**introduction**

This study marks the first time that a direct correlation between overall Hispanic ad spending and a company’s overall revenue has been found. For Best-In-Class companies, which are defined as U.S. companies with a consistent Hispanic allocation of marketing dollars of more than 14.2 percent, this study found, with a confidence level of 99 percent, that a Best-In-Class company allocating one quarter of its ad spend to Hispanic media over five years would generate annual revenue growth of 6.7 percent.

As the evolution of the U.S. Hispanic population unfolds over the coming years, many advertisers continue to take a hard look at their investments and propensity for growth relative to the Hispanic consumer. The 2010 Census underscores the diversity of the Hispanic market that requires and demands that brands and industry categories reevaluate their stake in the Hispanic consumer marketplace.

As the leading voice for Hispanic advertising, AHAA offers this Hispanic Marketing Investment Trends Report to:

- provide marketers with a snapshot of industry performance;
- engage and educate various industries about the Hispanic market prospect;
- benchmark overall and industry specific allocation shifts;
- introduce useful, realistic and adaptable approaches for setting appropriate resource levels by major product categories.

**ALLOCATION TO HISPANIC (SPANISH DOMINANT & BILINGUAL PRINT, RADIO, TV)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best In Class</td>
<td>&gt;14.2 Percent of overall ad budgets to Hispanic media</td>
</tr>
<tr>
<td>Leaders</td>
<td>between 6.4 and 14.2 percent</td>
</tr>
<tr>
<td>Followers</td>
<td>between 3.6 and 6.4 percent</td>
</tr>
<tr>
<td>Laggards</td>
<td>between 1.0 to 3.65 percent</td>
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<tr>
<td>In Denial</td>
<td>&lt; 1 percent</td>
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</tbody>
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**overall picture**

In 2010, coming on the heels of the recession, Hispanic media spend by the Top 500 advertisers stood at $4.3 billion, only $163 million below its peak in 2007 showing a strong recovery. However, unlike the general market which saw budgets slashed during the 2008 recession, the Hispanic advertising industry has remained constant at five to six percent of total advertising budgets, from 2006 to 2010. Showing a steep turnaround in 2010, the Top 500 reversed the previous two year trend returning over $500 million to Hispanic media, intensifying their ad spend by 14 percent over 2009 levels.
The Private Investment category took the biggest loss among In Denial with an approximate decline of $86 million.

Among the 13 In Denial categories, all but three categories, Diet-Supplement-Vitamins, Insurance-Life, and Luxury Brand, experienced decreases in Hispanic allocation.

Among Hispanic allocation Leaders, the Telecom category grew the most, nearly $170 million or 51 percent since 2006.

The Restaurants-QSR category also showed a significant increase of 30 percent or $70 million in incremental investment to arrive at $301 million in 2010.

The Home Improvement & Builders category rebounded from the recession dip increasing 6 percent over its 2006 base of $91 million.

Among 2010 Leader categories, only Government & Lottery and Retail Mass Merchandisers-Department Stores experienced decreases in overall spending.

The Beer category maintained its Best-In-Class standing and edged 1.2 share points in allocation to 15 percent.

Direct Consumer Marketing was the only Best-In-Class category that decreased its spending, reducing spend by 33 percent over its pre-recession level of $118 million in 2006.

The Automotive categories in total, manufacturers and retailers combined, have shown an aggregate decrease of approximately $259 million since 2006. In contrast, all other 50 categories in aggregate have shown an upturn of $280 million or 8 percent in the same period.

Among the Followers, only four categories experienced decreases in Hispanic allocation, each in excess of $150 million each.

Among the Followers, only four categories experienced decreases in Hispanic allocation from 2006 to 2010, with the sharpest decline coming from the Automotive Industry, auto manufacturers and auto retailers combined, with a $259 million decrease in Hispanic ad spend.

Amongst the Laggards, the Pharmaceutical and Automotive Dealers-Assn categories experienced decreases in excess of $50 million each.

The Financial Services category has increased its focus on the Hispanic segment with 44 percent compared to only 16 percent up among Non-Hispanic traditional media.

Both the Automotive Manufacturer and Media & Entertainment categories experienced decreases in excess of $150 million each.

Three out of five Hispanic Best-In-Class categories, Subscription TV, Auto Insurance & Financial Services –Tax Preparation, catapulted a total spend of $400 million.
conclusions & implications

Specialized marketing to Hispanic consumers is more valuable today than ever. The diversity within the Hispanic market—age, acculturation level, country of origin, income, education, and geographic location—underscores the importance of meaningful creative and content that is not “one-size-fits-all.”

Based on population and buying power alone, Hispanic consumers are among the most desirable target markets. The U.S. Hispanic population continues to grow more rapidly than the non-Hispanic population and according to Census figures by 2014 one person out of every six living in the U.S. will be of Hispanic origin.

Even through a deep recession and softer consumer demand, the AHAA study revealed a direct connection between consistent and appropriate Hispanic ad spending and overall topline revenue growth.

As companies recover and reinvest, ad spend should be seen more broadly as a corporate investment that will maximize companies growth in the Hispanic market. Now is the time to ensure that Hispanic budgets are increased and optimum allocation to target Hispanics is secured.

According to the AHAA study, a company allocating one quarter of its ad spend to Hispanic media over five years would generate annual revenue growth of 6.7 percent.

This research underscores that companies can’t just pop in-and-out of the Hispanic market as a fad and see benefits—real bottom-line benefits come from consistent integrated approaches.

While the AHAA data only measured above line advertising expenditures, as leading Hispanic marketers we know that a successful Hispanic program must be multi-dimensional, multi-platform efforts.

This study emphasizes the importance of right-sizing a company’s Hispanic market opportunity. Right-sizing the investment levels will establish attainable Hispanic revenue and ROI goals.

Setting the proper investment for the potential Hispanic market opportunity can play a significant role in leading companies out of the recession.

methodology

The overall study was developed and executed by the Santiago Solutions Group, a growth strategy consultancy with methodological review by Dr. Cristina Garcia, professor of statistics at USC from 2008 to 2011. Total and Hispanic advertising spending for the top 500 advertisers was tabulated using The Nielsen Company data for each of the years 2006-2010. The Nielsen Company figures include Hispanic media across network, cable and spot television markets; local radio markets; national magazines; and local newspapers. Using this data the total Hispanic spend out of all advertising was calculated.

Santiago Solutions Group analyzed all 35,000 U.S. advertisers and their allocation trends to Hispanic media for five years between 2006 and 2010. The Top 500 Advertisers were grouped into five levels of Hispanic allocation and each company was paired to the available published revenue data for the five year period. Various regression analyses were applied to identify any correlation between the percentage of advertising allocation dedicated to Hispanic and the company’s compounded annual revenue growth rates.

For full report visit www.ahaa.org.