

Sonoma County, CA ***Hispanic*** ***Market*** ***Snapshot***



Written for Sonoma County by

LaVERDAD[™]
Marketing & Media
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A Hispanic Owned Business



Hispanic Market Snapshots

LaVERDAD's Hispanic Market Snapshots provide a deep exploration into the local Hispanic opportunities at the Metropolitan Statistical Area levels (MSA, PMSA, CMSA). This Blue Chip Analysis is the tool you'll need to compete and win with the local Hispanic consumer. It provides a detailed analysis of the demographic and spatial distribution of the local Hispanic population so you'll be able to determine where the Hispanic community is located and how to reach them.

Included in the report are Hispanic population counts down to the zip code level and information on the local buying power of Hispanics. We've also provided insights into the distribution and concentration of the local area Hispanic population and key demographic variables. This report is presented in a clear, concise, business manner and is a "must have" to help key decision makers quickly understand high level national trends down to what's happening in your specific market or region. A great tool for general managers, sales, marketing, human resources, and non-profit organizations interested in providing products or services to local Hispanics.



Available for the Following Designated Market Areas:

<ul style="list-style-type: none"> • Albuquerque-Santa Fe, NM • Atlanta, GA • Aurora, CO • Baltimore, MD • Birmingham, AL • Boston, MA • Charlotte, NC • Chicago, IL • Cincinnati, OH • Cleveland, OH • Columbus, OH • Dallas, TX • Dayton, OH • Denver, CO 	<ul style="list-style-type: none"> • Detroit, MI • Grand Rapids, MI • Greensboro, NC • Greenville-Spartanburg, SC • Houston, TX • Indianapolis, IN • Kansas City, MO • Lexington, KY • Los Angeles, CA • Louisville, KY • McAllen-Brownsville, TX • Memphis, TN • Miami, FL • Milwaukee, WI 	<ul style="list-style-type: none"> • Minneapolis, MN • Nashville, TN • New York, NY • Philadelphia, PA • Phoenix, AZ • Pittsburgh, PA • Raleigh, NC • San Antonio, TX • San Diego, CA • San Francisco, CA • Seattle-Tacoma, WA • South Bend, IN • Toledo, OH • Tucson, AZ
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"LaVERDAD's Hispanic Market Report gave us enough information and detail to make a legitimate business case to market to this segment. We were able to learn how large the market segment is and how much it is growing."

Ernest Almanza, Allstate Insurance

"When Folgers Coffee needed to conduct Hispanic market research, we were able to keep our initial research to a local segment. LaVERDAD helped us tremendously. They are completely tied into the Hispanic community. They live it, breath it, are it!"

Juan Lora, Marketing Manager, Folgers Coffee, Procter & Gamble

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Introduction

Hispanic growth in Sonoma County is occurring at a rate of about **8%** per year, which exceeds total population growth of about 4.2% or non Hispanic growth of less than 2%.

As the Hispanic market continues to take hold across the United States, mainstream America is starting to take notice. It's no longer a matter of simple interest in the demographic or social welfare aspects of this segment, it's now a matter of competitive advantage, corporate survival and even the avoidance of fiscal disaster that is making the country pay close attention to America's largest minority group.

It's a hot question in both Corporate America and the general population: Just exactly how dynamic was the growth of the U.S. Hispanic population over the last decade and how will it impact the trends we will see in the future?

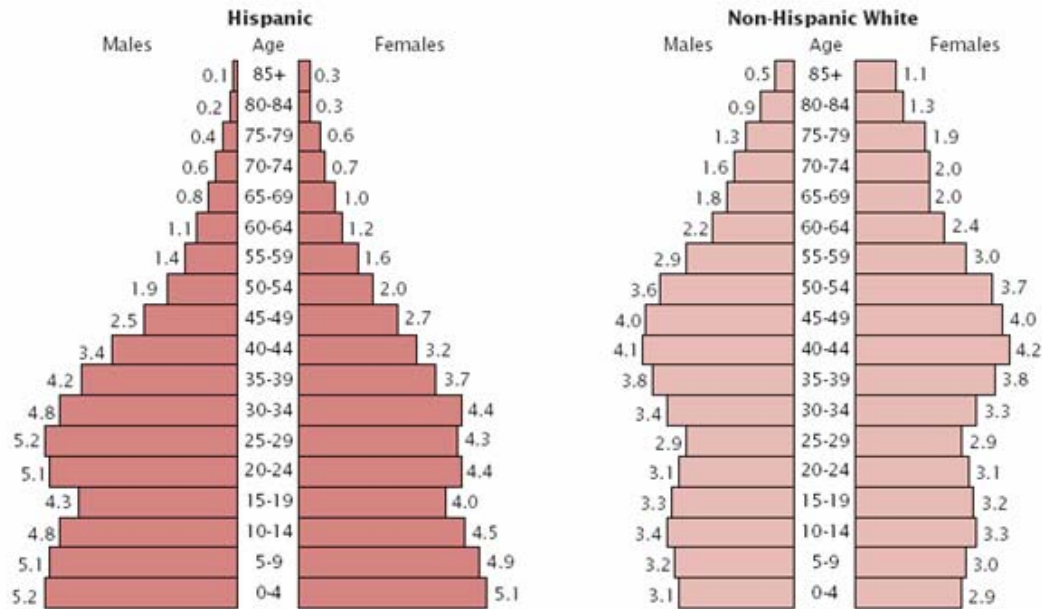
Just pick up a local newspaper or magazine, tune into the radio, or flip the television channel and you're likely to come across reports that Hispanics now constitute the largest minority group in the United States. And take into consideration the birth and immigration rates, along with the general age demographics of the Latino population and you'll quickly understand that the trend toward a huge Hispanic population shows no signs of letting up.

Consider for example the following chart which compares the age and gender distribution of the Hispanic population with that of Non-Hispanic Whites. The largest age segment of Non-Hispanic Whites is at the 40-44 year old age range, which accounts for most of the younger portion of the Baby Boom generation. The Hispanic market however swells in the Thirty-Something crowd and gets even larger with the younger than ten year old age group.



Population by Hispanic Origin, Age, and Sex: 2002

(In percent)¹



¹ Each bar represents the percent of the Hispanic (non-Hispanic White) population who were within the specified age group and of the specified sex.
Source: U.S. Census Bureau, Annual Demographic Supplement to the March 2002 Current Population Survey.

- Hispanics are the Largest and Fastest growing ethnic group in the U.S.

- Hispanics constitute over 13% of the U.S. population.

- With over 38 million people, the number of U.S. Hispanics exceeds the entire population of Canada.

- The estimated annual buying power of the U.S. Hispanic market currently exceeds \$600 billion and will grow to \$1 trillion by 2010.

- About 26 percent of full-time, year-round Latino workers made \$35,000 or more in 2001, and about 12 percent made \$50,000 or more.

Sources: 2002 U.S. Hispanic Market Report (Strategy Research Corp.) U.S. Census Bureau Canadian Statistical Reference Center

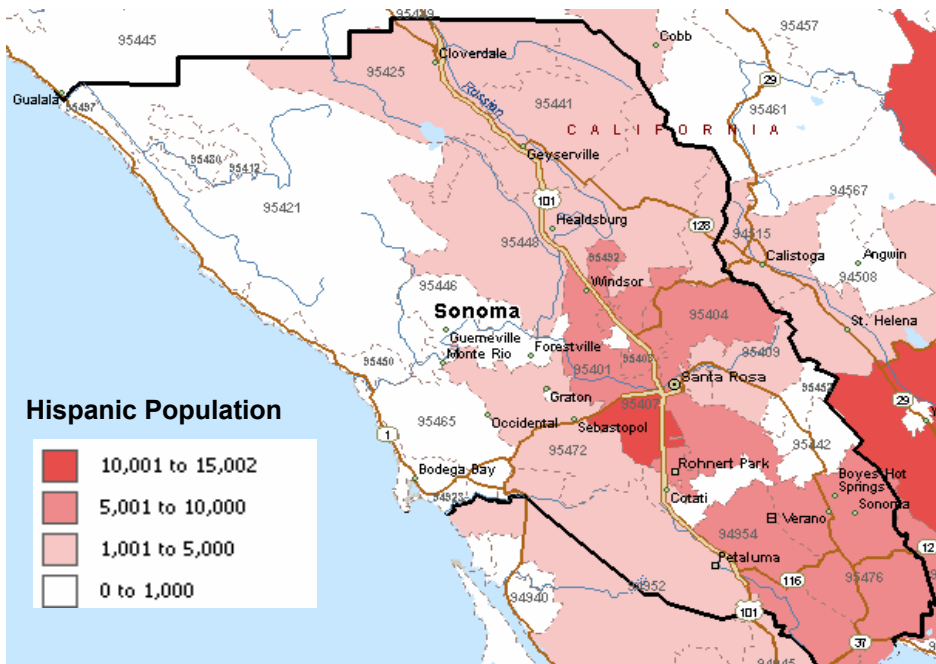
The Hispanic population grew at an average rate of 4.1% from 1990-2002 and now exceeds 38 million – over 13% of the total U.S. population. Hispanics in the U.S. now are larger than the population of Canada, Spain, or Argentina and will grow by more than 1.7 million a year according to the U.S. Census Bureau, *Census 2000 & Hispanic Population: Census 2000 Brief*.

Some reports suggest that the Hispanic population will exceed 80 million people and account for about 21% of the population by 2020. As the Hispanic population continues to grow, their economic importance will be felt across every portion of the U.S. Today there are twenty-four Designated Marketing Areas (DMA's) in the U.S. with at least \$5 billion in Hispanic consumer spending.

