NIELSEN-CULTURATI
HISPANIC PANEL SEGMENTATION
UNCOVERING DIFFERENCES IN HISPANIC PURCHASING BEHAVIOR DRIVEN BY CULTURAL VALUES & ATTITUDES
August 2015
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4. CONCLUSIONS
HISPANIC MARKET IMPERATIVE AND ITS BICULTURAL REALITY
THE NEW AMERICAN REALITY...

American diversity is a destiny...

<table>
<thead>
<tr>
<th></th>
<th>Population (Millions)</th>
<th>2014 (% Penetration)</th>
<th>2060 (% Penetration)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Hispanic White</td>
<td>197</td>
<td>62.1%</td>
<td>42.6%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>56</td>
<td>17.6%</td>
<td>29.3%</td>
</tr>
<tr>
<td>African-American</td>
<td>40</td>
<td>12.7%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Asian-American</td>
<td>16</td>
<td>5%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Other / 2+ Races</td>
<td>14</td>
<td>4.3%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, Population Division, December 2012
HISPANICS LEADING THE POPULATION GROWTH

By 2020, Hispanics will account for 53% of the growth and 85% by 2050

U.S. CENSUS BUREAU, POPULATION PROJECTIONS, DECEMBER 2012
SHARE OF GROWTH IN POPULATION BY RACE & ETHNICITY

<table>
<thead>
<tr>
<th>Year</th>
<th>POP, 2+ RACES (INCL. AIAN, NHPI)</th>
<th>POP, ASIAN</th>
<th>POP, BLACK/AF AMER</th>
<th>POP, HISP/LAT, TOTAL</th>
<th>POP, NOT HISP/LAT, WHITE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>12,533</td>
<td>14.0%</td>
<td>15.0%</td>
<td>18.2%</td>
<td>6.9%</td>
</tr>
<tr>
<td>2030</td>
<td>12,064</td>
<td>16.9%</td>
<td>16.6%</td>
<td>18.1%</td>
<td>-6.1%</td>
</tr>
<tr>
<td>2040</td>
<td>10,354</td>
<td>22.7%</td>
<td>19.9%</td>
<td>79.4%</td>
<td>-29.0%</td>
</tr>
<tr>
<td>2050</td>
<td>9,869</td>
<td>27.4%</td>
<td>19.5%</td>
<td>85.9%</td>
<td>-39.4%</td>
</tr>
</tbody>
</table>

Growth Volume (net new, 000's)

Source: U.S. Census Bureau, Population Division, December 2012
MULTICULTURAL BUYING POWER CONTINUES TO ENERGIZE THE U.S. ECONOMY

Purchasing Power by Ethnic Group

- **HISPANIC**
- **AFRICAN AMERICAN**
- **ASIAN AMERICAN**

- **1990**
  - Hispanic: $115 billion
  - African American: $210 billion
  - Asian American: $316 billion

- **2000**
  - Hispanic: $316 billion
  - African American: $681 billion
  - Asian American: $274 billion

- **2010**
  - Hispanic: $1 trillion
  - African American: $951 billion
  - Asian American: $599 billion

- **2013**
  - Hispanic: $1 trillion
  - African American: $962 billion
  - Asian American: $713 billion

- **2018**
  - Hispanic: $1.6 trillion
  - African American: $1.3 trillion
  - Asian American: $741 billion

- **2010**
  - Hispanic: $2.5tn
  - African American: $3.5tn

Source: Selig Center of Economic Growth, 2012
BUT WE ARE NOT ALL THE SAME...
U.S. BORN, LARGEST HISPANIC SEGMENT SINCE 1980

NUMBER OF U.S. HISPANICS (IN MILLIONS)

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. Born</th>
<th>Foreign Born</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>7.8</td>
<td>4.2</td>
</tr>
<tr>
<td>1990</td>
<td>14.1</td>
<td>7.8</td>
</tr>
<tr>
<td>2000</td>
<td>21.1</td>
<td>14.1</td>
</tr>
<tr>
<td>2012</td>
<td>34.1</td>
<td>18.8</td>
</tr>
</tbody>
</table>

Source: Pew Hispanic Center
BICULTURAL CONSUMERS ARE THE KEY EMERGING U.S. HISPANICS SUB-GROUP

Account for 45% Of total U.S. buying power

- Culturally American
- Bicultural 45% Millennials (18+)
- Culturally Hispanic

Source: U.S. Census Bureau, 2011 & Selig Center for Economic Growth, 2014
Source: The Bicultural Reality Quantitative Study – Copyright © Culturati Research 2012. ALL RIGHTS RESERVED
BICULTURALISM GOES BEYOND LANGUAGE DUALITY

- Food
- Family
- Flexibility
- Opportunity
- Education
- Traditions
- Confidence
- Diversity
- Freedom
- Values
- Community
- Empowerment
- Culture
- Expanding-horizons
- Upward-mobility
- Best-of-both-worlds
- Music
FINELY-TUNED CULTURAL DUALITY GIVES THEM FREEDOM AND PRIDE

Bicultural consumers are empowered to form their own opinions and influence others – it is part of who they are!

