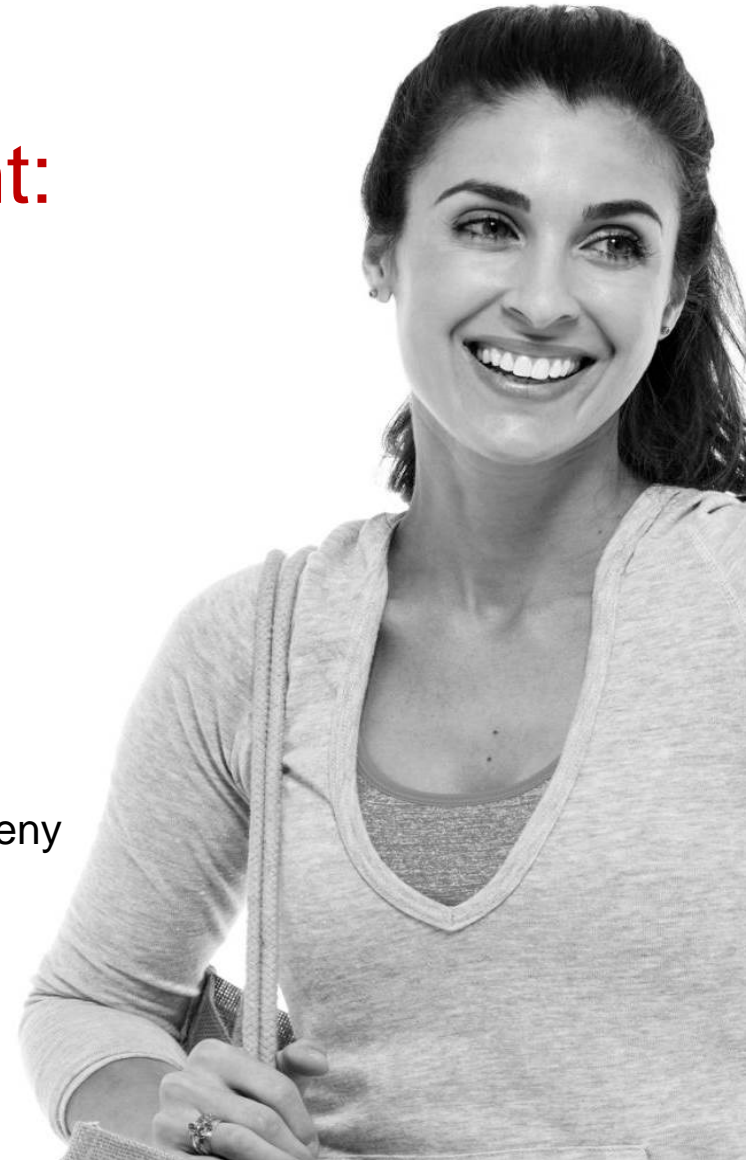




America's New Upscale Segment: Latinos!

Members Only Roundtable
9-17-13

● Contributors: Gabriela Alcantara, Reny Diaz & Carlos Santiago



Discussion Guide



Part 1 – Context from Study Webinar

1. Overview
2. Take-Aways & Conclusions

Part 2 – Areas for Further Discussion

Upscale Definition

1. Why Upscale, Define Industry Terms
2. Contributing household Earners
3. College-Graduate Projections
4. Growth of Spanish-dominant

Market Dynamics

1. Additional Regional Markets – New York, Texas
2. Secondary Market - Washington D.C.

Media

1. Media Criteria
2. Digital Usage

STUDY OVERVIEW



AHAA: The Voice of Hispanic Marketing, in alliance with Nielsen, conducted a comprehensive study in 2013 on U.S. Latino Upscale households.

The study brings together many Nielsen assets to profile the Upscale Latino segment of today and tomorrow.

- Demographics
- Lifestyle Segmentation
- Financial & Investment Behavior
- Purchasing Habits
- Media Behavior
- Technological Adoption

In this study, “Upscale Latino” refers to Hispanics in a households that earn an annual aggregate income of **\$50-\$100K**

Take-Aways

Fast growing Latino Upscale segment reins nearly **40%** of Hispanic Spending Power

- Viable and sophisticated market of enormous proportion -- **\$500 Billion** annually
- A force behind new businesses with higher educational and professional attainment
- Younger in age and larger households provides lifetime value and upside opportunities for many high-end & luxury brands
- Preliminary report finds Upscale Hispanic over-index compared to Hispanics in Investments and Personal Care categories
- Expenditures in-line with Non-Hispanic Upscale across two-thirds of Food sub-categories, exceeding in one quarter of sub-categories
- Upscale Hispanics are shaping technology trends through their use of financial services through mobile devices
- Latino identity with one foot in each culture - their fully BILINGUAL tendencies are reflected in their pervasive use of language, and media consumption

Conclusions

Upscale Latinos will drive shifts in category consideration, purchasing behavior and brand relationship.