Sonoma County Hispanic Market Top-line Summary

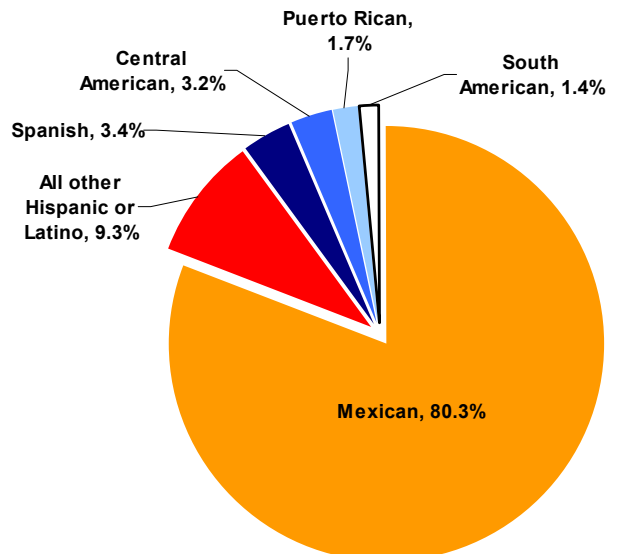
Sonoma County Total Population exceeds 472,700. Hispanic population is about 92,000, or roughly 19.4% of the total population.

	Hispanic	Non-Hispanic White
Median Age	24.4	41.7
Average Household Size	4.23	2.38
Median Household Income	\$46,580	\$54,492
% Adults age 25+ w/o High School diploma	52%	9%
Most common origin/heritage	Mexico 80.3%	
Hispanics who speak English "well" or "very well"	67%	



Sonoma County ranks 22 out of 58 counties in the state, with a 2004 estimated Hispanic population of over 92,000. Hispanics represent about 19% of the total population in Sonoma County.

Top 10 Sonoma County Hispanic Zip Codes			
Rank	ZIP Code	Hispanic Population by ZIP Code (2002 Census Data)	Hispanic Population by ZIP Code (2004 Est @ 8% growth)
1	95407	13,332	15,550
2	95401	8,356	9,746
3	95403	7,924	9,243
4	95476	7,293	8,507
5	95404	6,509	7,592
6	95492	6,441	7,513
7	94954	6,019	7,021
8	94928	5,886	6,865
9	95448	4,762	5,554
10	94952	4,277	4,989



The Census Definition of Hispanic

Hispanic refers to a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, and is considered an ethnic category, rather than a racial group. Persons of Hispanic origin therefore may be of any race, and since their culture varies with the country of origin, the Spanish language often is the uniting factor.

For the first time Census 2000 allowed respondents to select multiple race options as opposed to the 1990 census which allowed respondents to select only one race. The race categories for Census 2000 were as follows: African American or Black, American Indian and Alaskan Native, Asian, Native Hawaiian and other Pacific Islander, White, and Some other race. The Some other race category allowed respondents to identify another race besides the five identified by the Office of Management and Budget. Most of the respondents who reported Some other race were Hispanic or Latino. Including the various combinations of races, there are a total of 63 racial categories.

Because of the differences in reporting, the 1990 and 2000 census race results are not directly comparable. Race and Hispanic or Latino origin are considered two separate categories.

Hispanics or Latinos may be of any race.

The Office of Management and Budget defines Hispanic or Latino as “a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race” (U.S. Census Bureau).

Nationally, the Hispanic population accounts for almost 13% of the total population which is an increase from the 1990 census of 9%.

Why is it Important to Understand the Hispanic Market?

Simply put, Hispanics are the largest and fastest growing multicultural group within the United States today and their impact on business and society is being felt coast-to-coast.

The Hispanic population in the U.S. continues to grow by leaps and bounds and shows no signs of letting up. Demographically, the Hispanic population is very young compared to the non-Hispanic White population and the African-American population. That means that many more Hispanic consumers are on the way, and in turn many more productive workers and then many more young families and new consumers.

Hispanic purchasing power increased 157% over the last seven years and is currently over \$600 billion US per year. Spending is expected to reach 1 trillion dollars by the year 2010. The population size makes the U.S. the third largest Hispanic country in the World. By 2050, it is estimated that the non-Hispanic white population will be in the minority in the US. In order to remain competitive, companies must gain a real understanding of the Hispanic consumer experience and purchase orientations.

Although the current numbers in Sonoma County are relatively low compared to other parts of the state, Hispanic growth is occurring at a rate of about 8% per year, which exceeds non Hispanic growth of less than 2%.

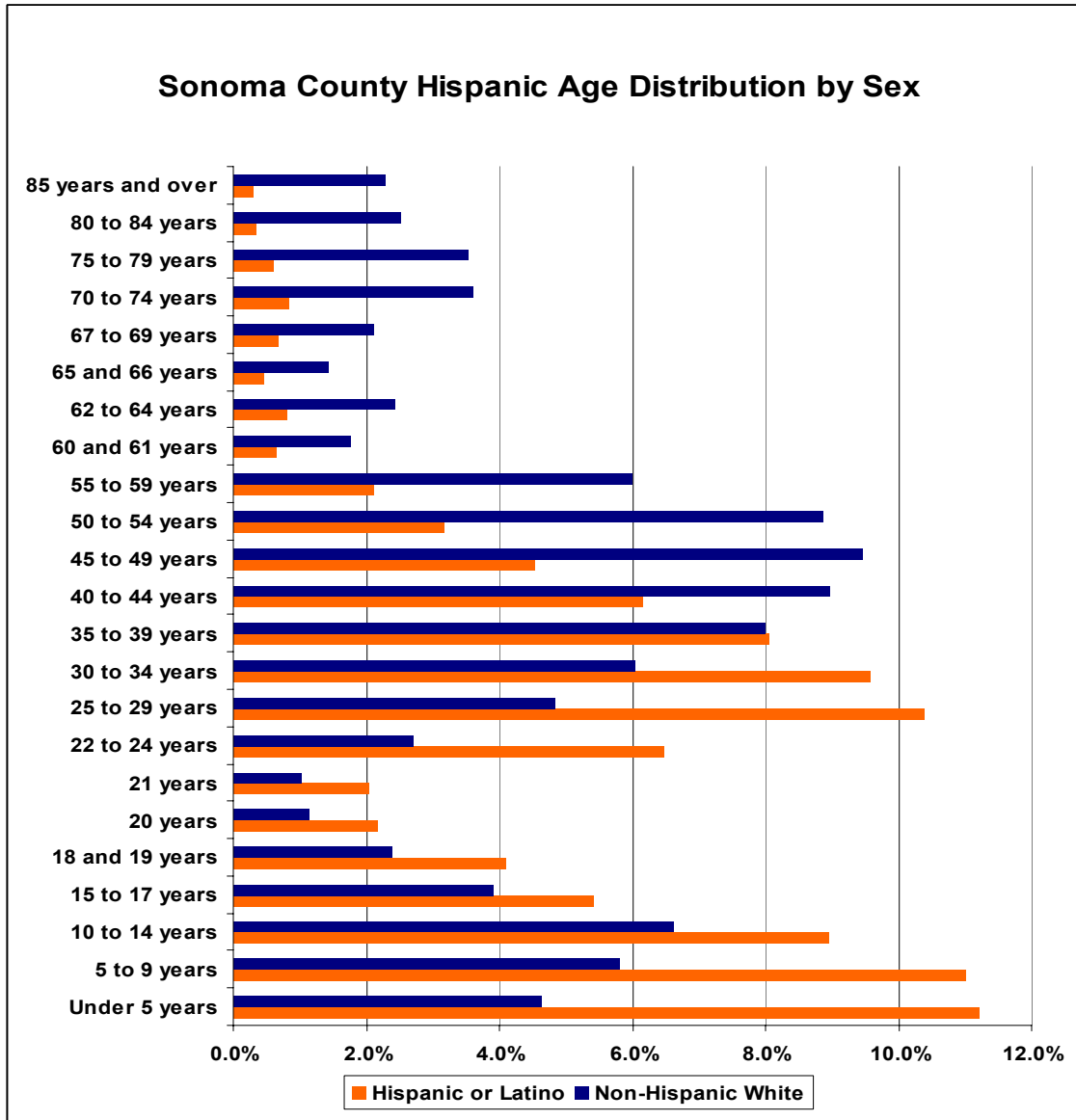
Depending on how you add up the numbers and what geographical boundaries one uses, the number of local Hispanics will vary greatly. For the purposes of this Market Snapshot, we considered combinations of Census detailed tables, along with data collected from various state and county organizations, and current population estimates based on growth experienced over the past five years.

The Hispanic population in Sonoma County exceeds 92,000, or about 19% of the more than 472,000 total population.

Sonoma County Hispanic Population Statistics

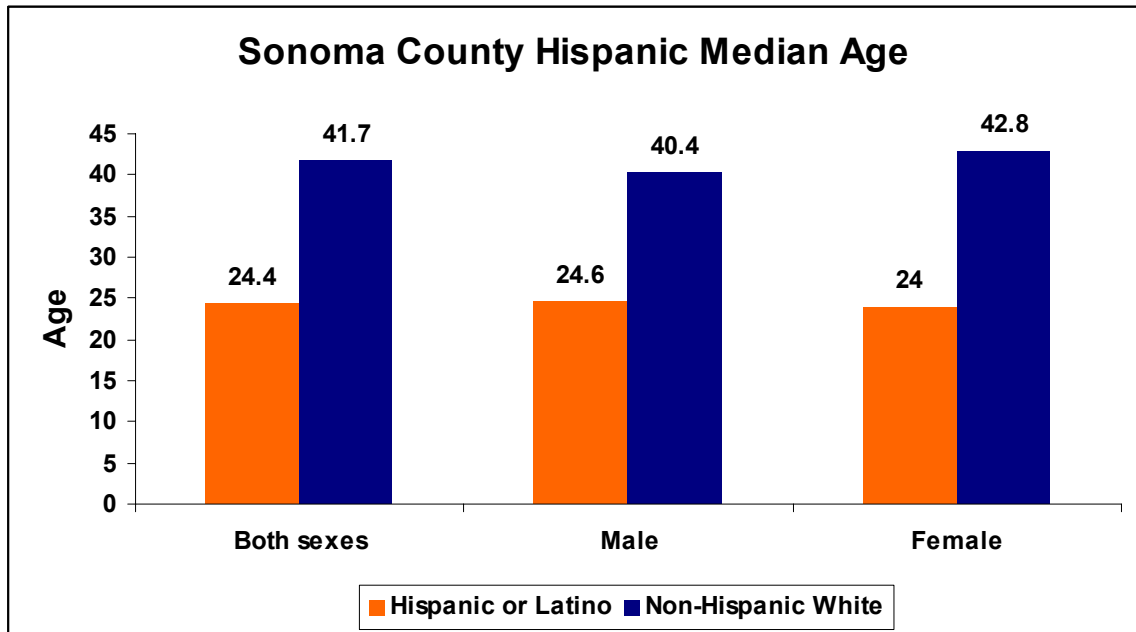
The following pages outline various statistics and data associated with the Hispanic population of Sonoma County. The primary source of reference data is the 2000 U.S. Census, along with various annual updates and estimates.

