

# Will Hispanic-American Immigrants Ever Assimilate?

*Thus, it appears that Hispanics, in areas with lower concentrations of foreign-born Hispanics, have assimilated, when it comes to "retail purchases."*

*According to the latest Census figures, Latinos will surpass African-Americans as the largest minority group by 2010. Hispanics already comprise 12 percent of the U.S. population, and they spend \$300 billion annually. However, despite the waves that enter California, Florida and Texas each year, many behavioral theorists have suggested that "recent Hispanic immigrants, unlike 1890-1920 eastern and southern European immigrants, might never totally assimilate." As reasons, they cite (1) skin-color prejudice, (2) a decline in relatively high-paying assembly line jobs, (3) government welfare programs, (4) relatively lower education levels, and (5) comparably inferior trade skills. While urban Latinos have not assimilated from a retailing perspective; suburban, native-born Hispanic-Americans have "over compensated." Thus, it appears that some behavioral theorists' views are not totally accurate, and that marketing managers looking for growth opportunities should consider targeting suburban Latinos.*

**B**ased on recent Census figures, Hispanic Americans control about \$300 billion in spending power, and comprise roughly 12 percent of the population. However, behavioral theorists, such as Perlmann and Waldinger (1998), Gans (1992), Rumbaut (1994), and Portes and Zhou (1992, 1993), have suggested that Latino immigrants will not readily display the same "retail purchase assimilation" behaviors of the 1890-1920 eastern and southern European immigrants.

A major reason the aforementioned researchers suggested that Hispanics might behave somewhat differently from the eastern and southern European immigrants has to do with Latinos' clearly non-white skin color. Specifically, they posited that Hispanics will not "blend in" as easily as did the 1890-1920 eastern and southern Europeans. In the words of Perlmann and Waldinger (1998, p. 73) the Latinos who "originated from everywhere but Europe . . . are visibly identifiable in a mainly white society still not cured of its racism."

Thus, Perlmann and Waldinger (1998), Gans (1992), Rumbaut (1994), and Portes and Zhou (1992, 1993) suggested that Hispanics will, due to ethnic prejudice, not quickly demonstrate "mainstream purchasing assimilation." Nevertheless, despite the importance of this knowledge to marketing managers, social scientists and academicians, the empirical confirmation is lacking as to whether or not this is the situation (Goerne 1990). Therefore, to shed some light on the "mainstream purchasing behaviors" of

foreign-born and native-born Hispanics, this study was conducted.

## Previous Studies

As noted by Perlmann and Waldinger (1998), the 1890-1920 immigrants to the United States started at the very bottom of the socioeconomic ladder. However, these eastern and southern Europeans worked extremely hard to achieve "socioeconomic assimilation." With a diligent work ethic and with no difference between their own and the earlier immigrants' skin colors, the new Americans climbed from "proletarian to plumber to professional." Thus, their purchases of mainstream goods "usually surpassed, by the third generation," descendants of those who came before them.

However, it is the belief of Nelson (1997) that the recent restructuring of the U.S. economy into a technology-based society will not allow time for those just now beginning to climb the ladder to have the same intermediate levels that can help them. Along with many others, Brill (1994) feels that individuals now feel less obliged to venture out from their own neighborhoods, in part due to government welfare programs.

As explained by Perlmann and Waldinger (1998), the southern and eastern Europeans came to the United States and settled/congregated in closely-knit, inner-city neighborhoods/communities. Here they received the support of others with like ethnic backgrounds and entered the labor force as assembly-line workers. By the second to fourth generation, these newcomers began speaking

English fluently and migrating out of the "ethnic neighborhoods." Concomitantly, they began purchasing higher quantities of "mainstream products."

Because the southern and eastern European immigrants had "mainstream desires," the United States became a much stronger nation. Rather than continuing to seek imports from their "homelands," the "new Americans" aggressively purchased goods made in this country. However, Hanke (1995, p. 140) suggests noteworthy differences between the 1890-1920 immigrants and Hispanics. According to this professor of applied economics at John Hopkins, the 1890-1920 European immigrants "had a bit more schooling than the average U.S. native" of that era. In contrast, today's Hispanics, many of whom never finish high school, have on average "significantly less education." Thus, his work suggests that Hispanics will remain unsuccessful, and that they will not become good "mainstream product purchasers." In a similar fashion, Brown (1990) noted that many Hispanic workers came to this country as "low-skilled," meaning they do not have a "trade." For this reason, Gramlich and Laren (1984), Schram (1996) and Nelson (1997) questioned if Latinos will ever purchase "mainstream products" at levels commensurate with other households.

By contrast, Hazel (1992) and Eisman (1993) believe that Hispanics are rapidly assimilating. They argue this position by respectively citing evidence that Hispanics (1) want to be "mainstream," and (2) are being assisted by companies that are reaching out to help them advance. Similarly, the works of Markarian (1994) and Joby (1995) highlight that companies are increasingly targeting Hispanics with their marketing efforts.

