U.S. Hispanic Purchase Behaviors
Current Food/Beverage Trends
Goals and Methodology

- Deliver high-level briefing on U.S. Hispanic (USH) purchase behaviors and trends

- Focus on consumer insights and data reports from last 12-18 months
  - Sourced from credible groups such as Mintel, CDC, Nielsen, Pew Research, Selig Center for Economic Growth
4 Reasons Why USH Increasingly Matter to EVERYONE’s Marketing Plans

01 Unstoppable
Propelled by twin engine of population growth and expanding buying power. Over-indexing on a wide range of products and services.

02 In Their Prime
Younger than the rest of the population and setting new trends.

03 Bicultural
Not assimilating like other ethnicities; merging cultural heritage and mainstream values and increasingly less responsive to a total-market strategy.

04 Connected
Using digital at higher rates and in different ways than general market.
Unstoppable
**Population Growth**

**55.4M U.S. Hispanics**
- 17% of the U.S. population now and projected to be >25% by 2060
- Will account for >50% U.S. population growth by 2020 and ~85% growth by 2060

**Peaked?**
- Growth rate cooling but still significant

---

**Hispanic Population Growth**

U.S. Hispanic population, in millions

New Census Updates

Released 6/23/16

USH grew by 2.2% between July 2014-2015 while the white population is showing the slowest growth at 0.5%

<table>
<thead>
<tr>
<th>State</th>
<th>Population</th>
<th>Hispanic</th>
<th>Hispanic %</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Mexico</td>
<td>2,085,109</td>
<td>1,001,258</td>
<td>48.0%</td>
</tr>
<tr>
<td>California</td>
<td>39,144,818</td>
<td>15,184,548</td>
<td>38.8%</td>
</tr>
<tr>
<td>Texas</td>
<td>27,469,114</td>
<td>10,670,101</td>
<td>38.8%</td>
</tr>
<tr>
<td>Arizona</td>
<td>6,828,065</td>
<td>2,098,410</td>
<td>30.7%</td>
</tr>
<tr>
<td>Nevada</td>
<td>2,890,845</td>
<td>813,391</td>
<td>28.1%</td>
</tr>
<tr>
<td>Florida</td>
<td>20,271,272</td>
<td>4,964,077</td>
<td>24.5%</td>
</tr>
<tr>
<td>Colorado</td>
<td>5,456,574</td>
<td>1,164,274</td>
<td>21.3%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>8,958,013</td>
<td>1,762,181</td>
<td>19.7%</td>
</tr>
<tr>
<td>New York</td>
<td>19,795,791</td>
<td>3,726,804</td>
<td>18.8%</td>
</tr>
<tr>
<td>Illinois</td>
<td>12,859,995</td>
<td>2,175,116</td>
<td>16.9%</td>
</tr>
</tbody>
</table>
Expanding Buying Power

$1.5 trillion purchasing power now

- 16th largest economy in the world – larger than Mexico
- Estimated to reach $1.7 trillion by 2019

22%+ increase in Hispanic spending at grocery from 2010 - 2015

Est. $96 billion on groceries by 2020 reflecting 47% jump over 2010

Expanding Buying Power

As a group, Hispanic shoppers typically spend a greater percentage of their income on groceries than non-Hispanics.

Average CPG Spend per Visit

U.S. Born Subgroup Leads

Higher spend per basket because of typically higher income

Total Basket Ring $ per Shopper Across all Outlets
($ Change 2013 VS. 2012)

Sources: Nielsen (2014, 2015)
Table Stakes for Today

More than 55% of USH population is concentrated in CA, FL and TX

**INSIGHT: Customize outreach vs. mass sweeps**

<table>
<thead>
<tr>
<th>City</th>
<th>Growth 2000-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver</td>
<td>54.5</td>
</tr>
<tr>
<td>San Diego</td>
<td>41.5</td>
</tr>
<tr>
<td>Fresno-Visalia</td>
<td>48.3</td>
</tr>
<tr>
<td>Sacramento</td>
<td>67.3</td>
</tr>
<tr>
<td>Harlingen, TX</td>
<td>41.2</td>
</tr>
<tr>
<td>San Antonio</td>
<td>39.5</td>
</tr>
<tr>
<td>Phoenix</td>
<td>61</td>
</tr>
<tr>
<td>San Francisco</td>
<td>36.7</td>
</tr>
<tr>
<td>Dallas-Ft. Worth</td>
<td>74.3</td>
</tr>
<tr>
<td>Chicago</td>
<td>39.3</td>
</tr>
<tr>
<td>Miami-Ft. Lauderdale</td>
<td>42.7</td>
</tr>
<tr>
<td>Houston</td>
<td>69.2</td>
</tr>
<tr>
<td>New York</td>
<td>29.6</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>27.2</td>
</tr>
</tbody>
</table>

% Growth 2000-2013

Next Generation Hot Spots

The high growth in these DMAs mirrors the growth in LA and NY just a couple of decades ago.