Sonoma County Hispanic Age Distribution by Sex



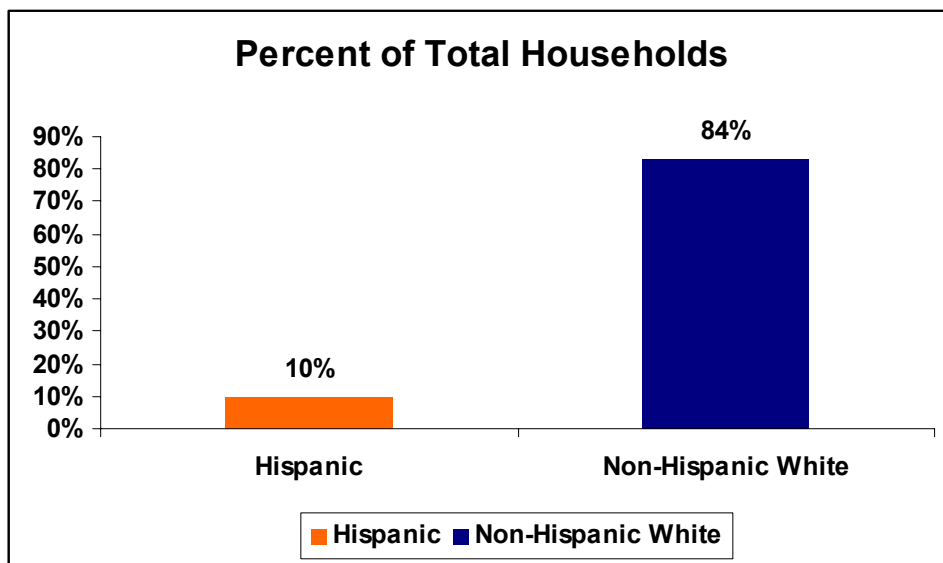
The Hispanic population on average is younger than the non-Hispanic population. This dynamic is a common characteristic for the total U.S. Hispanic population as well as the local segment. Locally, the largest five year age group among Hispanics is the five and under segment, representing over 11% of all Hispanics, compared to less than five percent of non-Hispanic Whites.

Median Age



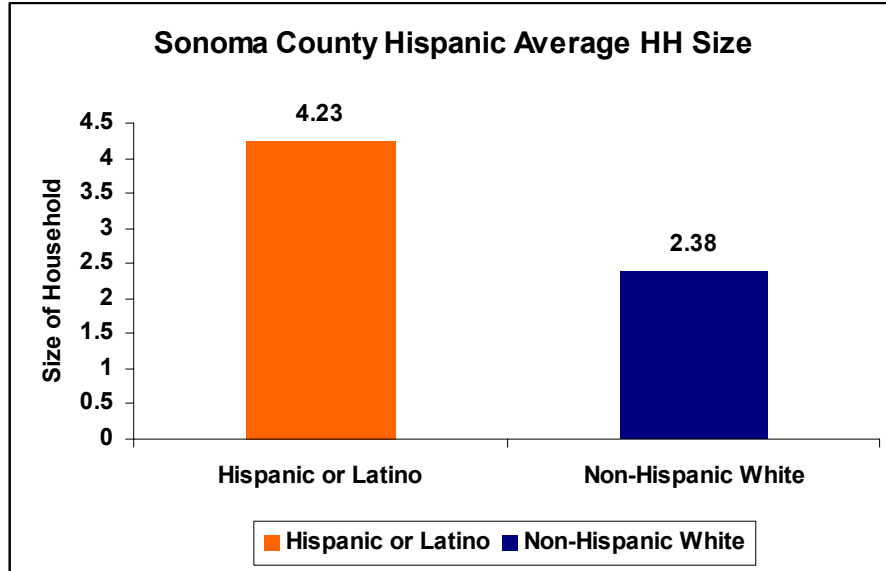
The median age for Hispanics in Sonoma County is 24.4 years old, almost half the median age for non-Hispanic Whites. Hispanics represent a very young population compared to other segments or the total population. Hispanics as a whole do not proportionately represent the aging baby boom population and are younger, with higher birth rates than the general population.

Hispanic Households



Although Hispanics account for about 19% of the total population, they only account for 10% of all households in Sonoma County, compared to 84% of non-Hispanic White households. This makes sense due to the larger average Hispanic household size, shown on the following chart.

Hispanic Average Household Size



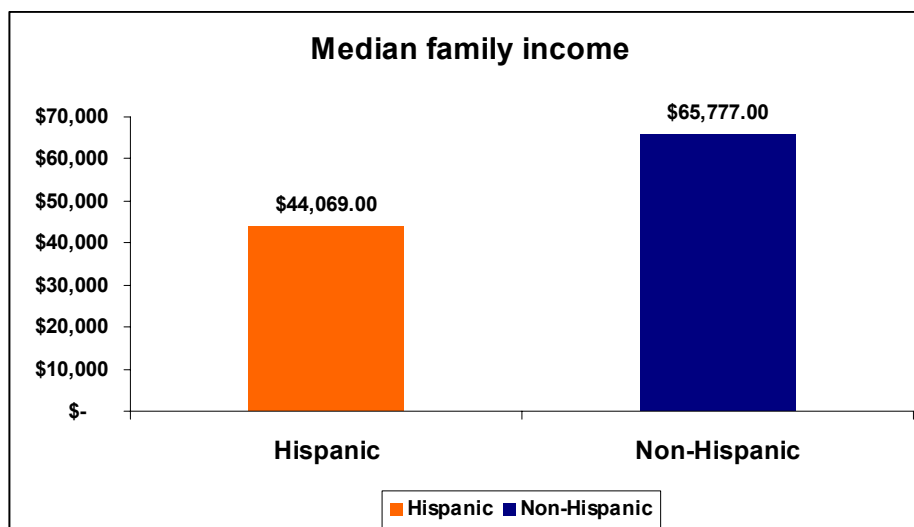
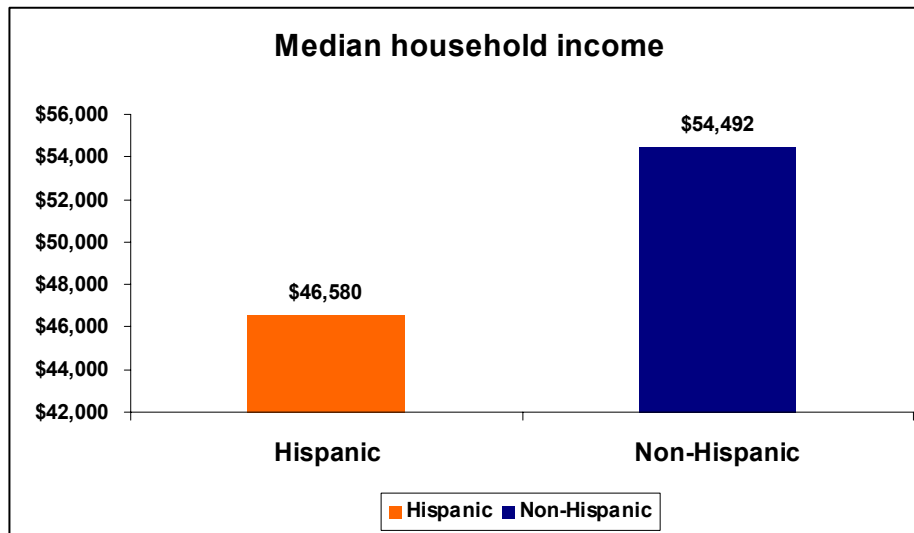
Hispanic households are typically larger than non-Hispanic White households in Sonoma County. The average household size for Hispanics is 4.23, almost double the average household size for non-Hispanic Whites which is 2.38.

Hispanic Households by Type

Sonoma County Hispanic Households by Type	Hispanic	Percent	Non-Hispanic	Percent
Total:	17,168	100.0%	155,235	100.0%
1-person households:	1,758	10.2%	42,582	27.4%
Male householder	879	5.1%	16,615	10.7%
Female householder	879	5.1%	25,967	16.7%
2-or-more person households:	15,410	89.8%	112,653	72.6%
Family households:	14,235	82.9%	98,162	63.2%
Married-couple family:	10,458	60.9%	76,254	49.1%
With own children under 18 years	7,731	45.0%	32,397	20.9%
No own children under 18 years	2,727	15.9%	43,857	28.3%
Other family:	3,777	22.0%	21,908	14.1%
Male householder, no wife present:	1,645	9.6%	6,132	4.0%
With own children under 18 years	835	4.9%	3,519	2.3%
No own children under 18 years	810	4.7%	2,613	1.7%
Female householder, no husband present:	2,132	12.4%	15,776	10.2%
With own children under 18 years	1,499	8.7%	9,097	5.9%
No own children under 18 years	633	3.7%	6,679	4.3%
Nonfamily households:	1,175	6.8%	14,491	9.3%
Male householder	748	4.4%	7,664	4.9%
Female householder	427	2.5%	6,827	4.4%

Hispanic households tend to be of the 2-or-more persons type. About 83% of Hispanic households are family households compared to only 63% of non-Hispanic White households.

Media Household & Family Income



Consistent with state and national averages, median household and media family incomes lag behind the medians for non-Hispanic Whites. The median household income for Hispanics is about \$46,000 compared to \$54,000 for non-Hispanic Whites. The median family income for Hispanics is about \$44,000 compared to about \$65,000 for non-Hispanic, a difference of over \$20,000.

