



The Evolving Hispanic Consumer

Diverse voices

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2021



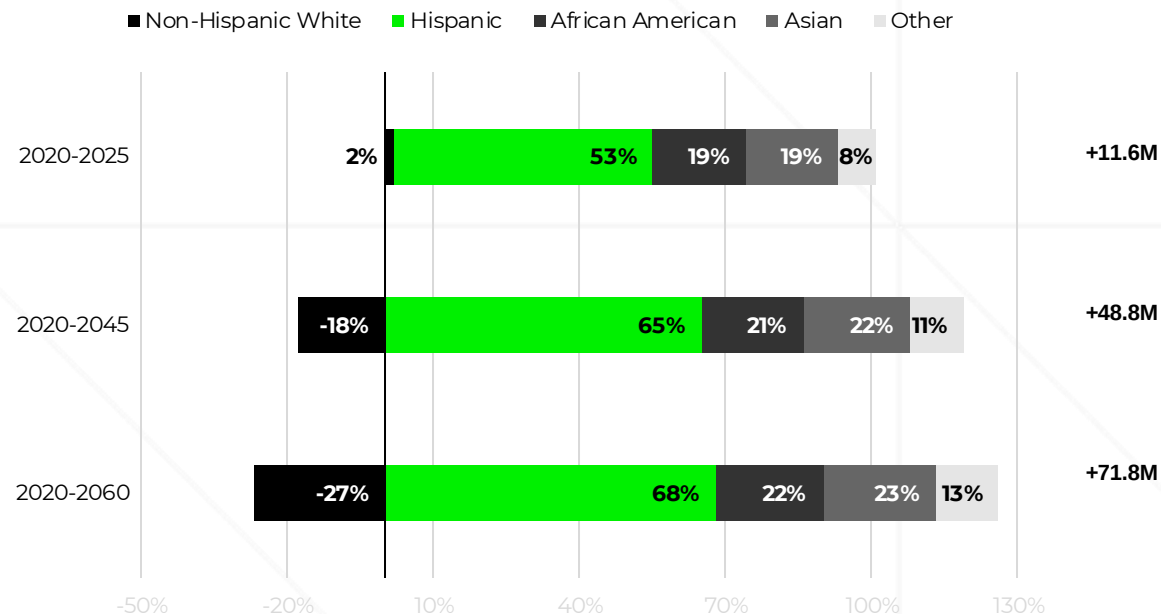
The evolving Hispanic consumer

First, the basics...



About the Latino community

% contribution to total population growth by race/ethnicity



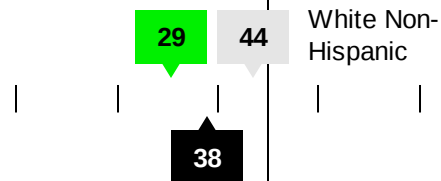
Latinos will contribute more growth than any other population segment, a factor compounded by a projected growth decline among the non-Hispanic White population.

For the next 40 years, Latinos, the largest minority population in the U.S., will be the primary contributors to total U.S. population growth,

▶ Comprising 53% of the growth in just the next five years and **68% of the growth to 2060.**

Inside the Hispanic household

Median age

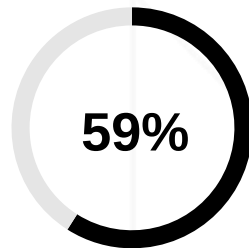
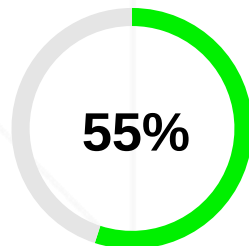


Average household size



3.40
2.63

% high income households



(\$50,000+ household income)

■ U.S. Hispanics ■ Total U.S.

