4 MUST KNOWS
to win with the Hispanic Consumer

Presented December 2, 2015
By Roberto Ruiz
EVP Strategy & Insights
4 Must Knows

1. Hispanics are Growth Consumers
2. Cultural Factors Impact their Buying Habits
3. Reaching Hispanics in Culture and in Language Matters
4. Embrace the Differences in the Hispanic Consumer’s Media Habits
4 Must Knows

1. **Hispanics are Growth Consumers**
2. Cultural Factors Impact their Buying Habits
3. Reaching Hispanics in Culture and in Language Matters
4. Embrace the Differences in the Hispanic Consumer’s Media Habits
18% of the Population, 57 Million and Growing

Non-Hispanic White

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>64%</td>
</tr>
<tr>
<td>2015</td>
<td>62%</td>
</tr>
<tr>
<td>2020</td>
<td>60%</td>
</tr>
<tr>
<td>2030</td>
<td>55%</td>
</tr>
<tr>
<td>2040</td>
<td>51%</td>
</tr>
<tr>
<td>2050</td>
<td>47%</td>
</tr>
<tr>
<td>2060</td>
<td>44%</td>
</tr>
</tbody>
</table>

Hispanic

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>16%</td>
</tr>
<tr>
<td>2015</td>
<td>18%</td>
</tr>
<tr>
<td>2020</td>
<td>19%</td>
</tr>
<tr>
<td>2030</td>
<td>22%</td>
</tr>
<tr>
<td>2040</td>
<td>24%</td>
</tr>
<tr>
<td>2050</td>
<td>26%</td>
</tr>
<tr>
<td>2060</td>
<td>29%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau 2014 National Projections. *Other includes: AIAN, NHPI, Two or more races.
59% of all the A18-49 population growth projected for the next 10 years

Every 30 seconds, two non-Hispanics reach retirement age and one Latino turns 18

Younger

12 years younger than the non-Hispanic population

75% under 45, compared to 56% of non-Hispanics

21% of all Millennials

20 More Years of Effective Buying Power

<table>
<thead>
<tr>
<th></th>
<th>NON HISPANIC WHITE</th>
<th>HISPANIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIFE EXPECTANCY</td>
<td>78.7</td>
<td>83.5</td>
</tr>
<tr>
<td>MEDIAN AGE</td>
<td>42</td>
<td>27</td>
</tr>
<tr>
<td>YEARS OF EFFECTIVE BUYING POWER</td>
<td>36.7</td>
<td>56.5</td>
</tr>
</tbody>
</table>

Source: Nielsen The Multicultural Edge: Super Consumers Rising March 2015
Fueling Spending Growth

Hispanic Consumer Spending Projections
($ in Billions)

2009: $796.2
2014: $1,021.1
2019: $1,418.3
2024: $1,884.1

Source: 2015 IHS Global Insight Hispanic Market Monitor

+85% increase in Hispanic consumer spending over the next 10 years vs. +50% among NH
Between 2014-2019
Hispanic consumer spending on health
will grow 67% vs 42% for non-Hispanics

Over that same time period
personal care spending will grow
34% vs 17% for non-Hispanics

A Valuable Drugstore Customer

16% of drugstore shoppers are Hispanic

The average spend by a bilingual / Spanish dominant Hispanic in a single drugstore visit (vs. $22 for non-Hispanics)

$24

The annual Hispanic contribution to Drugstore spending

$25 BILLION

Source: The NPD Group/ Hispanic Shopping Activity, 6 months, Feb.-July 2015
A Valuable Grocery Customer

- 10% of grocery store shoppers are Hispanic
- The average spend by a bilingual / Spanish dominant Hispanic in a single visit to grocer (equal to non-Hispanics) is $55
- The annual Hispanic contribution to Grocery spending is $29 billion

Source: The NPD Group/ Hispanic Shopping Activity, 6 months, Feb.-July 2015
A Valuable Mass Merchant Customer

16% of mass merchant shoppers are Hispanic

The average spend by a bilingual / Spanish dominant Hispanic in a single mass merchant visit (vs. $62 for non-Hispanics)

$60 BILLION

The annual Hispanic contribution to mass merchant spending

Source: The NPD Group/ Hispanic Shopping Activity, 6 months, Feb.-July 2015
Hispanic Contribution to Your Key Categories