Sonoma County Hispanic Marital Status

Sonoma County Hispanic Sex by Marital Status (Population over age 15, ACS Estimate)				
	Hispanic	Percent	Non-Hispanic	Percent
Total:	62,240	100.0%	275,917	100.0%
Male:	35,652	57.3%	130,704	47.4%
Never married	14,162	22.8%	37,701	13.7%
Now married:	19,835	31.9%	74,466	27.0%
Married, spouse present	14,787	23.8%	71,343	25.9%
Married, spouse absent:	5,048	8.1%	3,123	1.1%
Separated	0	0.0%	1,876	0.7%
Other	5,048	8.1%	1,247	0.5%
Widowed	286	0.5%	2,979	1.1%
Divorced	1,369	2.2%	15,558	5.6%
Female:	26,588	42.7%	145,213	52.6%
Never married	7,137	11.5%	32,051	11.6%
Now married:	14,996	24.1%	75,747	27.5%
Married, spouse present	13,037	20.9%	70,520	25.6%
Married, spouse absent:	1,959	3.1%	5,227	1.9%
Separated	278	0.4%	2,487	0.9%
Other	1,681	2.7%	2,740	1.0%
Widowed	789	1.3%	15,664	5.7%
Divorced	3,666	5.9%	21,751	7.9%

Notes

The 2003 American Community Survey universe is limited to the household population and excludes the population living in institutions, college dormitories, and other group quarters. Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate is represented through the use of a confidence interval. The confidence interval computed here is a 90 percent confidence interval and can be interpreted roughly as providing 90 percent certainty that the true number falls between the lower and upper bounds.

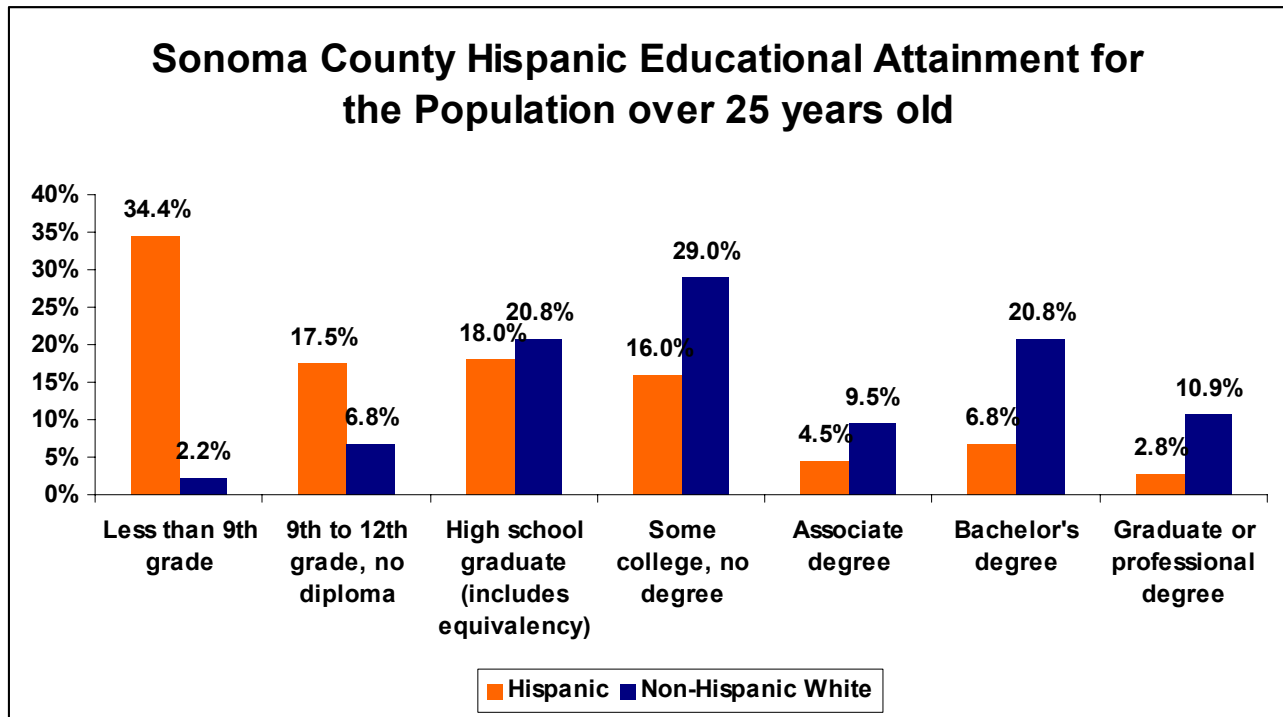
The percent of Hispanics who have never been married is significantly higher for males when comparing Hispanics (22.8%) to non-Hispanic Whites (13.7%). However, for females the percentage is about the same when comparing Hispanics (11.5%) to non-Hispanic Whites (11.6%)

Hispanic Employment Status (2000 Census)

Employment Status	Number			Percent		
	Both sexes	Male	Female	Both sexes	Male	Female
Population 16 years and over	53,477	29,609	23,868	100	100	100
In labor force	36,811	22,567	14,244	68.8	76.2	59.7
Armed forces	107	55	52	0.2	0.2	0.2
Civilian labor force	36,704	22,512	14,192	68.6	76	59.5
Employed	34,502	21,378	13,124	64.5	72.2	55
Unemployed	2,202	1,134	1,068	4.1	3.8	4.5
Percent of civilian labor force	6	5	7.5	(X)	(X)	(X)
Not in labor force	16,666	7,042	9,624	31.2	23.8	40.3

Hispanics in the civilian labor force represent 68.8% of the total Hispanic population. There are about 17% more Hispanic males in the civilian labor force than Hispanic females. Unemployment for Hispanics is about 4%.

Sonoma County Hispanic Educational Attainment



Sonoma County Hispanic Educational Attainment for the Population over 25 years old	Hispanic	Non-Hispanic White
Less than 9th grade	34.4%	2.2%
9th to 12th grade, no diploma	17.5%	6.8%
High school graduate (includes equivalency)	18.0%	20.8%
Some college, no degree	16.0%	29.0%
Associate degree	4.5%	9.5%
Bachelor's degree	6.8%	20.8%
Graduate or professional degree	2.8%	10.9%

As the two previous charts show, there is a significant difference in the levels of educational attainment when comparing Hispanics to non-Hispanic Whites in Sonoma County. Fifty two percent of area Hispanics over the age of 25 have not graduated from high school, compared to only 9% of non-Hispanic Whites. The percent of Hispanics in Sonoma County with a bachelor's degree or higher is 9.6%, slightly lower than national averages of about 11%.

Sonoma County Hispanic Population by Zip Code

Sonoma County Hispanic Population by Zip Code				
ZIP Code	Total Population (2004 Estimate @ 1% growth) by Zip Code	Hispanic Population by ZIP Code (2004 Est @ 8% growth)	Percent Hispanic	Rank
94922	245	30	12%	30
94923	1,770	264	15%	22
94928	43,565	6,865	16%	8
94931	8,872	1,444	16%	15
94951	4,174	357	9%	20
94952	33,062	4,989	15%	10
94954	37,691	7,021	19%	7
94972	126	14	11%	33
95401	37,965	9,746	26%	2
95403	41,411	9,243	22%	3
95404	36,939	7,592	21%	5
95405	22,523	2,428	11%	13
95407	33,324	15,550	47%	1
95409	26,744	2,249	8%	14
95412	233	41	18%	29
95421	2,174	219	10%	24
95425	9,675	2,890	30%	12
95436	6,204	637	10%	18
95439	773	132	17%	26
95441	3,035	1,242	41%	16
95442	4,442	489	11%	19
95444	892	272	30%	21
95446	5,556	728	13%	17
95448	17,493	5,554	32%	9
95450	309	30	10%	31
95452	1,650	113	7%	28
95462	1,565	117	7%	27
95465	2,592	246	9%	23
95472	32,015	3,491	11%	11
95476	35,606	8,507	24%	4
95480	101	17	17%	32
95492	27,042	7,513	28%	6
95497	1,165	206	18%	25

Between 1990 and 2000, population increased by 70,400 persons, with an average annual growth rate of 1.9%. From 2000 through 2004 population in Sonoma County grew at an average annual rate of 1%. Source: California Department of Finance

National Hispanic Population Trends

It's a fact that the Hispanic population remains heavily concentrated in parts of the U.S. and that the top five Hispanic metro markets: Los Angeles, New York, Miami, Houston, and Chicago accounted for over 40% of the U.S. Hispanic population.

In addition to Los Angeles and Miami, these included metro areas such as McAllen, Brownsville, and El Paso, Texas where the Hispanic population ranged from 78 - 88% along with many other Hispanic-dominant metropolitan areas with high numbers such as Fresno, California (44%) and Albuquerque, New Mexico (41.6%).

THE NATION

The top 10 Hispanic markets represent 73% of the total U.S. Hispanic population.

1. Los Angeles
2. New York
3. Miami/Fort Lauderdale
4. Chicago
5. Houston
6. San Francisco
7. Dallas-Fort Worth
8. San Antonio
9. Phoenix
10. McAllen/Brownsville

Source: 2002 U.S. Hispanic Market Report

The 1990's experienced high levels of Hispanic immigration and also significant migration by Hispanics already living in the United States. In August 2003, the Census Bureau released an analysis of migration within the United States which revealed that the number of Latinos moving to other states between 1995 and 2000 approached 1 million. Mexicans accounted for more than 50% of the total number of interstate Hispanic migrants during this period.



New York, California, and Illinois experienced significant out-migration on the part of their foreign-born populations. Over 200,000 foreign-born people left New York, 237,000 migrated from California, and 23,000 from Illinois. At the same time, states not traditionally seen as destinations for immigrants and foreign-born migrants experienced substantial growth in migration. These include Georgia, North Carolina, and Nevada.

