

Consumer Packaged Goods & Retail Companies Unlock Topline Revenue Growth through Hispanic Marketing

Study Shows Increase in Hispanic Allocation Leads to Greater Return on Investment

Fairfax, VA, July 21, 2015 – Consumer Packaged Goods (CPG) and Retail marketers are seeing a direct correlation between topline revenue growth and Hispanic media investment, according to a new report from **AHAA: The Voice of Hispanic Marketing**. CPG and retail companies among the top 500 U.S. advertisers increased their Hispanic media spend by a staggering 67 percent during 2010 to 2014 – compared to a 20 percent increase of aggregate Hispanic ad spending in the previous 2006 to 2010 time period. In fact, the study revealed that shifts from English to Hispanic media explain 28 percent of CPG-Retail companies' acceleration in topline revenue growth from 2010 to 2014.

“Historically, CPG/Retail companies have led other top marketers in their allocation of resources to capture Hispanic purchases and loyalty. More recently, we have seen how players that have increased allocations to Hispanic marketing efforts have significantly delivered accelerated topline revenue growth in the U.S.,” said Carlos Santiago, chair of the AHAA Research Committee. “For every five-point shifts from English to Hispanic media, we found, on average, a 1.75 boost in revenue growth rates – tangible evidence that shifts to Hispanic media directly impact total market revenue growth.”

Since 2006, the aggregate Hispanic ad spend by CPG/Retailers increased 100 percent, the average CPG/Retailer ad spend increased to \$22 million in 2014, and allocation shifted from English media to Hispanic by 5.2 points. On the other hand, the AHAA study indicated that the CPG/Retail category, which includes beverages, consumer products, packaged goods, health & beauty products, over-the-counter drugs, and retail, decreased their English advertising spending by 7 percent during the same timeframe, indicating a major strategic shift that is placing Hispanic marketing as a top corporate priority.

- According to the report, **P&G** spends the most against Hispanic advertising with \$439 million followed by **L'Oréal, MARS, Walmart, Anheuser-Busch** and **SABMiller**.
- **Goya** leads in highest percentage toward Hispanic with 59 percent of its advertising going to Hispanic with **Constellation Brands** (wine, beer and spirit marketer whose portfolio includes brands like Clos du Bois, Robert Mondavi, Corona, Modelo) and **L'Arche Green (Heineken)** close behind with 46 percent and 35 percent, respectively.
- **Constellation Brands, L'Arche Green, Colgate, SABMiller, Guthy-Renker** (maker of direct-to-consumer product lines like Proactiv+ and Sheer Cover) and **Aderans** (global provider of hair replacement and restoration products like Bosley for men) are among the brands contributing more than a quarter of their advertising budget to Hispanic.
- Companies that made the biggest jump include **Constellation Brands, P&G**, household consumer products and personal care company **Church & Dwight**, (ARM & HAMMER, Oxi Clean and Orajel), **Aderans**, cereal manufacturer **Post Holdings**, **Dr. Pepper Snapple**, **Colgate**, **Diageo** and **Milk Processors**, all of which increased Hispanic allocation by more than 10 points and Hispanic ad spend by more than \$7 million each since 2010.

- Among Retailers of consumer packaged goods, HEB, Big Lots, Publix, Walmart, Target and Kroger stepped up their Hispanic efforts by 5 to 15 allocation points between 2010 and 2014.

This upward trend shows no signs of stopping with the mean Hispanic ad spend increasing from 16 percent, or \$12.6 million, in 2006-2010 to 74 percent, or \$21.9 million in 2010-2014. Finally, CPG/Retail category marketers increased their spending against Hispanic dedicated media from 6.3 percent in 2010 to 10.7 percent in 2014, led by CPG manufacturers achieving 10.9 percent and followed by Retailers reaching 9.3 percent in 2014 Hispanic Allocation.

The CPG/Retail Category evolved from being a “Follower” with 6.3 percent in 2010 to becoming a “Leader” with a 10.7 percent Hispanic Allocation in 2014. From 2010 to 2014, the number of CPG/Retail companies in the “Best-In-Class (BIC)” and “Leader” allocation tiers among top 500 advertisers doubled, jumping from 26 to 40 companies. In fact, many of these companies were previously in “Follower” and even “On-the-Sidelines” categories.

Over the past five years, the top 500 advertisers boosted their spending in Hispanic targeted media by 63 percent or \$2.7 billion from \$4.3 billion in 2010 to \$7.1 billion. The top 500 advertisers boosted their average spending from \$9 million in Hispanic targeted media in 2010 to \$14 million now.

Methodology

Data was collected from Nielsen Monitor Plus which tracked over 340K companies’ advertising expenditures in English and Spanish. This data was analyzed by Santiago Solutions Group for AHAA. SSG divided companies into 5 Tiers according to the percent allocation to Spanish/Bilingual media: *Best-in-Class* (more than 14.2%), *Leaders* (6.4%-14.2%), *Followers* (3.6%-6.3%), *Laggards* (1.0%-3.5%), and *On the Sidelines* (Less than 1%). SSG also segmented the Top 500 Overall Spending (English + Spanish) Companies for years 2010-2014, thus permitting the analysis of trends in the marketplace. Ad Spend Includes spending in Network TV, Spot TV, Cable TV, Radio, Magazines, Newspaper & FSI. It excludes B2B, Display, Outdoor and Cinema.

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About AHAA: Founded in 1996, AHAA: The Voice of Hispanic Marketing is the national trade organization of all marketing, communications and media firms with trusted Hispanic expertise.