Median household income

\$55,270

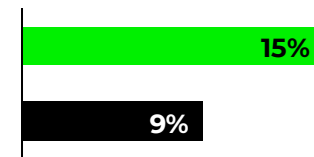
Median Hispanic HH income

+6%
Since 2017

\$63,217

Median non-Hispanic HH income

Multigenerational households

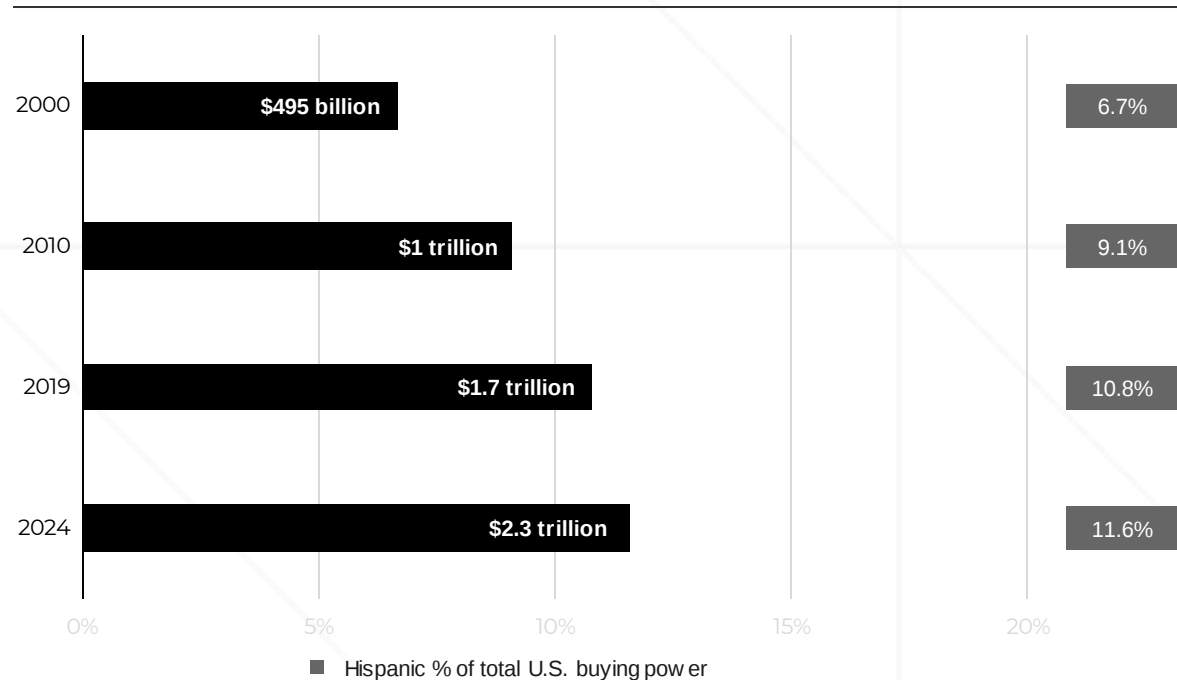


40%
More likely

(% of population)

Hispanic buying power is increasing

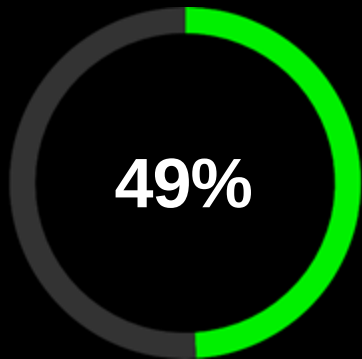
Hispanic buying power 2000-2024



From 2010 to 2019, Hispanic buying power increased by 69%, outpacing non-Hispanics, who increased by 41% during the same time.

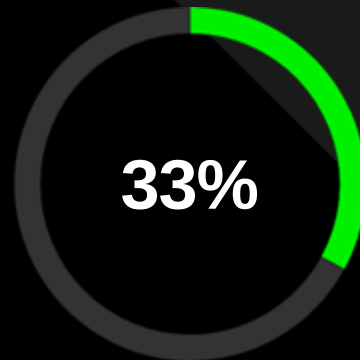
However, the effects of the pandemic persist

Household finances remain compressed



Financial situation **worsened**

Much/slightly worse: youth and low income households



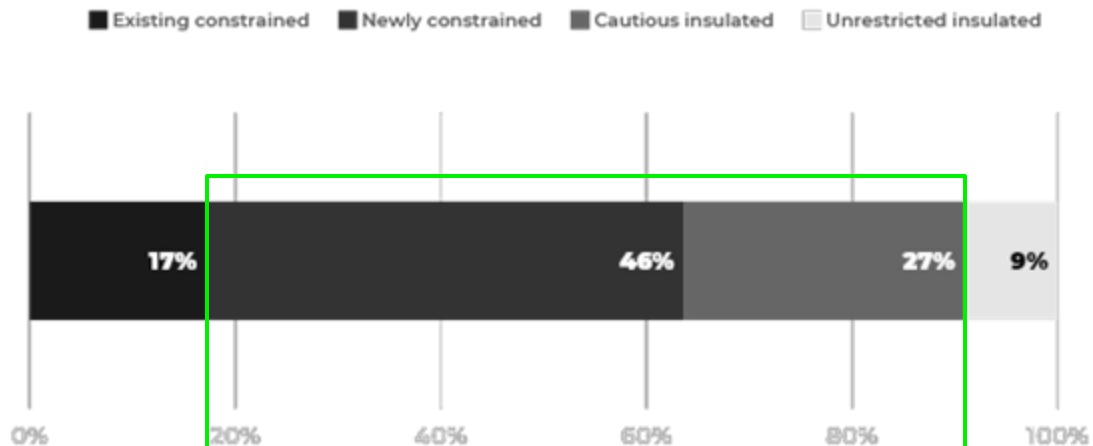
Less secure about future income

In the next 3-6 months

Source: NielsenIQ Unlocking Consumption global survey, Q since the onset of COVID-19 my household financial situation is...
Q. How secure do you feel about your household's income level in the next 3-6 months....

Four groups shaping consumption patterns

Constrained and Insulated consumer groups - global



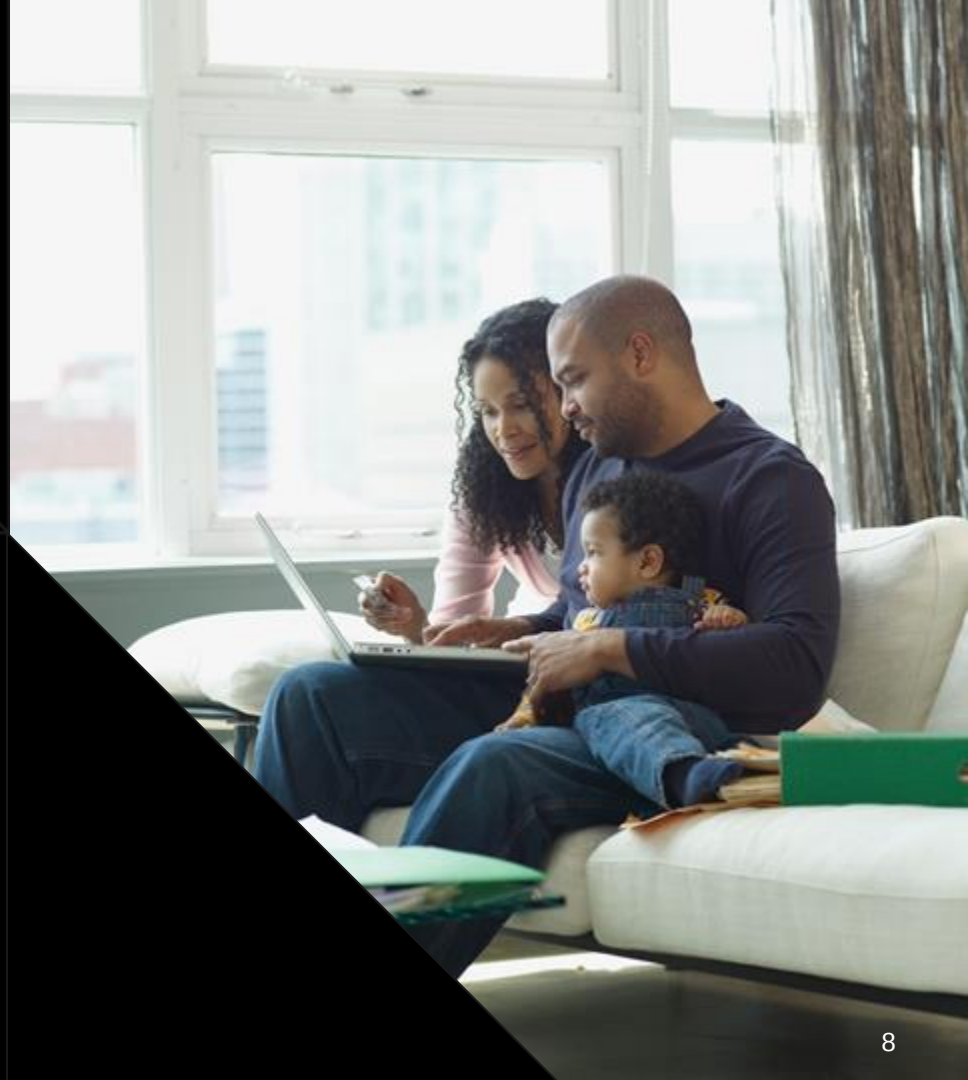
73% are cost-conscious consumers altering their buying and consumption patterns



