

Hispanic market

Business



THE HISPANIC MARKET ANALYSIS Introduction The project that we were assigned was to look into the Hispanic market of Target store located on West Irvington Road. When we were first told that we would be working with Target our group sat together and discussed which of the topic options we would be most interested in working with. At this point we had not been assigned our store location. As a group we choose the Hispanic Market because living in Tucson we have noticed that there is a large Hispanic market. We also noticed that possibly one of the main contributing factors to this is that we live so close to Mexico. Tucson has 35. 72% population of Hispanic or Latino.

As a group we want to research and learn alternative methods to serve The Hispanic or Latin consumers in not just only Tucson but for Target as whole. In the information given to us in class it states, " In 2009, U. S. Hispanics purchasing power was \$978 billion." This showed us that the Hispanic consumer has a huge influence on retailers and they need to be able to tailor not only their merchandise but also the way they market themselves in order to gain them as not only customers but also loyal customers.

For our topic Miami, Los Angeles, and Chicago are the Hispanic sensitive markets. From statistics we found it stated that in 2010 the Hispanic population made up 16% of the U. S. population. Between 2000 and 2010 the Hispanic population alone increased by 15. 3 million. As stated in the information we were given in class " According to a U. S. Census forecast, Hispanics will compose 30% of the population by 2050."

Currently, Miami has the highest percentage Hispanic population between the three cities that is 65. 76%. Los Angeles has 46. 53% Hispanic population and Chicago has 28. 9% population of Hispanic. From this data, we know that <https://assignbuster.com/hispanic-market/>

the Hispanic Market has become a big part of the retail marketing. The retailers need to try to focus on the Hispanic market demand and figuring out how to manage these demands efficiently.

Situation Audit

Each team was assigned a Target “ Buddy” to help better accomplish us getting the information we needed for our project. Our buddy is Michael Lopriore and he works at the Irvington location of Target in Tucson. Due to scheduling conflicts with Michael we had to meet with a different employee of Target to get started on our project. On October 9th we met with Sonny Lopez, the HR manager at the Irvington location. Sonny has also worked with previous classes for this course on this project and he seemed eager to help us with our project.

Before Sonny gave us the tour of the store location he asked us what our topic was and how we wish to accomplish this. When we spoke with him we all understood that there is no way to politely ask someone if they are Hispanic or not, but we can identify them by specific holidays that they celebrate. He advised us that they already do some type of online survey for Target after the customers have checked out of their stores, but we told him that we wished to do a survey that the customer could simply check off while their items were being rung up. As a group we thought that by doing a survey that showed the employees of Target what holidays their customers celebrated they could then request those items for those holidays and make sure that there are items that maybe their customers would have to get sent to them otherwise.

After this discussion Sonny gave our team a tour of the Target store. We went at 8 am and were able to see the employees stocking the shelves for
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the day ahead. Sonny also took us into the back of the store to show us where they get their shipments in and how if an item is sold out on the floor the employees in the back get notified that an item was sold on the store and that it needs to be replenished. We were in awe of how much merchandise was in their back room and how organized they keep it. One of the strengths of this specific location of Target is that they recognize that they have a large Hispanic market and by knowing that they have all of their signage in both English and in Spanish to make sure that their customers know exactly where all the items are in their store. Also in their food section there are specific isles of items that are there specifically for the Hispanic customers. Sonny also told us that some of the Hispanic consumers have also requested to see specific items in the store. He also informed us of some of the beauty products they carry for the Hispanic customers that sometimes they could only get in Mexico.

After the tour we then were able to ask Sonny in his specific store what were some of the weaknesses he saw from a managerial standpoint and he said it was their fresh produce section. Next to this Target location there is another grocery store that is aimed to be cheaper and not as good of a quality product and clearly a threat to their business. He said that they have had difficulty when next door they are selling an avocado for \$. 50 and in Target it is being sold for \$1. 25. Sonny said unlike other Target store locations they have not seen as big return on investment on this section because of that and because of the area that they are in. We also asked him if on the survey that we wish to put at each register to also have at the bottom a box for the customer to put specific items they wish to see in the store or maybe even tell them that some of the products that the are selling are to costly and they

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have been purchasing them somewhere else cheaper.

The biggest issue that we see after our Target store tour is that they understand that they have a large Hispanic market at their location and they have been providing them with what they think to be adequate merchandise to satisfy their customer needs, but are they really satisfying the needs of their customers or not? The main way we wish to solve this problem is by the survey and getting more customer feedback and we also are going to examine exactly how much of those specific products that they get in their store for the Hispanic customers do they sell. There is a strong possibility that they are not selling those items as much as they had hoped they would and maybe it is because they need to seasonal change out those items based upon the holidays.