- **Beauty & Personal Care Dollar Sales**: $7 billion
- **OTC Dollar Sales**: $5.9 billion
- **Rx Dollar Sales**: $27 billion

Source: 1. Nielsen Target Track POS xAOC Dollar Sales 52 Weeks Ending 7/12/14 vs. 7/11/15
2. Symphony Health TRx Dollars MAT Ending June 2014 - 2015 Based on Adults 18+ with Known Ethnicity
4 Must Knows

1. Hispanics are Growth Consumers
2. Cultural Factors Impact their Buying Habits
3. Reaching Hispanics in Culture and in Language Matters
4. Embrace the Differences in the Hispanic Consumer’s Media Habits
Culture Impacts Retail Behavior

- 45% of Hispanics live in bigger households of 4 or more people vs. 22% of non-Hispanics.
- 42% prefer to shop with my family vs. 32% for non-Hispanics.
- 74% of all Hispanics say they enjoy shopping vs. 58% Total U.S.

A Premium is Placed on Health

“I will pay just about anything when it comes to my health.”

Family involvement fuels group decision making in all matters related to health, wellness, and treatments.

The Pharmacist is a highly-respected professional whose views and opinions matter.
“I worry a great deal about the health and wellness of my family.”

78% Hispanic  59% Non-Hispanic

Holistic approach to healing combines the mind, body and spirit

Visited a retail clinic in the last 12 months

32% Hispanic  21% Non-Hispanic

We like products with the natural ingredients for example, a cough syrup with honey and lemon may be appealing to Hispanics

Education Opportunity: Hispanics perceive illness and its resolution as God’s will.

Source: Univision/Latinum Healthcare Trust and Openness Exploration – VozLatinum February 2014 Omnibus
Beauty is the Ultimate Equalizer

If we look beautiful, we are confident that we will be accepted and things will go our way.

For non-Latinas, beauty is all about how good they feel; For Hispanics, it’s about how good we look.

In our culture being Vanidosa (Vain) is just another way to say “I take care of myself.”
NOT WILLING TO LEAVE THE HOUSE WITHOUT MAKEUP
96%
76%

MONTHLY SHOPPING TRIPS ONLINE OR IN-STORE
14
8

PURCHASED ALL 3 CATEGORIES OF BEAUTY PRODUCTS
61%
40%

LATINAS ARE WILLING TO PAY FOR THE BEAUTY PRODUCTS WE NEED.
“My face has no budget.”

AMOUNT SPENT ON BEAUTY PRODUCTS IN PAST MONTH

MAKE UP

NUMBER OF PRODUCTS PURCHASED

2.8
$46
1.7
$30

SKIN CARE

2.1
$44
1.4
$31

HAIR CARE

2.3
$41
1.7
$24

BEAUTY ATTITUDES

Beauty is important to my culture
56%

I want to look good for my family
67%

TOTAL TIME SPENT GETTING READY

2:02
1:22

Latinas like in-store demos, free samples and beauty advisors that speak Spanish.

Source: Vital Findings and Univision Beauty Study Fall 2015
Scent is an important part of our culture. We often buy a product based on the way it smells.

From an early age, Latinas learn to use gel, mousse, spray . . . Anything to get perfect hair. “we spend a lot of money controlling our curls.”

We like products with the natural ingredients we grew up with like aloe, oatmeal, cocca butter, mint and cucumber.

Sunscreen is used to avoid wrinkles and sunspots not to ward off cancer.
The Hispanic Opportunity Begins with the Holidays

Más Occasions = Más Celebrations

Las Posadas
Noche Buena
Dia de Los Reyes Magos (Three Kings' Day)
Semana Santa (Holy Week - Easter)
Quinceañeras (Sweet 15 birthday)
Independence Day for Country of origin

4 Must Knows

1. Hispanics are Growth Consumers
2. Cultural Factors Impact their Buying Habits
3. Reaching Hispanics in Culture and in Language Matters
4. Embrace the Differences in the Hispanic Consumer’s Media Habits
### Cultural Pride is Strong and Enduring

