Connecting to the Hispanic Consumer

July 9, 2015

Accelerate the Path to Growth
Today’s Discussion

1. Current Hispanic Market Dynamics
2. Leveraging Hispanic Path to Purchase
3. Case Studies/Success Factors in Winning Hispanic Consumers
4. Recommended Actions
5. Univision’s View of the Impact of Hispanics on the CPG/Industry
Current Hispanic Market Dynamics
Why Should Today’s Marketer Care About Hispanic Consumers?

**Hispanics Represent the Majority of Future Pop Growth**
- Growth rate is 3X the U.S. rate
- Will account for over half of the population growth by 2020

**Hispanic Households Have Higher Spending Power**
- Larger family size results in higher household spending
- 10 years younger than Gen Pop -- entering prime earning years
- Spending power increases dramatically in the next 10 years

**Substantial Opportunities**
- Opportunities for Marketers to get ahead of the curve and gain their share of Hispanic sales and partner with key retailers focused on this segment
Hispanics are Forecasted to Account for >50% of Growth Population Growth by Ethnicity
Hispanic consumer purchasing power is growing rapidly

Hispanic Consumer Purchasing Power

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>$212 Billion</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>$489 Billion</td>
<td>+50%</td>
</tr>
<tr>
<td>2009</td>
<td>$978 Billion</td>
<td>+53%</td>
</tr>
<tr>
<td>2015</td>
<td>$1.5 Trillion</td>
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Source: Selig Center for Economic Growth
Hispanics are young, live in larger HH’s and have unique shopping habits

73% live in HH’s with 3+ members

70% of Hispanics are under age 40

They bring their kids shopping

They are more likely to buy online vs. Gen Pop - especially CPG
Hispanics are very active online...

<table>
<thead>
<tr>
<th>3+ Hours/Day Spent On Internet Using Smartphone: Millennials</th>
</tr>
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<tbody>
<tr>
<td>English Lang Preferred</td>
</tr>
<tr>
<td>Bilingual</td>
</tr>
<tr>
<td>Spanish Lang Preferred</td>
</tr>
<tr>
<td>Non Hispanics</td>
</tr>
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</table>

50% of Hispanics said they’ve purchased grocery items online (at least 1x/year) Compared to 40% Gen Pop
The Hispanic Path to Purchase
For Non-Food CPG Products
In some ways, motivations for the Hispanic Path to Purchase are very similar to Gen Pop...

**Shopping Trip Planning**

- **Hispanic:**
  - Planned: 78%
  - Unplanned: 21%

- **Gen Pop:**
  - Planned: 80%
  - Unplanned: 20%

**Reason Chose Retailer**

- **Hispanic:**
  - Was there anyway
  - One-stop shopping
  - Convenient from home
  - Easy to find what I...
  - Great sale pricing
  - Store is clean
  - Convenient store hours

- **Gen Pop:**
  - Planned: 0%
  - Unplanned: 10%

*Spanish-Preferred Hispanics do prefer bilingual signage, employees that speak Spanish and products from home country.*

*Who Buy Non-Food CPG Products Which Include: OTC Medications, Household Cleaning Products, Beauty Care and Personal Care products*
...However, there are notable differences. Hispanic shoppers are significantly more likely to:

1. Visited more online sites and use social media to get info about the category prior to shopping
2. Browse in-store for products and spend more time shopping
3. Buy other products in addition to what they originally planned
4. Buy a product because it was requested by a family member
Mobile plays a prominent part in helping Hispanic shoppers* connect to what they need prior to going to the store.

- **38%** Connect on Social Media to interact with a retailer page (vs. 31% for Gen Pop)
- **53%** Read Product Reviews on their smartphones before buying (vs. 43% for Gen Pop)
- **45%** Check Location Finder to find where an item can be purchased (vs. 36% for Gen Pop)

*Who Buy Non-Food CPG Products Which Include: OTC Medications, Household Cleaning Products, Beauty Care and Personal Care products
Two out of three Hispanic shoppers* used their mobile devices for some type of pre-tail use - significantly more than Gen Pop.

**USED MOBILE DEVICE AS PART OF THE PRE-TAIL SHOPPING PROCESS**

<table>
<thead>
<tr>
<th></th>
<th>HISPANICS</th>
<th>GENPOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did Not Use</td>
<td>64%</td>
<td>53%</td>
</tr>
<tr>
<td>Used Mobile</td>
<td>36%</td>
<td>47%</td>
</tr>
<tr>
<td>Device Prior to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shopping</td>
<td></td>
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</tr>
</tbody>
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*Accelerate the Path to Growth*
Hispanic shoppers* are tech savvy, and mobile is an integrated part of their entire shopping process.