MYTH: U.S. HISPANICS WILL EVENTUALLY ASSIMILATE
CULTURAL BICULTURALISM ALLOWS THEM TO SHIFT AND ADAPT TO WHAT THEY WANT, NEED OR LIKE

Source: Culturati Research & Consulting, Inc.
THEY ARE SELF-DETERMINED TO TAKE THE BEST OF BOTH WORLDS!

BICULTURALISM IS ADDITIVE NOT SUBTRACTIONAL

CORE HISPANIC VALUES
- Connectedness
- Faith
- Family unit
- Humbleness
- Respect
- Responsibility
- Selflessness
- Warmth

CORE AMERICAN VALUES
- Diversity
- Egalitarian Lifestyle
- Freedom
- Independence
- Respect for
- Individuality
- Self-expression

BICULTURAL SPACE

Source: The Bicultural Reality Qualitative Study – Copyright © Culturati Research 2012. ALL RIGHTS RESERVED
BICULTURALISM IS HERE TO STAY

...and understanding attitudes and values will drive greater relevancy for your brand

Source: Culturati Research & Consulting, Inc.
HISPANICS,
THE GREAT OPPORTUNITY TO GROW
HISPANIC GROWTH OUTPERFORMS TOTAL MARKET ACROSS ALL DEPARTMENTS

Highest growth among perimeter and healthcare departments

<table>
<thead>
<tr>
<th>Department</th>
<th>Total xAOC</th>
<th>Hispanic xAOC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deli</td>
<td>+4.4%</td>
<td>+9.4%</td>
</tr>
<tr>
<td>Produce</td>
<td>+4.4%</td>
<td>+9.9%</td>
</tr>
<tr>
<td>Alcohol</td>
<td>+3.7%</td>
<td>+7.4%</td>
</tr>
<tr>
<td>Dry Grocery</td>
<td>+0.9%</td>
<td>+5.6%</td>
</tr>
<tr>
<td>Meat</td>
<td>+7.8%</td>
<td>+11.2%</td>
</tr>
<tr>
<td>Beauty Care</td>
<td>+1.5%</td>
<td>+7.5%</td>
</tr>
<tr>
<td>Personal Care</td>
<td>+2.6%</td>
<td>+8.2%</td>
</tr>
<tr>
<td>HHCare</td>
<td>+0.6%</td>
<td>+5.6%</td>
</tr>
<tr>
<td>General Merchandise</td>
<td>-2.6%</td>
<td>+3.6%</td>
</tr>
<tr>
<td>Bakery</td>
<td>+0.8%</td>
<td>+5.2%</td>
</tr>
<tr>
<td>Grocery</td>
<td>-5.0%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Pet Care</td>
<td>+0.6%</td>
<td>+6.3%</td>
</tr>
<tr>
<td>Tobacco</td>
<td>-6.7%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Total Store</td>
<td>+1.8%</td>
<td>+6.7%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>+4.9%</td>
<td>+9.5%</td>
</tr>
<tr>
<td>Frozen</td>
<td>+0.4%</td>
<td>+5.3%</td>
</tr>
</tbody>
</table>

Source: Nielsen RMS, 52 weeks ending 3/21/15
... AND DRIVES THE GROWTH ACROSS ALL THE TOP 15 CPG CATEGORIES

TOP 15 CPG CATEGORY PERFORMANCE (DOLLAR VOLUME % CHANGE 2014 VS 2013)

<table>
<thead>
<tr>
<th>Category</th>
<th>Hispanic</th>
<th>Non Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salty Snacks</td>
<td>11.4%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Soft Drinks</td>
<td>13.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Cheese</td>
<td>10.4%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Vegetables</td>
<td>13.5%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Candy</td>
<td>8.8%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Milk</td>
<td>7.9%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Beer</td>
<td>9.4%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Bread</td>
<td>8.1%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Traditional Tobacco</td>
<td>6.7%</td>
<td>-2.7%</td>
</tr>
<tr>
<td>Frozen Entrees</td>
<td>3.4%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Fruit</td>
<td>12.9%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Wine</td>
<td>9.0%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Dog Food</td>
<td>4.3%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>RTE Cereal</td>
<td>3.9%</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Coffee</td>
<td>6.2%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Source: Nielsen TargetTrack, US xAOC 52 wks Ending 9/6/14
DESpite the opportunity, there is a gap