Marketers have a unique opportunity to identify the needs of an evolving Upscale Hispanic household:

- with an interest in building net worth,
- simplifying their lives,
- while benefiting from a bicultural lifestyle,
- streamlining their multi-generational responsibilities
- and enriching their American Dream.



DEFINING THE UPSCALE LATINO

Study Upscale Segment Definition

Upscale Consumer Segment: persons and families in households with \$50-100K annual aggregate HH income

Context

- Marketers have traditionally focused their attention on Hispanics households earning around the median Hispanic HHI.
- Conversely, Hispanics \$50-100K have received little attention from marketers. The available knowledge about this “Upper Middle Income” consumers is limited despite their substantial share of all Hispanic households and enormous purchasing power.

Objective & Segment Definition

- To begin to explore the composition, behaviors and purchase characteristics of Upper Middle Income segment Hispanic vs. the Non-Hispanic segment of same income profile.
- We focused on the segment of households with aggregate annual income of \$50-100K.
 - Well above the median HH income (\$39K) but without entering the Affluent segment which typically begins at \$100K HHI and has unique characteristics.

Study Upscale Segment Definition

We realize that marketers economic segmentation definitions are vague and confusing. Unfortunately, there are no set standards.

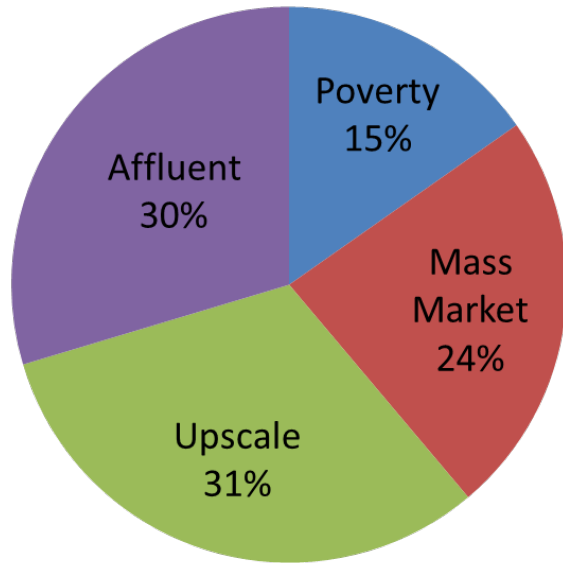
- Economists nor politicians agree on what is middle class, let alone lower middle class or upper middle class families.
- Marketers across categories often use a wide range of definitions.
 - The \$100K+ segment is commonly broken apart and even here there are different definitions used by marketers. Some use Affluent consumers and Luxury consumers interchangeably and others overlay Net Worth to aggregate HH income. Furthermore, Super-Affluent consumers may include \$150K+ and sometimes at \$250K+.
- Media planners often define the Upscale segment as \$75-100K.

When applying/sourcing AHAA-Nielsen's study we strongly recommend that "Upscale" should be accompanied by the aggregate household income range of \$50-100K.

Segment Stratification by HHI

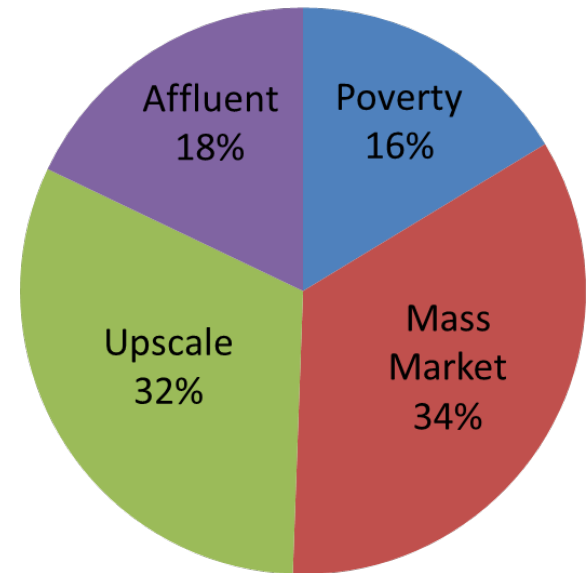


Non-Hispanic
Median**: \$51,980



- Poverty*
< \$22K*
- Mass Market Consumer-Lower Middle Class
~\$22 - \$50K
- Upscale Consumer-Upper Middle Class
\$50 - \$100K
- Affluent Consumer
\$100K+

Hispanic
Median**:\$39,589



Sources:

* 2011 Poverty Guidelines per Federal Register by the Department of Health & Human Services for determining financial eligibility for certain federal programs. 2011 Federal Poverty Level*:

- 3 persons in fa/HH = \$19K
- 4 Persons in fa/HH = \$22K (Hisp. Avg. HH size 3.5, NH 2.6)**

