

# Hispanic Businesses & Entrepreneurs Drive Growth in the New Economy

2013 Report

An intelligence briefing brought to you by:



## Foreword



Javier Palomarez, President and  
CEO of the USHCC

Hispanic entrepreneurs are America's business future. This thriving community numbers more than 3.1 million Hispanic-owned businesses, that will together contribute in excess of \$468 billion to the American economy this year.

The United States Hispanic Chamber of Commerce (USHCC), the country's largest Hispanic business organization, advocates on behalf of these enterprises through our network of more than 200 chambers and business associations, as well as over 198 major corporate partners nationwide.

The USHCC is proud to partner with Geoscape, one of the nation's leading business intelligence firms, to launch the first Hispanic Business and Entrepreneurs report. This annual study will track the growth of Hispanic-owned businesses, their impact on the American economy, and the burgeoning household wealth of Hispanics.

At the USHCC, while we are proud to advocate on behalf of business owners who happen to be of Hispanic descent, we never forget that we are first and foremost American businesses. Every tax bill we pay, every job we create, every product we manufacture and every service we provide goes to benefit our nation's economy.

Cesar Melgoza has emerged as one of our nation's preeminent thought leaders. As the founder and CEO of Geoscape, the visionary research created under his leadership highlights the economic impact of America's expanding Hispanic business community. The findings in this report serve as a reputable source of information for policy makers, corporate executives and researchers who seek a complete and insightful understanding of the Hispanic market and its thriving entrepreneurial community.

