



## Cultivating Cultural Connections with Powerful Segments of the Hispanic Market

By Victor Corro, CEO of Coopera

Trust and personal connections are the two strongest drivers of purchase intent among Hispanic consumers. They can also be the most difficult bonds to establish between a consumer and a brand. Credit unions, however, have something of an advantage to winning trust and establishing connections with Hispanic members, simply because of the underlying philosophy that drives everything credit unions do.

Member-centric, non-profit and purpose-driven, credit unions already have much of what it takes to attract Hispanic consumers who insist on doing business with brands they trust and to which they feel more richly connected. Yet, many credit unions struggle to communicate those attributes in a way that is culturally relevant to the Hispanic people in their communities. Culturally relevant marketing goes far beyond language. It acknowledges the history, heritage and uniqueness of a particular community.

### **CREDIT UNIONS AS CULTURALLY COMPETENT PROVIDERS**

With the right mix of intention, strategy and commitment, financial cooperatives can effectively demonstrate their cultural relevance with those segments of the Hispanic market they most want to reach.



#### **INDIVIDUALS WHO NEED CREDIT UNIONS AS MUCH AS CREDIT UNIONS NEED THEM**

Like every consumer segment, the Hispanic market is made up of several smaller groups, many of which represent great opportunity for financial service providers.

Coopera has identified three groups in particular that are composed of individuals who need credit unions as much as credit unions need them.

- 1.** Millennials / Second-Generation
- 2.** Small Business Owners
- 3.** Financially Underserved

Becoming both personally and culturally relevant to these growing and influential groups begins with a deep knowledge of the people who comprise them. Credit unions must understand who their prospects are and who they aspire to be; what they value, appreciate and desire; and how they prefer to interact with the brands in their lives. Without this knowledge, it's extremely difficult to demonstrate respect, interest or willingness to go beyond the usual to meet your prospect's needs.

This paper should be viewed as a starting point. We'll take a closer look at each of the three Hispanic subgroups mentioned above with an eye to better understanding what it will take to draw them in, earn their trust and build life-long, mutually beneficial connections with them.

## 1. MILLENNIALS / SECOND GENERATION

### The Opportunity

The Hispanic segment is much younger than most every other ethnic group in the U.S. The average age of the Hispanic community is 28, and 65 percent of U.S. Hispanics are Millennials, ages 22 to 35. Hispanics comprise 22 percent of all children younger than 18. This is, of course, part of what attracts credit unions, especially those wrestling with the challenges of aging memberships. Millennials and Second Generations (children born in the U.S. to foreign-born parents), therefore, are an increasingly important segment for credit unions.

Millennials tend to be close to their parents, which sets the stage for bringing the older generation along as a credit union earns their trusts. Many young Hispanics already navigate financial matters for their parents and may be looking for options that work for both them and their moms and dads.

Beyond this subgroup's age, young Hispanics generally have higher incomes, more degrees and own more homes than their parents. They take on part-time jobs at younger ages than their parents did, giving them more reason to establish meaningful partnerships with financial institutions sooner in their lives. Couple their exposure to income at earlier ages with a need for education, lifestyle and auto loans, and the value of a credit union to a young Hispanic becomes clear. If established early, that relationship is likely to grow over time, as members enter adulthood, their careers grow and they begin to upgrade vehicles and purchase homes.

*The average age of the Hispanic community is 28.*

*65 percent of U.S. Hispanics are Millennials, ages 22 to 35.*

*Hispanics comprise 22 percent of all children younger than 18.*

## What We Know

Second Generation Hispanics place importance on hard work and career success. In fact,

***91 percent of Hispanic youth agreed with this statement: “No matter how poor you start out in the United States, with hard work you can achieve success.”***

Second Generation and Millennial Hispanics often straddle two cultures. They have friends and spouses outside their ethnic or racial group, and they are bilingual. Among this group, 93 percent report they speak English either very well or well; 8 in 10 say they converse very or pretty well in Spanish. While they have a tendency to think of themselves as “typical Americans,” Second Generation Hispanics show a strong preference for using their family’s country of origin over “American” to describe their heritage.

