

LONNIE MILLER  
Director, Industry Analysis  
lonnie\_miller@polk.com

## Hispanics and the U.S. Auto Market

As the largest multicultural segment of the U.S. population, Hispanics are a key consumer group that automakers cannot overlook. Currently estimated at 15% of the U.S. population, the Hispanic demographic is growing quickly and accounted for 50 percent of the U.S. population growth since 2000<sup>1</sup>. Even more significant for auto manufacturers is the increased buying power of this multicultural group, which is projected to jump from \$862 billion in 2007 to \$1.2 trillion in 2012<sup>2</sup>. Recognizing the purchase potential of U.S. Latinos, the automotive industry spent more than \$725 million in Spanish-language television, print, newspaper and website advertising in 2007<sup>3</sup>.

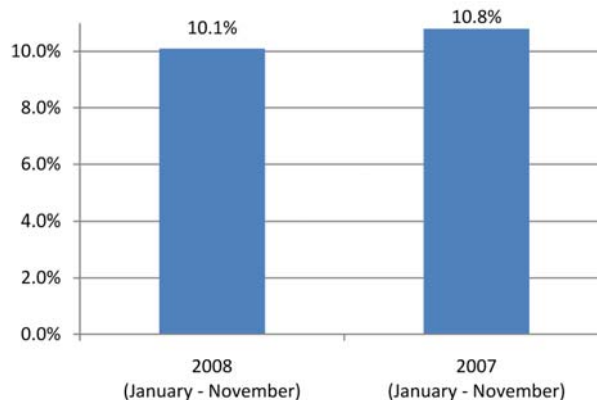
To assess how well the automotive industry reaches this burgeoning market, this Polk View answers three questions:

1. Which brands hold the most market share among Hispanics?
2. Which brands have won or lost market share from 2007 to 2008?
3. What should the auto industry keep in mind when targeting the Latino market?

### HISPANICS ACCOUNT FOR 10 PERCENT OF NEW VEHICLE REGISTRATIONS IN THE U.S.

From January to November of 2008, 764,183 new vehicles were registered to Hispanic customers, representing 10.1 percent of the total U.S. new personal retail vehicle market. This represents a drop from the 981,666 vehicles registered to Hispanics during the same time period in 2007, when they comprised 10.8 percent of the U.S. market.

Figure 1  
Hispanic Share of U.S. New Vehicle Retail Market



### TOYOTA IS TOP SELLING BRAND IN HISPANIC MARKET

Toyota, the number one selling brand among all U.S. consumers, is also favored by Hispanic vehicle buyers. More than 22 percent of all new vehicles sold to Latinos from January to November 2008 bear the Toyota nameplate (which includes Scion). In an automotive market that is shrinking due to economic conditions, Toyota, like many other brands, sold fewer vehicles from January to November 2008 compared to this time period in 2007 – both to the overall U.S. consumer base and to Hispanics. However, the brand's market share with Hispanics has remained pretty consistent from 2007. And, Toyota's market share with Hispanics outpaces its total U.S. market share of 18 percent.

Toyota speaks to its Hispanic consumers with a Spanish-language version of its website. The automaker spent more than \$80 million in advertising in Hispanic media in 2007, making it the seventh-largest Hispanic media advertiser in the United States and second only to General Motors among automotive manufacturers<sup>3</sup>. Recognizing that the Latino market contains many sub-groups, Toyota gears its advertising, online content and event sponsorships to different segments of the population.

For example, for the Tundra pickup, a high-seller among Mexicans in the Southwest U.S., Toyota hosted "Tundrazo Charreadas" (Mexican rodeo events) and a related music tour, along with more traditional print and TV campaign. The upscale Lexus brand, on the other hand, was advertised to affluent Miamians via a campaign that relied upon local artists who created their view of the pursuit of perfection in South Florida<sup>4</sup>.

Toyota, which was named to DiversityInc's Top 50 list of companies on its website, cites partnership with the Hispanic Scholarship Fund and the National Council of La Raza among other Hispanic-focused philanthropic efforts.

### HONDA DRIVES TO NUMBER TWO BRAND AMONG HISPANICS

For the first 11 months of 2008, Honda was the second best-selling brand among U.S. Latino customers with 12.7 percent of this multicultural group's market share. Honda realized an impressive gain among Hispanics from last year, when the brand only accounted for 10.4 percent of vehicle registrations to Hispanics. This jump puts Honda ahead of Chevrolet, which was number two with Latinos during the January to November time period in 2007.

*continued*

Honda gains Hispanic market share, but Toyota remains number one among U.S. Latinos.

<sup>1</sup> "Latinos Account for Half of U.S. Population Growth Since 2000," Pew Hispanic Center, October 23, 2008

<sup>2</sup> "Georgia Business and Economic Conditions, The Multicultural Economy 2007," Selig Center for Economic Growth, Terry College of Business, the University of Georgia

<sup>3</sup> "Advertising Age 2008 Hispanic Fact Pack"

<sup>4</sup> "Hispanic Marketing Report," Adweek Media, March 3, 2008

## ABOUT R. L. POLK & CO.

R. L. Polk & Co. is the premier provider of automotive information and marketing solutions. Polk collects and interprets global data, and provides extensive automotive business expertise to help customers understand their market position, identify trends, build brand loyalty, conquest new business and gain a competitive advantage. Polk helps automotive manufacturers and dealers, automotive aftermarket companies, finance and insurance companies, advertising agencies, media companies, consulting organizations, government agencies and market research firms make good business decisions. A privately held global firm, Polk is based in Southfield, MI with operations in Australia, Canada, China, France, Germany, Japan, Spain, the United Kingdom and the United States. For more information, please visit [www.polk.com](http://www.polk.com).

