

AN EMPIRICAL EXAMINATION OF FACEBOOK USE BY HISPANICS AND NON-HISPANICS

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ABSTRACT

Social media has become a communications platform for brands to interact with customers. Few studies have tested how more than 50 million US Hispanics use social media. This paper investigates how Hispanics interact with social media, such as Facebook, and examines how Hispanics spend more on products or services after seeing advertising. Using an exploratory survey to collect data from Facebook users, we consider consumer behaviors, including a comparison of those who say they bought more after seeing the ads with those who did not buy more after seeing the ads. The authors determine whether the use of the Facebook ads increases the propensity to purchase products. We compare those who self-select as Hispanic vs. non-Hispanic, and consider the language preferences. Lastly, we make recommendations after analyzing the findings and describe what marketers need to know about Hispanics and social media.

JEL: M31, M37

KEYWORDS: Social Media; Facebook; Consumer Behavior; Purchase Behavior

INTRODUCTION

Our experiences in Hispanic Marketing span many decades and we have been looking at how Marketing to Hispanics in the United States was changing. We wanted to explore how social media strategies were adapting to today's digital marketplace. Worldwide, Facebook users total 1.6 billion users currently. Many of the users engage on mobile devices and that includes shopping behaviors. In the US, there are currently more than 50 million Hispanics, which represents \$1.5 trillion in buying power. For this study, the research questions considered Hispanics' use of Facebook vs. non-Hispanics, including determining whether Hispanics are more actively engaged in Facebook than non-Hispanics. We wanted to know which activities Hispanics prefer on Facebook. What topics interest them the most? Does the viewing of Facebook ads increase the likelihood of purchasing products for Hispanics? What trends are emerging? Is there a pattern to the trends? What should marketers know about Hispanics and social media? We have organized this paper to give the reader a background in current literature, followed by our findings from primary research and analysis. We conclude the report with suggestions for marketers to improve their results for this important growing market segment

LITERATURE REVIEW

Media is a channel through which content gets delivered. The most common channels are television, newspapers, and the Internet, which is the most interactive of all media. Social media is defined as interactive marketing channels that consist of more than just Web sites and include blogs and micro blogs, feeds, video, wikis, viral marketing, and social networking, communities. Social media marketing gives customers a public voice and role by creating engagement. Marketers create opportunities and accountability as groups and individuals share, sell and discuss goods and information on these platforms (Carroll, 2014). Young people are seen as earlier adopters of social media more than older people. Young

adults are more likely than older adults to use social media (Duggan, 2013). Certain demographic groups tend to use more social media platforms. Hispanics, women and African Americans show high interest in sites such as Twitter, Instagram, and Pinterest (Duggan, 2013).

What is Hispanic marketing? Many studies refer to Hispanics and acculturation into the U.S. economy when they discuss Hispanic marketing. What does acculturation have to do with social media? Perhaps it is a way that we learn about our culture, our families, our history, and make the important connections with our world (Corona & McCabe, 2012). Segmentation is the process of dividing the potential market into smaller groups with common needs, interests and motives and then creating implementation strategies to target these common priorities (Kotler, 2016). The authors are looking at the market segment of U.S. Hispanics, and want to know if they are likely to buy products or services after being exposed to advertising in social media, such as Facebook. Half the growth of the U.S. population from 2000-2010 has come from Hispanics, and they are the largest minority in the United States. It is predicted that by 2020, 17% of the U.S. residents will be of Hispanic origin. In size, it is the ninth largest market if they were a separate nation (Gonzalez, 2013). The median age of U.S. Hispanics is 27, compared with a median age of 42 for non-Hispanic whites. Fusionistas are the Hispanic millennials. They are a fusion of both American and Latino. They watch fútbol and football. More than half live in three states: California, Texas and Florida. Sub-segments include: Mexican, Puerto Rican, Cuban, Salvadoran, Dominican, Guatemalan, and Colombian (Kotler, 2016). Hispanics have less access to landline service as they are more likely younger and own mobile devices. They are more active with mobile technology and social media than the general population, and tend to stay connected to friends and family because it is important to stay in touch (Brock, 2011).