** US Census ACS 2011

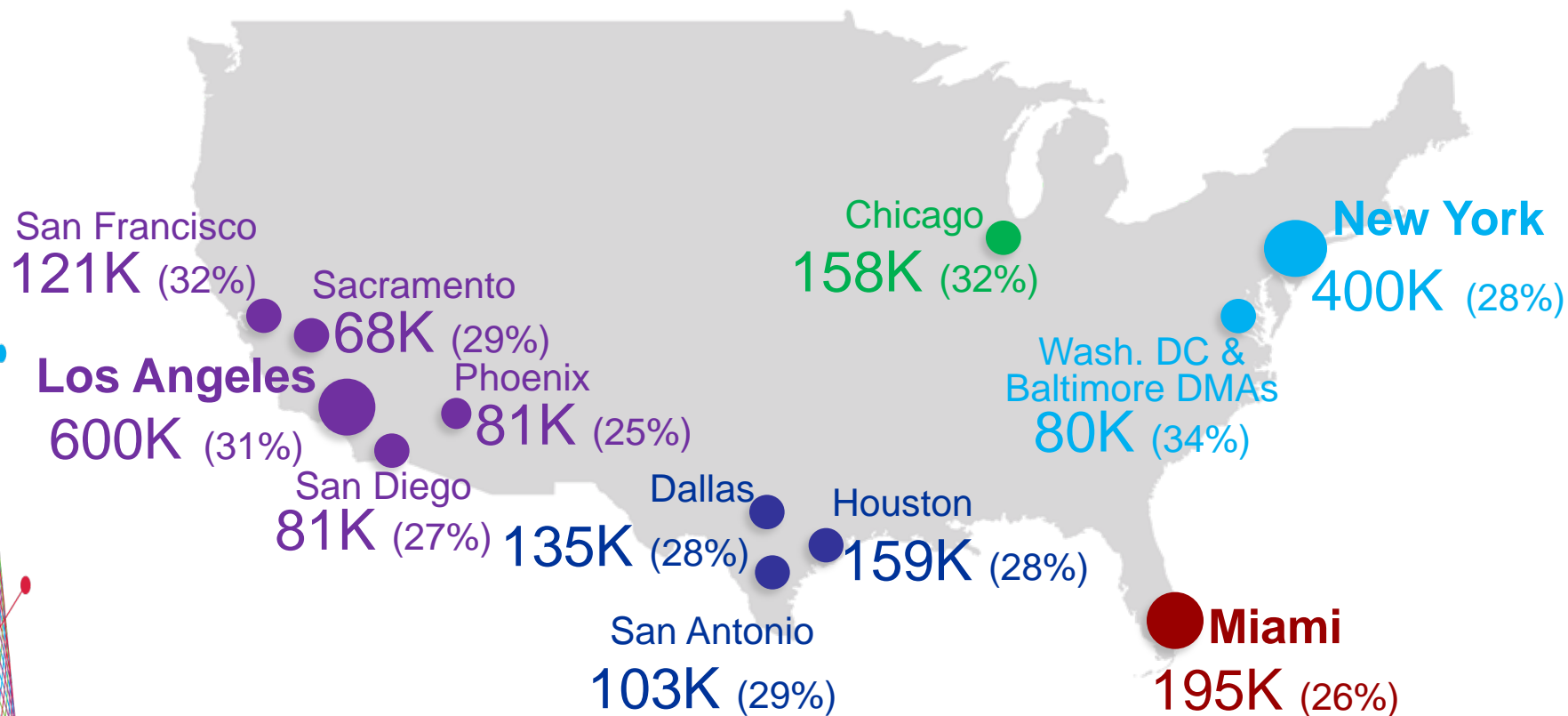


MARKET DYNAMICS

Upscale Latinos Live in Top Latino Markets



There are approximately 1.5 million Upscale Hispanic homes in the top US Hispanic DMAs

