen reports: “Despite concerns around the current economic and political landscape, Hispanic spending continues to rise across the total fast-moving consumer goods (FMCG) market, according to Nielsen’s Target Track retail measurement service.”

Apparently, nothing will keep these big spenders down; all roads point to more spending from the U.S. Hispanic population. And, with takeout, delivery, and carryout numbers on the rise, restaurants need to identify ways to best serve this growing population in the takeout space.

2 RECOGNIZE THE INDUSTRY'S DIRECTION

Based on the direction of guest preferences, off-premise and takeout will dominate the future of restaurant transactions. As of June 2017, 63 percent of restaurant transactions were to-go orders, the NDP Group reported, and that number is expected to grow in 2018. Restaurants need to adapt their operations and services to prepare for the takeout future. And, restaurants that want a piece of the Hispanic consumers' \$1.8 trillion in spending power must adapt to their specific off-premise preferences.

To start, restaurants simply need to offer takeout services. According to a 2017 RBO article, "Half of all Hispanic diners say takeout service is extremely important when choosing an LSR to visit, compared to two-fifths of respondents who said the same two years ago." Hispanic consumers want takeout, so it would make sense to specifically target them with takeout services. And, since Hispanics are known to be loyal QSR customers, "spending 16% more each year than non-Hispanic households," according to the National Restaurant Association (NRA), all restaurants should provide off-premise services and advertisements directed to this dynamic consumer group.



3 ADJUST YOUR CURRENT OPERATIONS

Now, with a better understanding of Hispanic consumers and the industry's overall direction, you can identify how to adjust your restaurant's current operations to better serve this growing segment of the U.S. consumer economy. To start, ask yourself: what is my restaurant doing to service both young and old, Spanish-speaking and English-speaking, tech-savvy and family-oriented Hispanics? How are you marketing and building loyalty with this entire population group? And, how can you better meet them where they're at in the way that suits them best?

Building loyalty with these big spenders will require some adjustments to the modus operandi of the U.S. restaurant industry from marketing to takeout operations. There are a few restaurants and businesses that have already started adding to their business operations to better serve the Hispanic population, and they're experiencing positive results for doing so. For example, Papa John's implemented marketing strategies specific to Hispanic Americans, including Spanish television ads, and the results were: "Hispanic sales at Papa John's grew 43 percent, traffic rose 18 percent, average eater checks went up \$1.50, and items per eater moved from 2.07 to 2.25, reports NPD's CREST Hispanic."

Applebee's also reached out to Hispanic guests by making some Spanish-language advertisements. The results: Hispanic visits grew by 7 percent and Hispanic spending at Applebee's grew by 9 percent, according to the NDP Group. Now, Hispanic visits make up 25 percent of the visits made to the chain, NDP states.

Dunkin' Donuts is another chain that is intentionally reaching out to the Hispanic community. Dunkin' Brands' brand marketing manager, Janina Delloca-Pawlowski, spoke at the Restaurant Leadership Conference in 2017 about the Hispanic consumer, and what an important group this is for restaurants to reach. Ultimately, her advice was to have Spanish-language services available because it serves guests better and builds loyalty. In a video summary from the event captured by Univision, she said: "Consumers really appreciate being communicated to in the language of their choice ... The fact that you have Spanish language available shows a commitment to them"



4 THE KEY TO RESTAURANT SUCCESS IN ANY FUTURE

The guest, the guest, the guest! Keeping the guest at the center of restaurant operations and services is essential for success in whatever the future holds. If guests want greater convenience and efficiency, then restaurants need to find innovative ways to provide that. Additionally, if Hispanic consumers want more advertisements and services specifically targeted to them, then that's what restaurants need to provide. And, that starts with bridging the language gap.

As seen throughout this report, Hispanic consumers want Spanish-language services. And, restaurants that want some of the \$1.8 trillion in spending power Hispanics will hold in the coming years need to provide these services. From online to on the phone, providing Spanish-language ordering services will impress Hispanic guests, Spanish- and English-speaking, and set restaurants for success.



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