Newly constrained doubled, cautious insulated are proactively rationalising

But other consumers were
previously constrained

And **insulated** consumers have not **been**
entirely shielded from **impacts**



Consumption groups for Hispanic consumers

	White	Hispanic American
Sample size	16703	1912
Cautious middle	28%	35%
Constrained existing	20%	14%
Constrained new	23%	30%
Existing core	29%	20%

Index vs Total >120

Index vs Total <80



Hispanic American consumers more likely to be cautious with their spending

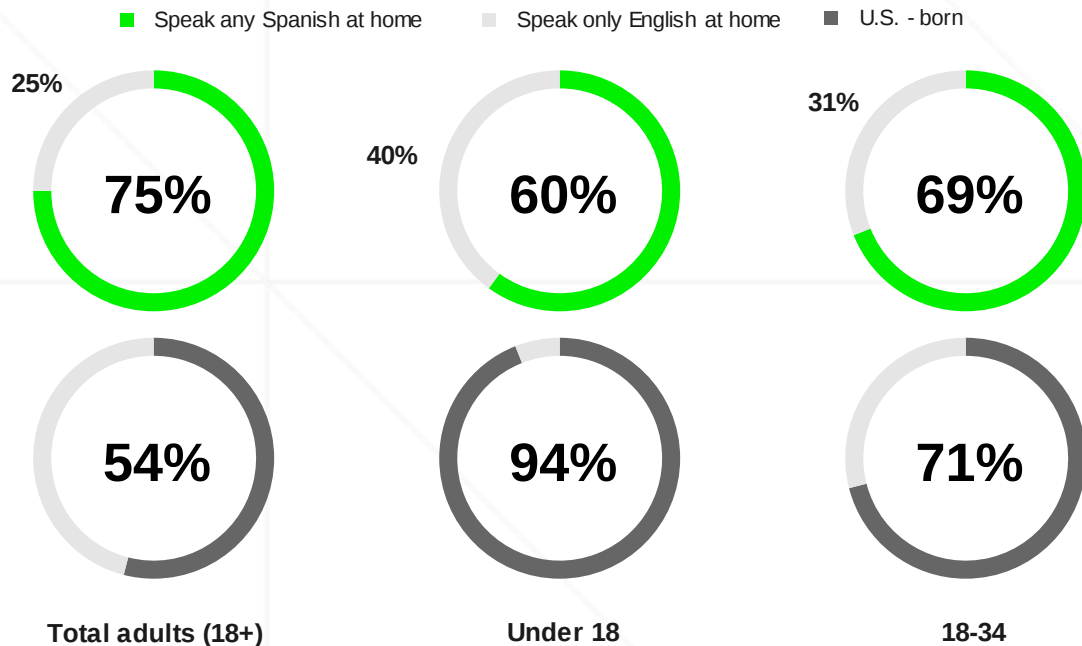
Hispanics are not
homogenous.
They are a **diverse** and
dynamic population.



Despite the rapid growth of U.S.-born Hispanics, Spanish language use remains strong across all age segments. Thus, when and where Latinos choose to connect through language is an outgrowth of a desire to connect with the culture. When Latinos connect with each other, brands or content in Spanish, they do so by choice—making a meaningful and purposeful connection with trusted channels, content and dialogue.

Overall, three-quarters of Hispanic adults speak Spanish at home even though only 54% are U.S. born. As younger generations are increasingly U.S. born, connecting in Spanish is a cultural choice many Latinos make which is identity defining and supports the retention of strong ties to their Latinidad.