Although this is a relatively new topic for marketers, social media and branding has been studied in detail (Wallace, Buil, and De Chernatony 2012). Facebook offers restricted channels to communicate within a specific platform about personal status and activities, comments, and profiles. Facebook provides the opportunity for interactive communication via text, links, music, video and pictures (Sinn & Syn, 2014). These discussions are involving events, family, friends, and opinions, which become a digital conversation. Facebook could be a recording of what the users see as real life or would like to think it is (Sinn & Syn, 2014). Companies use platforms like Facebook or Twitter to market products, services, and even other companies. Different types of social media appeal to different age groups, values and lifestyles (Wallace, Walker, Lopez, & Jones 2009). Demographics such as age, gender, income, marital status and academic level could influence what they view on the Internet. This can help brands determine which social media sites are best for advertising. They found that purchasing decisions were influenced by word of mouth, banner ads and buzz marketing.

Brands are aware of how trust is built through social media, because in general, people are suspicious of traditional advertising (Wang, Yu & Wei, 2012). Social media platforms such as Facebook allow for sharing comments, likes and the expression of opinion and emotion. Trustworthy friends or friends of your followers' comments can influence your preferences. Friending on Facebook and brand advocacy (Wallace, Buil and DeChernatony, 2012) explored the relationships between social networks, brands and brand advocacy. By testing what users liked on Facebook, they searched for relevance between social interactions and brands, both in online and offline behavior. Social media allows for personal digital connections to be made between customers and brands. As networks evolve around family, friends, and customers, more opportunities to interact digitally are created (Schmidt & Ralph, 2011). The propensity to purchase is associated with peer pressure. Zhu, Dholakia, Chen and Algesheimer (2012) considered characteristics of buyers of high value purchases, including financial services. In their findings, they saw a relationship of user decisions based on the advice and support of their social network followers. Considering word of mouth and its influence on users of social media, the popular Web site platforms have the greatest potential for increasing the value of a brand (Park & Kim, 2008 and Park & Lee, 2009). With 1.6 billion users, Facebook has the most popular platform thus far. One reason for its popularity is that it chronicles the everyday lives of users through personal documentation (Sinn & Synn, 2014).

Cultural orientation and value systems can be influenced using social media (Li & Tsai, 2015). A comparison between English and Spanish social media usage and their impact on U.S. Hispanics was studied. English social media influenced Hispanics' views on American culture, while Spanish language social media reinforced their cultural roots. Li and Tsai studied how U.S. Hispanics used social media in ways different from non-Hispanics. McCabe and Corona (2011) used Scarborough Research data from California to determine the behaviors of U.S. Hispanic consumers regarding recycling and how marketers could best approach these customers via marketing and media channels, including social media channels.

Many Latinos speak English as their first language and for those who use digital media, Fulgoni and Lella (2014) look at the language patterns and frequency of their social media activities. There are common errors that advertising specialists make, including the assumption that the most effective way to reach Hispanic consumers is via Spanish language media. The success of the campaign can depend on the demographic segment, product and messaging goals, as well as the type of media used for the campaign. Brock (2011) discusses how brands need to be aware of the different segments of the Hispanic market. Analysts use both demographic and psychographic segmentation, along social channels, including first-generation immigrants vs. second-generation native-borns, and English speakers vs. Spanish speakers vs. Spanglish speakers. Due to the ability to target narrow segments, social media may promise easier access to influencers within these different segments for marketers.

