

Meet the Needs of Multicultural Shoppers

The U.S. is expected to be dominantly multicultural by 2044, so c-stores need to adapt starting now

By Angela Hanson

CATERING TO THE CHANGING NEEDS of convenience store customers doesn't just mean examining their current wants and needs; it requires looking into the future and anticipating how those wants and needs will change. This is particularly relevant for millennials, who are not only poised to overtake baby boomers as the largest generation, but also are the most diverse generation.

That diversity will continue with the generations that follow — projections show that by the year 2044, the United States will be dominantly multicultural.

While the rate of change will vary by region, convenience store operators in particular are likely to observe the movement firsthand, and it will bring both challenges and opportunities.

"Multicultural shoppers make up 37 percent of all [c-store] visitors, but 43 percent of core (weekly or more often) shoppers — and their share of core shoppers continues to grow, up two points from 2014," said Coca-Cola North America's Doug Middlebrooks, group director, shopper marketing. "Tailoring your offering and message to your shopper is not a new idea, but the notion of having a more fragmented and diverse shopper base is a new reality."

This is particularly reflected in foodservice. With a more diverse generation comes more diverse tastes. Food industry market research firm Datassential's menu

database shows that a strong interest in ethnic food is currently among the top trends. More than half of the current fastest-growing ingredients and flavors have ethnic origins, with food from Asia, Latin America and the Middle East showing particularly notable menu growth.

In the beverage aisle and at the fountain area, the popularity of tropical flavors and drinks with unique flavor offerings is on the rise. At events like the 2018 NACS Show, multiple companies displayed aguas frescas targeted to the c-store market.

Candy and snacks that tend to do well with multicultural shoppers include non-chocolate and gummy items, as well as hot and spicy and sweet and spicy flavor profiles. At the 2018 Sweets & Snacks Expo, Jaime Enrique (Rick) Parra, executive director of multicultural/Hispanic consulting at Winston Weber & Associates Inc., recommended that retailers target multicultural consumers by understanding the candy traditions that different countries have.

Multicultural Millennials

Millennials provide a tremendous opportunity for c-stores, especially those in urban markets.

"'Convenience' is no longer just the purview of convenience stores. This is especially true in urban markets where young multicultural shoppers live, work and play," Middlebrooks said.



Call to Action

- The United States is expected to be dominantly multicultural by the year 2044, so convenience stores need to start adapting now.
- Millennials are not only poised to overtake baby boomers as the largest generation, but also are the most diverse generation. With a more diverse generation comes more diverse tastes. A strong interest in ethnic food is currently among the top menu trends.
- In the beverage aisle and at the fountain area, the popularity of tropical flavors and drinks with unique flavor offerings is on the rise. Think aguas frescas.
- Candy and snacks that tend to do well with multicultural shoppers include non-chocolate and gummy items, as well as hot and spicy and sweet and spicy flavor profiles.
- On average, multicultural shoppers prioritize product selection more highly than other groups, and Hispanic shoppers may make it the deciding factor in which store they choose.
- Product reviews, deals/coupons and online shopping convenience are the three main trends driving Hispanic purchasing in the U.S. today.
- Higher involvement in digital is common among multicultural shoppers. Research shows that multicultural shoppers who visit c-stores at least weekly are 75 percent more likely to utilize social media related to their shopping.

Hispanic-American and African-American shoppers are primary convenience store shoppers, with 65 percent and 56 percent, respectively, visiting c-stores at least once a week.



“Many traditionally larger-format players are innovating to create smaller footprints, offering more nimble assortments and executing precise marketing tactics that will challenge convenience retail’s dominance of the grab-and-go trip,” he continued. “The good news is that c-stores have the early advantage of being in these communities today.”

Being “the most convenient” option for multicultural shoppers may include advanced foodservice offerings, personalization and curated assortments, according to Middlebrooks.

Demographic groups worth taking particular note of include:

- **Asian-Americans**, whose buying power has grown faster than all other ethnic groups since 2000 to reach \$986 billion in 2017, according to Nielsen data; and
- **U.S. Hispanics**, who have more effective buying power due to their younger median age, the fact that they live in larger, multigenerational households, and they are particularly tuned in to the digital world.

In fact, higher involvement in digital is common among multicultural shoppers in general.

Coca-Cola’s research has found that multicultural shoppers who visit c-stores at least weekly are 75 percent more likely to utilize social media related to their shopping. This includes reporting on their experiences, interacting with brands and more. Multicultural shoppers who visit c-stores at least weekly also buy immediate-consumption beverages from the cold vault near checkout 43 percent more than other customers.

Today, Hispanic-American and African-American shoppers are primary convenience store shoppers, with 65 percent and 56 percent, respectively, visiting c-stores at least once a week. These core shoppers tend to be more loyal to particular stores,

especially if they can get genuine value via rewards programs. However, that loyalty isn't limitless.

On average, multicultural shoppers prioritize product selection more highly than other groups, and Hispanic shoppers may make it the deciding factor in which store they choose.

Marketing specifically to multicultural shoppers is a sound practice — one virtually guaranteed to be necessary for wide-scale success in time. The most effective tactics, though, depend on the local market in which a c-store operates.

Some retailers may think their area's demographics won't change much, meaning they don't need to change their strategy much, but that isn't the case, according to retail experts.

"Our perspective is that the answer lies in how quickly retailers want to maximize their business results. This notion goes back to catering to local shoppers," Middlebrooks said. "Multicultural shoppers are important to every store in every market, and they are the primary shopper in many areas already." **CSN**



Highlighting the U.S. Hispanic Market

This demographic group is growing fast, with buying power to match

While the growing number of multicultural consumers encompasses many races and ethnicities, one demographic group in particular deserves attention from the retail world: Hispanic customers, or the gender-neutral Latinx population.

"Latinx consumers are the drivers of the demographic shift we've been experiencing in the U.S., where multicultural has become the new mainstream," said Stacie de Armas, vice president, strategic initiatives and consumer engagement for Nielsen. "This multicultural market represents tremendous growth opportunities for brands, both immediate and long-term."

The U.S. Hispanic market is one of the fastest growing in the nation, with \$1.5 trillion in buying power as of 2017, according to Nielsen research.

Retailers looking to cater to Hispanic customers should keep in mind that they gravitate toward items that are economical for larger families and lean into cultural flavors and traditions, as many of them live in multigenerational homes and frequently make bulk purchases.

Product reviews, deals/coupons and online shopping convenience are the three main trends driving Hispanic purchasing today.



"Latinx consumers are inherently social, using digital channels to gather information prior to purchase, as well as to make recommendations and to tap into a dimension of Latinx culture that is often not well-understood: the desire to align with trusted brands," de Armas said.

An important part of their purchase process is giving and receiving advice. As de Armas explained, this represents an opportunity for convenience stores.

Giving and receiving advice can occur through reading and writing online product reviews, as well as in-person. Additionally, digital technologies such as loyalty programs, mobile coupons and shopping apps are central to the U.S. Hispanic shopping experience.

"Understanding the importance of signage and messaging that provides coupons, as well as product opinions can boost sales," de Armas said.

LAUNCHING JANUARY 2019

NEW

NIGHT OWL

CIGARS



FROM THE MAKERS OF

White Owl®

Night Owl® "Save-on-2 Cigars" upright format available for high tax states.

FOR MORE INFORMATION CONTACT YOUR SWEDISH MATCH REPRESENTATIVE
800-367-3677 • CUSTOMERSERVICE@SMNA.COM

NIGHTOWLCIGAR.COM

© 2018 SMCI Holding, Inc.