Language spoken at home and U.S. – born Hispanics by age





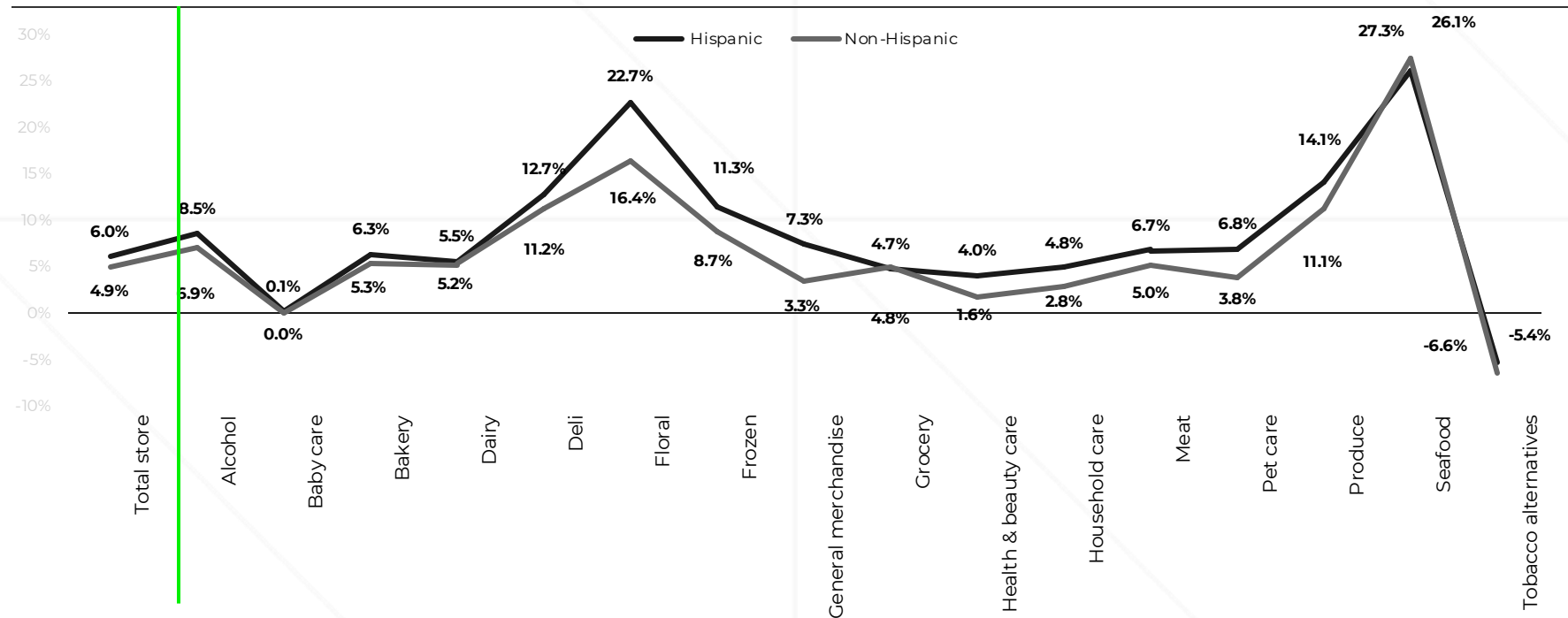
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Hispanic contribution to the marketplace

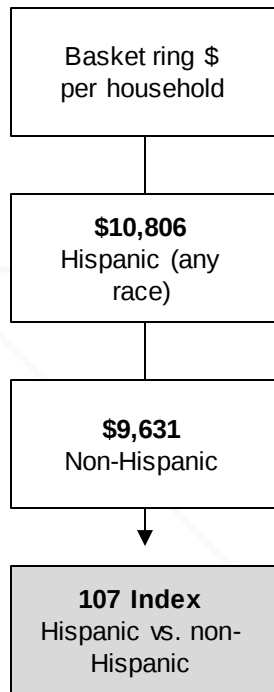


Hispanic growth outpaces non-Hispanic across most departments of the store.

Dollars % CHG vs. YAGO by department: Hispanic & non-Hispanic



Hispanics are engaged shoppers who bring more money to the store than other groups.



Hispanic shoppers today...



The Hispanic population is becoming more “**ambicultural**”—**identifying equally with two cultures**, and being able to effortlessly **switch between** the two



Hispanics represent the **fastest growing** segment in the country, but there is **not a “one size fits all”** approach across different nationalities



Hispanics tend to be **more engaged** shoppers, making decisions **at the shelf** upon browsing the aisle



These shoppers can be activated through **in-store influencers** to encourage more **unplanned (impulse) purchases**



While overarching differences between Hispanic shoppers and the overall norm are nominal, **nuances do exist in the aisle / by category**



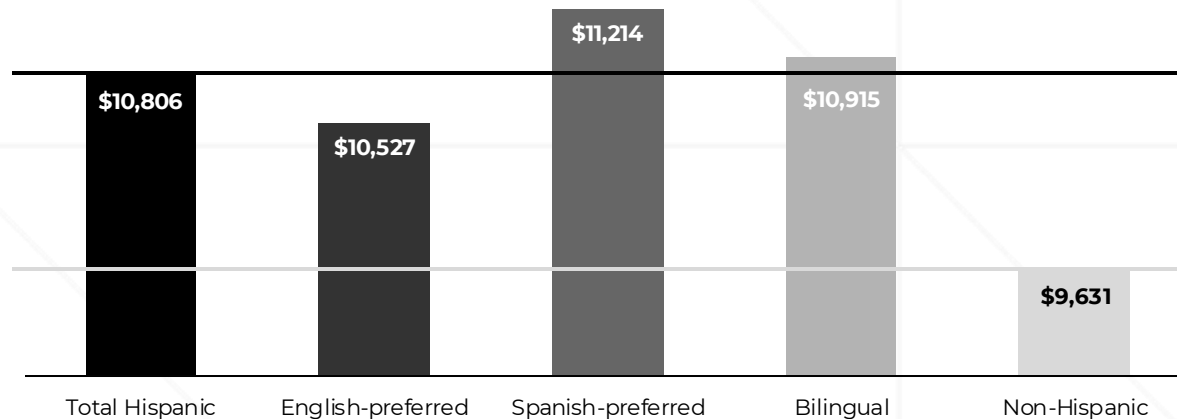
Hispanics tend to be some of the **fastest adopters of technology**, with 77% of Latinas owning a smartphone



Hispanic women are **outpacing** Hispanic men in **education, career growth, and financial decision-making**

Spanish-preferred and bilingual households outspend all other groups across outlets.