The significance of this study cannot be overstated. The insights presented in the report shed light on the economic impact of this vibrant entrepreneurial segment and make bold predictions of unprecedented growth in regions not traditionally associated with large Hispanic populations.

Geoscape's findings offer an unbiased illustration of the economic contributions Hispanic entrepreneurs make in communities nationwide. This study highlights the fact that America's Hispanic entrepreneurs play a crucial role in creating jobs at home, while maintaining our leadership in the global economy.

## Executive Summary



Cesar Melgoza, Founder and  
CEO, Geoscape

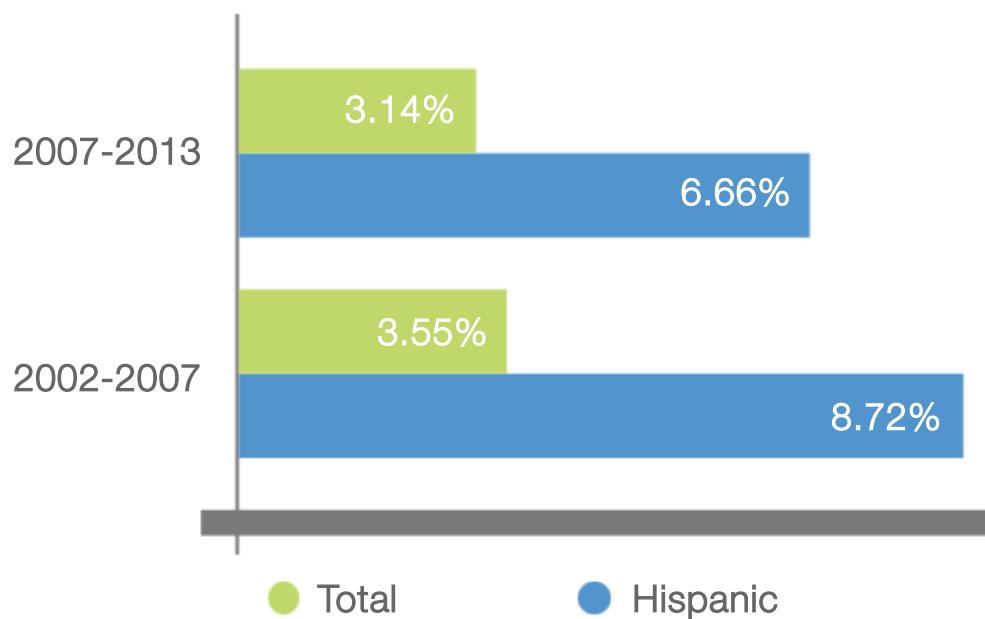
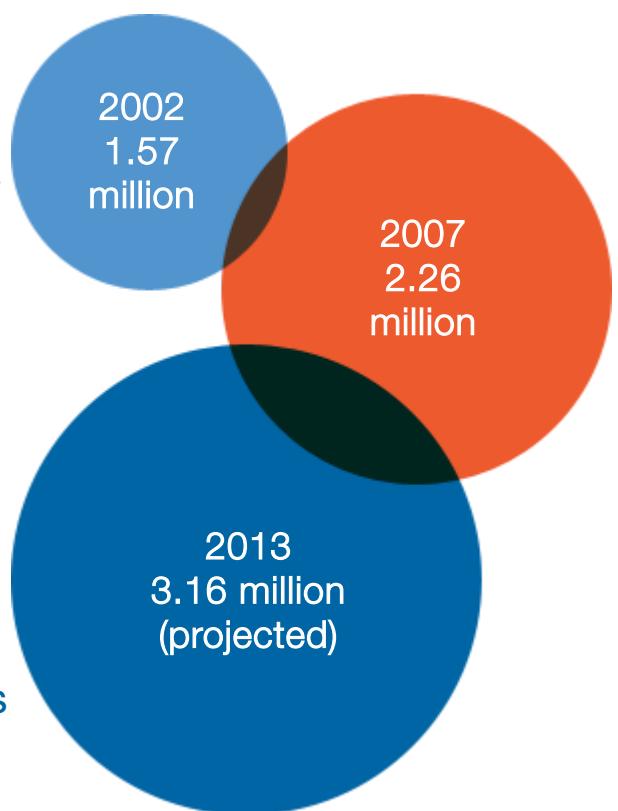
Much has been said and published about the vitality of the U.S. Hispanic/Latino consumer and its role amid the future of America's economy. Conspicuously absent from this discussion is the growth and impact of Hispanic entrepreneurs and the businesses they create. This report reveals new findings through rigorous analysis of public data resources as well as Geoscape's proprietary data resources and economic modeling. As America continues to evolve towards a truly multicultural nation, the role of Hispanic entrepreneurs will become increasingly vital to maintaining the American standard of living and our ongoing innovation. We are pleased and honored to partner with the US Hispanic Chamber of Commerce (USHCC) in communicating the critical role Hispanic-owned businesses will play in our future.