State-level population estimates for July 2002 show that states with the fastest Latino population growth between April 2000 and July 2002 are not those with the largest Hispanic populations. States that were historically not considered to have large Hispanic populations such as the Southern states experienced the most dramatic growth during the 1990s. The Latino population of Georgia for example, grew almost 20% between April 2000 and July 2002; and overall increased 300% during the 1990s.

The migration of foreign-born Latinos also had a major impact on smaller cities and towns across the nation. During the last five years of the 1990's, several Midwestern states witnessed a net migration loss of their native-born people, yet saw an increase of incoming Hispanic migrants.

The result was a significant influence of Latinos in rural areas across the country, including the large number of jobs being filled by arriving Latinos such as construction, meat packing, food processing, fruit harvesting, landscaping, manufacturing, and numerous other semi-skilled jobs.

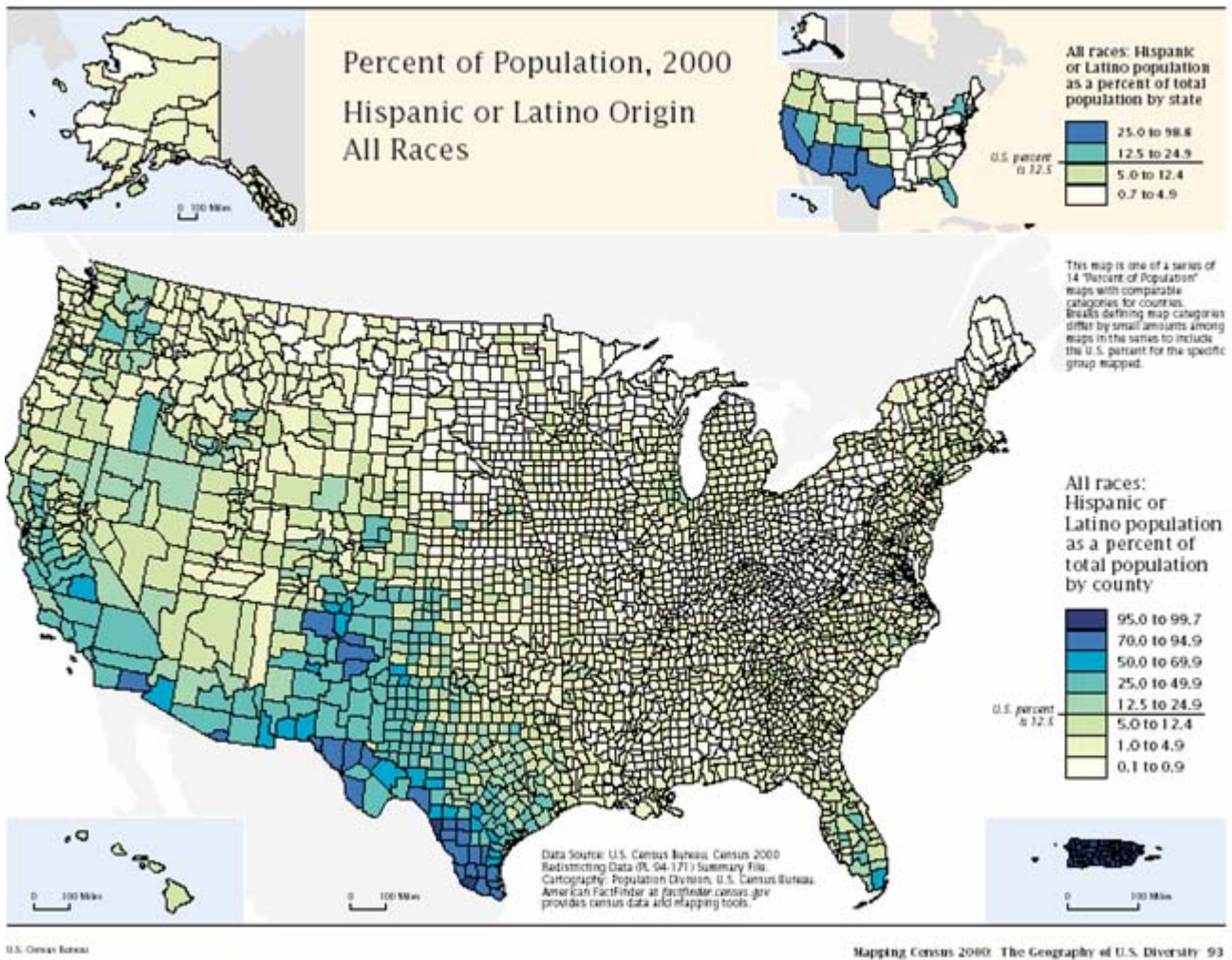
Hispanic migration has changed the demographic profile of suburban areas as well. A study by the Pew Hispanic Center and Brookings Institution showed that, in 1990, the central-city and suburban populations in the 100 largest metros were nearly identical. However, by 2000 the suburban Hispanic population was 18% greater than the central-city Latino population. The number of Latino suburbanites grew fastest in the areas in the category of new Latino destinations.

In dozens of areas in all regions of the United States the Latino population has reached a critical mass that increasingly attracts attention from local retailers and national marketers. The Hispanic market has become a focus of local and regional financial services institutions, car dealers, supermarkets, and service providers in the telecommunications, cable television, and Internet service providers. As in more well established and developed Latino metro markets, businesses in emerging Hispanic markets are learning that serving Hispanic consumers has become a necessity to maintain profitability.

U.S. Hispanic Population as a Percent of Total Population by County, 2000

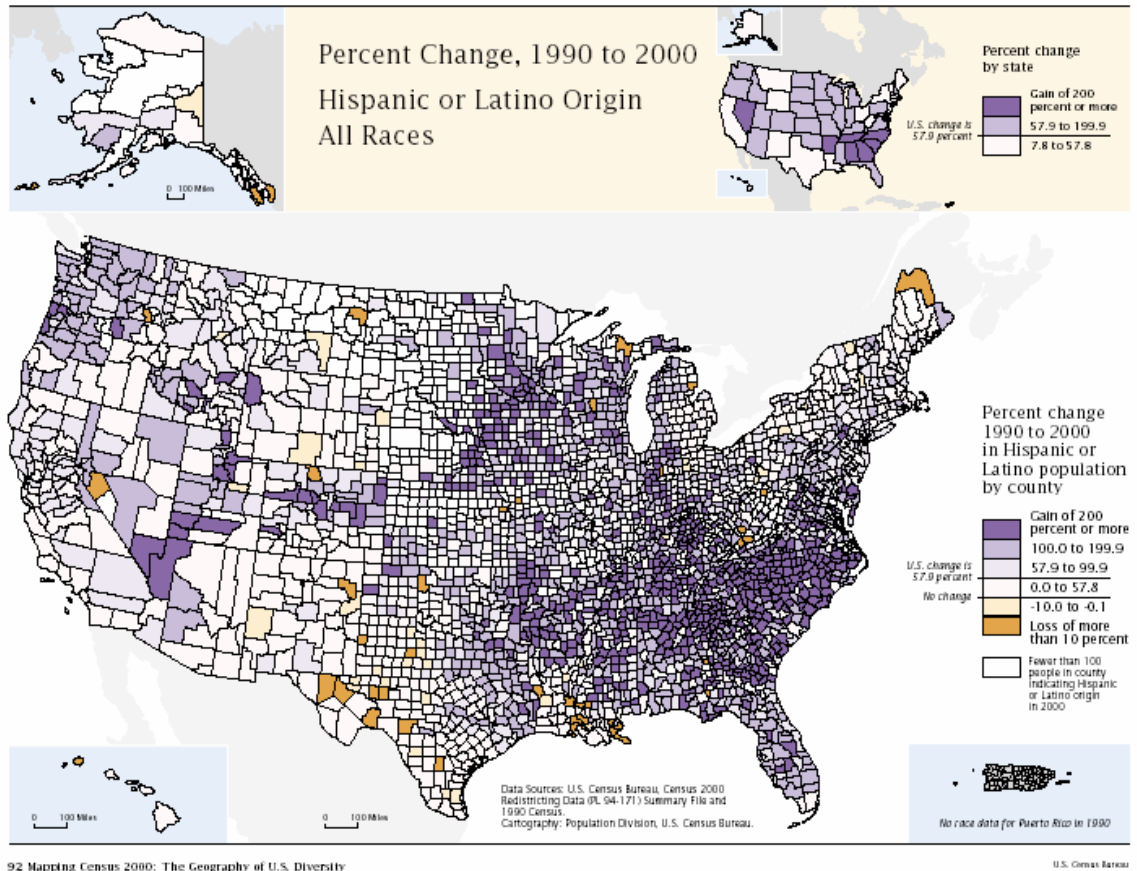
Let's take a look at the larger national trends and come back to the local market later in this report.

The census map below demonstrates how the Hispanic population is distributed across the U.S. by county. The heaviest concentration of Hispanic population remains in the Southwestern states with pockets of concentrated population in Florida, Illinois and New York.



37 Percent of people of Mexican origin are under the age of 18. This is the largest proportion under 18 among Hispanics.

U.S. Hispanic Population as a Percent Change by County, 1990 to 2000



Now take a look at the census map above, which depicts the tremendous growth of Hispanics outside of the zones of heavy concentration shown in the previous map. This map is an excellent testimonial to the fact that unprecedented growth is occurring in the North, Midwest and Southeastern U.S.

This growth outside of the traditional Hispanic zones is of great interest to companies, state & local governments and nonprofit organization who desire to better serve the needs of Hispanics. Likewise, the dynamic growth is catching many by surprise as they scramble to get the bilingual and multi-cultural infrastructure in place that is required to effectively serve and bond with Hispanics.

Although 73% of the Hispanic population in the U.S. is located in only ten markets (Los Angeles, New York, Miami/Fort Lauderdale, Chicago, Houston, San Francisco, Dallas-Fort Worth, San Antonio, Phoenix and McAllen/Brownsville), there has been a significant increase in Hispanic population increase throughout the Midwest, North Central States and the Southern States.