## Marketing That Resonates

Among the youngest Hispanics, nearly half say they use social media constantly from the moment they wake to the moment they go to sleep. Because social media is the No. 1 digital activity among Hispanic Millennials, it’s critically important for credit unions to have a presence on platforms like Facebook, Twitter, SnapChat and Instagram. Simply being there, however, will not be enough; engaging with the audience on these platforms will be critical to establishing personal connections, and eventually trust.

Whereas Gen X and older members who want to reach you may consider social media a last resort, Millennials and Second Generation Hispanics may think of it first. Therefore, having staff at-the-ready to respond to social inquiries in Spanish will be important for this audience. Remember, these individuals are often managing finances for their parents and will want to have the information in Spanish for easily communicating what they learn from you to the older generation. Even though they are typically proficient with English, young Hispanics view the ability to communicate with brands in whatever language they prefer a big bonus. It speaks volumes about the brand’s commitment to personalized service.

Just as two-way communication on social platforms must be language and culture fluent, so too must the one-way content that gets pushed out by the credit union. Ensure the person or team of people creating content for these channels not only speaks Spanish, but also understands the language nuances that may exist within hyperlocal segments. They should also have deep enough ties to the community so they can leverage current events, avoid (or engage in) hot-button issues and promote the credit union in a way that addresses real needs and true preferences.

The objective of culturally fluent content is to more authentically demonstrate your credit union's desire to be a part of the Hispanic community. Seventy-four percent of young Hispanics agree their heritage or cultural background impacts who they are, and the same percentage visits sites and uses apps that post cultural content. In fact, more than half of the time that 18- to 49-year-old Hispanics spend online is within sites and apps that host cultural content.

While you want to do what you can to become one of these sites, you can also research the culture-specific sites that already exist and get involved through advertising, sponsorships or editorial contributions. Bilingual financial advice that can be shared between Millennial audiences and their parents can be great complements to the articles frequently published on these platforms. Who knows, you may even be able to secure a regular column offering financial advice for Hispanic consumers.

### **Who's Doing It Well: Verizon**

To attract more Hispanic Millennials to their brand, Verizon is deploying a marketing strategy it calls cultural mobility. Built around Millennials' always-moving, always-on lifestyle, campaigns inside the strategy are largely executed via social media channels. One such campaign, *Bienvenido a lo mejor* (Welcome to the best), works to connect Hispanic Millennials with inspirational people from a variety of artistic outlets.

Using the hashtag #LoMejorDeMi (The Best of Me), consumers are asked to post a video, photo or statement about why they want to connect with one of four famous people: chef Juan Manuel Barrientos; soccer player Alejandro Bedoya; YouTube personality Megan Nicole; or social media beauty expert Yasmin Maya.

Partnering with famous YouTubers and celebrity chefs may not be a possibility for your credit union. However, offering to connect members and prospects with local influencers may. Consider hosting your own social media contest that introduces young Hispanics to important lawmakers, high-profile employers or well-known artists and musicians in your city.

## 2. SMALL BUSINESS OWNERS

### The Opportunity

In recent years, the number of Hispanic-owned firms has grown dramatically. The latest census report shows Hispanics own 3.3 million businesses, or 12 percent of all businesses in the U.S. At least 1.2 million of these businesses are owned by individuals who immigrated to America, according to the U.S. Small Business Administration. And despite their challenges, this particular segment of the Hispanic small business owner community generates \$36.5 billion in annual income.

The rise in the number of Hispanic owned businesses is even more pronounced in certain areas of the country. In Arizona, for instance, Latina-owned businesses jumped more than 100 percent in the last ten years.

*The states with the highest Hispanic growth rates are in the Southeast, Midwest and Mid-Atlantic regions.*

Among the most important factors limiting business ownership among Hispanics in the U.S. is lack of wealth. Just 3.5 percent of Hispanic firms start with \$100,000 or more in capital. Therein lies the opportunity for credit unions. Because many financial cooperatives have made the strategic decision to provide loans to borrowers who may not meet traditional underwriting standards, the potential for credit unions to be indispensable and trusted partners is huge.