## Growth of Hispanic-Owned Businesses In the U.S.

Most recent reports have focused on the phenomenal growth of the Hispanic consumer population in the United States, but how has that growth translated into the overall business environment? Research indicates that among American minority groups, Hispanics are the most likely to start their own business. And, the data supports that premise. From 2002 to 2007, the number of Hispanic-owned businesses grew from 1.57 million to more than 2.26 million, and their revenues grew to more than \$350 billion. Although the recession of 2007-2010 slowed growth across all sectors, the number of Hispanic-owned businesses in the U.S. is projected to grow to more than 3.16 million this year, representing a growth of nearly 40% since 2007. Moreover, the Latino share of new entrepreneurs increased from 10.5% in 1996 to 19.5% in 2012.

### Average Annual Percent Increase in Number of Hispanic-Owned Firms versus All U.S. Firms

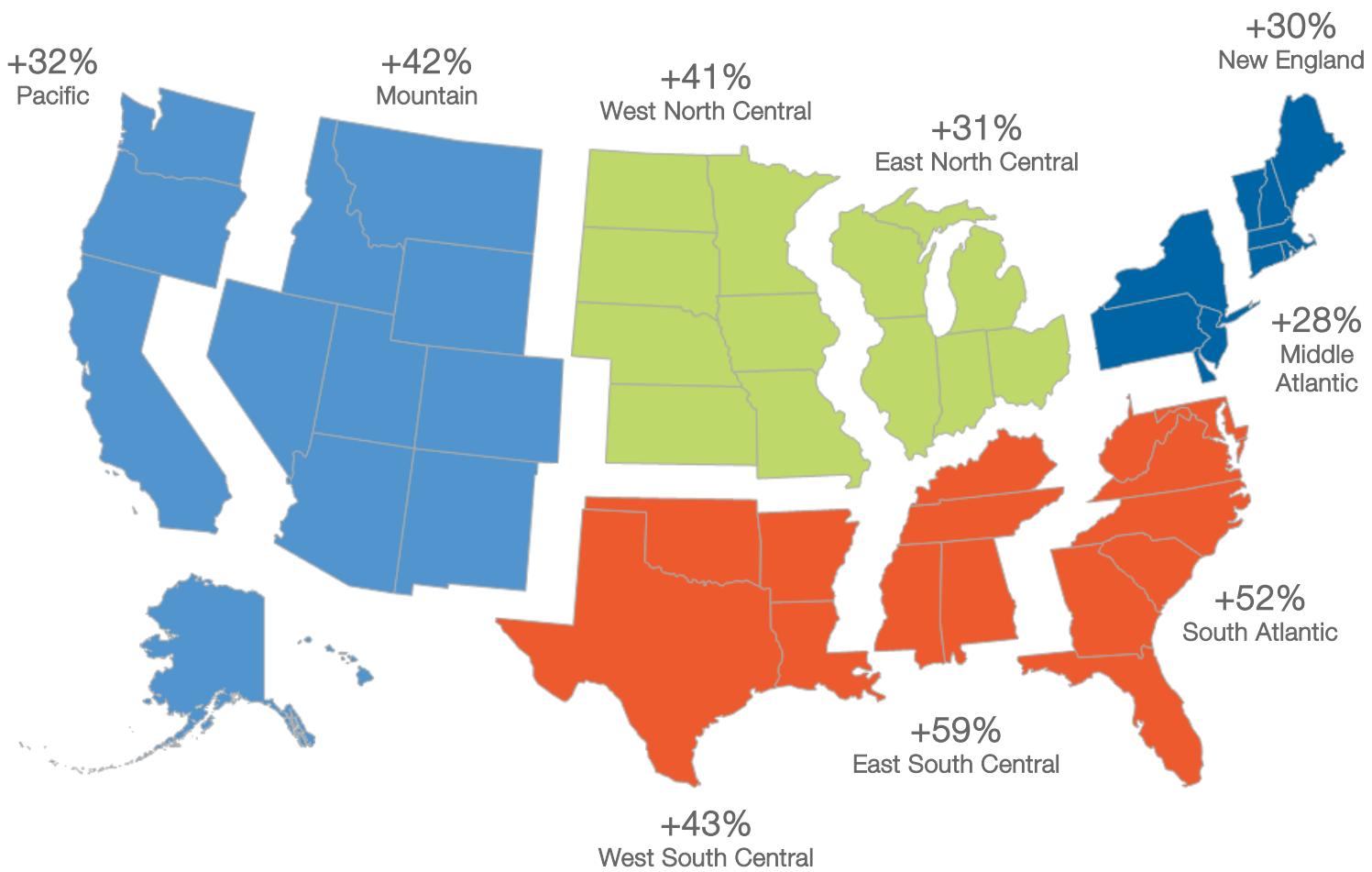
Number of Hispanic-Owned Businesses in the U.S.



## Percent Increase in Hispanic-Owned Businesses by U.S. Census Division 2007 to 2013\*

- In 2007, there were over 601,000 Hispanic-owned businesses in the Pacific Census Division, making the division the largest region for Hispanic-owned firms. Geoscape projects that in 2013 the figure will grow by 32.4% to 795,839 Hispanic-owned firms.
- We project that the South Atlantic Division will surpass the Pacific Division in terms of the number of Hispanic-owned businesses this year. In 2007, there were 570,200 Hispanic-owned businesses in the South Atlantic Division. We expect this figure to grow by 52% to more than 866,000 in 2013.
- Among the fastest growing regions for Hispanic-owned businesses is the East South Central Division, which is projected to grow by 59% from 2007 to 2013, followed by the South Atlantic Division (52.2% growth), and the West South Central Division (43% growth).

### Projected Percent Increase in Number of Hispanic-Owned Businesses from 2007 to 2013



\*Projected

In addition to the growing number of Hispanic-owned businesses, data released recently by Geoscape® and drawing on data from Scarborough reveals that Hispanics are more likely to be self-employed when compared to the general U.S. population. According to the data, 9.1% of Hispanics are self-employed and only 7.8% for the general U.S. population. As a result, Hispanics are 18% more likely to be self-employed.