Hispanics, the Largest Minority Group

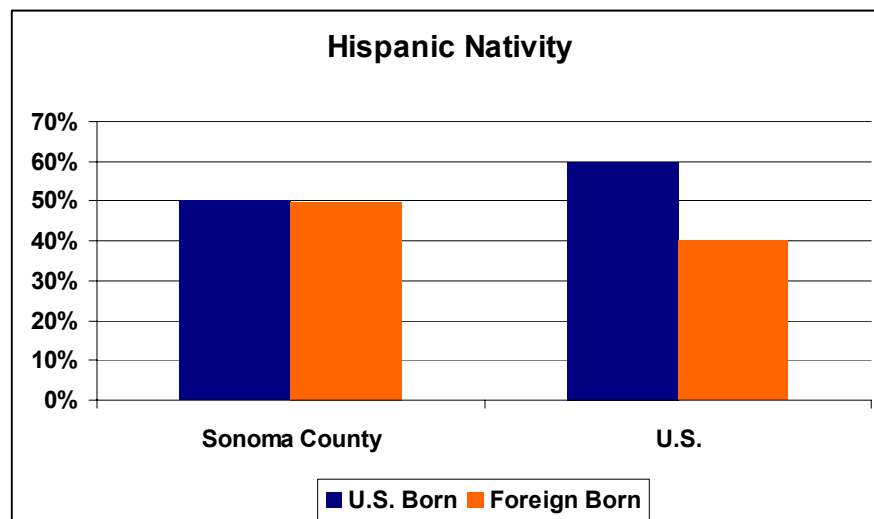
The Hispanic population has now surpassed the African American population to become the largest minority group in the U.S. Its growth outpaced the general population by 60% in the last ten years alone, and by 2010 it is projected that this population will reach 56 million, and will account for 15% of the total U.S. population to become the second largest Hispanic population in the world.

The Hispanic Market is unique because it is comprised of several different segments yet has strong commonalities such as the Spanish language. For example, Hispanics prefer advertising messages and product information to be in Spanish, but colloquialisms and pronunciations can differ depending on country of origin. Facile and literal translations of general market campaigns can lead to incorrect representation of product and message because there are aspects of each segment's culture, slang, idiosyncrasies, and customs which should be communicated correctly.



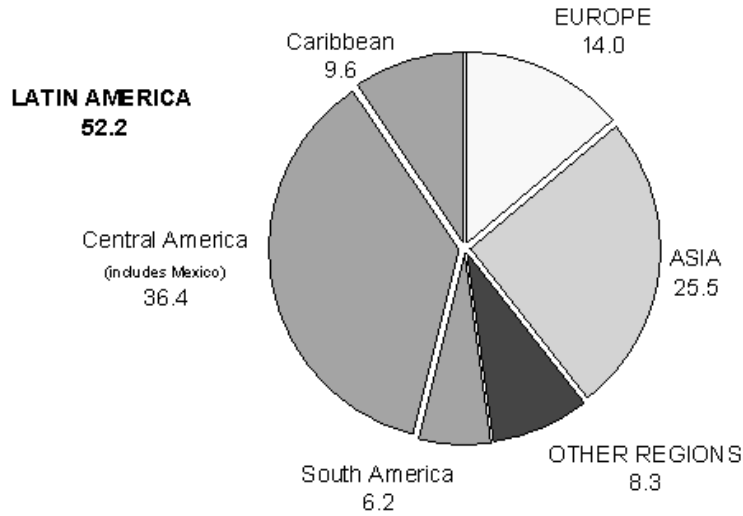
Hispanic Countries of Origin

Hispanics come from various countries, with the largest percentage coming from Mexico. Each Hispanic segment is distinct, and oftentimes prefers to retain their traditions and language as they comfortably become part of the mainstream. Hispanic acculturation and cultural diversity will continue to grow and lead to the emergence of new Hispanic sub-segments.



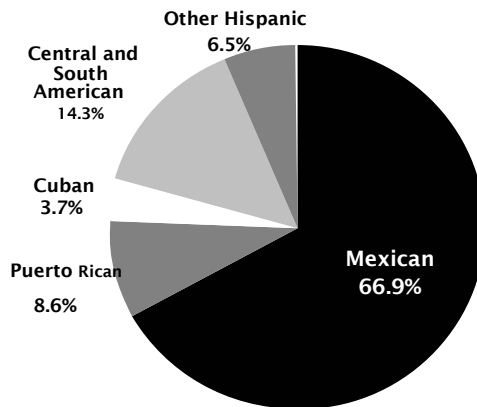
As you can see from the chart above, most Hispanics in the U.S. are citizens born in the U.S. rather than foreign-born. In Sonoma County, the distribution is evenly split between U.S. and foreign born Hispanics. Over 40% of Sonoma county Hispanics are not U.S. citizens.

Foreign-Born People by Region of Birth: 2002 (in percent) Source: U.S. Census Bureau, Current Population Survey, March 2002

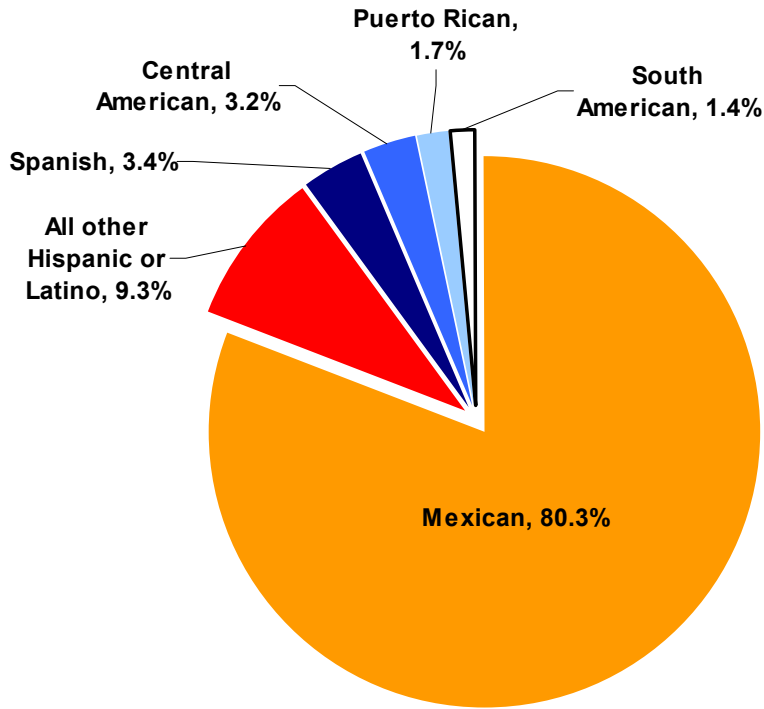


There are about 23 million foreign-born legal residents living in the U.S. with estimates by the Selig Center and others that place the number of unauthorized foreign-born residents at about 10 million. People from Latin America represent slightly more than half of all foreign-born people living in the U.S.

U.S. Hispanic/Latino Ethnicity, 2000



Sonoma County Hispanic Ethnicity/Heritage



Origin/Heritage	Percent	Origin/Heritage	Percent
Mexican	80.3%	South American (continued):	
Puerto Rican	1.7%	Chilean	0.1%
Cuban	0.5%	Colombian	0.4%
Dominican Republic	0.0%	Ecuadorian	0.1%
Central American:	3.2%	Paraguayan	0.0%
Costa Rican	0.1%	Peruvian	0.4%
Guatemalan	0.5%	Uruguayan	0.0%
Honduran	0.1%	Venezuelan	0.1%
Nicaraguan	0.5%	Other South American	0.1%
Panamanian	0.1%	Other Hispanic or Latino:	12.7%
Salvadoran	1.5%	Spaniard	0.4%
Other Central American	0.3%	Spanish	2.9%
South American:	1.4%	Spanish American	0.1%
Argentinean	0.1%	All other Hispanic or Latino	9.3%
Bolivian	0.1%		

Hispanics come from various countries of origin but people of Mexico heritage account for almost 67% of all Hispanics in the U.S. In Sonoma County, there is also a significant Hispanic population of Mexican heritage, accounting for over 80% of the area Hispanics. There is a smaller percentage of Hispanics of Puerto Rican and Cuban heritages living in Sonoma County than the national average.

Corporate Interest Grows

In the U.S., total consumer spending by Hispanics was over \$500 billion in 2002 which represented \$51,208 per household – or 81% of the national average – and is expected to grow by an average of 4.8% per year between 2002 and 2020. Personal consumption spending by Hispanics should increase at an average annual rate of 9.1% exceeding the national growth rate of 6%.

According to the Datos report, a recent study done by Loui Olivas, an associate management professor at Arizona State University, Hispanic buying power is estimated to hit the \$1 trillion mark by 2010. Yet with these statistics in hand, many marketers are still not taking advantage of this opportunity and have not yet adjusted budgets to capture a share of the Hispanic wallet. According to the Association of Hispanic Advertising Agencies, in 2003 companies spent an estimated \$3 billion on Hispanic marketing – up from \$1.4 billion in 1997. But that is only 3.2 percent of advertising budgets – far below the 13% U.S. Hispanic population.

There are however, many companies that are trying to tap into the growing Hispanic market. Firms such as Procter & Gamble (P&G spends over \$160 million in Hispanic advertising), Fifth Third Bank, MasterCard, Kraft Foods, JC Penny, and Sears are examples of companies who seem to be taking this market segment very seriously.

