AHAA INSIGHTS SERIES

CPG/Retailers Hispanic Media Allocation Trends 2010-14 & Impact on Total Market Revenue Growth

July 14, 2015

Presenter:
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Moderator: Gaby Alcantara-Diaz, AHAA Education Chair and President, Semilla AD, Inc.
Methodology

- Advertising spend data including over 340K parent companies was collected by Nielsen Monitor Plus in English and Hispanic (Spanish/Bilingual/English) media. This data was analyzed by Santiago Solutions Group for AHAA.

- SSG classified the Top 500 advertisers into 5 allocation Tiers according to their share of overall ad spend dedicated to Hispanic Media corresponding to previous AHAA Ad Spend Allocation reports:
  - Best-in-Class (more than 14.2%)
  - Leaders (6.4%-14.2%)
  - Followers (3.6%-6.3%)
  - Laggards (1.0%-3.5%)
  - On-The-Sidelines (Less than 1%)

- Moreover, SSG also segmented the Top 500 Overall Spending (English + Spanish) Companies. This was done for Multiple years 2010-2014, thus permitting the analysis of trends in the marketplace.

<table>
<thead>
<tr>
<th>English Media Included</th>
<th>Hispanic Media Included</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV</td>
<td>Cable TV</td>
</tr>
<tr>
<td>FSI Coupon</td>
<td>FSI Coupon</td>
</tr>
<tr>
<td>Local Mag</td>
<td>Local Magazine</td>
</tr>
<tr>
<td>Local Newspaper</td>
<td>Local Newspaper</td>
</tr>
<tr>
<td>Local Sunday Supplement</td>
<td>Local Sunday Supplement</td>
</tr>
<tr>
<td>National Magazine</td>
<td>National Magazine</td>
</tr>
<tr>
<td>National Newspaper</td>
<td>National Newspaper</td>
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<tr>
<td>National Sunday</td>
<td>National Sunday Supplement</td>
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<tr>
<td>Network Radio</td>
<td>Network Radio</td>
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<td>Network TV</td>
<td>Network TV</td>
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<td>Spot Radio</td>
<td>Spot Radio</td>
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<tr>
<td>Spot TV</td>
<td>Spot TV</td>
</tr>
<tr>
<td>Syndicated TV</td>
<td>Syndicated TV</td>
</tr>
</tbody>
</table>

Excluded English Media
- B2B
- Display
- Outdoor
- National Cinema
- Regional Cinema

Excluded Hispanic Media
- B2B
- Display
- Outdoor
- National Cinema
- Regional Cinema
Top 500 Advertisers Increased Hispanic Media Spend by $3Bn or 61% vs. only 2% in English Ad Spend, Shifting 3.2% of their Ad Resources to Hispanic Media

- While overall ad spend among the top 500 advertisers increased by 5% from $79.0 Bn to $83.1Bn from 2010 to 2014, marketers made a steep increase in Hispanic Ad Spend, jumping 61% from $4.4Bn to $7.1Bn.

- Hispanic allocation jumped to 8.5% of all US top 500 marketers ad spend from 5.6% in 2010.

- English Media Ad Spend increased by 2% from $74.6 Bn in 2010 to $76.0 Bn in 2014.

2010-2014 Nielsen Monitor Plus data; Santiago Solutions Group analysis & interpretation for AHAA: The Voice Of Hispanic Marketing
CPG/Retailers* Among Top 500 US Advertisers Shifted over 4% of their English Media ad spend to Hispanic Media

- While overall CPG/Retailers ad spend among the top 500 advertisers decreased by 7% from $18.4 Bn to $17.1 Bn from 2010 to 2014, marketers made the largest increase so far in Hispanic Ad Spend, jumping 67% from $1.2Bn to $2.0Bn.

- CPG/Retailers Hispanic allocation jumped to 10.7% of all US top 500 marketers ad spend from 6.1% in 2010.