**SMART PHONE USES**

- **Use a Smart Phone**
  - 80% vs. 74%

- **Looked Up a Product Online**
  - 28% vs. 12%

- **Researched/Got Product Info**
  - 25% vs. 17%

- **Saw Advertising/Email for Category**
  - 15% vs. 12%

- **Read About Category on Blog**
  - 11% vs. 7%

*Who Buy Non-Food CPG Products Which Include: OTC Medications, Household Cleaning Products, Beauty Care and Personal Care products*
Mobile use during the shopping process among Hispanics is increasing.

Three out of four Hispanic shoppers* are using their mobile devices more frequently when they shop now than they did a year-ago.

**FREQUENCY OF MOBILE DEVICE USE DURING SHOPPING PROCESS VS. YEAR-AGO**

- **77%**: More
- **18%**: The Same
- **5%**: Less

*Who Buy Non-Food CPG Products Which Include: OTC Medications, Household Cleaning Products, Beauty Care and Personal Care products*
For Household Cleaning Products, the role of mobile is especially important in Hispanics’ path to purchase.

- Research a Cleaning Product online while physically in the store (vs. 37%)
- Check a store locator (vs. 36%)
- Interact with retailer pages via social media (vs. 31%)
- Search for sales/deals on retailer websites (vs. 35%)
- Read about Cleaning Products on a blog (vs. 18%)
Over half of Hispanic shoppers* who planned their purchases remained open to changing their mind once in-store.

% OPEN TO CHANGING MIND IN-STORE

- HISPANIC: 54%
- GENPOP: 47%
Hispanic shoppers* are significantly more likely to be influenced by online factors when making a purchase.

INFLUENCERS OF DECISION TO BUY PRODUCT

- Online/Mobile Influences (net)
- Information from retailer website
- Reading an article online
- Seeing product on social media

HISPANICS
GENPOP
Showrooming is also prominent among Hispanic shoppers* for Beauty and Cleaning products - more so than Gen Pop.

### VIEWING IN-STORE AND BUYING ONLINE

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Hispanics</th>
<th>Gen Pop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit a store(s) to examine product(s) before buying online at a lower price</td>
<td>40%</td>
<td>35%</td>
</tr>
<tr>
<td>Learned about a product in-store, and used your smart phone to buy it online</td>
<td>30%</td>
<td>25%</td>
</tr>
</tbody>
</table>

* Who Buy Non-Food CPG Products Which Include: OTC Medications, Household Cleaning Products, Beauty Care and Personal Care products
Digital, social and mobile media have changed the shopper journey

**A Beauty Path to Purchase Example**

- **Scan Mail & Store flyer for deals (57%)**
- **Read a favorite blog (34%)**
- **Browse Retailer website for info (44%)**
- **Look for sales/deals on Retailer sites & Deal sites before shopping (61%)**
- **Connect to loyalty card to pay/pts. using mobile app (30%)**
- **Decide at shelf based on price/sale (36%)**
- **Are influenced by magazine ads (28%)**

*Accelerate the Path to Growth*
1. Hispanic shoppers have integrated mobile more deeply into their shopping journey - and they’re using it more now than ever.

2. Hispanics spend more time in store and spend more money on CPG shopping annually.

3. They’re open to changing their minds in-store - and often buy products in addition to the ones that they had originally planned.

4. Their product purchasing is more readily influenced by requests from family members.
Best Practice Case Studies & Success Factors in Winning Hispanic Consumers
Success Factors in Winning Hispanic Consumers

- Deep understanding of Hispanic Consumer Lifestyles
- Consistent and Sustained Communication
- Establish a Personal Culturally Relevant Connection

Relevant Content
Customization
Sharing

Accelerate the Path to Growth
A community by Latinas for Latinas

Join Orgullosoa ➤
Hispanics Are Driving 44% of Total Beauty Category Growth

$ SALES GROWTH 2014 vs. YA

**Conditioner**
- +9% Hispanic
- +5% NH

**Shampoo**
- +7% Hispanic
- +4% NH

**Cosmetics**
- +5% Hispanic
- 0% NH

**Hair Coloring**
- +1% Hispanic
- -0.5% NH

**Skin Care**
- +3% Hispanic
- +0.2% NH

Source: IRI Ethnic Workbench MULO POS Data – Latest 52 Weeks Ending Dec 29 2014
Hispanic Women Are Very Beauty Involved

“When you look good on the outside, you feel better on the inside.”

“More is MORE. I want to look like I’m trying.”

“If I walk outside without lipstick, I feel naked! We put makeup on to give birth!”

Sophia Vergara - Shape Magazine
Success Factors in Winning Hispanic Consumers

Consumer Understanding
Focus on Foundation; the cosmetic purchase consumers see as most risky and the sku that has most loyalty

Establish a Culturally Relevant Connection
P&G has a separate Cover Girl to relate to each target. Sofia Vergara and Becky G have been used as Cover Girl's Hispanic Brand Ambassadors.