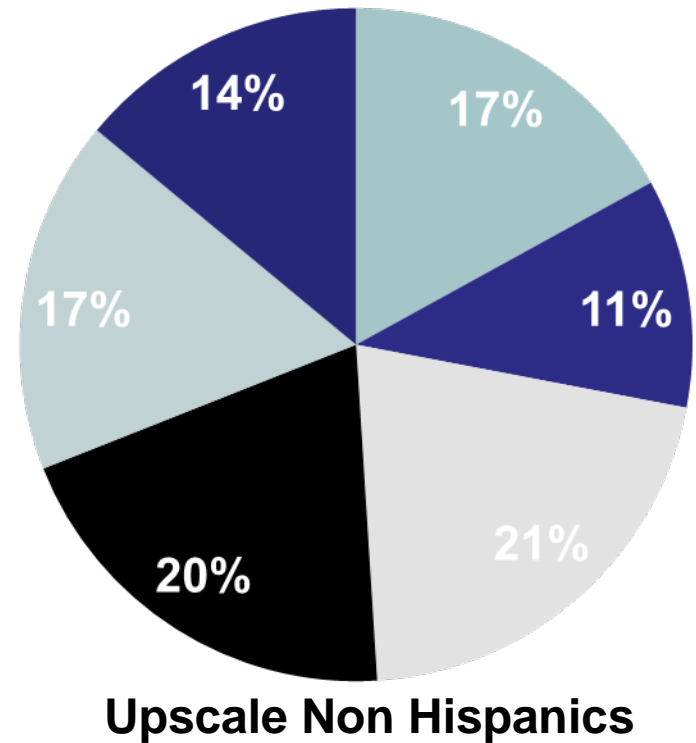
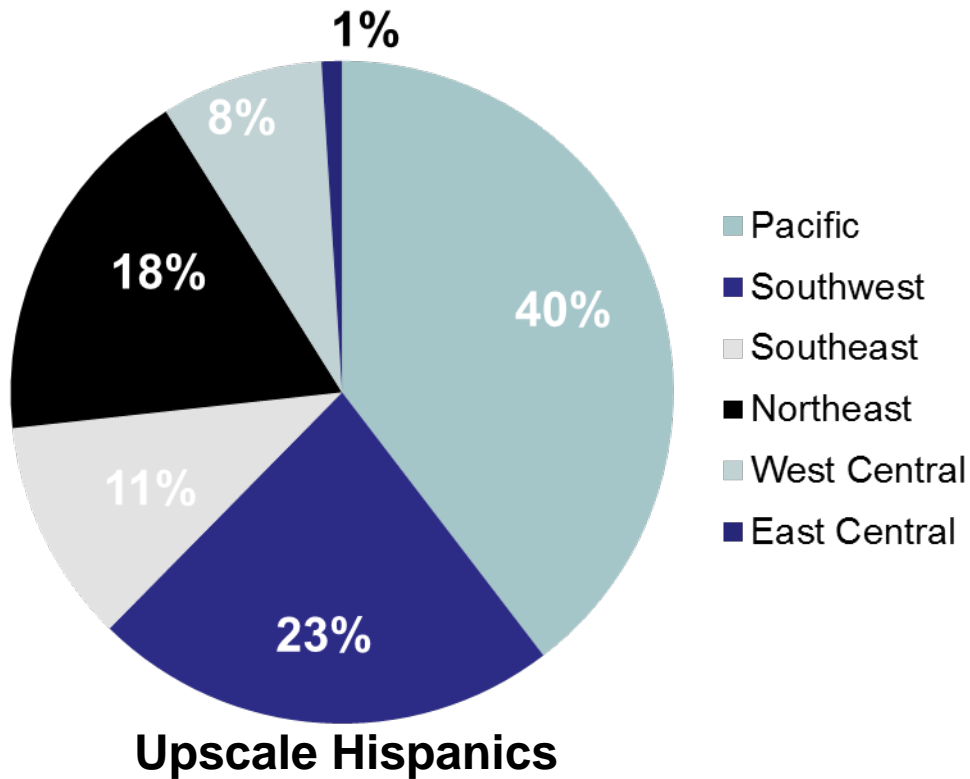


Source: US Census ACS 2011.

Upscale Latinos Live throughout the US



The Pacific and Southwest region contain roughly 60% of Upscale Latinos.



Largest Upscale Hispanic markets



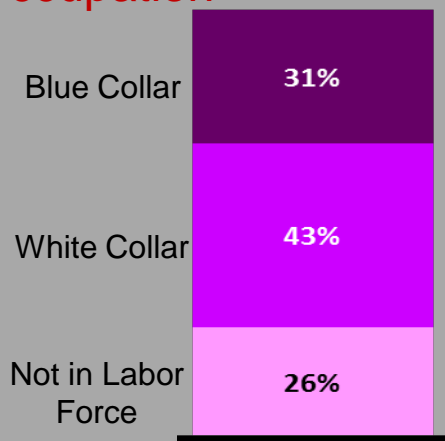
Over 2 Million Upscale homes in top Hispanic Markets among DMAs with more than 10,000 HHs.

	HHs	Hispanic HHs	Upscale Hispanic HHs
Los Angeles, CA	5,806,202	1,970,381	625,629
New York, NY	7,742,613	1,427,294	396,011
Miami-Ft. Lauderdale, FL	1,643,542	758,634	194,892
Houston, TX	2,293,642	645,893	181,920
Chicago, IL	3,589,014	533,489	172,723
San Francisco et al, CA	2,654,810	452,105	147,500
Dallas-Ft. Worth, TX	2,661,865	536,777	147,149
San Antonio, TX	917,362	441,497	125,897
Phoenix et al, AZ	1,904,420	376,710	96,128
Sacramento et al, CA	1,444,289	292,419	89,246