However, none of the studies to date, including the recent work of Mor Barak, Cherin and Berkman (1998), directly confirm a transition of Hispanics like that of the eastern and southern Europeans. Instead, the Mor Barak, Cherin and Berkman (1998) study suggests that most "European-Americans" believe Hispanics already are assimilating, but many Latinos might not yet feel fully comfortable in their new homeland.

Despite the implications for managers, social policy leaders and even academicians, it has never been confirmed if the assimilation patterns of Hispanics are similar to those put forth regarding the eastern and southern Europeans who came to the U.S. during the 1890-1920 period. Specifically, are native-born Hispanics relatively more likely to buy "mainstream

products" when compared with those from other backgrounds living in those same locales? Or, are the social scientists correct that "mainstream purchases" by Hispanics will be lower than the population at large, for areas with both high and low concentrations of foreign-born Hispanics, because of weaker assimilation?

## Hypotheses

Based upon the work of Perlmann and Waldinger (1998), Gans (1992), Rumbaut (1994), and Portes and Zhou (1992, 1993), this study hypothesized that areas with both high and low concentrations of foreign-born Hispanic households will be less likely to purchase "mainstream products" than will others living in the same locales.

- H1: The pull indices for the "mainstream products" purchased by Hispanics in high foreign-born Hispanic areas will be significantly lower than for non-Hispanics in the same trade areas.
- H2: The pull indices for the "mainstream products" purchased by Hispanics in low foreign-born Hispanic areas will be significantly lower than for non-Hispanics in the same trade areas.

Despite these expectations of lower purchasing proclivities for both groups of Hispanics, it is hypothesized that Hispanic purchases of "mainstream products" will be significantly lower for the areas with higher concentrations of foreign-born Hispanics than for the areas with low concentrations of foreign-born Hispanics. Explained differently, it is hypothesized, based on the aforementioned patterns of assimilation for the eastern and southern European immigrants, that "retail purchase assimilation" for Hispanics will be less likely in areas where the Spanish language is relatively more predominant.

- H3: The pull indices for the "mainstream products" purchased by Hispanics in areas with fewer foreign-born Hispanics will be relatively higher than they are for the areas with relatively more foreign-born Hispanics.

If, in testing these hypotheses, it is found that Hispanics are not assimilating, the implications for society will be negative. On the other hand, if Hispanics are shown to be somewhat assimilated from a "mainstream purchase perspective," there will be better growth opportunities for United States' manufacturers and retailers. In a like vein, the opportunities will be relatively greater in either the less foreign-born Hispanic areas or

the more foreign-born Hispanic areas, depending on the levels of assimilation that have occurred in each.

## Methodology

To test the aforementioned hypotheses, the frequent purchaser database was obtained from a Texas-based retailer with stores in multiple states. The files contained household addresses and basic demographic information about each "bonus point" patron. These 12,245 households represented this particular retailer's "best customers." As a result of their frequent patronage, they were the first to receive mailings about special sales items.

As already alluded to, the retailer specialized in an assortment of "mainstream products." It also sold \$25 gift certificates. Moreover, its clientele had a 1996 median household income of \$46,066.67. In comparison, the median income for the corresponding trade areas was \$43,307.43. The retailer's 16 stores could be classified as serving trade areas with either "above" or "below" average concentrations of foreign-born Hispanics.

In the first group were the stores located in trade areas where more than 41 percent of the Hispanics were foreign-born. This meant these stores were in trade areas with a higher than national average percentage of foreign-born Hispanics. The remaining stores were included in the second category.

Both the "high foreign-born" and "low foreign-born" locations had stores that focused on "precision shoppers" and stores that offered a "more laid back atmosphere." Half of the stores in the "high foreign-born" locations and half of the stores in the "low foreign-born" areas targeted "precision shoppers." The remaining stores catered to the "more laid back customers."

After merging the frequent purchaser database with Census information, the block-level Census data was weighted by the number of frequent customers. By doing this, block groups closest to the stores generally received the heaviest weightings. Thus, better pictures of each trade-area's size, dimensions and demographics were obtained.

Using the store-level, trade-area, demographic information, outlets in "high foreign-born" areas were separated from those in "low foreign-born" areas. For this particular retailer, the "high foreign-born" areas consisted of inner city sites. On the other hand, the "low foreign-born" stores were in suburban settings.