Objectives

“ The Hispanic market, which reached \$1 trillion in buying power in 2010, is expected to grow to \$1. 5 trillion in 2015” (1), according to Direct Marketing News. With all of those dollars in play, marketers including Target are searching for the best way to reach out and connect with these individuals through their advertising. While seven in ten Hispanics have cut spending costs by postponing big purchases like cars or houses and have also cut back spending on eating out, they still celebrated the gift giving season. Hispanics have the buying power and do have money to spend, “ contributing to nearly 50% of spending growth in the past year” (1). Is stated earlier, Hispanic consumers have requested to see specific items in the store before. So by doing a survey we can show the employees of Target what holidays their customers celebrated.

Our survey will be very short; it will probably take the customer about less
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than 5 minutes to complete them. In our survey, we will ask our consumers to see which holidays they celebrate. We will give them a list of holidays and let them check on the one that they celebrate. The survey will be listed with both American and Mexican holidays. By getting the feedback from these surveys, we will know which holidays they celebrate. By knowing these holidays, Target can request or can get the items or specific merchandises that their customers need to celebrate the holidays.

The reason why we don't make the surveys long because of the convince factor. While waiting to be rung up, they can take a minute and do our surveys. By the time they done with the surveys, the check-out process is also done too. Our surveys will be written in both languages English and Spanish. By doing that, we know who is our Hispanic consumers and who is the regular consumers. By targeting the Hispanic audience at the right time and in the right place, Target can see a better return on their holiday investments.

Data Collection Methodology

To fully understand our Hispanic Market we need to collect as much data as possible. We will be using a few different methods to try to collect data about the Hispanic market and the products our Target has brought in for their store.

The first will be to use the data that Target has collected through their own computers. They collect this data using their perpetual inventory system. We have asked them to look up data starting August 1st, 2012 to October 9th, 2012 concerning all health, beauty, and food items they carry to cater to the Hispanic market. Using this data will give us insight as to how the Hispanic guest makes purchases closer to the seasons changing and the holidays.

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Also, by having this data, we can get a wider, more accurate scope of the category purchases made instead of guessing.

Target gathers this data through their computers using several variables. The first is the item being purchased. Target keeps track of items being purchased by the SKU on the packaging or item itself. This will help us narrow down certain items we wish to look at because Target knows they pertain specifically to Hispanic consumers. Beyond SKU, we can see the items that sell the best over a specific time period. We have chosen the dates above due to their proximity to the holidays and when we started this project. This will give us the most accurate present data and the closest insight to our consumers. We will be using this set of data the most because of how and who collected it.

Our second form of data collection would be through our plan we want to implement in Target. This data would be collected through a short survey. This survey would be one question concerning the holidays. We would ask all those who chose to participate about the holidays they celebrate. Our goal is to offer a variety of holidays, including ones normally celebrated in the Hispanic culture. Once we have discovered how many survey participants celebrate Hispanic holidays, Target could then increase their selection of Hispanic products during these holidays in preparation for these events if it is a significant amount. We chose to do this because Sonny let us know that the Target on Irvington is the first Target closest to the border and sees heavy traffic from the travelling guests as it stands.

A third and possible set of data we may use is to do outside research from previous surveys or articles. This would give us potentially new data that Target has not seen or gleaned from their data and allow us new insight. This <https://assignbuster.com/hispanic-market/>

data collected will specifically relate to population growth within our market, popular holidays, and popular items purchased during these holidays.

Information / Data

Target has supplied us with information and data concerning the Irvington store and how certain categories are doing.

Here Target at Irvington is losing revenue faster in their Hispanic consumer goods categories than their Hispanic and American consumer goods are making revenue. This presents a problem for Target because this means they are losing money and need opportunities to replace that lost revenue.

Analysis

From the information collected and provided above, it is evidenced that out of all the Tucson in the locality, our store had the highest number of Hispanics. Due to this large number of target population, our customer base was significantly higher compared to other regions. Being our main consumers, the annual population growth rate of 16% is essential in predicting an increase in demand for our products. A report published by the Arizona established that the annual Mexican expenditure has been increasing over time. For instance, between 2001 to 2008, the expenditure increased from \$289 to \$976 million; representing increase in demand and consumer expenditure within the region. These figures were essential in analyzing the market and demand conditions.