Basket ring dollars per household: Hispanics by language usage

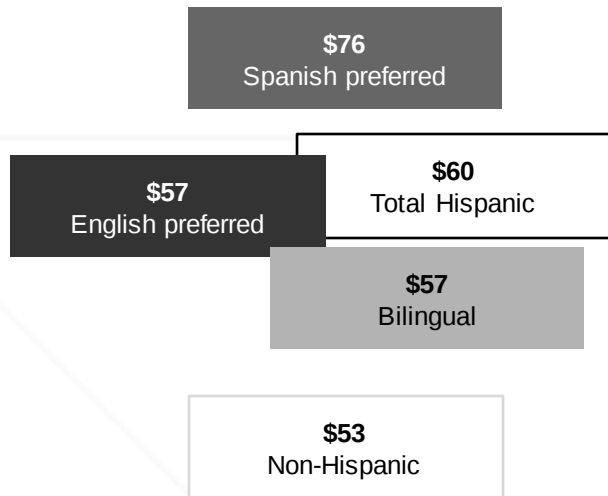


112	109	116	113	100	Index to non-Hispanics
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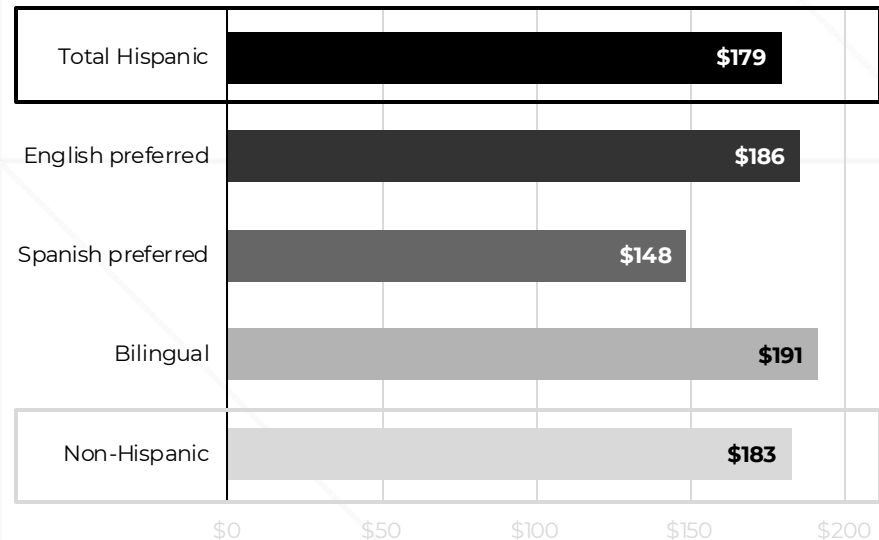
Bilingual households' value to the store derives from more frequent visiting.

Hispanic shopping summary: Basket size & trips

Basketring \$ per trip (all outlets)

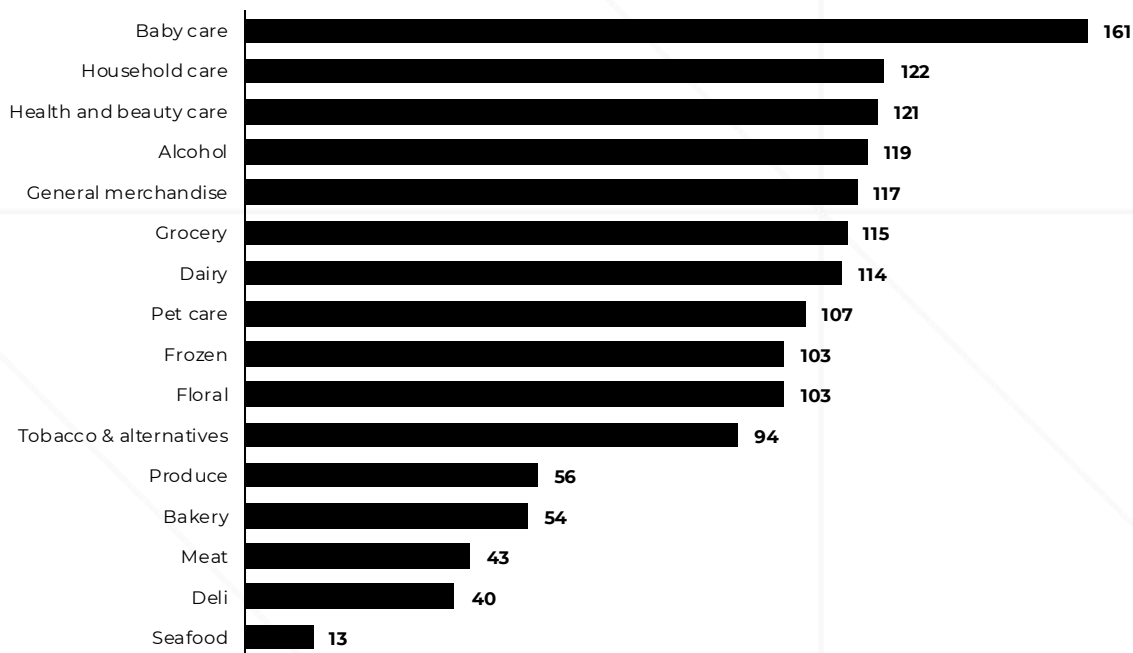


Trips per shopper (all outlets)



Looking by department, Hispanic shoppers most impact baby care.

Hispanic dollar index by department vs. non-Hispanic



2020 annual sales (total U.S)

\$2.99B

\$9.03B

\$13.68B

\$5.93B

\$6.38B

\$35.33B

\$10.22B

\$2.92B

\$7.57B

\$0.69B

\$1.06B

\$4.54B

\$0.89B

\$3.95B

\$1.89B

\$0.11B

Index Calculation: (Share of Hispanic Total Store Dollars)/(Share of Total US xAOC Total Store Dollars) x 100
Source: Nielsen Target Track, Total US xAOC / xAOC Hispanic / xAOC Non-Hispanic, 52 Weeks Ending 05/29/21

Beauty care indexes highly across all three language segments.