Consistent Communication Leads to Results
Cover Girls is the No1 Foundation among Latinas and grew $ sales 3X vs NH
Success Factors in Winning Hispanic Consumers

CoverGirl General Ads Performance Jan 2012 – Dec 2014

Among Hispanics W18-49

- General Recall: 34% (SL TV), 29% (EL TV)
- Brand Recall: 17% (SL TV), 10% (EL TV)
- Message Recall: 9% (SL TV), 9% (EL TV)
- Likeability: 15% (SL TV), 6% (EL TV)

Among Bilingual Hispanics W18-49

- General Recall: 34% (SL TV), 26% (EL TV)
- Brand Recall: 16% (SL TV), 10% (EL TV)
- Message Recall: 8% (SL TV), 8% (EL TV)
- Likeability: 14% (SL TV), 8% (EL TV)

Source: Nielsen TV Brand Effect, Based on Survey Responses Among Women 18-49. 1/1/112 – 12/28/2014
Success Factors in Winning Hispanic Consumers

**Identifying the Opportunity**
- Aveeno was slightly underdeveloped with Hispanic $ sales

**Test and Learn**
- Aveeno & Jennifer Aniston’s Ads (2013)
  - 2014 Increase in SL of 166% vs YA
  - 22% of its media is on SL TV

**Results to Date**
- Hispanic $ sales grew 13% in 2014 vs. YA
  - while NH $ sales grew 7% vs YA

Aveeno
ACTIVE NATURALS®
Daily Moisturizer Ads Performed Stronger on SL TV Across Metrics, Especially among Bilingual W18-49

Aveeno Daily Moisture: SL B-Cast vs. EL B-Cast

Among Hispanic HW18-49

- General Recall: SL B-Cast 49%, EL B-Cast 30%
- Brand Recall: SL B-Cast 29%, EL B-Cast 15%
- Message Recall: SL B-Cast 19%, EL B-Cast 5%
- Likeability: SL B-Cast 26%, EL B-Cast 5%

Among Hispanic Bilingual HW18-49

- General Recall: SL B-Cast 55%, EL B-Cast 32%
- Brand Recall: SL B-Cast 36%, EL B-Cast 9%
- Message Recall: SL B-Cast 24%, EL B-Cast 5%
- Likeability: SL B-Cast 31%, EL B-Cast 6%

Source: Nielsen TV Brand Effect, based on survey responses among Hispanic W18-49 and Bilingual Hispanic W18-49 (June 6, 2013- March 23, 2014). :15 and :30 creatives combined for this analysis
Cheetos Focuses on Hispanics

- Cheetos recognized a need to focus on Hispanics, their best consumer
- Cheetos grew their Spanish Language TV investment from 2012-2014 +444%
- 28% of the 2014 Cheetos TV spend was on SL, versus 17% in 2013

Cheetos Wins with Hispanics

- Hispanic YA consumption grew +8% vs. +4% among Non-Hispanics
- Hispanics contribute 26% of total Cheetos unit sales vs. 25% YA
- Spanish-Preferred Hispanics are Cheetos’ best consumer with the highest dollar sales per buyer (+$5.10) and unit sales per buyer (+2.9).

Success Factors in Winning Hispanic Consumers

Cheetos Ads Are Outperforming On Spanish Language Among Hispanic Millennials

Cheetos Brand Effect Among Hispanics 18-34

<table>
<thead>
<tr>
<th>Category</th>
<th>Non-Hispanic</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Recall</td>
<td>33%</td>
<td>47%</td>
</tr>
<tr>
<td>Brand Recall</td>
<td>20%</td>
<td>34%</td>
</tr>
<tr>
<td>Message Recall</td>
<td>12%</td>
<td>28%</td>
</tr>
<tr>
<td>Likeability</td>
<td>15%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: Nielsen TV Brand Effect, Based on Survey Responses Among Adults 18-34. 1/1/14 – 12/31/2014. EL includes Cable and Broadcast.

Cheetos Grew Its Word-of-Mouth Among Hispanics 11X That of Non-Hispanics

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Hispanic</th>
<th>Hispanic</th>
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<tbody>
<tr>
<td>2013</td>
<td>0.57%</td>
<td>0.59%</td>
</tr>
<tr>
<td>2014</td>
<td>0.65%</td>
<td>1.53%</td>
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Recommended Hispanic Actions

1. Understand Your Consumer – What About Hispanics?
2. Qualify new products and packaging with Hispanics
3. Develop a single creative brief when possible
4. Launch concurrently in Spanish and English
5. Speak to Hispanics in contextually relevant media
6. Track Results – You get what you Measure
Univision’s View of the Impact of Hispanics on the CPG/Industry
Impact of Consumers on the CPG Industry

1. Hispanics represent all the growth
2. Hispanics are influencing mainstream America
3. Spanish is the language of the Heart
4. Research will continue to be key
THANK YOU!!

FOR MORE INFORMATION:

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