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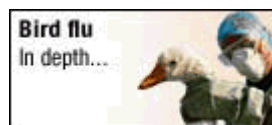
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US Hispanic market: Wearing the American dream

By [Lauren Foster](#)

Monday Jun 5 2006 05:20

continued from previous page

At [Saks](#) Fifth Avenue, he headed straight to the men's department where [Omar Aboudi](#), who had recently fitted him for a bespoke [Gianluca Isaia](#) suit, took out his tape measure and meticulously jotted down the dimensions for a tailored sports jacket.

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The morning's whistle-stop tour of some of best-known luxury brands highlights a sweet spot for luxury companies: as an affluent Colombian-American, Mr Pedraza is part of a powerful group of Hispanic consumers who recognise that brand status is universal.

"The wealthy around the world tend to cluster around the same brands," he says. "Because Latin immigrants are so aspirational they seek to attain the same constellation of brands as the mainstream market."

Hispanics make up an estimated 44.8m – or 14.9 per cent – of the total US population. By 2020, that number is expected to swell to 64.2m – or 18.9 per cent, according to Synovate, the market research arm of [Aegis Group](#). From 2000 to 2006, the Hispanic population in the US grew at a rate of 4.1 per cent, faster than any other minority group.

While wealth tends to be clustered in the hands of a few, successful Hispanics, like their Anglo counterparts, aspire to luxury brands to convey status.

"The Hispanic population is a young population with increased buying power that has access to more luxury products and brands as they rise in socio-economic status," says [Mike Robinson](#), chief executive of [LaVerdad Marketing and Media](#), which specialises in marketing to Hispanics.

He says Hispanics wield about \$700bn in buying power – roughly the same as [African Americans](#). By 2008, that number is expected to exceed \$1,000bn.

In addition to the Hispanics living in the US, many wealthy [Latin Americans](#) shop for luxury brands while holidaying in the US as it allows them to avoid high duties in their native countries.

Luxury goods companies that recognise Hispanics are not all recently arrived immigrants with weak spending power are better positioned to take advantage of this demographic trend, especially if they have a presence in areas such as south Florida, known to have one of the highest Hispanic populations in the U.S.

Coach, which designs and sells luxury handbags and accessories, says it has seen "significant gains in brand ownership by affluent Latinas" as it expanded

stores in Florida, Texas and **Southern** California.

Robert Polet, president and chief executive of **Gucci Group**, which is owned by PPR, says **US Hispanic** customers "are a very important target group both for the overall luxury business and for Gucci Group brands".

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He added: "A big part of our exponential growth in the US, especially in the **Southern Californian** and southern Florida areas, is driven by these demographics, which still present a huge potential."

To offer the best level of service, Gucci ensures it has Spanish-speaking sales assistants in key markets such as California, **Texas and New York**, where there is an important and growing Hispanic base. In the **Bal Harbour** area of Miami, it has both **Spanish- and Portuguese-speaking** assistants.

This year the Gucci brand will open three stores that will cater almost exclusively to the **Latin American** community: in **Puerto Rico**, in **Mexico City** and in **San Diego**, which has one of the largest Hispanic populations in southern California.

Estée Lauder, the prestige cosmetics company, this year launched its ultra-luxury **Re-Nutriv Re-Creation Day** and **Night Creme** – which together retail for \$900. Within two weeks, Re-Creation sold out in Chile. In the US, the second-highest sales results came from a Saks Fifth Avenue store in south Florida.

"The fact is, women are willing to pay whatever for a luxury product they feel is going to give them the best," says **Alicia Valencia**, vice president of sales and marketing for **Latin America** and the US hispanic market for the **Estée Lauder** brand.

In the US, Lauder is targeting Hispanic women by placing advertisements in popular magazines such as Latina, Vanidades, **Ocean Drive** en Español and **Selecta**. "We look for regional publications in markets that cater to the affluent Hispanic consumer," says Ms Valencia. "The Hispanic consumer is extremely important, because if we want to continue to grow our market share in the US, this is the fastest-growing demographic."

Betty Cortina, the Cuban-American editorial director of Latina magazine, says communicating status and success "is a very important part of growing up Latin in this country".

"You are aware of your parents coming here to chase the American dream, and you are the embodiment of that success," she says. With luxury brands, "the message is: 'I have arrived and I am successful!'"

<< Page 1

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