The State of the Hispanic Consumer: The Hispanic Market Imperative

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Nielsen
Nielsen Diverse Intelligence Insight series

- In 2011, Nielsen launched a diverse intelligence insight series to help marketers better understand the media and purchasing behaviors of key consumer segments.
First things first

Latinos vs. Hispanics?

35%
PREFER HISPANIC

14%
PREFER LATINO

50%
NO PREFERENCE

Source: Pew Research
Latinos are Vital to America’s Future
The Hispanic market offers unique growth prospects within our borders

The per-capita income of U.S. Hispanics is higher than any one of the highly coveted BRIC countries (Brazil, Russia, India, China).


Goldman Sachs Global Economics, Commodities & Strategy Research: BRICS Monthly Issue 11/06, June 24, 2011. Hispanic per capita income is from Census in 2009 constant dollars. Hispanic per capita income is second to Russia, but above Brazil, China and India.
Hispanic population growth projected to outpace all ethnic groups over the next 40 years

Projected U.S. Population Growth From 2010 to 2050

- **Total**: +42%
- **White Non-Hispanic**: +1%
- **Black**: +56%
- **Asian***: +142%
- **Hispanic**: +167%

*Excludes American Indian, Alaska Native, Hawaiian & Other Pacific Islanders

Hispanics continue to experience dynamic growth vs. the general population.

Every *hour* in the U.S. 131 Latinos are born.

Source: U.S. Census Bureau Population Projections
Not just the coasts: Hispanics are across the nation

2011 U.S. Hispanic Percent of DMA® Population and Growth since 2000

Each dot equals 5,000 new growth in Hispanic persons from 2000 to 2011
Theme (%Comp, %Pen, Index)
Quintile 1: Highly Hispanic, on average 40%
Quintile 2: Above Average, on average 20%
Quintile 3: Below Average, about 9%
Quintile 4: Low Hispanic, about 5%
Quintile 5: Very Low Hispanic, about 2%
Source: Nielsen Pop-Facts, 2011

In Portland, OR, Hispanics are growing 4.4 times faster than the total DMA®
In Salt Lake City, UT, Hispanics account for 27 percent of total DMA® growth
In Sioux City, IA, Hispanics grew 60 percent, while the non-Hispanic population contracted
In St. Paul, MN, Hispanics accounted for 20 percent of the total population growth
In Washington D.C., Hispanics have the highest median income compared to other major DMAs

DMA® Region - Designated Market Area: A term used by Nielsen to identify an area of counties in which the home market television stations hold a dominance of total hours viewed.
Can you afford to miss out?

The growing purchasing power of the Hispanic consumer

- 52 million Hispanics in the U.S.
- $1 Trillion buying power in 2010
- $1.5 Trillion buying power by 2015
- 50% growth in purchasing power by 2015
Latinos fuel growth in key sectors

- Residential buying
- Food
- Retail
- Education
- Financial
- Transportation
- Entertainment and media industries

Source: IBIS World, producer of Industry Research Reports
Further evidence of culture sustainability

- **31%** Hispanic Adults say they want to be **MORE LATINO**
- **90%** Hispanic parents want their children to be **BILINGUAL**
- **60%** Hispanic adults say they want to be **BICULTURAL**
- **72%** In 2011, intermarried couples classified their children as **HISPANIC** vs. 35% in 1991
Role of language among the Latinos

The Emergence of Bilinguals

English dominant Hispanic Adults **now wanting** to read, watch and explore more **Spanish** media

Language usage among U.S. Hispanic Adults

- Only Spanish: 28%
- Only English: 28%
- Mostly English: 25%
- Mostly Spanish: 15%
- Spanish & English Equally: 4%

What Hispanics Watch
Following the video: Hispanics show higher viewership on the Internet and mobile

Monthly Time Spent in Hours:Minutes (Quarter 3 2011)

- On Traditional TV: 125:48
- Watching Timeshifted TV: 6:50
- DVR Playback: 22:01
- Watching Video on Internet: 6:29
- Mobile Subscribers Watching Video on a Mobile Phone: 4:20

Hispanic vs. Non-Hispanic White:
- Hispanic: 142:05

Factors driving co-viewing phenomenon among Hispanic viewers

- Family size
- Presence of children in household
- Language aptitude

= Higher Hispanic co-viewing than general market

*May 2011
Technology usage among Hispanics: Tracking well among all non-white segments


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Hispanics are immersed in and engaged with ‘online’ and ‘emerging platform’

- 25% more likely to follow a brand
- 18% more likely to follow a celebrity
- 21% more likely to post links, articles, videos, and websites
- 17% more likely to build or update a personal blog
- 7% more likely to have one or more social networking profiles

- 60% of Latino households own at least one video or Internet-enabled cell phone vs. 43% of the general market.
- 68% spend more time watching video on the Internet vs. non-Hispanic whites.