Hispanics selected what media they use to get information about green products and services, with higher response rates for electronic news versus print or magazines. They slightly prefer TV over the Web and then radio is the third choice. Non-Hispanics prefer the Web, then newspapers and magazines, then TV, then radio is the fourth choice. Nearly 70% of those Hispanics responding overall indicated a preference for TV to get their information. The findings about Facebook's popularity for green products and services with both Hispanics and non-Hispanics are very similar, at nearly one third of respondents (McCabe, Corona & Weaver 2013). Social media is a lot more than just words. Pinterest and Instagram users like photographs more, and these platforms are more popular with Hispanics (Conrad, 2016). Nearly 34% of Hispanics use Instagram, which is owned by Facebook, compared to 21% of non-Hispanic adult Internet users. Social networking platforms are very popular places for young U.S. Hispanics to chat and share music (Valdez, 2008). Hispanic youth spend more than 32 hours per week engaged in media and technology, often on more than one device at a time. Gomez (2016) proposes two very distinct sub-segments of the Hispanic market. The first segment is growing rapidly, as young U.S.-born Hispanics are entering adulthood every day, and a second segment is related to birthrate and immigration, which is growing, but just not as fast. Acculturation is neither fast nor linear in terms of growth, however there is a large opportunity for marketers to court the non-acculturated U.S. Hispanic market.

DATA AND METHODOLOGY

The 16-question online survey was drafted and tested. We created collectors and shared the links with our friends, family and colleagues, mostly in the San Diego region. Our survey was mailed during a two-month period in 2016. There were 259 responses analyzed, found via email, Facebook, LinkedIn, and personal relationships. We were able to compare 196 responding users who identified as Hispanic or White (non-Hispanic). We customized the raw data into a comparison of the Hispanic vs. non-Hispanic behaviors and motivations regarding ads and products bought after seeing the ads on Facebook. We held focus groups with the Hispanic Marketing Special Interest group, a part of the San Diego American Marketing Association, on March 9, 2016 to discuss our initial findings.

RESULTS

Half of the respondents (52%) open Facebook at least 1-5 times per day. Twenty-five percent open 6-10 times per day, and 16% 11-15 times per day. The average time spent on Facebook is 15-30 minutes a day.

A key finding was that more than 74% of our respondents are active on Facebook more than 15 minutes a day. Half of our respondents use Facebook more than a half hour a day, which would indicate regular active participation. Eighty-five percent of respondents have been using Facebook for more than 3 years, and 60% have been using Facebook longer than five years. Our respondents included: 76 Hispanics (38%), and 36 were Spanish speakers first. Eighteen, or 33%, completed graduate school. Fifty-six percent of respondents were non-Hispanic/Caucasian. Of the categories identified in advance, their favorite product to look for on Facebook involved travel, followed by food. The favorite activity on Facebook was news of family, followed by photos and news. The actions they make most frequently are “Like,” “comment,” and “share.” Their least likely activity was to visit a Web site. When asked if they respond to ads, we found that more than half do respond to ads, which is what advertising firms will want to see in the future. A comparison of Hispanic to non-Hispanic data follows. In Table 1, we learn from the responses that travel and food are the two most popular products of interest, and that non-Hispanics cared more about travel than Hispanics. Hispanics were more interested in food, fashion, and electronics. In the “comments” section, we learned that many respondents do not like to look for products on Facebook. Note: multiple responses were received here.

Table 1: What Kind of Products Are you Most Interested in Seeing on Facebook?

	Travel	Food	Fashion	Electronics	Services	Sports
Hispanic %	51	48	31	29	23	23
Non-Hispanic %	61	45	21	20	21	25
Total respondents	111	90	49	46	43	47

This table shows percentages for responses. The columns show percentages of segments of Hispanics vs. Non-Hispanics in six product categories, representing what products they are most interested in seeing advertised on Facebook. The second and third rows show the percentage of each group who gave a response. The fourth row shows the total of respondents for each category. The results add up to more than 100 because many people selected more than one response.

Table 2 shows us that Hispanics are more willing to look for new products than Non-Hispanics. Thirty-six percent of Hispanics are willing to look for new products, vs. 30% of Non-Hispanics. The largest distinction was among “Products I like” with 23% of Hispanics and 32% of non-Hispanic mentioned the types of ads they notice.