<table>
<thead>
<tr>
<th>Statement</th>
<th>2010</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>“I feel a need to preserve my family’s cultural traditions.”</td>
<td>72%</td>
<td>80%</td>
</tr>
<tr>
<td>“I feel very proud of my Hispanic background.”</td>
<td>93%</td>
<td>97%</td>
</tr>
<tr>
<td>“Being part of the Hispanic community in the U.S. is extremely important to me.”</td>
<td>79%</td>
<td>83%</td>
</tr>
<tr>
<td>“I would prefer that my children choose Hispanics as their role models.”</td>
<td>49%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Source: 2013 The Futures Company Multicultural MONITOR: Total Agree.
Hispanics Will Continue to Speak Spanish

<table>
<thead>
<tr>
<th>Year</th>
<th>Hispanic % Share</th>
<th>Speak Spanish and English at home</th>
<th>Speak only Spanish at home</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>73.3%</td>
<td>27.4</td>
<td>9.4</td>
</tr>
<tr>
<td>2019</td>
<td>72.9%</td>
<td>30.7</td>
<td>10.7</td>
</tr>
<tr>
<td>2024</td>
<td>72.4%</td>
<td>34.0</td>
<td>11.8</td>
</tr>
<tr>
<td>2029</td>
<td>71.9%</td>
<td>37.6</td>
<td>13.0</td>
</tr>
<tr>
<td>2034</td>
<td>71.3%</td>
<td>41.3</td>
<td>14.0</td>
</tr>
</tbody>
</table>

Language Does Matter
Even among Bilingual Millennials

Spanish-language drives crucial components of ad effectiveness more successfully than the use of English.

Source: Nielsen, Univision, SMG Multicultural “The Bilingual Brain” June 2014
Targeted Ads with Cultural Flavor Perform Better

Most Enjoyable Targeted Ads include Cultural Flavor

- Genuine, funny humor
- Music with cultural affinity
- Hispanic celebrities/role models
- Family /children scenarios
- Friends
- Escapism
- Hispanics portrayed in a positive way
- In-Language Dialogue

Source: Millward Brown
Creative Example: BelVita Breakfast Biscuits (EL)
Creative Example: BelVita Breakfast Biscuits (SL)
4 Must Knows

1. Hispanics are Growth Consumers
2. Cultural Factors Impact their Buying Habits
3. Reaching Hispanics in Culture and in Language Matters
4. Embrace the Differences in the Hispanic Consumer’s Media Habits
Key Differences in Media Habits

31% more time with a website or app on their smartphone

113% more time each week watching video on a smartphone

Source: Nielsen Total Audience Report Q2 2015
Hispanics represent 56 Billion dollars in annual online shopping expenditures.

Hispanics are 70% more likely than the average American to have purchase toiletries or personal care products on their mobile device.

Hispanics spend 31% less time each week watching DVR or time shifted TV than the total population.

Source: Nielsen Total Audience Report Q2 2015
Hispanics Still Watch Spanish-Language TV Live

![Graph showing percent live viewing for different networks.]

- UNIMÁS: 95%
- UNIVISION: 91%
- TELEMUNDO: 87%
- NBC: 63%
- CBSO: 60%
- FOX: 58%
- ABC: 56%
- CW: 52%

Percent Live Viewing
2014/15 Season Total U.S. Adults 18-49

Source: Nielsen, NPM, (09/22/2014-09/20/2015), Mon-Sat 8pm-11pm & Sun 7pm-11pm. All Sports excluded. Live, Live+7.
Hispanic America’s Favorite Entertainment Genre

Hispanic Hollywood “A listers”

Lavish productions

150 episodes delivered daily

Classic themes: Rags to Riches / Good vs. Evil

Happy Endings

Not just for women
GROWTH CONSUMER

- 18% / 57 Million
- 20 more years of buying power
- 85% increase in consumer spending over next 10 years

CULTURAL EFFECTS ON BUYING HABITS

- Enjoyable family activity
- Hispanics are important health and beauty buyers
- Leverage the similarities while celebrating the differences

CULTURE & LANGUAGE MATTERS

- Culture & Language endure
- Spanish-language drives crucial components of ad effectiveness

HISPANIC MEDIA HABITS

- Hyper Mobile
- Watch live
- Novelas are a favorite genre