Like most automakers operating in the United States, Honda has a Spanish-language version of its website. Honda also has a long history of marketing to Hispanics through advertising and sponsorships, an initiative it embarked upon in 1989<sup>5</sup>. One recent example is an integrated Hispanic-focused campaign for the 2008 Accord, which includes TV, radio and online components focusing on the values of tradition and reliability<sup>6</sup>.

### NISSAN GAINS LATINO MARKET SHARE

With 11.9 percent of the U.S. Latino market for the time period from January to November 2008, Nissan is the third best-selling brand. Nissan gained nearly one-half point of Hispanic market share from the same time period in 2007. Nissan does significantly better with Hispanics than with the U.S. market overall, where its market share is just 7.4 percent.

Recognizing the value of courting Hispanic customers, Nissan spent almost \$35 million in 2007 on domestic Hispanic TV advertising<sup>7</sup>. To reach the growing population of Hispanic youth, Nissan was a major sponsor in 2008 of "El Juego Supreme" (the Ultimate Match), a sports reality TV show airing on Hispanic network Univision<sup>8</sup>.

Nissan invests in the Latino community by funding scholarships through the United Latin American Academic Challenge and by making contributions to the Hispanic Scholarship Fund, among other activities<sup>9</sup>.

### DOMESTIC AUTOMAKERS LOSE HISPANIC MARKET SHARE

Chevrolet experienced the greatest year-over-year decline in Hispanic market share with a drop of 1.3 points. The other domestic automakers in the top 10 best-selling brands to Hispanics – Ford, Dodge and GMC – also suffered Hispanic market share declines from 2008 to 2007, most likely due to the overall struggles of the domestic auto industry.

Figure 2  
2008 vs. 2007 Share of Hispanic Market by Brand

	Share of Hispanic Market Jan. - Nov. 2008 (%)	Share of Hispanic Market Jan. - Nov. 2007 (%)	2008 vs. 2007 Market Share Difference (Percentage Points)
Toyota*	22.4	22.2	0.2
Honda	12.7	10.4	2.3
Nissan	11.9	11.5	0.5
Chevrolet	10.9	12.2	(1.3)
Ford	9.7	10.4	(0.8)
Dodge	4.9	5.8	(0.9)
Hyundai	3.1	2.8	0.3
GMC	2.7	3.2	(0.5)
Kia	2.3	2.1	0.3
Mazda	2.3	2.0	0.3

\*Includes Scion

### SUCCESSFUL SELLING TO HISPANICS

Success for automakers in the Hispanic market, as in the marketplace as a whole, depends upon multiple factors. However, there are several key things that auto manufacturers should keep in mind when targeting Latinos:

- Results of a Polk study from July 2008 indicate that Hispanics are slightly less brand loyal than the overall U.S. population. Among interviewed new vehicle buyers, roughly 30 percent of surveyed Hispanics said that their last vehicle purchase was the same brand as their prior vehicle, compared to about 38 percent of overall consumers. This confirms other research conducted by Polk showing lower levels of affinity among Latino buyers to specific automotive brands. This research supports the importance of culturally relevant loyalty and customer acquisition programs.
- In the same study, when asked about factors driving their vehicle purchase, Hispanics cited (in order) gas mileage, style and price as the top three consideration factors for purchasing a new vehicle. These insights can help shape key messages to reach Hispanic buyers. In particular, messages about "style" messages and how the vehicle fits within this consumer segment's lifestyle and image have been noted by industry analysts as a theme that resonates with Hispanic buyers.
- The number of first-time Hispanic buyers entering the vehicle market will continue to grow due to the young age of this multicultural group compared to the U.S. population as a whole. In 2004, 34 percent of the Hispanic population was under age 18 compared to 22 percent of non-Hispanic whites<sup>9</sup>. This trend should motivate market planners to start thinking about awareness and relationship strategies for young Hispanic buyers.
- Media placement strategies need to vary within the overall U.S. Latino population, which is by no means homogenous. Factors such as country of origin, level of acculturation, age, economic status, language of preference and others influencing media buying decisions for regional and national advertising programs. ♦

<sup>5</sup> "Making Honda No. 1," Brandweek, July 26, 1999

<sup>6</sup> "Café Wins Awards for Honda Accord Campaign that Hits Emotional Buttons in Target Miami Hispanic Market," Hispanic Tips, September 24, 2008

<sup>7</sup> "Nissan North America Names Hispanic Agency to Handle Multicultural Latino," Business Review, October 1, 2008

<sup>8</sup> "Nissan, Univision and LULAC Join Forces to Give Hispanic Youth a 'Boost'," GM Press Release, September 5, 2007

<sup>9</sup> "Georgia Business and Economic Conditions, The Multicultural Economy 2007," Selig Center for Economic Growth, Terry College of Business, the University of Georgia

This analysis is based on Polk's new personal retail registrations among U.S. consumers between January - November 2007 and January - November 2008.