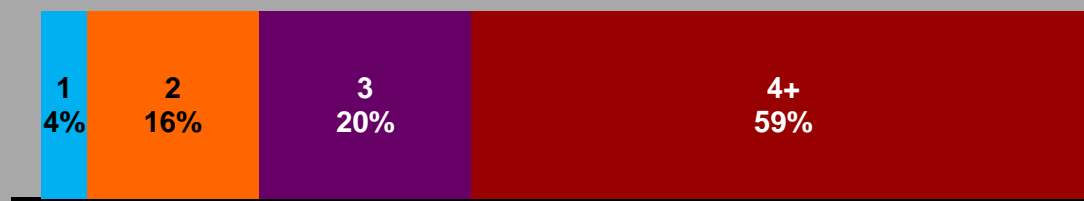
Upscale Hispanics in New York DMA



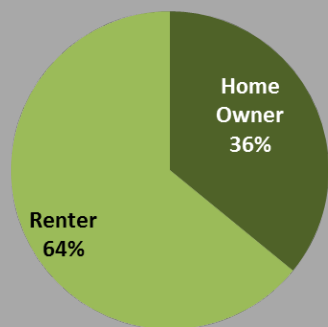
Occupation



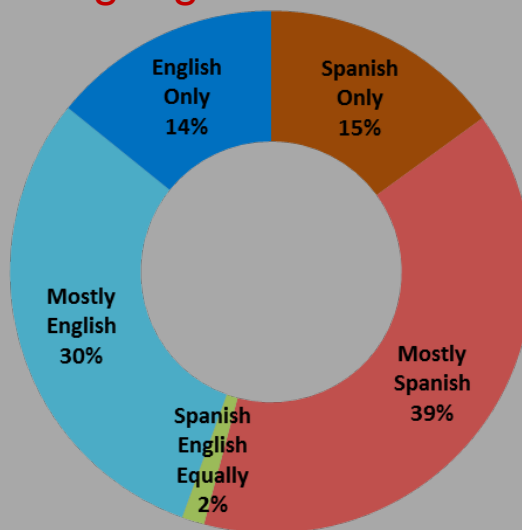
Household Size



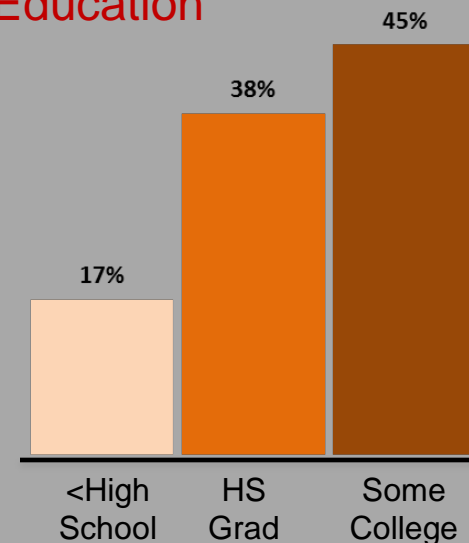
Home Ownership



Language



Education

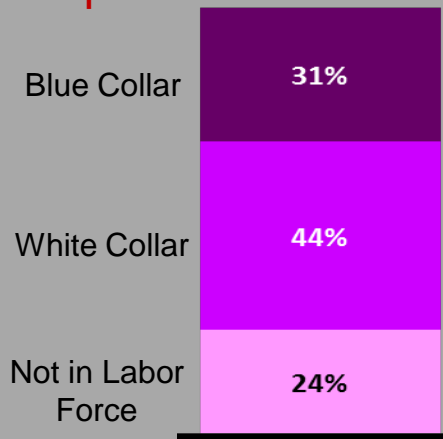


Source: Scarborough USA+ 2012 R2

Upscale Hispanics in Texas 3 Major DMAs



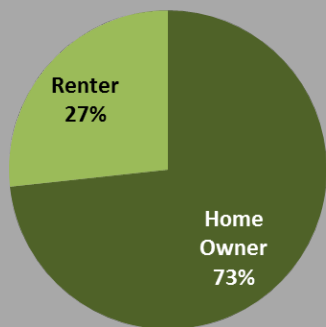
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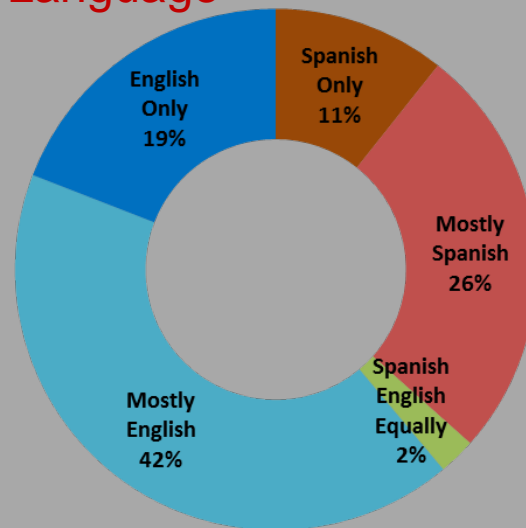
Household Size