*CPG/Retailers Category includes Beverages, Consumer Products, Packaged Goods, Health & Beauty Products, Over-the-Counter Drugs, Supermarkets, Mass Retailers and Drug Chains Among Top 500 US Advertisers

2010-2014 Nielsen Monitor Plus data; Santiago Solutions Group analysis & interpretation for AHAA: The Voice Of Hispanic Marketing
Since 2006, the Aggregate Hispanic AdSpend By CPG/Retailers Increased 100%, the Average CPG/Retailer AdSpend increased to $22M in 2014, & Allocation shifted from English Media to Hispanic by 5.2% points

- CPG/Retailers marketers among the top US advertisers increased their aggregate Hispanic AdSpend by 20% between 2006 and 2010 to $1.2 Bn and increased 67% between 2010 to 2014 to 2.0Bn.
- The mean Hispanic Ad Spend by CPG/Retailers companies increased 16% from 2006 to 2010 followed by a 74% increase from $12.6M in 2010 to $21.9M in 2014.
- The CPG/Retailers category allocation to Hispanic dedicated media, among the Top 500 U.S. Advertisers, increased to 6.3% in 2010 and nearly 11% in 2014.
Aggregate Hispanic AdSpend By CPG Retailer & Manufacturer Increased 60% & 65%, Allocation jumped 3.4% & 4.5% points, the Average CPG & Retail Company Hispanic Dedicated AdSpend increased to $15.5M & $23.4M respectively.

- CPG marketers increased their aggregate Hispanic Ad Spend by 65% between 2010 and 2014 to $1.8 Bn, Retail Marketers increased their Hispanic Ad Spend by 60%.
- The mean Hispanic Ad Spend by CPG companies increased 70% from $13.8M to $23.4 in 2014, Retail Companies increased 87%.
- The CPG category allocation to Hispanic dedicated media increased to 10.9% in 2014, Retail category allocation increased to 9.3%.

<table>
<thead>
<tr>
<th>Type</th>
<th>2010</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailers</td>
<td>$175M</td>
<td>$280M</td>
<td>+60%</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>$1.1M</td>
<td>$1.8M</td>
<td>+65%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>2010</th>
<th>2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Hispanic Ad Spend*</td>
<td>$8.3M</td>
<td>$15.5M</td>
<td>+87%</td>
</tr>
<tr>
<td>Hispanic % of Overall AdSpend*</td>
<td>5.9%</td>
<td>9.3%</td>
<td>+3.4% points</td>
</tr>
</tbody>
</table>

*Among Top 500 in 2014
CPG/Retailers Further Ramped-up Their Hispanic Dedicated Investments From Follower to Leader Allocation Tier in 2014

with Retailers at 9.3% and Manufactures at 10.9%

CPG/Retailers Allocation Index: **126**

CPG/Retailers vs Advertisers Average Hispanic Dedicated Allocation

Hispanic Media Allocation Tiers
- Best-in-Class (more than 14.2%)
- Leaders (6.4%-14.2%)
- Followers (3.6%-6.3%)
- Laggards (1.0%-3.5%)
- On-The-Sidelines (Less than 1%)
### Distribution of CPG/Retailers Companies By Investment Tier in 2010 & 2014 (Among Top 500 Advertisers)

<table>
<thead>
<tr>
<th>INVESTMENT TIER</th>
<th>% Allocation Hisp Media</th>
<th># of Companies</th>
<th>Hispanic (Span+Bilingual) Dedicated AdSpend $</th>
<th>Hisp % Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIC</td>
<td></td>
<td></td>
<td>$149,013</td>
<td>$1,185,883</td>
</tr>
<tr>
<td>Leader</td>
<td>6.4%</td>
<td>-</td>
<td>$808,179</td>
<td>$757,476</td>
</tr>
<tr>
<td>Follower</td>
<td>3.6%</td>
<td>-</td>
<td>$241,082</td>
<td>$59,463</td>
</tr>
<tr>
<td>Laggard</td>
<td>1.0%</td>
<td>-</td>
<td>$26,309</td>
<td>$32,164</td>
</tr>
<tr>
<td>On-The-Sidelines</td>
<td>&lt;1%</td>
<td>-</td>
<td>$12,348</td>
<td>$2,087</td>
</tr>
<tr>
<td>TOTAL</td>
<td>98</td>
<td>93</td>
<td>$1,236,931</td>
<td>$2,037,074</td>
</tr>
</tbody>
</table>

CPG Hispanic Ad Spend Nearly Doubled since 2010 from $1.2Bn to $2.0Bn

40 CPG/Retailers companies allocated more than 6.4% to Hispanic dedicated efforts in 2014 from 26 in 2010

+65%
Where Is The Increase Commitment Coming From?