Experts agree it is only a matter of time before one of these DMAs becomes the next major Latino population center.

Source: Nielsen (2013)
In Their Prime
Disproportionally Young with More Runway to Spend and Make a Difference

Nation’s youngest ethnic group
- ~1/3 under age 18

Every 30 seconds, one Hispanic turns 18 years old as two non-Hispanics hit retirement age

<table>
<thead>
<tr>
<th></th>
<th>NH WHITE</th>
<th>AFRICAN-AMERICAN</th>
<th>ASIAN-AMERICAN</th>
<th>HISPANIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIFE EXPECTANCY</td>
<td>78.7</td>
<td>74.3</td>
<td>87.3</td>
<td>83.5</td>
</tr>
<tr>
<td>MEDIAN AGE</td>
<td>42</td>
<td>32</td>
<td>35</td>
<td>27</td>
</tr>
<tr>
<td>YEARS OF EFFECTIVE BUYING POWER</td>
<td>36.7</td>
<td>42.3</td>
<td>52.3</td>
<td>56.5</td>
</tr>
</tbody>
</table>


54% Higher than NH White
“Upscale Latinos” control nearly 40% of the total U.S. Hispanics’ $1.5 trillion spending power.

Follow distinctive purchase behavior, close in age and geographically concentrated

- Incomes of $50K-100K
- Spend more on fresh ingredients than general USH
- Focused on their children
- Bilingual and bicultural
- Trendsetters
- Higher incidence and intent for home improvements

Source: Nielsen (2013, 2014)
Motivations for living a healthy lifestyle among Hispanics

>50% feel they are proactive about health and nutrition

Over index on motivation to look better

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Hispanics (%)</th>
<th>Index to all (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feeling better</td>
<td>72</td>
<td>103</td>
</tr>
<tr>
<td>Feeling confident</td>
<td>44</td>
<td>103</td>
</tr>
<tr>
<td>Feeling less stressed</td>
<td>39</td>
<td>na</td>
</tr>
<tr>
<td>Living longer</td>
<td>61</td>
<td>108</td>
</tr>
<tr>
<td>Being happy</td>
<td>60</td>
<td>103</td>
</tr>
<tr>
<td>Manage health conditions (eg diabetes, weight, etc)</td>
<td>39</td>
<td>na</td>
</tr>
<tr>
<td>Setting a good example for my kids</td>
<td>39</td>
<td>na</td>
</tr>
<tr>
<td>Having a responsibility to my family</td>
<td>30</td>
<td>na</td>
</tr>
<tr>
<td>Pressure from society (eg images in the media)</td>
<td>12</td>
<td>119</td>
</tr>
<tr>
<td>Pressure from family or friends</td>
<td>11</td>
<td>95</td>
</tr>
</tbody>
</table>

Source: Mintel (2016)
Opportunities for Engagement

Looking at barriers for meeting wellness goals, top two cited are internal challenges, including time.

INSIGHT: Time saving preparation tips are valued

- Willpower: 49%
- Time: 41%
- Money/finances: 34%
- Difficulty changing what my family likes to eat: 26%
- Not knowing how or where to begin: 26%
- Limited or no access to healthy restaurants: 19%
- Feeling overwhelmed by the end goal: 19%
- Limited or no access to fitness centers or gyms: 19%
- Peer pressure from family and friends: 9%

Source: Mintel (2016)
Keeping Hispanics Engaged on Health and Nutrition

50% admit to being confused by conflicting information about healthy eating

Source: Mintel (2016)
Bicultural
Living two cultures at the same time by choice and with purpose

First step…
Look for and accept functional and emotional value attached to just about everything

“You can’t maximize the full potential of a culturally-driven market segment when you still believe that they will assimilate and accept a more general market approach…”
Hot Button #1: Language

72% of Hispanic Millennials and 80% of Hispanic GenXers speak Spanish in their homes today

65% to 200% increase in Spanish searches between 2011-2014

INSIGHT: Recipes and websites need to include Spanish versions

Hot Button #2: Food

Cooking is an act of love, a conduit for gathering around the table and enjoying family.

Hispanics are 23% more likely than the total US population to be categorized as a “Cooking Enthusiast”.

INSIGHT: Cooking isn’t perceived as a chore so be sensitive to scripting tips such they don’t come across as easy-outs. Celebrate the experience with them.