## Business Ownership and Self-Employment by Hispanicity™ Segment

More than 57% of Hispanic business owners are bilingual and bi-cultural, fitting into Geoscape's Hispanicity classifications HA2 through HA4. These entrepreneurs are shown to be comfortable in either English or Spanish and recognize both cultures.

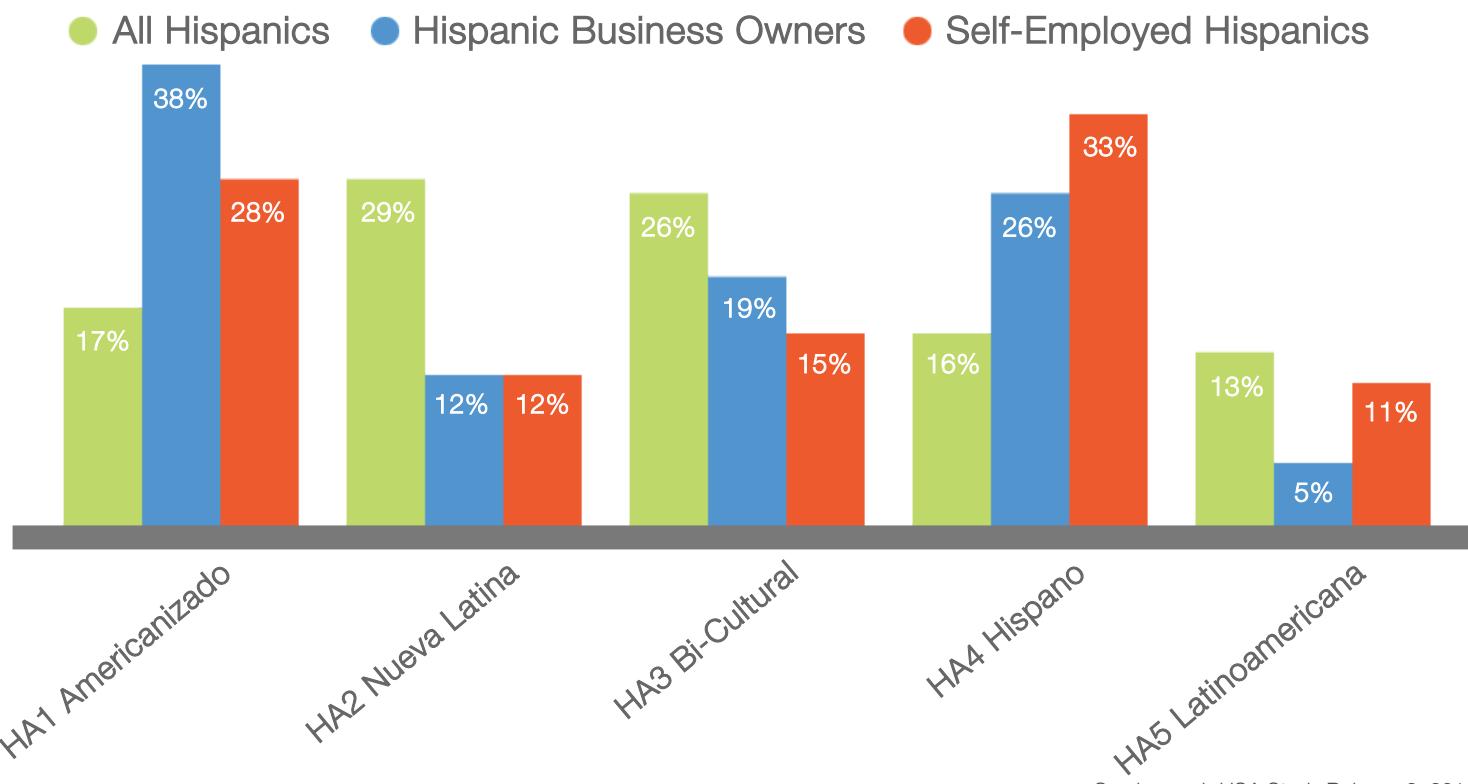
According to Geoscape, 37.8% of Hispanic business owners belong to the "Americanizado" or HA1 segment, while 26.1% belong to the "Hispano" or HA4 segment.