### What We Know

Both U.S. born and immigrant Hispanic men who own businesses are highly concentrated in construction. There is much greater diversity of industry among female Hispanic business owners, however. Those born in the U.S. operate businesses mainly in the health care and social services sector, while those women who have immigrated to the U.S. are mainly operating businesses in beauty, laundry and cleaning services verticals.

Like most small business owners, Hispanic leaders need strong guidance, both financial and otherwise, to achieve and maintain success. The potential to increase business revenues can be seen in the simple fact that Hispanic-owned businesses have a tendency to generate average annual incomes well below the average in the U.S. (even below the average for minority-owned businesses). Lower-than-average income from these businesses may be due to the challenges Hispanic people often face when it comes to founding and maintaining a successful business, namely limited capital and access to credit. Beyond the need for capital to launch a business, Hispanic entrepreneurs often have a need for cashflow to operate the business, to make investments in technology and to execute a winning marketing strategy.

Other than financial assistance, many Hispanic small business owners will benefit from a larger network of entrepreneurs and executives running their own firms. Often Hispanic business owners are on their own, without the benefit of boards of directors, shareholders or even executive teams. Nearly 90 percent of Hispanic-owned businesses, in fact, are without paid employees. This underscores the importance of leadership support and guidance for this critical segment of the Hispanic population.

### **Marketing That Resonates**

Hispanic use of digital technology continues to over-index other U.S. segments, and that certainly extends to the small business owner community.

*Credit unions looking to create personal connections with entrepreneurs in the Hispanic community would do well to promote their digital banking for business platforms.*

Doing so while layering on messaging about security will make faster inroads in your strategy to establishing trust.

Information seeking via websites is a top-three activity among Hispanics in the U.S. Use your online platforms to help small business owners connect with the people and the content that will help them overcome common small business challenges and grow. Keep in mind that just as this audience over-indexes on use of digital technology, it also consistently ranks higher than other groups for economic worries. These include concerns like corporate tax rates, the U.S. and global stock market, interest rates and credit availability. Accessible information that is both language and culture fluent are terrific door-openers to a long-term, relevant and trusting relationship with this growing segment of the business community.

In terms of messaging tenor, consider matching your tone to the optimism Hispanic entrepreneurs are feeling right now. According to a recent study by a large U.S. financial institution, 71 percent of Hispanic small business owners expect their revenues to increase, compared to just half of non-Hispanic small business owners. What's more, 89 percent believe the business environment for Hispanic entrepreneurs will strengthen in the next decade.

As with content for Millennial and Second Generation prospects, cultural fluency will be important for the small business audience. And that's because nearly half (43 percent) say their heritage helps in their business success. These are individuals who are proud of their backgrounds, want to do well in the dual worlds they straddle and will appreciate content that acknowledges the origins of their entrepreneurial spirits.

### **Who's Doing It Well: Honda and Acura**

Each of these car brands has worked to develop relationships with Hispanic business owners by showcasing people with shared experiences in their ads. Through an ad campaign called Father and Son, Honda launched the redesign of its Accord model by running ads featuring a Hispanic-owned architecture firm. Acura followed suit by developing its Cervantes ad, which showed a young Hispanic businessman with deep ties to his roots.

In a similar way, credit unions can highlight Hispanic business people in their marketing. Hiring actors can work; but perhaps more effective is featuring real members who are living out their dreams with the help of their membership in a financial cooperative. With the explosion of growth in the Latina business owner market, female members who can speak directly to their community may be one way to create personal connections with an even more defined set of member prospects.

### 3. FINANCIALLY UNDERSERVED

#### The Opportunity

More than one in four households (28.3 percent) in the U.S. today is financially underserved, conducting all or some of their financial transactions outside of the mainstream banking system.

Hispanics represent a disproportionate number of this group and a massive opportunity for credit unions. In fact, nearly 30 percent of Hispanic households are unbanked.

All that said, the unbanked segment is thinning. More brands are recognizing the potential to grow by establishing relationships with the members of the underserved community, and digital technology is making it more affordable for them to do so. Now is the time for credit unions to act to ensure underserved consumers engage with a financial institution that has their best interests in mind.