Table 2: What Kind of Advertising Have you Noticed on Facebook?

	None	Products I Like	New Products	Other	Total Respondents
Hispanic %	17	23	36	23	
Non-Hispanic %	17	32	39	26	
Total respondents	33	50	64	49	196

This table shows percentages for responses. The columns represent the categories of products and the rows 2 and 3 represent the percentage of those responding. The fourth column shows the total number of respondents.

Table 3 shows us that Hispanics and non-Hispanics are equally likely to never click on advertised products seen on Facebook. Forty-nine percent of Hispanics responded never clicking on advertised products, as opposed to 48% of non-Hispanics. On the other hand, 40% of those responding admit to clicking on ads on the Facebook platform.

Table 3: how often do you Click on Advertised Products or Services on Facebook?

	Never	1-2 Times a Month	3-5 Times a Month	6-10 Times a Month	Other	Total Respondents
Hispanic %	49	43	4	4	0	
Non-Hispanic %	48	40	10	1	1	
Total respondents	95	81	15	4	1	196

This table shows percentages for responses. The columns represent the frequency reported and the 2nd and 3rd rows represent the percentages of responses. The fourth row is the total number of responses.

Table 4 shows that fewer Hispanics are buying products on Facebook than non-Hispanics. Sixty-eight percent of the Hispanics surveyed answered that they never buy products on Facebook, while 55% of non-Hispanics never claim that activity. In other words, 45% of non-Hispanics are buying products on Facebook, while 32% of Hispanics are buying products. When asked if they have bought one or two items, Hispanics’ rate of purchase is 29% while non-Hispanics’ rate is 39%.

Table 4: How Many Products or Services Did you Buy after Seeing Ads on Facebook?

	None	1-2	3-5	6-10	More	Total Respondents
Hispanic %	68	29	1	1	1	
Non-Hispanic %	55	39	5	0	2	
Total respondents	117	68	7	1	3	196

This table shows percentages for responses. The columns represent the frequency reported and the 2nd and 3rd rows represent the percentages of responses. The fourth row is the total number of responses.

CONCLUDING COMMENTS

The goal of this research was to see how Hispanics interact with Facebook differently from non-Hispanics, if at all, with the purpose of identifying specific patterns that may be used by marketers seeking to reach this segment. We were available to identify similarities and differences among the two groups through our primary research instrument, a questionnaire: 1.) The top categories for marketers to attract Hispanic Facebook users are travel, food, fashion and electronics, 2.) Hispanics are more willing to look for new products on Facebook than non-Hispanics, 3.) Hispanics and non-Hispanics are equally responding to clicking on advertised products on Facebook, and 4.) Hispanics are buying fewer products than non-Hispanics on Facebook after viewing ads.

What a marketer can learn from this research is that they have an active audience of customers on Facebook who want to learn about products and services offered, and are willing to respond by clicking for more information. However, Hispanics are not as likely to purchase these products or services on the platform. Therefore, marketers need to be trained to pay closer attention to the updates they are using, and how they can better connect to the U.S. Hispanic shopper who is not yet ready to buy, but still very interested in knowing more about the available products and services. These findings reveal recommendations for businesses marketing to U.S. Hispanics: a) Increase the use of Facebook Pages for dissemination of product news to Hispanics, b) Use content related to travel, food, fashion, and electronics among Hispanics to stimulate interest and connections to this culture, c) Hispanics respond to Facebook ads the same as non-Hispanics. Therefore, the potential for Facebook advertising is great since Hispanics are using Facebook the same or in greater percentages than non-Hispanics, and d) Hispanics are slightly more open to ads of new products than non-Hispanics, so if you reach out with new products, they may be well received, whether they notice the ads or not. We recommend that in future research, t-tests for differences in means should be considered to find out if the differences noted are statistically significant, which was a limitation of this research. In summary, this study offers key important insights into the future of Hispanic marketing. We plan to continue our research, expanding to find a larger sample population so we can determine more specific trends for Hispanic Marketing in Social Media.

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