However, more than three-quarters of the Hispanic visitors visited the United States during the holidays. Hence, holiday shopping and a list of favorable Hispanic and Latino dishes were researched. From the conducted market survey, the following items would be stocked in our shops: Pan de muertos, Animas (a dark bread in human shape), Sugar coffins, Mole (sauce), Beer and <https://assignbuster.com/hispanic-market/>

tequila, Atole (corn gruel), Candied pumpkin or sweet potatoes, Fruit and nuts, Beer and tequila, Plates of rice, meat, beans or chicken, Sugar skulls inscribed bearing name of departed, and coffee. Besides, during the Mexican Flag Day (usually celebrated on 24th, February), our shops will tend to increase sales volume by stocking items for the occasion including; Mexican's flag, maracas, and sombreros.

To remain profitable and break-even during low sales period, we target occasions and activities which bring together a higher proportion of our esteemed customers and stock accordingly. In this respect, our focus will cover from carnival Mexican holiday, which is celebrated by floats and dances along the streets. Our stores will stock dancing costumes for parade. To attract more customers, Target stores organized for local entertainment and music conducted popular Mexican artists. On May 5th, when marking the Cinco De Mayo, Target holiday stores will stock Margarita mix, flags, and Confetti. Finally, on the eve of Christmas celebrations (La Nochebuena y la Navidad), Target stores intend to increase their sales volume by stocking for the occasion. On this day, items such as tamal dishes, Christmas trees, Nativity Scene, and lights would be stocked.

Recommendation

Our recommendation is that Target stores give out a survey during the checkout process to their guests and based off the results of those surveys, implement a small " Holiday Shop" geared specifically for Targets' Hispanic guests. The survey will asks that the guests circle which holidays they celebrate. This will allow Target to identify how many Hispanic customers they have without directly asking if the guest is Hispanic, because that might be offensive. Instead, by seeing which holidays they celebrate, Target will be

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able to stock the stores with items that Hispanic customers need for their specific holidays. By researching what specific items are generally needed for the holiday, Target can request to carry these products around the holiday time. This will help drive Hispanic traffic which will in turn increase sales since the Hispanic market is such a growing segment. The Irvington store we visited carried a variety of products geared specifically towards the Hispanic guest, but we think they could improve this by setting up more holiday specific shops for their Hispanic guests.

Implementation

In order to successfully be able to stock the shelves with more Hispanic geared holiday products, Target should survey their guests upon checkout time. The survey needs to be brief and concise. It is important to Target that their guests not wait too long and cause long lines. The guests can conveniently fill out the survey while they are waiting for their items to be rung up. The survey will comprise of a list of all holidays for all religions and ethnicities and their guests will simply check off each holiday they celebrate. If Target notices that they do not have many guests that celebrate Hispanic holidays, then they will not have to implement the Hispanic holiday shops. However, if they see that they have a very high number of people who celebrate a certain Hispanic holiday, it will be beneficial for them to stock this specific merchandise in order to meet the needs of their guests. This survey will be very inexpensive to implement, however analyzing the data and following through with the ordering and setting up of the shop will be the expensive portion.

Survey Costs: We are waiting to get the data from our Target buddy to see how many guests they serve a week. This will give us an idea of how many

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surveys to print. If we conduct the survey over a weeks span, we should be able to capture a good overview of their customer base. Printing should not be too expensive and this small cost will pay off in the end.

Other costs: The major costs of our project will be acquiring the product that the Hispanic consumers want and putting them into a display. We need to get information from Target as to how much it will cost to set up a small holiday shop in stores with a high number of Hispanic guests. We can find out how much it costs them to implement the few shops with Hispanic geared products (ie the food and beverage section, and the makeup/beauty section). This will give us a good idea of how much it will cost to add more holiday specific items.

Time Frame: The time frame for the survey will be one week. We believe that if Target gives out the survey for one week they will be able to get a good picture of their typical customer base. Then, each Target will need to analyze the data they collected from the survey and determine whether or not it would be realistic to add a Hispanic holiday shop. If they believe they have enough Hispanic guests then they should request that their store receive Hispanic products around the specific holiday time. The time frame in order to see if the shop will be successful is a bit longer since we have to wait until there is a Hispanic holiday. After that, we can get the data from Target to see how much revenue has been generated off the shop.

Performance Metrics: In order to see if our Holiday shop and survey are successful is to see how much revenue is generated off the shop. Target will be able to track how much units from the shop are sold, and what the margins are on those products. We are waiting to see how much Target expects to generate in terms of gross margin on their products for them to <https://assignbuster.com/hispanic-market/>

be considered successful. Based off of that data we will create a goal that we will expect stores in Hispanic saturated markets to achieve.

Bibliography

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