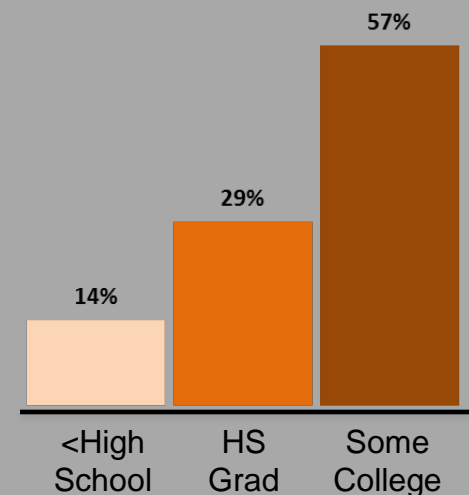
Home Ownership



Language



Education



Source: Scarborough USA+ 2012 R2

Strong Upscale presence in key markets



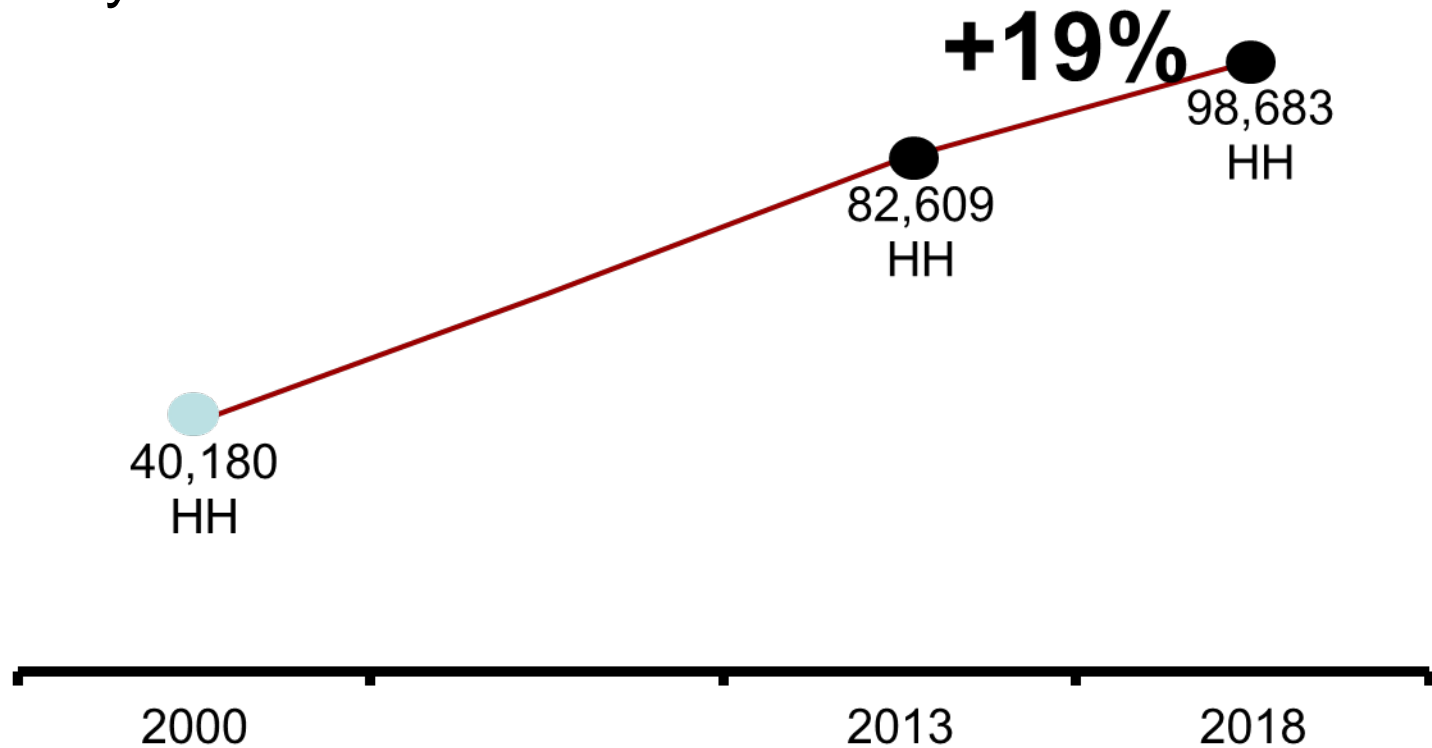
- In these markets, the Upscale Hispanic composes roughly 30% of the Hispanic population.

Local Market	Hispanic HHs	Upscale Hispanic HHs	Pen%
Washington et al, DC-MD	231,435	82,609	35.69
Baltimore, MD	40,286	13,485	33.47
Santa Barbara et al, CA	60,367	19,868	32.91
San Francisco et al, CA	452,105	147,500	32.62
Honolulu, HI	32,512	10,570	32.51
Chicago, IL	533,489	172,723	32.38
Los Angeles, CA	1,970,381	625,629	31.75
Monterey-Salinas, CA	83,366	26,392	31.66
Seattle-Tacoma, WA	130,015	39,853	30.65
Sacramento et al, CA	292,419	89,246	30.52
Las Vegas, NV	164,456	49,828	30.30
Jacksonville, FL	38,970	11,806	30.30
San Diego, CA	269,466	81,132	30.11
Salt Lake City, UT	102,315	30,264	29.58

Washington DC Upscale Homes will grow 19%



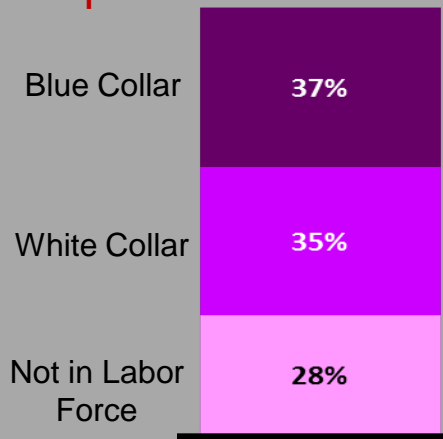
After increasing by 100% from 2000 to 2013, Upscale Hispanic homes in Washington D.C. are projected to grow by 19% by 2018.



