

Growing incomes boost Latinx millennials' purchasing power

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Millennial age groups—born mid 1980s to early 2000s—now have more money at hand than they have ever controlled before. And they are spending it, says Olivia Johnson, assistant professor in the Department of Human Development and Consumer Sciences at the University of Houston College of Technology.

Tech gear, cars, travel, fashion, furniture, houses, home security, insurance—everything young consumers might want and would likely need—form a retail turf being fought over by companies seeking to occupy that market segment. But if you, as a seller, fail to recognize the label "[millennial](#)" as being far from uniform, your volleys into the targeted territory can misfire, Johnson says. And she wants to explain why.

For her recent research project, described in the *Journal of Consumer Behavior*, Johnson and her research partners zero in on a little-studied subgroup: Latinx millennials, a powerful potential [customer](#) base that composes 22% of U.S. Latinxs.

"Brands are always looking for new target markets. I think they overlook Latinx consumers, and more research there is needed," she added. In total, U.S. Latinxs, the country's second largest population, boasts a collective buying power of almost \$1.72 trillion.

In Johnson's survey of Latinx millennial online shoppers, researchers divided respondents into three age groups: younger millennials, ages 18 to 23; medium millennials, 24 to 30; and older millennials, 31 to 37.

"We found a lot of difference among millennial groups. They have distinct online shopping preferences and different views on quality, which are important factors," Johnson said.

With a research specialty in ferreting out trends and decision patterns among [potential customers](#), Johnson parses data highly valued by retailers and manufacturers looking for an edge to help in their gamble on business decisions made a year or more before their products can reach retailers' racks and websites.

"In the [consumer behavior](#) and retailing field, we see businesses offering

the same products, which means they're targeting the same customers. If the identical red dress, for example, is offered on several sites, how can a store find a niche in the targeted market?" Johnson asked.

The key is in the extras, she suggested.

"If I were selling that red dress online, I'm definitely going to add something called social proofing. It could involve customer reviews, social media influencer buy-in, celebrity endorsements or loyalty programs. The idea is to demonstrate to potential buyers why your version is the winner or the deal you offer is smarter," she said.

And always, she warns, avoid treating a potential customer like a number. Customers want to be acknowledged and offered products and recommendations based on who they are.

The study found subtle differences within the Latinx millennial study group:

- Younger millennial respondents were most responsive, among the three subgroups, to well-known name brands and high-fashion logos. They also were most impulsive in purchasing and tended to get more confused among arrays of options.
- Distinctions among U.S. Latinx cultures—stemming from Mexico, throughout the Caribbean, and Central and South America—highly influence shopping decisions and product preferences.
- Levels of biculturalism—acculturation with dominant U.S. cultures compared to identification with lifestyles of a family homeland—were another major factor.

Points of cohesiveness among Latinx millennials were also reported:

- Overall, Latinx millennials were more brand conscious than their non-Latinx counterparts.
- As they age, Latinx millennials tended to become more brand conscious, which is the opposite of white consumers who tend to do the opposite.

"Studying all kinds of consumer differences intrigues me, and I want to help retailers better understand unique qualities that motivate potential customers," Johnson said.

Also contributing to the study were Hyojung Cho, lecturer in the School of Family & Consumer Sciences at Texas State University, and UH post-doctoral researcher Sarif Patwary. Their project was conducted through a web-based survey of 378 participants.

More information: Olivia Johnson et al, Online shopping orientations of Latino millennial generational cohorts, *Journal of Consumer Behaviour* (2022). [DOI: 10.1002/cb.2107](https://doi.org/10.1002/cb.2107)

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