Hispanics as Consumers

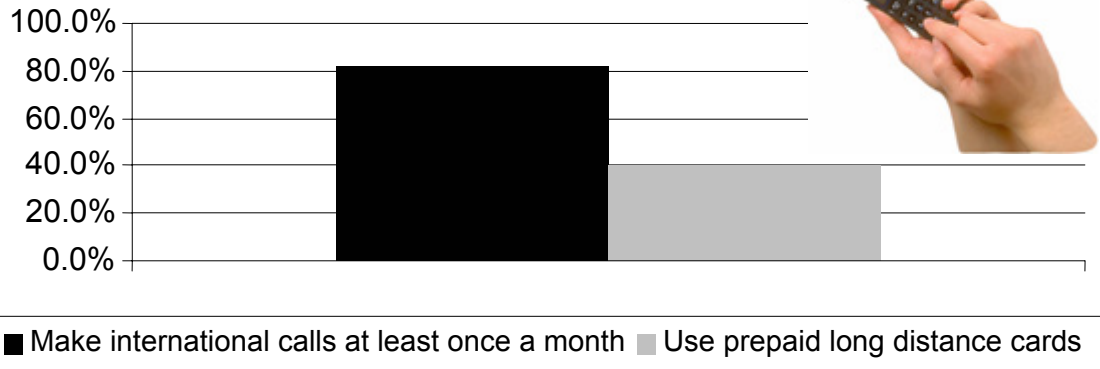


Our own field research confirms that the Hispanic consumers represent a very lucrative opportunity for regional and national consumer products and services companies.

For example, Hispanic consumers represent an attractive target for telecommunications, banking, apparel, automotive, insurance and consumer products companies. We surveyed over two hundred Hispanic families to learn about their shopping, banking, insurance and telecommunications behaviors to demonstrate this point.

One finding, depicted in the following chart shows that over 80% of the households surveyed made international long distant phone calls at least once a month and over half used a prepaid calling card. This high percentage of households compared to the general market presents a tremendous opportunity for telephone service companies. This also presents a great opportunity for co-marketing campaigns across industries such as banking and telecommunications.

Hispanic International Long Distance Calling Behavior



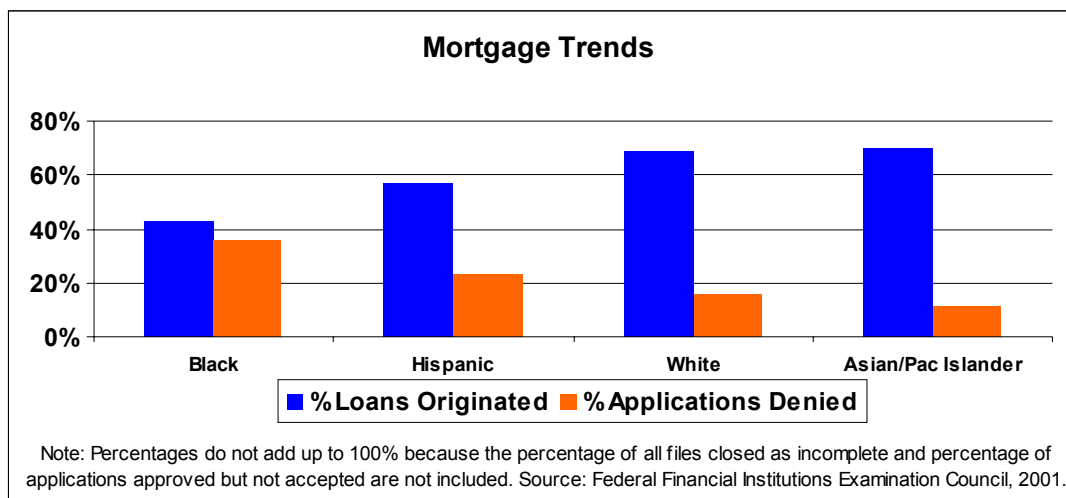
Source: LaVERDAD 2004 Hispanic Household Consumer Survey

Banks are Competing to Serve Hispanics

Another opportunity area that is well publicized is that of lending institutions and banks. Almost 70% of the heads of households in the general market are homeowners. We all know how well the market has been. Now that the refinancing boom is on the downhill slide, lenders will need to use more creative ways to find customers.

While the country was on the last wild refinancing ride, lenders were dealing with sophisticated and affluent consumers. They understood the market, many had refinanced before, and they knew what they wanted and were willing to shop.

On the other hand, half of Hispanics are not homeowners and represent an untapped market. It's expected that 12 million housing units will move this decade. And of course Hispanics present a great opportunity as more of them enter the workforce and start building families.



Hispanics have different behavioral and psychographic profiles than the general market. For example, they tend to want a real person to help them through the buying process. Many Hispanics have little confidence in the process, mainly due to lack of awareness.

Banking and Financial Services have an opportunity to make a big impact on the Hispanic population. Many Latino immigrants are very unfamiliar with U.S. personal banking and money management. There are thousands of local Latinos who have never had a bank account, and need help to know how to open one if they choose so.



Local banks are paying attention to this prime market and they see the potential to build loyalty by starting with simple savings and checking accounts which could in turn lead to cross selling and up selling opportunities with home loans and other financial services.

Even many affluent Hispanic immigrants lack trust and respect towards the financial systems and banks in their countries of origin. Therefore, it's important to start with basic education along with building a bonding and trusting relationship.

More acculturated Hispanics who are second or third generation Americans also present an attractive consumer target for banking, insurance and financial planning providers. Marketers often overlook the fact that acculturation does not immediately instill values and beliefs or for that matter the knowledge it takes to become a savvy money manager. Many financial consumer behavior traits that are taken for granted in the Non-Hispanic White market have not yet necessarily taken root in Hispanic families such as saving and investing for the future versus living in the here and now.

Some examples of how banks are courting the Hispanic market include:

- Advertising in Spanish Language journals and media
- Supporting general educational programs and the Hispanic Scholarship Fund
- Creating awareness and training programs about money management and home buying
- Establishing new qualification criteria aimed at the Latino immigrant
- Bilingual ATMs, brochures and other information in Spanish
- Offering easy money transfers to Mexico and other countries of origin
- Accepting the Matricula Consular card issued by the Mexican Consulate and a U.S. tax ID number, in place of a SSN or driver's license for those wishing to open accounts.

There's a lot of opportunity when it comes to foreign born Hispanics. For example, money transfers between the US and Latin America is already a multibillion dollar business. The dollar amount of money transferred from Mexicans in the US to their families in Mexico exceeds \$1.5 billion per month and is now the 2nd largest source of income for the Mexican government, up from being the 3rd largest in 2003. These money transfers open up enormous opportunities for domestic and international banking services.

Banks are starting to accept alternative forms of identification for immigrants who lack a Social Security number. A new form of identification called a Matricula Consular Card issued by the Mexican government and the Internal Revenue Service's taxpayer identification number, are sufficient for some immigrants to obtain banking services.

Marketing to Hispanic Youth

From a product development and marketing perspective, building current brand loyalty with the 20-34 age group segments is important, but competitive advantage lies with those who can gain market share with the emerging Hispanic Youth.

GENERATION Ñ



According to studies by Nielsen Media Research:

- One in five teens in the United States (20%) is of Hispanic descent. Between 1993 and 2001, the Hispanic teen population grew 30%, while the non-Hispanic population grew 8% during the same period.
- By 2020, the Hispanic teen population is expected to grow 62% compared to 10% growth in the number of teens overall.
- Hispanic teens hold \$19 billion in spending power; most of this is spent on clothing and jewelry. Other areas to which Hispanic teens allocate this money include music and entertainment, food and snacks, savings, gas and automobile expenses, and gaming and hobbies.
- The average Hispanic teen spends \$320 a month, 4% more than the average non-Hispanic teen spends. Shopping malls (84%), supermarkets (80%), and discount chains (78%) are the most popular retail destinations for teens of Hispanic descent.

One mistake that some businesses and organizations make is to conclude that Hispanics are only an influence in several markets or regions of the country. There is no doubt that certain states and metropolitan markets exceed most locations in the country when it comes to the sheer concentration of Hispanics. However, significant population shifts and other demographic factors are occurring that will create big implications; and big opportunities for marketers and general managers.

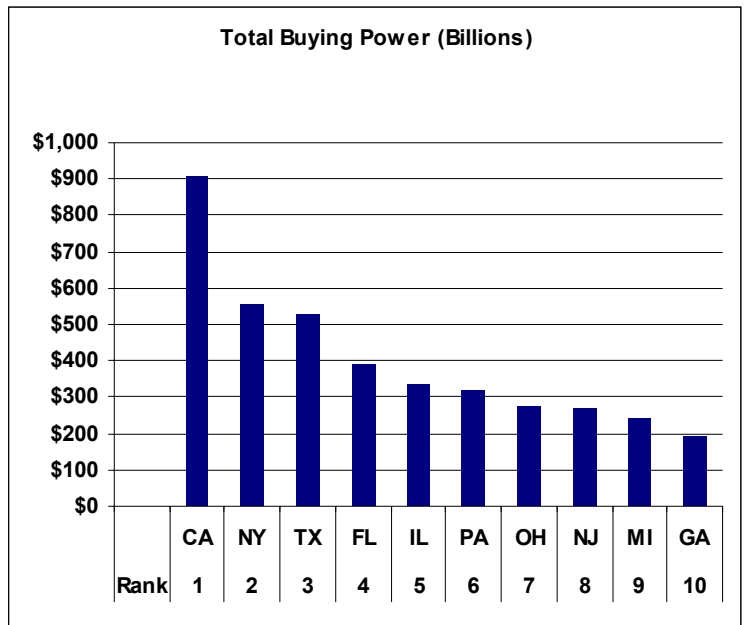
Now consider the influence that the Hispanic population and especially Hispanic Youth will have on the general market in the decades ahead. There is very little argument that the Baby Boom generation had a significant impact on not only the U.S. economy and marketplace, but indeed the entire world. Likewise, most marketing experts and economists agree that the Hispanic population will be a tremendous influence on the labor force, the marketplace, and become even more of an influence on

the general market for things such as advertising, radio, television, telecommunications, cinema, branding, and new product development along with packaging.

Hispanic Buying Power

Simply defined, buying power is the total personal (after-tax) income that residents have to spend on goods and services—that is, the disposable personal income of the residents of a specified geographic area.

Unfortunately, there are no geographically precise surveys of annual expenditures and income of the nation’s major racial and ethnic groups. Even estimates of expenditures by race or ethnicity are hard to find, especially for individual states and counties.



The immense buying power of Hispanic consumers is getting the attention of the U.S. consumer market like never before. Over the eleven-year period, 1990-2001, the nation’s Hispanic buying power grew at a compound annual rate of 7.3 percent.