Upscale Hispanics in Washington, D.C. & Baltimore DMAs



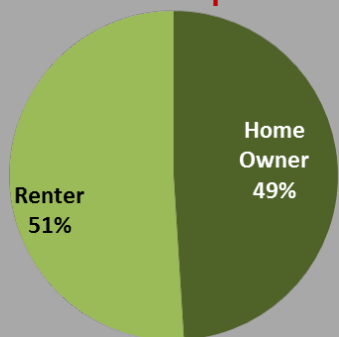
Occupation



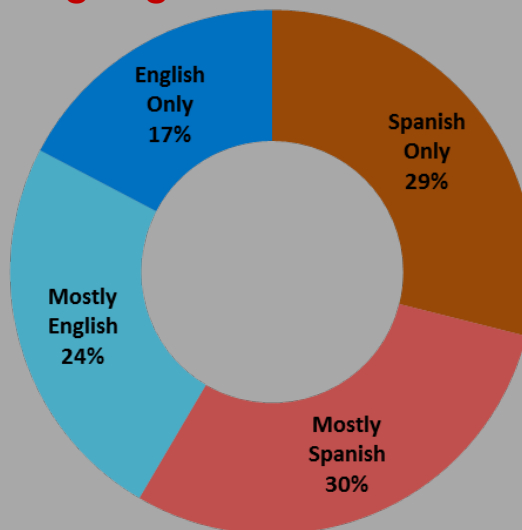
Household Size



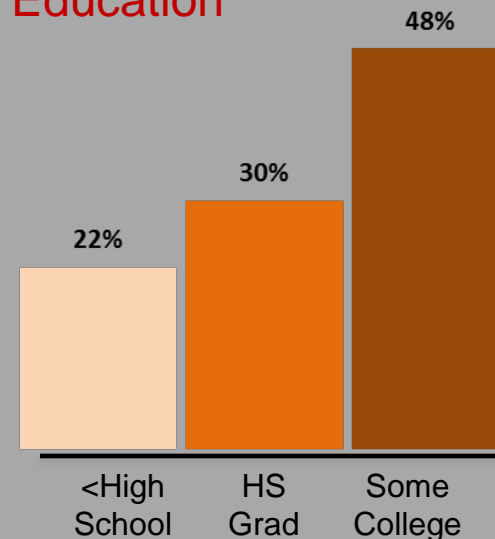
Home Ownership



Language



Education



Source: Scarborough USA+ 2012 R2



Upscale Latinos Education Media Hispanic Spending Urban Growing Occupation Financial Age Entrepreneurs Bicultural Tech-savvy American Young

Upscale Hispanics Households are Multiple income Families



There are **2.1** working P18+ in Upscale Hispanic HHs on average, versus **1.5** working P18+ in Non-Latino White upscale HHs.

51%

of Upscale
Hispanics HHs
are multiple
income

44%

of Upscale
Non-Hispanic
Whites are
multiple income

The Future of Middle Class America



1/2 Million

Upscale Hispanic homes have a member in their households that own their own business; 1 in every 8 Upscale homes. ¹