Source: Nielsen, Nielsen State of the Hispanic Consumer Report: The Hispanic Market Imperative

The State of the Hispanic Consumer
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Latinos exhibit significant—and substantial—growth in social media usage

Top U.S. Social Networks/Blogs from Home & Work Computers - Feb 2012

- **Facebook**: 16.7M* +8% YOY
- **Blogger**: 5.6M* +10% YOY
- **Twitter**: 3.4M* +32% YOY
- **LinkedIn**: 1.8M* +52% YOY
- **Wordpress**: 2.5M* +27% YOY
- **Tumblr**: 2.3M* +85% YOY

* Unique Hispanic Visitors in Millions

Source: Nielsen

Usage rates of TV + smart phones + social networking + online video + other entertainment = one of most engaged and dynamic targets

Hispanics were the fastest-growing ethnic group year-over-year to Facebook and WordPress.com

Among the top U.S. social networks, Tumblr has the highest concentration of Hispanic visitors

Source: Nielsen
What Hispanics Buy
Distinctly different ‘buy’ behaviors displayed by Hispanics

Hispanics product consumption is indeed *unique* in many respects and *well differentiated* in comparison to U.S. consumers overall.

**Latinos** make fewer trips to the store than average*

143 vs. 149

But **Latinos** spend more per trip than average*

$52 vs. $47

*average= White Non-Hispanic

What’s in the basket?

Top 10 Hispanic Product Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Hispanic Dollar Index to Total Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dried Vegetables and Grains</td>
<td>221</td>
</tr>
<tr>
<td>Hair Care</td>
<td>154</td>
</tr>
<tr>
<td>Shortening Oil</td>
<td>152</td>
</tr>
<tr>
<td>Baby Food</td>
<td>150</td>
</tr>
<tr>
<td>Women’s Fragrances</td>
<td>149</td>
</tr>
<tr>
<td>Grooming Aids</td>
<td>144</td>
</tr>
<tr>
<td>Disposable Diapers</td>
<td>144</td>
</tr>
<tr>
<td>Family Planning</td>
<td>142</td>
</tr>
<tr>
<td>Photographic Supplies</td>
<td>142</td>
</tr>
<tr>
<td>Baby Needs</td>
<td>137</td>
</tr>
</tbody>
</table>

Private Label vs. Branded

For Hispanics, brand loyalty prevails in three categories

ALL CPG:

1) Hair care
2) Baby products
3) Health & Beauty

Source: Nielsen Homescan® 01/02/2011 – 12/31/2011
Market-driving Examples
Marketing strategies should reflect cultural cornerstones...

- Hispanics remember English language commercials as well as the general population.
- The same commercial shown in Spanish bumps up ad recall by as much as 30%.
- Hiring Spanish-speaking talent to deliver the script resonates 30% better with Latinos.

H-E-B meets w/ customers, asks “what would you love to see?” and delivers!

“They wanted more things that remind them of home.”

“The $7 million remodeling project — which added 6,000 square feet and about 40 employees to the store — includes a masa factory that grinds corn daily, a tortilleria that will turn that masa into tortillas, a carniceria (Latino-focused butcher shop) and a deli with fresh salsas and cremas.”

North Lamar Boulevard and Rundberg Lane, North Austin, Texas
Pathmark catering to demographics of the neighborhood

Progressive Grocer reported on Mar. 16, 2012—

“Our remodeled Weehawken store…offers shoppers products that match their needs and cultural preferences,” said Sam Martin, president and CEO of Montvale, N.J.-based A&P. “With more diverse offerings and a friendlier, more modern atmosphere, this renovation is a prime example of our goal to enhance our customers’ shopping experience.”

Source: Pathmark, Progressive Grocer & NJ.com
“Hormel Foods introduces MegaMex Foods, where you can find all the flavors of Mexico”

Source: http://www.hormelfoods.com/brands/MegaMex/default.aspx
Macy's partners with Latina Magazine & the Hispanic Scholarship Fund

Source: Macy's
Manufacturer Hispanic websites & apps

Source: Company websites
General Mills’ Spanish language app for Apple iPad

Instant access to more than 900 Latin-inspired recipes, in 12 different categories

Source: Company website
P&G’s Gain expanding to reach Hispanics
Ethnic diversity impacting general population
How do you improve your marketing success?

- Recognize cultural components
- Adjust and refine your marketing mix
- Improve your organization’s readiness
What you need to remember:

1. Latinos are fundamental component to business success
2. Marketers can’t ignore cultural foundations
3. Importance of new sustainability vs. old melting pot concept
¡Gracias! Thank you