Majority of top advertisers still not investing enough

- GET AN AVERAGE ALLOCATION OF 5% OF MEDIA BUDGETS
- MORE THAN 70% OF TOP ADVERTISERS ALLOCATE LESS THAN 3.5%
THE QUESTION BECOMES HOW TO GET THERE
Nielsen and Culturati have joined forces to create a special and unique Household Panel analysis tool that incorporates Culturati’s U.S. Hispanic segmentation model to offer deeper understanding of Hispanic cultural attitudes and values, and their effects on purchase behavior.
HISPANIC PANEL SEGMENTATION

Uncover differences in Hispanic purchase behavior driven by cultural values & attitudes
COMBINING THE STRENGTH OF NIELSEN EXPANDED HISPANIC PANEL & CULTURATI ACCULTURATION MODEL

<table>
<thead>
<tr>
<th>CULTURATI ACCULTURATION MODEL</th>
<th>NIELSEN EXPANDED HISPANIC PANEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>LATINISTAS</td>
<td>English-Pref HH’s</td>
</tr>
<tr>
<td>HERITAGE KEEPERS</td>
<td>Bilingual HH’s</td>
</tr>
<tr>
<td>SAVVY BLENDERS</td>
<td>Door-to-Door Span-Pref HH’s</td>
</tr>
<tr>
<td>AMERI-FANS</td>
<td></td>
</tr>
</tbody>
</table>

New understanding of how cultural attitudes & values affect consumer purchase behavior, enabling marketers to maximize multicultural marketing investments.
CULTURATI SEGMENTATION IN THE NIELSEN HOMESCOAN HISPANIC PANEL

Understand how cultural attitudes & values affect purchase behavior:

- Which segments bring the most potential for my brand’s growth?
- How can I grow loyalty for my brands among Bicultural Hispanics?
- What strategies should I implement based on purchase behavior differences among Hispanic segments?
- How can I track the results of my bicultural marketing tactics?
- How can I connect more effectively with Hispanics through a better understanding of their discrete cultural attitudes?
EVOLUTION OF CULTURATI’S ACCULTURATION SEGMENTATION MODEL

We continue to evolve the understanding of U.S. Hispanics

**PHASE 1**
**2011**
**IN-DEPTH QUALITATIVE**
28 triads and 15 ethnographies
Among Hispanics of all acculturation levels, focusing on Biculturals

**PHASE 2**
**2012**
**QUANTITATIVE SEGMENTATION & QUALITATIVE SEGMENT VALIDATION**
Study of Hispanic consumers (1,100) with GM benchmark
In-depth qualitative interviews for segment validation

**PHASE 3**
**2013**
**QUANTITATIVE SHOPPER STUDY**
Syndicated Report (Millennial & Total Hispanic with GM benchmark)

**PHASE 4**
**2014**
**QUALITATIVE SHOPPER DEEP-DIVE**
Updated Syndicated Report (USH with GM benchmark)

**PHASE 5**
**2015**
**WHAT’S CURRENT & UPCOMING**
Partnership w/Nielsen HHP & Spectra

- Segment Evolution Tracker (2-years longitudinal study)
- Exploration of the model’s application among Asian Americans
OPPORTUNITY TO BETTER UNDERSTAND THE CHANGING HISPANIC SHOPPER

<table>
<thead>
<tr>
<th>LATINISTAS</th>
<th>HERITAGE KEEPERS</th>
<th>SAVVY BLENDERS</th>
<th>AMERI-FANS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Very Traditional and Hispanic-Centered</td>
<td>• Somewhat Progressive, but Hispanic-Centered</td>
<td>• Very Progressive and Culturally Diverse</td>
<td>• Progressive, with a Diluted Hispanic Heritage</td>
</tr>
<tr>
<td>• Least Focused on Blending Cultures</td>
<td>• Focused on Preserving Heritage and building a comfortable environment</td>
<td>• Focused on Preserving Heritage and Blending Cultures</td>
<td>• Least Focused on Preserving Hispanic Heritage</td>
</tr>
</tbody>
</table>

BICULTURAL HISPANICS
FOUR KEY ATTITUDE-BASED SEGMENTS HELP TO MORE DEEPLY UNDERSTAND TODAY’S U.S. REALITY

LATINISTAS

37% OF HISPANICS
Very Traditional and Hispanic-Centered
Least Focused on Blending Cultures

• Culturally Hispanic
• More than half prefer Spanish, but a third can use English
• 71%: 1st gen
• 29%: 2nd & 3rd gen