Hispanicity segments are a proprietary metric developed by Geoscape to help marketers better understand the level and degree to which segments of the Hispanic population have adopted American culture, language, and traditions. For additional detail on Hispanicity segments, visit [www.geoscape.com/AMDS2013](http://www.geoscape.com/AMDS2013) to get the American Marketscape DataStream Executive Summary.

The relatively high percentages of Hispanic entrepreneurs in the HA4 segment (26.1% compared to 15.7% for the Hispanic population overall) would indicate that as Latino migrants decide to settle in the United States, they tend to take the opportunity to start their own businesses rather than searching out employment in established firms.

According to the same data, 28.5% of Hispanics who are self-employed belong to the "Americanizado" or HA1 segment, while 33.1% belong to the "Hispano" or HA4 segment.

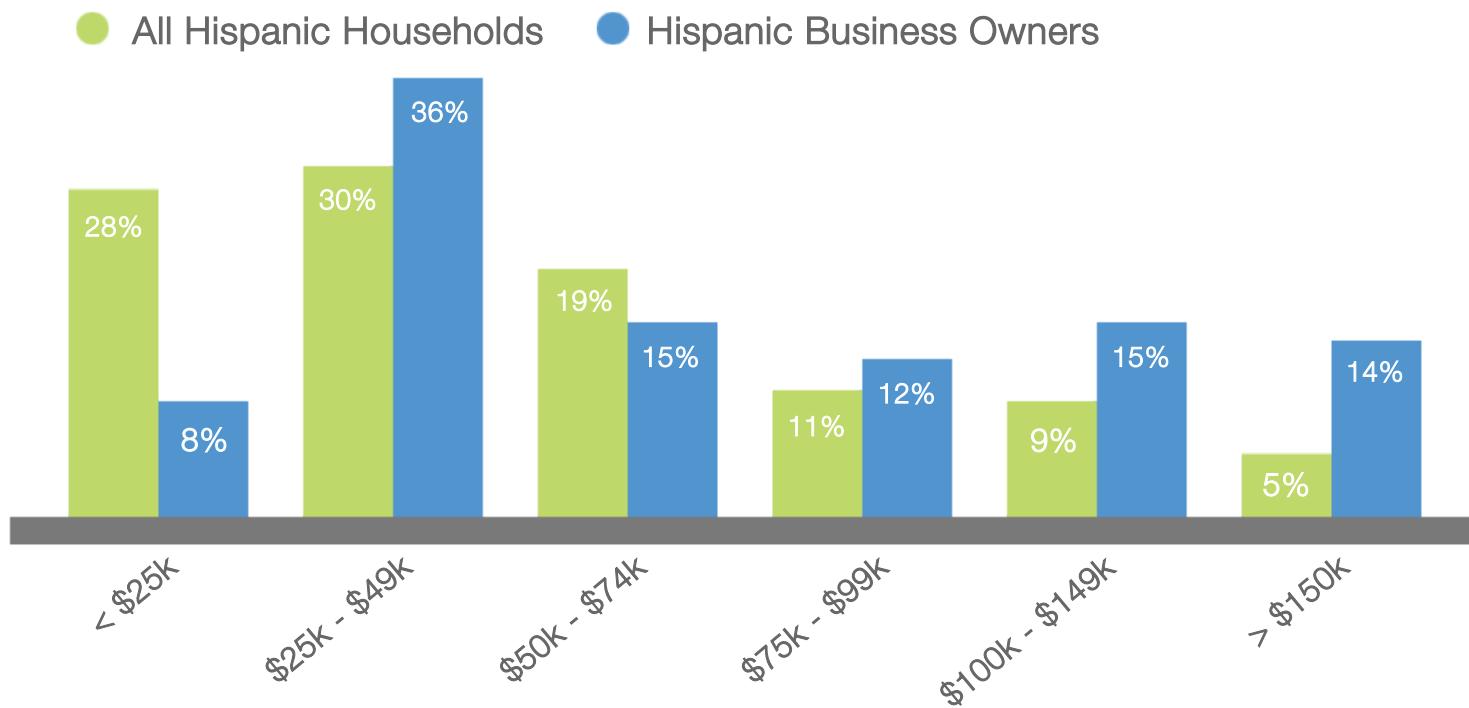
## Percentage of Hispanics by Hispanicity™ Segment



Scarborough USA Study Release 2, 2012

## Hispanic Household Wealth Statistics

Among all U.S. Hispanic households, nearly 40% earn greater than \$50,000 in household income. Comparatively, 56% of Hispanic business owners earn greater than \$50,000 in household income. Furthermore, Hispanic business owners are 66% more likely than Hispanics overall to earn between \$100,000 and \$149,999 and three times as likely to earn in excess of \$150,000.