According to the Census information on the two types of trade areas, 78.9 percent of the 216,855 Hispanics in the "high foreign-born" areas were "Spanish-

**TABLE 1**  
**Raw Counts of Frequent Buyers and Trade Area Populations**

	Number of Customers	Percent of All Customers	Trade Area Population	Percent of Trade Area	Pull Indices
Hispanics in "High Foreign-born" Areas	1349	18.7	216855	20.5	91.1
Non-Hispanics in "High Foreign-born" Areas	5879	81.3	841595	79.5	102.3
Hispanics in "Low Foreign-born" Areas	226	4.5	22700	3.9	115.2
Non-Hispanics in "Low Foreign-born" Areas	4791	95.5	557873	96.1	99.4

speaking," while 80.3 percent of the 22,700 Hispanics in the "low foreign-born" areas were "English-speaking." The total population in the "high foreign-born" areas was 1,058,450, and in the "low foreign-born" areas it was 580,573.

Once the "high foreign-born" versus "low foreign-born" distinction was made, the data for all "high foreign-born" stores was combined. Similarly, the data for all "low foreign-born" stores was combined. The reason was that statistical analyses did not suggest any major differences for the two types of stores (i.e., precision or laid back) within a "high foreign-born" or "low foreign-born" categorization. Furthermore, because the advertising campaigns were the same between the "high foreign-born" and "low foreign-born" sites and because the retailer's frequent customers were not subjected to tie-in merchandising efforts, confounding issues were not viewed as a problem.

## Results

In order to address H1, the raw counts for the number of Hispanic and non-Hispanic customers on the frequent purchaser database were obtained. Similarly, the counts for Hispanics and non-Hispanics in the respective trade area groups were determined from Census-tract information. These numbers are shown in Table 1 (above). Next, because

marketing managers are very accustomed to examining "pull indices," the within-group pull indices for Hispanics and non-Hispanics were derived. The 91.1 value, for example, equals  $(18.7/20.5)$  multiplied by 100. This value shows that there is a lower percentage of frequent buyer Hispanics than Hispanics in the corresponding "high foreign-born" trade areas.

Based upon the pull index of 91.1, H1 seems true. Yet, to be certain, the values of 1349 and 215506 (i.e., 216855 minus 1349) are compared to 5879 and 835716 (i.e., 841595 minus 5879). When this is done, the chi-square test statistic of 14.87 validated H1 at a  $p < 0.01$  level of significance. This is shown in Table 2 (below).

However, as reflected by the pull index of 115.2, H2 is not accepted. Moreover, when a chi-square test is performed, the "low foreign-born area" Hispanics are much more likely ( $p < 0.03$ ) to appear on the "frequent customer" file than are "low foreign-born area" non-Hispanics. Thus, it appears that Hispanics, in areas with lower concentrations of foreign-born Hispanics, have assimilated when it comes to "retail purchases." In fact, it appears as though Hispanics outside of cities exhibit tendencies to purchase more "mainstream products," than the at-large trade-area population.

Assuming that Hispanics outside of cities are assimilating, the 115.2 pull index

is similar to what social scientists found when the eastern and southern Europeans moved out of U.S. cities. Specifically, because these immigrants wanted to live the American dream, they tended to buy more "mainstream products" as they assimilated than did their already assimilated neighbors of northern and western European descent. In other words, there was a short period of time when they seemingly attempted to make up for lost time.

After calculating the pull indices and observing that the pull index for Hispanics in the "low foreign-born" areas is considerably higher than it is for Hispanics in the "high foreign-born" areas, the answer to H3 is intuitively obvious. Even so, further data processing was performed. As shown, the "high foreign-born" area had a much higher percentage of Hispanics. Therefore, the raw counts for the best customers in the "low foreign-born" areas were adjusted by the population percentages. For instance, the 226 value was multiplied by  $(20.5/3.9)$ , while the 4791 value was multiplied by  $(79.5/96.1)$ . This, respectively, yielded 1184 and 3964.

The 1349, 5879, 1184 and 3964 values were then entered into a two by two chi-square matrix. In so doing, H3 was tested. Since the critical value for chi-square (1 d.f.,  $p = 0.01$ ) is 6.635, H3 is strongly supported as indicated by the 34.72 value in Table 2. Specifically, the pull indices indicated that Hispanics in "low foreign-born" areas have much higher "retail purchase assimilation" than do Hispanics in "high foreign-born" areas.

## Discussion

As previously noted, the "high foreign-born" areas consisted of inner city sites where 78.9 percent of the Hispanics were "Spanish speaking," while the "low foreign-born" stores were in suburban settings where 80.3 percent of the Hispanics were "English-speaking." Thus, the stores reflected Bartel's (1989) findings that 75 percent of Latino immigrants live in the largest 25 U.S. cities, and the Hispanics

**TABLE 2**  
**Chi-square Analyses Showing Significant Group Differences in "Mainstream Product" Purchases**

Hypotheses	Chi-square Statistic	Significance Level (1 d.f.)
H1: Hispanics Vs. Non-Hispanics in "High" Foreigner Areas	14.87	$p < 0.01$
H2: Hispanics Vs. Non-Hispanics in "Low" Foreigner Areas*	4.76	$p < 0.03$
H3: Hispanics in "High" Versus "Low" Foreign Born Areas	34.72	$p < 0.01$

\* Directionality is opposite of that which was hypothesized.

within these locales are for the most part "Spanish speaking." Similarly, he found those living outside of these areas are more likely to speak English.