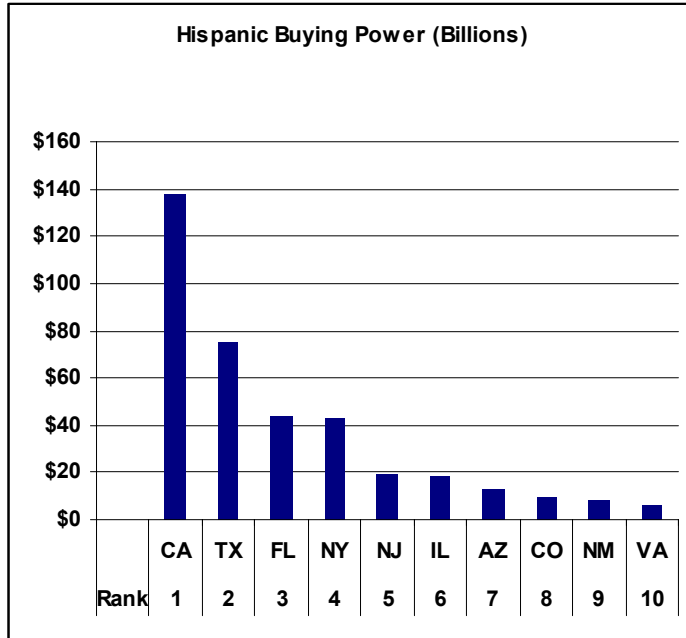


The 2001 value exceeded the 1990 value by 118 percent—a percentage gain that is substantially greater than either the 67.9 percent increase in non-Hispanic buying power or the 70.4 percent increase in the buying power of all consumers. U.S. Hispanic buying power grew faster than African-American buying power (85.9 percent) and American Indian buying power (81 percent), but more slowly than Asian buying power (124.8 percent). In 2001, Hispanics accounted for about 7 percent of all U.S. buying power, up from 5 percent in 1990.

From 1990 to 2001, Hispanic buying power in the United States increased 118% compared to 86% for African Americans and 67% for Whites.

Purchasing power of Hispanics in 2004 ~ \$600 billion
Purchasing power of Hispanics in 2010 ~ \$ 1 trillion
Prosperous Hispanic households (>= \$100,000) rose

137 percent
between 1990 and
2000



Of the many forces supporting this substantial and continued growth of Hispanic buying power, perhaps the most important is better employment opportunities. The rising number of Hispanics who are successfully starting and expanding their own businesses also helps to increase buying power.

Favorable demographic trends help also. For example, due to both higher rates of natural increase and immigration, the Hispanic population is growing more rapidly than the total

population, a trend that is not expected to abate. Another important push to buying power in this new decade comes from the numbers of young Hispanics who are either entering the workforce for the first time or moving from entry-level jobs to the next step on their career ladders.

The top ten states, as ranked by the rate of growth of Hispanic buying power over 1990-2001, were Arizona the highest, Nevada, North Carolina, Georgia, Nebraska, Tennessee, Utah, Oregon, Iowa, and Delaware. Although Ohio is in the top ten states when it comes to total buying power, it's comparatively low Hispanic population leaves it off the list of top ten states for Hispanic buying power.

Most of these states have relatively small but flourishing markets. In order, the ten states with the largest shares of total buying power that was Hispanic in 2001 were New Mexico, California, Texas, Arizona, Florida, Nevada, Colorado, New York, New Jersey, and Illinois. Over 1990-2001, the share of buying power controlled by Hispanic consumers rose in every state.



(Source for Buying Power Analysis: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, August 2000.)

Estimates of buying power by race and ethnicity for the U.S. suggest that marketing to Hispanic consumers can contribute to the bottom line of almost every company or enterprise. Already, these markets are attracting more and more attention from businesses large and small. For example, the explosion of Hispanic media—whether magazines, radio stations, television, or on the Internet—reflects the increasing number of advertising dollars targeted towards the Hispanic segment.

46 The percentage of Hispanic households owning their own home in 2000.

Trendsetters will continue to emerge when it comes to target marketing efforts for Hispanics. Not long ago Procter & Gamble made marketing headlines when Crest became it's first brand ever to air a Spanish-language advertisement during a nationally broadcast television event that reaches a general audience. The 30-second spot for Crest Whitening Plus Scope, a toothpaste offering whitening and breath-freshening benefits – aired on the 45th Annual GRAMMY AWARDS on February 23, 2003.

Expect to see these trends continue and expand rapidly over the rest of the decade as brands compete for their fair share of the Hispanic wallet.

Hispanic young people will continue emerging as a significant influencer to the way consumer products companies create branding strategies and package their products. Latin American countries of origin will start playing a larger role when it comes to defining the products and services that Hispanics choose.

Telecommunications and the Internet have made it easier for foreign born and newly acculturated Hispanic families to maintain contact with their relatives abroad; thus the exchange of perceptions that create word-of-mouth and viral marketing influences will play an even more important role in the future.

APPENDIX A - California Hispanic Population by County (2002)

The table below ranks California's 58 counties by Hispanic population. Sonoma county ranked 22nd with over 85,000 Hispanics according to the 2002 census update.

Rank	County	Hispanic Population by County (2002)	Rank	County	Hispanic Population by County (2002)
1	Los Angeles	4,414,603	30	Marin	29,551
2	Orange	931,477	31	San Benito	27,793
3	San Diego	794,771	32	Placer	27,346
4	San Bernardino	711,748	33	Butte	23,260
5	Riverside	604,017	34	Sutter	18,894
6	Santa Clara	427,790	35	El Dorado	16,264
7	Fresno	372,929	36	Mendocino	15,108
8	Alameda	292,446	37	Yuba	11,008
9	Kern	270,623	38	Shasta	10,259
10	Ventura	265,278	39	Tehama	9,521
11	Sacramento	211,695	40	Colusa	9,221
12	Tulare	197,334	41	Humboldt	9,152
13	Monterey	197,254	42	Glenn	8,199
14	San Joaquin	182,876	43	Lake	7,252
15	Contra Costa	180,876	44	Nevada	5,973
16	San Mateo	163,488	45	Lassen	5,123
17	Stanislaus	151,380	46	Tuolumne	4,930
18	Santa Barbara	142,914	47	Del Norte	4,157
19	San Francisco	117,025	48	Siskiyou	3,667
20	Imperial	109,917	49	Amador	3,466
21	Merced	100,961	50	Calaveras	3,163
22	Sonoma	85,785	51	Mono	2,483
23	Solano	74,797	52	Inyo	2,380
24	Santa Cruz	72,320	53	Mariposa	1,491
25	Kings	60,483	54	Plumas	1,326
26	Madera	59,150	55	Modoc	1,151
27	Yolo	46,747	56	Trinity	597
28	San Luis Obispo	43,172	57	Sierra	240
29	Napa	31,191	58	Alpine	104

APPENDIX B - California Hispanic Population Distribution Map

The map below depicts the distribution of Hispanic population throughout California by county. Sonoma County ranks 22 out of 58 counties in the state, with a 2004 estimated Hispanic population of over 92,000. Hispanics represent about 19% of the total population in Sonoma County.



APPENDIX C - PROFILE OF U.S. HISPANIC POPULATION BY COUNTRY OF ORIGIN

This list below shows the national composition of Hispanics living in the U.S. in regards to their country of origin/heritage. Note the significant number of Hispanics of Mexican descent compared to the other countries of origin.

	Count	Percent
HISPANIC OR LATINO		
Total population	281,421,906	100
Hispanic or Latino (of any race)	35,305,818	12.5
Not Hispanic or Latino	246,116,088	87.5
HISPANIC OR LATINO BY TYPE		
Hispanic or Latino (of any race)	35,305,818	100
Mexican	20,640,711	58.5
Puerto Rican	3,406,178	9.6
Cuban	1,241,685	3.5
Other Hispanic or Latino	10,017,244	28.4
Dominican (Dominican Republic)	764,945	2.2
Central American (excludes Mexican)	1,686,937	4.8
Costa Rican	68,588	0.2
Guatemalan	372,487	1.1
Honduran	217,569	0.6
Nicaraguan	177,684	0.5
Panamanian	91,723	0.3
Salvadoran	655,165	1.9
Other Central American	103,721	0.3
South American	1,353,562	3.8
Argentinean	100,864	0.3
Bolivian	42,068	0.1
Chilean	68,849	0.2
Colombian	470,684	1.3
Ecuadorian	260,559	0.7
Paraguayan	8,769	0
Peruvian	233,926	0.7
Uruguayan	18,804	0.1
Venezuelan	91,507	0.3
Other South American	57,532	0.2
All other Hispanic or Latino	6,211,800	17.6
Spaniard	100,135	0.3
Spanish	686,004	1.9
Spanish American	75,772	0.2
Not elsewhere classified	5,349,889	15.2

Source: U.S. Census Bureau, Census 2000 Summary File 1, Matrix PCT11.



About LaVERDAD Marketing & Media



We're a **Hispanic owned** business that is quickly becoming one of the most recognized names bringing Hispanic consumer insights and bonding strategies to Fortune 1000 companies. Our headquarters are in Cincinnati, OH and we operate throughout the U.S.

We are a highly diverse and qualified team of Latino and American business executives in the fields of Marketing, Market Analysis, Creative Design, Finance, Package Design and Product Development.

Our **mission** is to provide marketing, management consulting and sales execution services for consumer products and services companies, along with nonprofit organizations wishing to serve the U.S. Hispanic Market. We do this by raising corporate awareness about the Hispanic consumer, analyzing the Hispanic marketplace, and then taking actions with our clients to create products and services that **improve the lives of Hispanic consumers**.

Our clients want to provide culturally and linguistically competent products and services to their Hispanic customers. We help them do this through our three core competencies; Awareness, Analysis and Action!

Awareness

- **Hispanic Consumer Awareness Campaigns**
- **Corporate Awareness & Diversity Training**

Analysis

- **Hispanic Market Research**
- **Hispanic Focus Groups**

Action

- **Sales & Marketing Execution**
- **Branding/Messaging Campaigns & Events**



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