BIC in 2014 grew mostly from Leaders in 2010 but also from On-the-Sidelines in 2010

Leaders in 2014 grew mostly from Followers in 2010 but also from lower tiers in 2010

Source: 2010-2014 Nielsen Monitor Plus data; Santiago Solutions Group analysis & interpretation for AHAA: The Voice Of Hispanic Marketing
Why Should Companies Care About Hispanic Allocation?
Methodology Highlights

2010-2014 CPGs & Retailers in Study

Final Sample of CPGs (59)

Publicly Traded w/ clear Organic US Revenue (59)

Unadjustable M&As Inconsistent Data (-34)

Inconsistent Advertisers (-5)

Consistent Advertisers (93)

Other Category (-402)

CPG& Retailer Category (98)

Top 500 U.S. Overall Advertisers 2010-2014 (500)
Are CPGs Growth Rates Related To Change In Hispanic Focus?

There Is A Direct & Positive Relationship Between Allocation Shifts From English To Hispanic Media And Accelerated Total Market Revenue Growth

Findings:
- The expected range for 1% in Hispanic Allocation is an increase of .26% to .40% in overall corporate revenue growth rate.
- For every additional point in Hispanic allocation we would expect revenue growth of .35% over the 4 years for CPG & Retailers.
- In other words, on average, a 5% shift in allocation from English media to Hispanic media would generate a 1.75% acceleration in U.S. revenue growth rate.

All findings discussed in the presentation are statistically significant at a 99.9% confidence level or better.
Are CPGs Growth Rates Related to 2014 Hispanic Focus?

There Is A Direct & Positive Relationship Between 2014 CPG/Retailers Share Of AdSpend Dedicated To Hispanic Media And Their Topline Revenue Growth.

There is a direct and positive relationship between 2014 CPG/Retailers' share of ad spend dedicated to Hispanic media and their topline revenue growth. 

Findings:
- The expected range for 1% in 2014 Hispanic allocation is an increase of 0.17% to 0.31% in overall corporate revenue growth rate.
- For every additional point in 2014 Hispanic allocation, we would expect revenue growth of 0.25% over the 4 years for CPG & Retailers.
- In other words, on average, a 5% increase in 2014 Hispanic allocation would generate a 1.26% acceleration in U.S. revenue growth rate.

All findings discussed in the presentation are statistically significant at a 99.9% confidence level or better.
The Analysis Proofs at 99.9% Confidence Level That Resource Shifts Behind Hispanic Consumers Are a Critical Formula in Boosting Total Market Growth Rates

- **Change in Hispanic Allocation** alone explains about **28%** of CPGs change in topline revenue growth

- **2014 Hispanic Allocation** alone explains about **18%** of CPGs change in topline revenue growth
  
  - The other **72%** or **82%** includes other critical factors such as brand awareness/equity, new product development, management focus, measurement tools, distribution, sales force, past performance, community position, organization structure, talent, overall segmentation expertise, etc.

All findings discussed in the presentation are statistically significant at a 99.9% confidence level or better.
Conclusions

CPG/Retailers Hispanic Dedicated Media skyrockets between 2010-2014
• CPG/Retailers outpaced Top 500 advertisers peers in Hispanic Media Allocation increases
• CPG/Retailers shifted over 4% of English Ad Spend to Hispanic Media
  – Currently focusing 11% of their overall ad resources to Hispanic Media
  – Retailers allocation moving in tandem with Manufacturers
  – With nearly the same number of companies among Top 500 the category saw enormous growth – a 65% dollar increase behind dedicated Hispanic media
• The main benefit of shifts from English Media to Hispanic Media is increased Total Market topline revenue acceleration
  – There is a strong direct correlation (@ 99.9% confidence level) between shifts to Hispanic Media and overall U.S. revenue growth
  – Consistent/significant Hispanic dedicated efforts drive superior overall revenue growth for companies
  – For every 5 points of shift from English to Hispanic media, companies would on average experience a 1.75% increase in annual revenue growth in the U.S.
• Hispanic as a priority drives sustainable growth into future
Q & A

Log into AHAA.org
Members Section for the Full Dataset & Other Categories Analyses
Released In 2015

2010-2014 Nielsen Monitor Plus data; Santiago Solutions Group analysis & interpretation for AHAA