Source: Mintel (2015)
INSIGHT: Blogs and websites rank high because they help Hispanics get the most out of their cooking experience

<table>
<thead>
<tr>
<th>Hispanic Cooking Enthusiasts</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online sources (recipe/cooking website, blogs, etc)</td>
<td>47%</td>
</tr>
<tr>
<td>Cooking shows on television</td>
<td>45%</td>
</tr>
<tr>
<td>My mom</td>
<td>45%</td>
</tr>
<tr>
<td>Cookbooks</td>
<td>39%</td>
</tr>
<tr>
<td>My spouse/significant other</td>
<td>35%</td>
</tr>
<tr>
<td>Cooking magazines</td>
<td>35%</td>
</tr>
<tr>
<td>Experience with other cultures</td>
<td>33%</td>
</tr>
<tr>
<td>Other family members</td>
<td>32%</td>
</tr>
<tr>
<td>Friends</td>
<td>26%</td>
</tr>
<tr>
<td>Restaurants</td>
<td>26%</td>
</tr>
<tr>
<td>My children</td>
<td>25%</td>
</tr>
<tr>
<td>Cooking instruction or suggestions on food packaging</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: Mintel (2015)
Hot Button #3: Family

80% of Hispanic shopping trips conducted with family and friends

INSIGHT: Market to the family, not just mom.

91% of Hispanic grocery shoppers will ask their family members "what they want" as part of their planning (vs. 77% of the general population)

44% of Hispanic grocery shoppers say they’ll buy a brand because “the kids asked for it” (vs. 16% of the general population)

Source: Path to Purchase Shopper Marketing Tracking Study (2013), Univision (2012)
Hot Button #3: Family

Word of mouth is very important.

46% of Hispanic consumers will ask family/friends for a restaurant recommendation (vs. 29% of the general population)

Source: Technomic Research, 2015
**USH Frequency of Shopping by Location**

**Shopping both general stores and Hispanic specialties**

**Visiting nearly 4 stores per week which creates a challenge for brands to sustain visibility**

**INSIGHT: Supermarkets are still King**

- **A supermarket**: 54% (85%)*
- **Walmart**: 47% (82%)*
- **Mass merchandiser other than Walmart**: 35% (73%)*
- **Drug store**: 28% (67%)
- **A club store**: 27% (67%)
- **Bodega or neighborhood store**: 35% (64%)
- **Dollar store**: 30% (64%)
- **A Hispanic grocery store**: 35% (64%)
- **Natural grocery store**: 32% (64%)
- **Convenience store or local corner store**: 30% (56%)
- **An internet grocery retailer**: 15% (31%)

*Over 3.7 stores on average

Over 7.2 stores on average

---

Source: Mintel (2015)
**In-store Triggers**

Hispanics head out to the store typically already knowing what they want to buy.

Less likely than non-Hispanics to act as a result of in-store tactics.

**INSIGHT:** Need to make the shopping list before she arrives.

Source: Mintel (2015)
Hot Button #4: Health

Hispanics are the ethnicity group least likely to seek medical attention – U.S. Census

INSIGHT: Anchor food and nutrition messages as part of a holistic approach. Don’t lead with a call-to-action based in preventative care.

Source: U.S. Census
Digitally Savvy
Unique Usage of Social Media

80% of USH Internet users are connected to some form of social media – clocking in more time per year than any other demographic group tracked in the U.S.

Hispanics Are the Most Digitally Savvy Group

Unique Usage of Social Media

50% Est. jump in Hispanic social media users between 2013 and 2019

40% U.S. Hispanics use Spanish and English equally on social media

48% of Facebook friends of U.S. Hispanics are family members (vs. 36% for gen mrkt)

Bilingual Hispanics dominate with about 50% higher usage of mobile minutes

Social Shopping

83% of USH who access the Internet on a mobile device use it while in-store to inform a purchase in real-time

- Google 2016

Source: Google (2016)
Unique Usage

34% of Hispanic internet users use Instagram while 21% favor Pinterest in contrast to the general market which is more likely to use Pinterest (32%) vs Instagram (21%)

66% pay attention to online ads, 20% points higher than general population

Regardless of age and country of origin, the majority of Hispanics are retaining their unique identity and preserving their culture.

- Nielsen
Avoid missed opportunities

We’ve been reaching Hispanics for years. No need to change strategy.

Past USH outreach did not net a big impact.

Likely unacculturated base that is aging out and turning over purchase decisions to the next generation, which behaves differently.

Hispanics are just now reaching critical mass in U.S. Every 30 seconds, one Hispanic turns 18 years old.

A total market strategy will work. Product isn’t specific to Hispanics.

Budgets can’t afford it.

Hard to maximize the full potential of a culturally-driven market segment with a one-size-fits-all approach. Embracing and respecting USH distinctive purchase behavior is key to unlocking $1.5 trillion.

Can’t afford to miss the opportunity touted as the most influential since the baby boomers. Start regional and think digital.

Most Hispanics speak English anyways.

While true, communication in-language and in-culture is key to establishing a relationship and trust.
Gracias

For more information, please contact:

Vickie Allande-Fite
vickie.fite@mslgroup.com
310.264.6966