Underserved people in the U.S. are young and upwardly mobile. For credit unions that help individuals in this segment achieve their dreams, the potential for life-long loyalty is immense. Underserved Hispanics, in particular, tend to have larger-than-average households and live in tight-knit communities, which provides an excellent foundation for needle-moving word-of-mouth marketing strategies.

#### What We Know

It's important to understand that failing to participate in the mainstream financial system is not an indication of an unwillingness to integrate with the system. Nor does it signal misalignment with the tenets of American culture or values. Often, it has to do with a fear of not fitting in or of meeting a financial institution's standards.

A common reason unbanked households (regardless of ethnicity) report not having a traditional bank or credit union account is because they feel they don't have enough money. Clearly, they do not feel the same about participating in alternative financial services. Nearly 70 percent of unbanked households have used providers such as check cashers or money orders to conduct transactions. They feel welcomed by these providers, and are also comforted by the fact their friends, family and community members trust and rely on them.

The U.S. financial system continues to lock out certain consumers with access barriers Coopera feels can and should be torn down. As more credit unions introduce products like credit-building loans, accept alternative forms of ID and seamlessly integrate language- and culture-fluent programs, those barriers are indeed falling. Credit unions in more than 20 states have achieved the Juntos Avanzamos designation. The national program recognizes credit unions that help Hispanic and immigrant consumers navigate the U.S. financial system. Thanks to the program, thousands of previously underserved Hispanics now have access to safe, affordable and relevant financial services.

### **Marketing That Resonates**

For many credit unions, the best marketing tactics for reaching the unbanked will be financial education outreach and word-of-mouth referrals. With these methods, the credit union can begin to build awareness about the benefits of depositing and borrowing from a federally insured financial cooperative, as well as the credit union difference.

*The Hispanic culture relies heavily on the experiences of friends and family members to guide decisions and choices.*

When a credit union serves one Hispanic member well and provides financial information and guidance to that member, the cooperative can receive several more opportunities to help friends or family members.

Keep in mind marketing to this audience may require you to tap not only into current needs, but also aspirations. Recall the research on Hispanic small business owner optimism. That same spirit of hope is pervasive across the Hispanic culture and resides within the underserved subgroup, as well.

### **Who's Doing It Well: Cook Children's Health Care System**

The term underserved does not only apply to financial access. Increasingly, Hispanics in the U.S. are locked out of other mainstream services, such as healthcare, insurance and education. To combat the problem, not-for-profit Cook Children's Health Care System in Fort Worth, Texas, made a concerted effort to reach the lower income population in the system's six-county service area. One of the ways they achieved this objective was to reorient the content, language and delivery mechanisms of its printed *Checkup* magazine.

Because prior issues of the magazine were written for a mainstream consumer audience, the entire publication had to be reimagined if the team was going to be successful at engaging with its new target reader. One of the first things the team realized was that the size of the magazine had to double to accommodate bilingual content. Today, the front cover and first seven pages are in English; when the magazine is flipped, the back cover becomes the Spanish cover, and the subsequent seven pages are in Spanish. In addition, the Checkup content became more culturally relevant, focusing more on prevention topics than prior issues had. The health care system also recognized its delivery channel had to be modified if it was truly going to reach its intended reader. Whereas prior issues had been mailed to homes, the often transient underserved community called for the issues to be distributed via waiting rooms and partner organizations, such as Boys & Girls Clubs and YMCAs.

The outcomes have been highly positive with more than half of new readers surveyed saying they read the magazine cover to cover; 8 in 10 say they use the information they learn in the magazine; 7 in 10 say they share the information with someone else.

With a focus on content and education, credit unions can achieve a similar outcome. Sit down with your marketing and other member-facing teams to explore which of your existing communication vehicles may be retooled for an underserved audience. By making simple changes to content, language and delivery, your credit union's existing communications can reach an entirely new – and often an entirely ignored – segment of your community.

## TWO CRITICAL STEPS TO BUILDING CULTURAL FLUENCY

As mentioned earlier, this paper is a starting point. Earning the cultural fluency you need to establish bonds with Hispanics in your community will take strong, consistent and strategic action in three specific areas.