However, while our research is consistent with Bartel's findings, its purpose was to add to his findings. By showing that foreign-born Latinos have not exhibited full-fledged "retail purchase assimilation," and that native-born Hispanics are displaying a very high degree of "retail purchase assimilation" behavior, this study met this objective. Moreover, this study showed that Latinos, like earlier Irish, Italian and Jewish immigrants, engage in what Perlmann and Waldinger (1998) call a "youth rebellion of old." Explained differently, the Hispanic assimilation involves a two-step process, where the Spanish-American immigrants first settle in ethnic areas of inner cities, and subsequent generations try to move into "more desirable neighborhoods" as soon as possible.

## Conclusions

While the evidence examined demonstrates that native born, but not foreign-born, Hispanics have exhibited "retail purchase assimilation," there is still a need for additional research. For instance, the processes leading to "retail purchase assimilation" should be examined. This might, in turn, provide practical insights into how the "retail purchase assimilation" of foreign-born Hispanics can be expedited.

Moreover, both academicians and practitioners need to better understand the assimilation processes of different groups, so that marketing experts can more effectively and efficiently target them as prospective customers. Meanwhile, marketers, manufacturers, social scientists and society at large should find it comforting to know that the dismal picture painted by many researchers of Hispanics never being "fully assimilated retail purchasers" does not appear entirely accurate.

## References

- Bartel, Ann P. 1989. "Where Do the New U.S. Immigrants Live?" *Journal of Labor Economics* 7 (October): 371-391.
- Brill, Betsy. 1994. "Tapping the Multilingual Market: U.S. Organizations Use International Marketing Skills to Reach Domestic Audiences." *Communications World* 11 (December): 23-24.
- Brown, Luther. 1990. "Should Blacks Fight an Influx of Foreign Labor?" *Black Enterprise* 20 (June): 59-60.
- Eisman, Regina. 1993. "True Colors." *Incentive* 167 (August): 24-28.
- Gans, Herbert J. 1992. "Second Generation Decline: Scenarios for the Economic and Ethnic Futures of the Post-1965 American Immigrants." *Ethnic and Racial Studies* 15(2): 173-192.
- Goerne, Carrie. 1990. "Go the Extra Mile to Catch Up with Hispanics." *Marketing News* 24 (December 24): 13.
- Gramlich, Edward M., and Deborah S. Laren. 1984. "Migration and Income Redistribution Responsibilities." *The Journal of Human Resources* 19 (Fall): 489-512.
- Hanke, Steve H. 1995. "Peso Refugees." *Forbes* 155 (January 30): 140.
- Hazel, Debra. 1992. "The Changing Faces of California: Multicultural Society Provides Challenge for Retailers, Developers." *Chain Store Age Executive* 68 (May): 53-55.
- Joby, John. 1995. "Multicultural Marketing: Selling to a Diverse America." *Journal of Consumer Marketing* 12(2): 67-68.
- Markarian, Margie. 1994. "Cultural Evolution." *Sales & Marketing Management* 146 (May): 127-129.
- Mor Barak, Michal E., David A. Cherin, and Sherry Berkman. 1998. "Organizational and Personal Dimensions in Diversity Climate: Ethnic and Gender Differences in Employee Perceptions." *Journal of Applied Behavioral Science* 34 (March): 82-104.
- Nelson, Bruce. 1997. "Still the Promised City? African-Americans and New Immigrants in Postindustrial New York." *Industrial & Labor Relations Review* 50 (July): 698-699.
- Perlmann, Joel, and Roger Waldinger. 1998. "Are the Children of Today's Immigrants Making It?" *Public Interest* 132 (Summer): 73-96.
- Portes, Alejandro, and Min Zhou. 1992. "Gaining the Upper Hand: Economic Mobility Among Immigrant and Domestic Minorities." *Ethnic and Racial Studies* 15 (October): 491.
- Portes, Alejandro, and Min Zhou. 1993. "The New Second Generation: Segmented Assimilation and Its Variants." *Annals of the American Academy of Political and Social Science* 530 (November): 74-96.
- Rumbaut, Ruben G. 1994. "The Crucible Within: Ethnic Identity, Self-esteem, and Segmented Assimilation Among Children of Immigrants." *The International Migration Review* 28 (Winter): 748-775.
- Schram, Sanford F. 1996. "Black Wealth/White wealth: A New Perspective on Racial Inequality / The War against the Poor: The Underclass and Antipoverty Policy." *Annals of the American Academy of Political and Social Science* 548 (November): 233-234.