Index vs. total Hispanic: Dollars spent by department and language usage

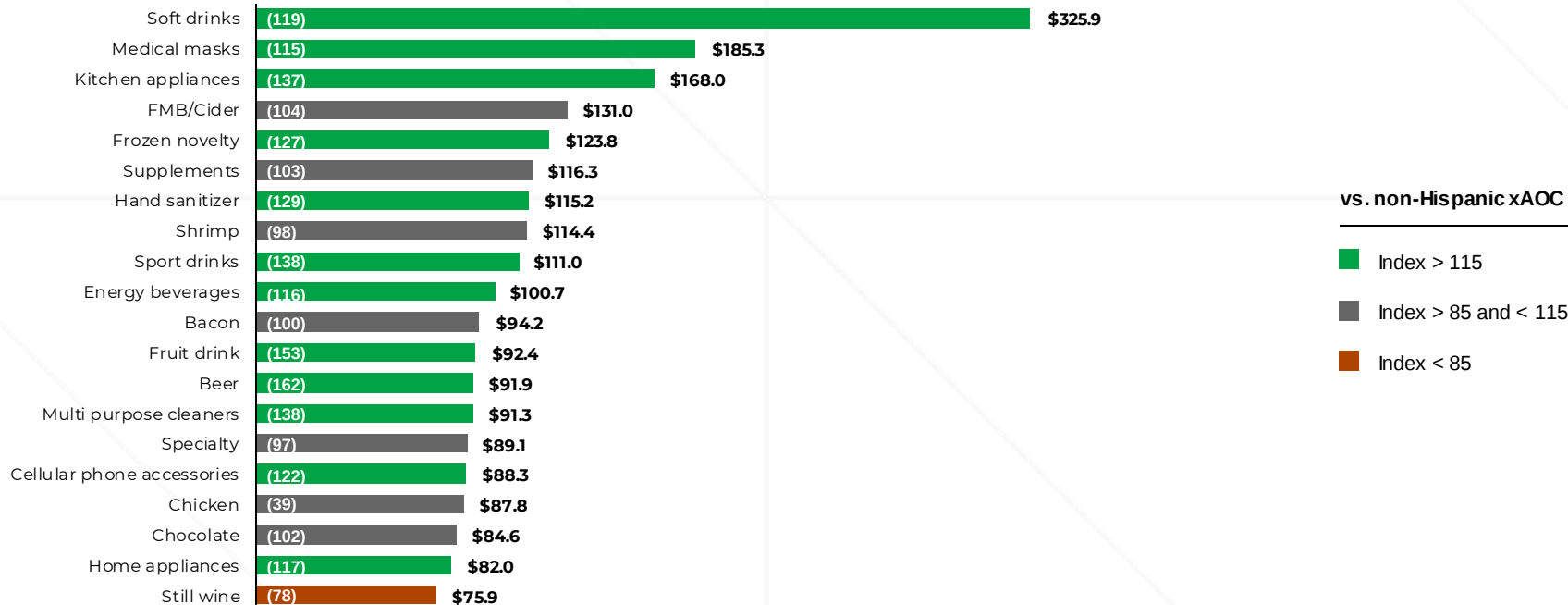
Department	Index				
	Hispanic	Non-Hispanic	English preferred	Spanish preferred	Bilingual
Total score	100	100	100	100	100
Alcohol	88	102	98	86	76
Baby care	196	84	160	247	213
Bakery	94	101	99	79	95
Dairy	102	100	99	105	104
Deli	83	103	93	49	91
Floral	93	101	86	86	105
Frozen	84	103	95	55	86
General merchandise	99	100	100	85	105
Grocery	100	100	99	108	97
Health & beauty care	117	97	106	131	123
Household care	115	97	103	142	115
Meat	90	102	106	58	89
Pet care	82	103	97	52	81
Produce	95	101	95	86	100
Seafood	72	105	64	79	77
Tobacco alternatives	49	108	70	20	40

- Index > 115
- Index > 85 and < 115
- Index < 85

Index Calculation: (Hispanic Language Group Share of Sales)/(Hispanic Language Group Share of Population) x 100
Source: Nielsen Homescan, Hispanic Expansion Panel, Total US – All Outlets, 05/24/20 - 05/22/21

The top three categories in absolute growth also over-index with Hispanics.

Hispanic \$ - 2020 change vs. previous year: Top 20 categories (\$ CYA MM)

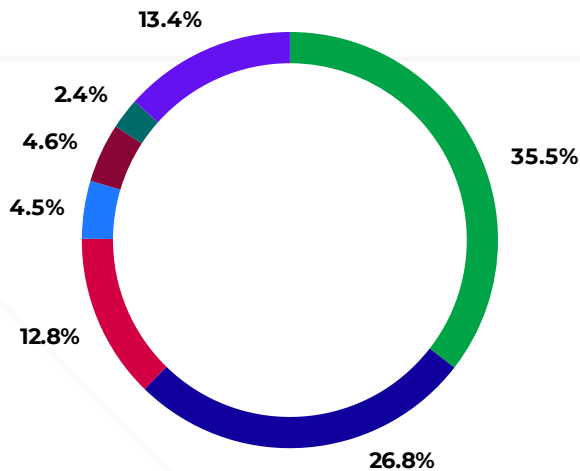


Index Calculation: (Share of Hispanic Total Store Dollars)/(Share of Non-Hispanic xAOC Total Store Dollars) x 100
Source: Nielsen Target Track, Total US xAOC / xAOC Hispanic / xAOC Non-Hispanic, 52 Weeks Ending 05/29/21

Assessing channels, club spikes among all Hispanic language groups vs. non-Hispanics.