### **REFINE & RESEARCH**

Invest in further study of the people who most need your credit union and the people your credit union needs most. Defining your target as “Hispanic” does not go far enough. As it grows, the Hispanic market becomes more diverse, making it more important than ever to define which groups within the larger Hispanic market you are hoping to engage. Localized research specific to the subgroup communities in your area, such as focus groups and market segmentation through data analytics, is important for understanding any nuances that may exist among your prospective Hispanic members.

Coopera offers several assessment services for credit unions that need to refine and research.

### **HISPANIC OPPORTUNITY NAVIGATOR (HON)**

Credit unions use the HON to design a strategic Hispanic growth plan that works best for them - regardless of their current stage of service to Hispanics. The assessment includes:

- Customized Road Map
- Needs Assessment
- Demographic Market Scan
- Branch Analysis
- Hispanic Membership Analysis
- Report and Presentation

## HISPANIC MEMBERSHIP ANALYSIS (HMA)

HMA reporting determines how many of your existing members are Hispanic, and provides information relative to their language preferences. The reports set a baseline for growth of your Hispanic membership and are used by credit unions to measure ongoing progress and to develop new marketing and product strategies.

## HISPANIC TARGET MARKET ANALYSIS (HTMA)

The HTMA provides Hispanic specific marketing intelligence related to a credit union's branch locations, field of membership and current Hispanic membership characteristics. Credit unions follow the recommendations provided to understand acculturation levels, language preferences and dominant life stages of their primary and secondary target markets.



### **HIRE & TRAIN**

Do the work to build even richer cultural competence inside your walls by getting the right people in place within your credit union. Add cultural strategists to your team. Invest in training and development for your Hispanic employees to get them in front of prospects in a more meaningful way. Recruit representatives of the Hispanic segments you are targeting to your board. Partner with Hispanic chambers, churches and community groups who can smooth inroads to the community.

## STRATEGIC PLANNING

Coopera works with Hispanic outreach management teams to help them identify short- and long-term goals for becoming the financial institution of choice among Hispanics in their areas. Credit unions come away with a prioritized, strategic plan that outlines accountabilities and measures of success to accelerate into the next phase of growth.

## CONSULTING SERVICES

Coopera works alongside credit unions throughout the implementation of their Hispanic growth strategies. Consultants provide credit union staff with the strategic and tactical guidance they need to meet short- and long-term goals. Various consulting units help credit unions accomplish very specific strategies and tactics. They include:

- Focus Group Implementation
- Adapting your Customer Identification Program (CIP) to Serve Foreign Nationals
- Tracking your Hispanic Outreach Efforts
- Product Tactical Plan Implementation
- Implementing an Internal Bilingual Advisory Group
- Implementing an External Hispanic Advisory Group

## COACHING

Coopera's coaches help credit union staff build a community outreach/partnership strategy. They also teach teams how to approach local community organizations and businesses. Another avenue credit unions often take is to work with Coopera's coaches to co-develop a community financial education strategy. Trainers teach credit union staff to deliver financial education sessions and facilitate other best practice tactics.

What inspires trust in one person may not inspire trust in another. What makes one individual feel connected to the credit union on a personal level may not do the same for another. That is why it's critically important to know your Hispanic members and prospects well – so you can show them how well-suited you are to their particular financial wants and needs.

## ADDITIONAL RESOURCES

The team of Hispanic market experts at Coopera has authored several papers to help credit unions explore the possibilities and begin building their Hispanic membership growth strategies.

*Asking the Right Questions*

*Action Guide: Develop the Right Organizational Mentality to Serve the Hispanic Market* ■



### ABOUT THE AUTHOR

Victor Corro is CEO of Coopera. As such, he advocates for a comprehensive approach to positioning credit unions and other organizations for long-term growth by serving Hispanics. The idea of a “double bottom line,” where sustainable growth strategies are synonymous with social value is central to Coopera’s mission of partnering with people, businesses, and communities. Victor can be reached at [Victor.Corro@cooperaconsulting.com](mailto:Victor.Corro@cooperaconsulting.com).