## Hispanic Small Business Owners versus All U.S. Households

Nearly 30% of Hispanics who identify themselves as small business owners earn more than \$100,000. Comparatively, 20% of all U.S. households earn more than \$100,000 in annual household income.

	All U.S. Households	Hispanic Business Owners	Index
Less than \$25k	16%	8%	51
Less than \$50k	49%	44%	90
\$50k - \$74k	17%	15%	89
\$75k - \$99k	14%	12%	87
<b>\$100k - \$149k</b>	<b>12%</b>	<b>15%</b>	<b>125</b>
<b>\$150k or more</b>	<b>8%</b>	<b>14%</b>	<b>167</b>

Scarborough USA Study Release 2, 2012

Hispanic business owners are influential in embracing a number of philanthropic causes in terms of the percent who have donated to a charitable organization within the past year. From arts and cultural organizations, to political causes, to faith-based charities, Hispanic business owners are more likely to give.

## Philanthropy of Hispanic Business Owners

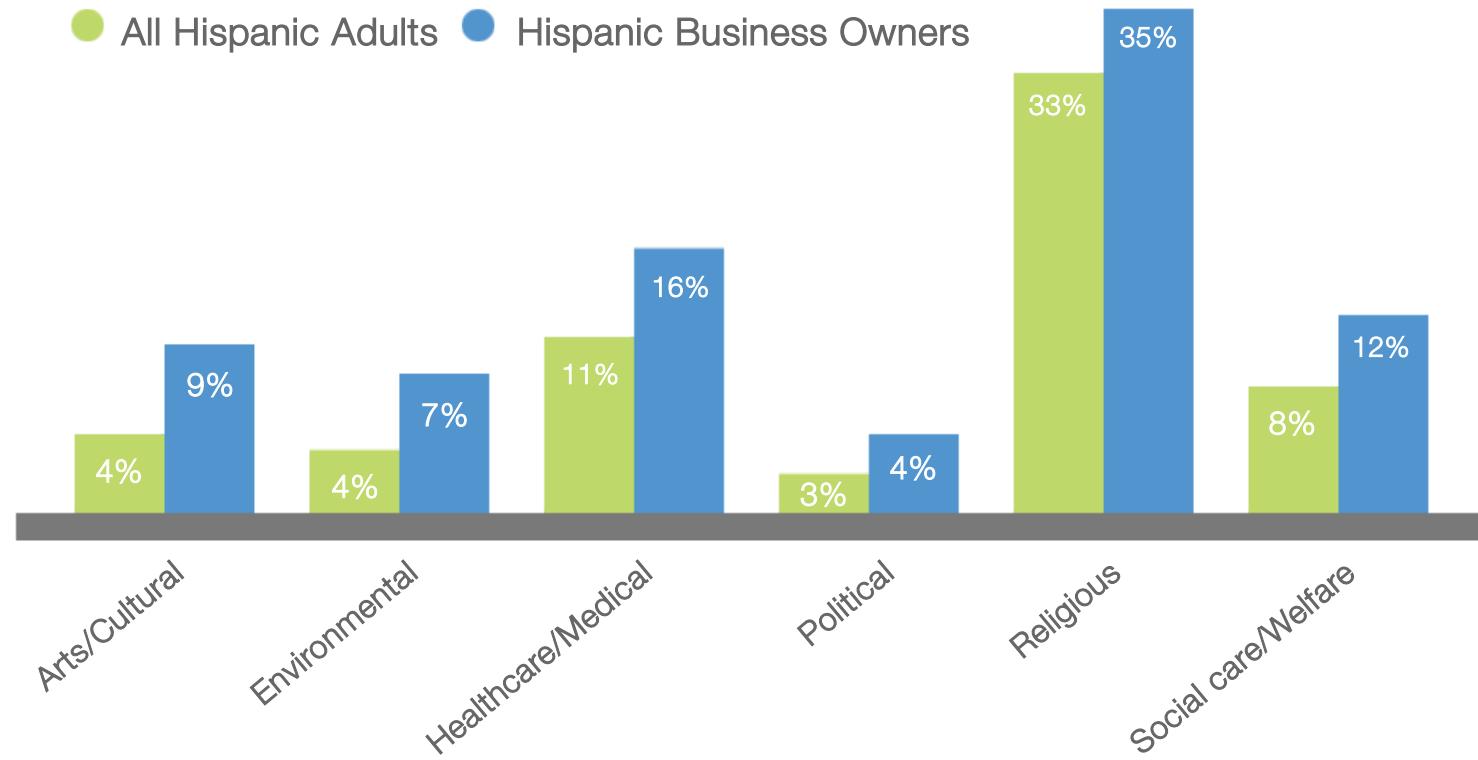
According to data from Geoscape and Scarborough, 8.9% of Hispanic business owners have contributed in the past year to an arts or cultural organization, a figure that is more than twice the rate for the Hispanic adult population. Furthermore, Hispanic business owners are 97% more likely to have made a contribution to an environmental cause, and 45% more likely to have made a contribution to a healthcare organization or political organization.