% of Hispanic dollars (all outlets)

■ Grocery ■ Mass merch ■ Warehouse club
■ Drug ■ Dollar / value ■ Convenience / gas
■ A/O outlets



■ Index > 115 ■ Index > 85 and < 115 ■ Index < 85

	English preferred	Spanish preferred	Bilingual
Grocery	94	105	96
Mass	98	101	101
Club	131	85	101
Drug	123	85	106
Value	92	100	105
Convenience	119	104	82
A/O	81	103	107

Index of Hispanic channel spend by language preference vs. non-Hispanics

Index Calculation: (Share of Hispanic Language Group Total Outlet Dollars)/(Share of Non-Hispanic Total Outlet Dollars) x 100
 Source: Nielsen Homescan, Hispanic Expansion Panel, Total US – All Outlets, 05/24/20 - 05/22/21

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Hispanic channel preference may vary according to the product needed / desired.

Asking Hispanics: What store format do you prefer for the following products?

	Total	Food	Non-food	Beverages	Fresh	Frozen	Grocery	Snacks	Health	Personal care	Household care	Pet care
Grocery	42%	54%	21%	46%	62%	57%	58%	36%	22%	18%	24%	18%
Club	13%	13%	14%	15%	13%	15%	11%	14%	12%	8%	24%	11%
Mass	29%	24%	38%	26%	21%	24%	24%	30%	29%	46%	33%	26%
C-store	1%	2%	0%	5%	1%	1%	0%	5%	1%	0%	0%	0%
Drug	5%	1%	11%	2%	0%	0%	1%	4%	26%	15%	4%	1%
Dollar	5%	3%	7%	4%	1%	1%	3%	9%	2%	7%	12%	3%
Pet	2%	0%	4%	0%	0%	0%	0%	0%	0%	0%	0%	34%
Non-store (NET)	2%	1%	3%	1%	0%	1%	1%	0%	5%	4%	2%	3%
Online	1%	0%	2%	1%	0%	0%	1%	0%	4%	3%	1%	3%
Delivery	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%
Direct sellers	0%	0%	1%	0%	0%	0%	0%	0%	1%	1%	0%	0%
Food									Non-food			



Above national norm



Key



Below national norm

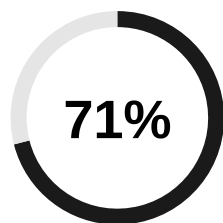
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Reaching Hispanic consumers & shoppers

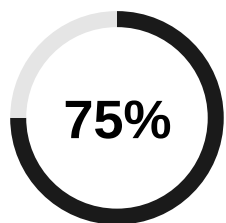


High digital connectivity among Hispanics opens more sales and marketing channels.

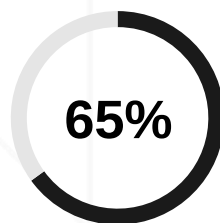
Many Hispanics perceive the Internet to be a great way to buy products.



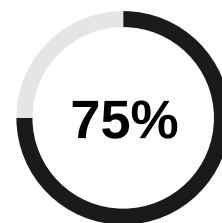
Total Hispanic



English preferred

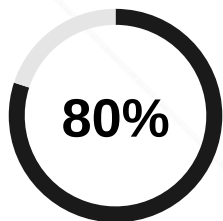


Spanish preferred

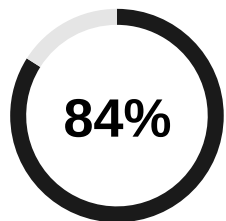


Bilingual

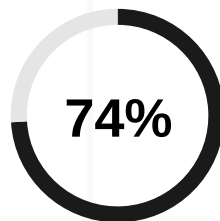
Most Hispanics believe the internet is a great way of gathering information on products and services they're interested in buying.



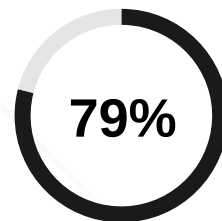
Total Hispanic



English preferred



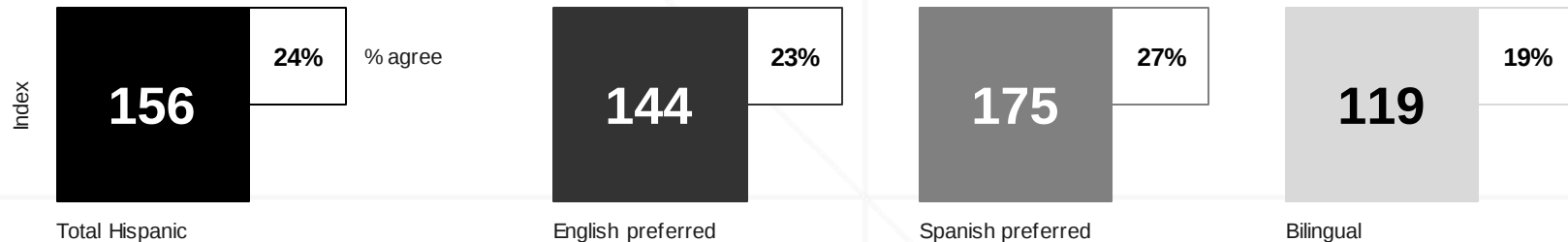
Spanish preferred



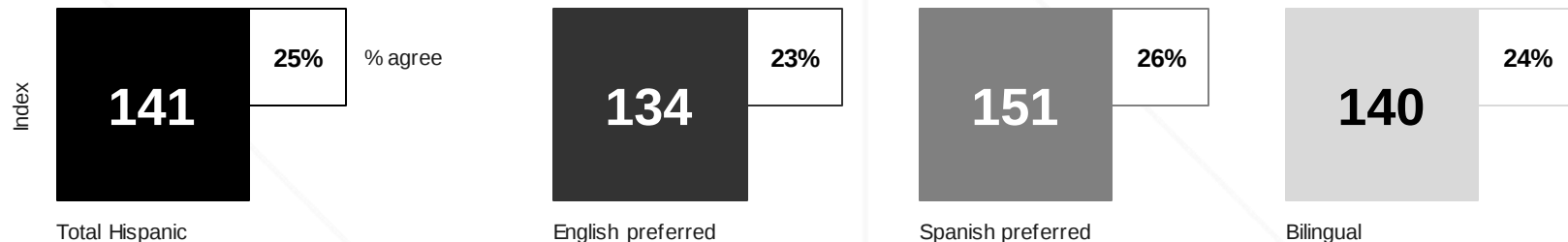
Bilingual

Hispanics demonstrate greater receptivity to mobile devices as shopping tools.