HERITAGE KEEPERS

11% OF HISPANICS
Somewhat Progressive, but Hispanic-Centered
Focused on Preserving Heritage and Building a Comfortable Environment

• Bicultural
• More than 80% prefer to speak in Spanish
• 86%: 1st gen
• 14%: 2nd & 3rd gen

SAVVY BLENDERS

33% OF HISPANICS
Very progressive and Culturally Diverse
Focused on Preserving Heritage and Blending Cultures

• Bicultural
• Language preference situational, proficient in both
• 71%: 2nd gen or 3rd gen
• 29%: 1st gen

AMERI-FANS

19% OF HISPANICS
Progressive, with a Diluted Hispanic Heritage
Low Focus on Preserving Hispanic Heritage

• Culturally American
• More than 90% prefer to speak English
• 82%: 2nd or 3rd gen
• 18%: 1st gen
THE BICULTURAL OPPORTUNITY IS SIGNIFICANT FOR BRANDS GROWTH...

It represents 45% of the massive U.S. Hispanic purchasing power
CONCLUSIONS
DRIVING GROWTH WITH HISPANICS

THE CONSUMER
The consumer is at the center of our innovation strategy

THE SHOPPER
Our solutions deliver unique shopper insights integrated in one tool to efficiently activate your merchandising plans

FLEXIBLE SERVICE MODELS
Are there opportunities to improve how your organization leverages consumer & shopper analytics?
NIELSEN - CULTURATI SEGMENTATION BENEFITS

• Understand dynamics of biculturalism and their effect on consumer and shopper behaviors.

• Measure your brand’s performance with key Hispanic segments to uncover opportunities for driving growth.

• Maximize your Hispanic marketing investments by developing the right marketing plans, in-store programs and communications strategies.

UNCOVER THE IMPACT OF HISPANIC CULTURAL ATTITUDES
NIELSEN’S HISPANIC INSIGHTS SUITE

HOMESCAN
EXPANDED HISPANIC PANEL
Consumer & Shopper Insights
Understand purchase behavior among Hispanic language segments

TARGET TRACK
Retail Measurement
Track sales and share for Hispanics vs. Non-Hispanics

SPECTRA HISPANIQ
Consumer Pinpointing
Identify where & how to access Hispanic consumers

ADVANCED ANALYTICS
Deeper Consumer Analytics
Develop an ideal pricing / promotion strategy, product offering, and shopping environment

NIELSEN’S MULTICULTURAL GROWTH & STRATEGY COE
END-TO-END MULTICULTURAL SOLUTIONS APPROACH

TO ANSWER KEY QUESTIONS, CREATE WINNING PLANS AND MEASURE PERFORMANCE IN THE MULTICULTURAL MARKET

<table>
<thead>
<tr>
<th>CONSUMERIZATION</th>
<th>MULTICULTURAL INTEGRATION</th>
<th>MARKETING EFFECTIVENESS</th>
<th>PERFORMANCE MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDENTIFY</td>
<td>INNOVATION</td>
<td>DESIGN</td>
<td>ENGAGE</td>
</tr>
<tr>
<td>• SIZE OF PRIZE</td>
<td>• CULTURAL INSIGHTS</td>
<td>• CULTURAL INSIGHTS</td>
<td>• COMMUNICATION</td>
</tr>
<tr>
<td>• GROWTH DRIVERS</td>
<td>• BRAND PLATFORM</td>
<td>• BRAND PLATFORM</td>
<td>STRATEGY</td>
</tr>
<tr>
<td>• FOCUS MARKETS</td>
<td>• PRODUCT READINESS</td>
<td>• PRODUCT READINESS</td>
<td>• ENGLISH/SPANISH AD?</td>
</tr>
<tr>
<td>• FOCUS CHANNELS</td>
<td></td>
<td></td>
<td>• CREATIVE DEV.</td>
</tr>
<tr>
<td>• COMPETITION</td>
<td></td>
<td></td>
<td>• EFFICIENCIES</td>
</tr>
<tr>
<td>• UNMET DEMAND</td>
<td></td>
<td></td>
<td>• MEDIA OPTIMIZATION</td>
</tr>
</tbody>
</table>

• ENGLISH/SPANISH AD?
• CULTURAL INSIGHTS
• BRAND PLATFORM
• PRODUCT READINESS

• COMMUNICATION
• STRATEGY
• ENGLISH/SPANISH AD?
• CREATIVE DEV.
• EFFICIENCIES
• MEDIA OPTIMIZATION
• MARKETING ROI

• SHOPPER INSIGHTS
• PROMOTION
• ASSORTMENT
• PRICING
• MERCHANDISING
• LOCAL MARKET
• ACTIVATION
THANK YOU!
¡GRACIAS!