**77,400**

Number of Hispanic Chief Executives

**50,866**

Number of Hispanic Physicians and Surgeons



Scarborough USA Study Release 2, 2012

## The Contribution of Hispanic Businesses to the American Economy

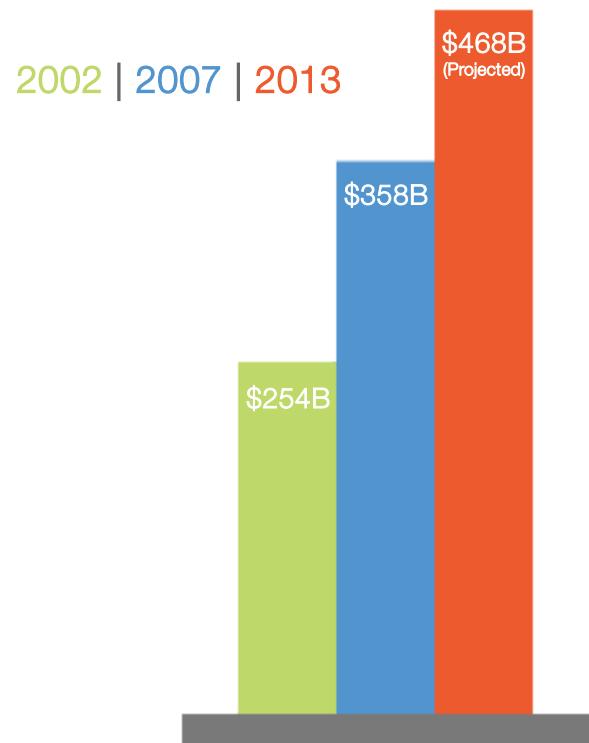
While the growth of the Hispanic consumer base has received most of the attention of economists and marketers, little has been written about the impact of Hispanic business owners on the immediate future of the American economy. One reason for growing optimism is the entrepreneurial spirit of the fastest growing segment of the population, Latinos. Research has shown the Hispanic population has been starting and growing new businesses at nearly twice the rate of the general population and this trend has continued for more than ten years. The growth in revenues of these Hispanic-owned businesses is also quite phenomenal, showing more than 40% growth between 2002 and 2007. Although generally, business revenue growth was limited over the past six years, Hispanic-owned businesses brought in more than \$358 Billion in 2007 and that total is projected to exceed \$468 Billion in 2013.

## Hispanic Firms are America's Business Future

There is little doubt that Hispanic-owned businesses will continue to be a major factor in the economic recovery of the United States. Whether their businesses are small, family-owned restaurants; landscaping and construction firms with a few to a dozen employees; or major consumer packaged goods producers that employ thousands of workers,

Hispanic-owned businesses are fast becoming the bell-weather for future growth. Their relatively young age cohorts, increasing household incomes and proven philanthropic tendencies paint a very positive picture for the American economy during the next decade or more.

## Total Sales Receipts for Hispanic-Owned Businesses



## Sources:

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Scarborough Research, USA+ Study Release 2, 2012  
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