Hispanics are more likely to find mobile advertisements to be informative.



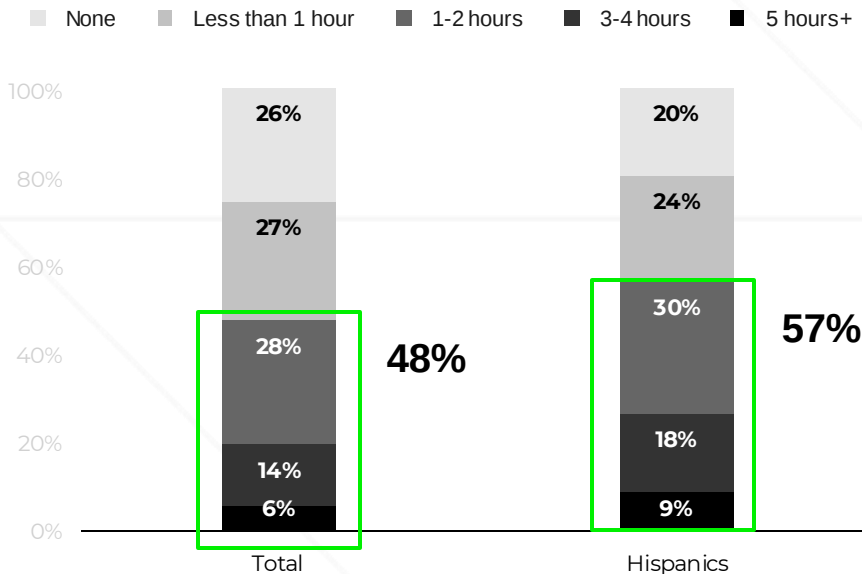
Hispanics are more likely to find mobile advertisements provide useful information about bargains.



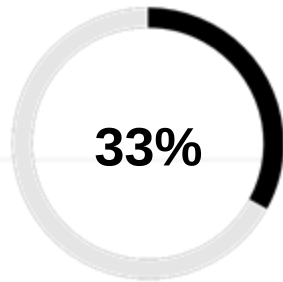
Using social networks for social justice

Social media has played an outsized role in the social and political lives of Latinos. The community has used social media to amplify messages to advocate for an accurate count in Census 2020, to balance a challenging political dialogue of anti-immigration and border separations, and DACA recipients and for the fight for racial justice. For many in the Latino community, Black Lives Matter protests and social justice marches felt familiar, as they echoed the civil rights struggles of the 1960s including the farmworker equity struggles led by Cesar Chavez, and the recent protests taking place all over Latin America. Latinos across the country mobilized and joined Black Lives Matter protests and marches in solidarity for social justice and equity, turning to social networks where they spend more time than the total population, with 57% spending more than one hour per day and 27% spending 3 hours or more compared with just 48% and 20%, respectively, for the total population.

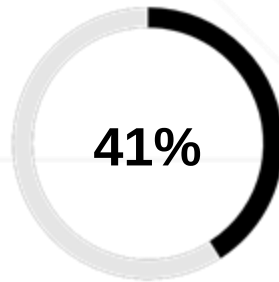
Hours spent social networking in average day



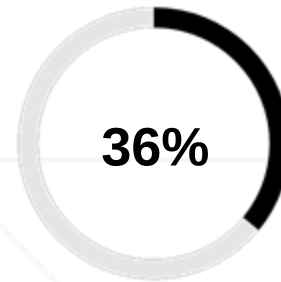
% Hispanic Americans more likely to purchase a brand if social causes are supported



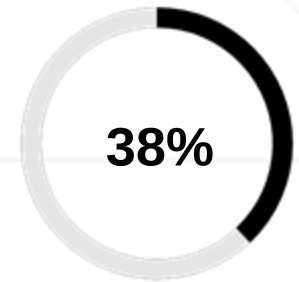
Racial injustice



**Hunger and food
insecurity**



Equality



Unhoused/homelessness

The evolving Hispanic consumer

Summary





The evolving Hispanic consumer...

The basics:

- Hispanics will be the leaders of population growth in the United States in the decades ahead, and this will coincide with an increase in their collective purchasing power.
- In addition to their increasing population, Hispanics are especially valuable as consumers / shoppers due to their youth and expected longevity.
- Hispanic identity is becoming more ambicultural, increasingly defined by the intersection of their cultural heritage and American lifestyles.

Hispanic contribution to the marketplace:

- Hispanics are contributing more than their fair share of growth across the total store; growth rates in individual departments are above non-Hispanics.
- Hispanics have a pronounced presence in beauty care and personal care.
- There are variations in spend by department and in channel preference among Hispanic households of different language usage (English, Spanish or Bilingual).

Reaching Hispanic consumers & shoppers:

- Hispanics are a digital-savvy group who use social media heavily and consider their mobile devices useful shopping aids.
- Hispanics are best reached in their primary language. The creative used can be inspired by English-language ads or be a Spanish-language original, but to be successful, it must consider the audience's language and use authentic cultural cues.
- By and large, Spanish-language programming remains the best way to reach Hispanic audiences, but technology is changing their path to that programming.



Thank you.