+15%

Increase in college graduation rates among Hispanics overall. ²



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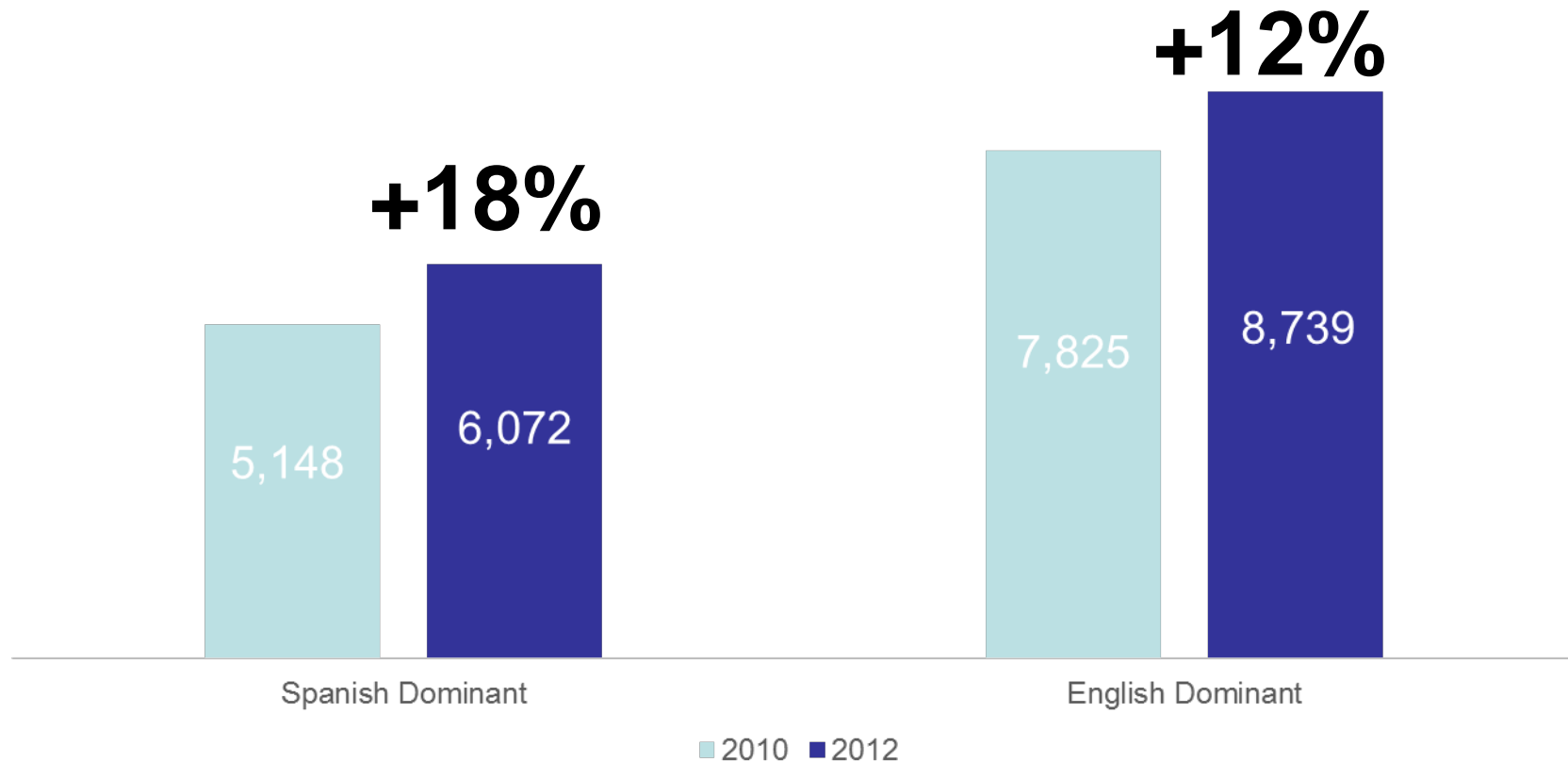
This information may not be used for other purposes without written permission from Nielsen and AHA.

Sources: 1. Nielsen Financial Track Survey National 2012. 2. Pew Research Hispanic Center. Now Largest Minority Group on Four-Year College Campuses: Hispanic Student Enrollments Reach New Highs in 2011. Released August 2012. Increase pertain to 2010-2011 scholastic year.

Upscale Latinos Are Increasingly bilingual



Spanish dominant speakers are increasing among Upscale Hispanics at a fast rate than English Dominance.



Nielsen People Meter. Q4 2012. Persons 18+.

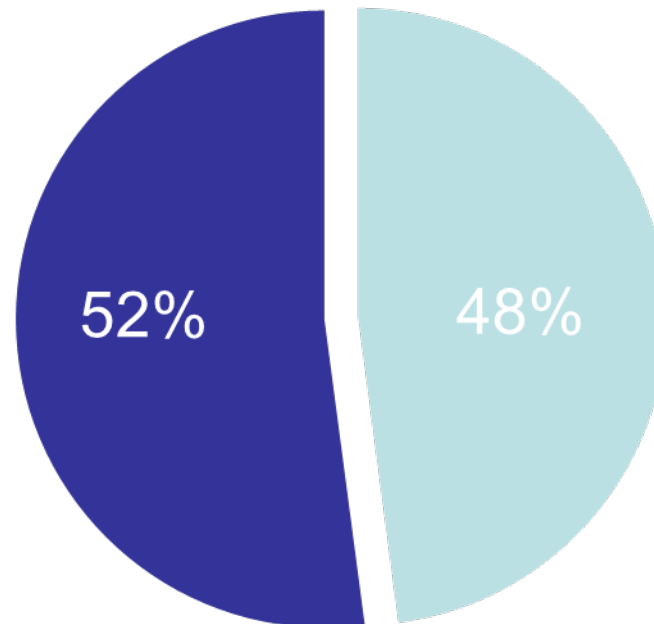


MEDIA, TECHNOLOGY & THE UPSCALE LATINO

75% of Upscale Latinos Speak Spanish



Upscale Hispanics spend 52% of their Broadcast TV viewing time on Spanish Language networks while spending some 48% on English Language networks.



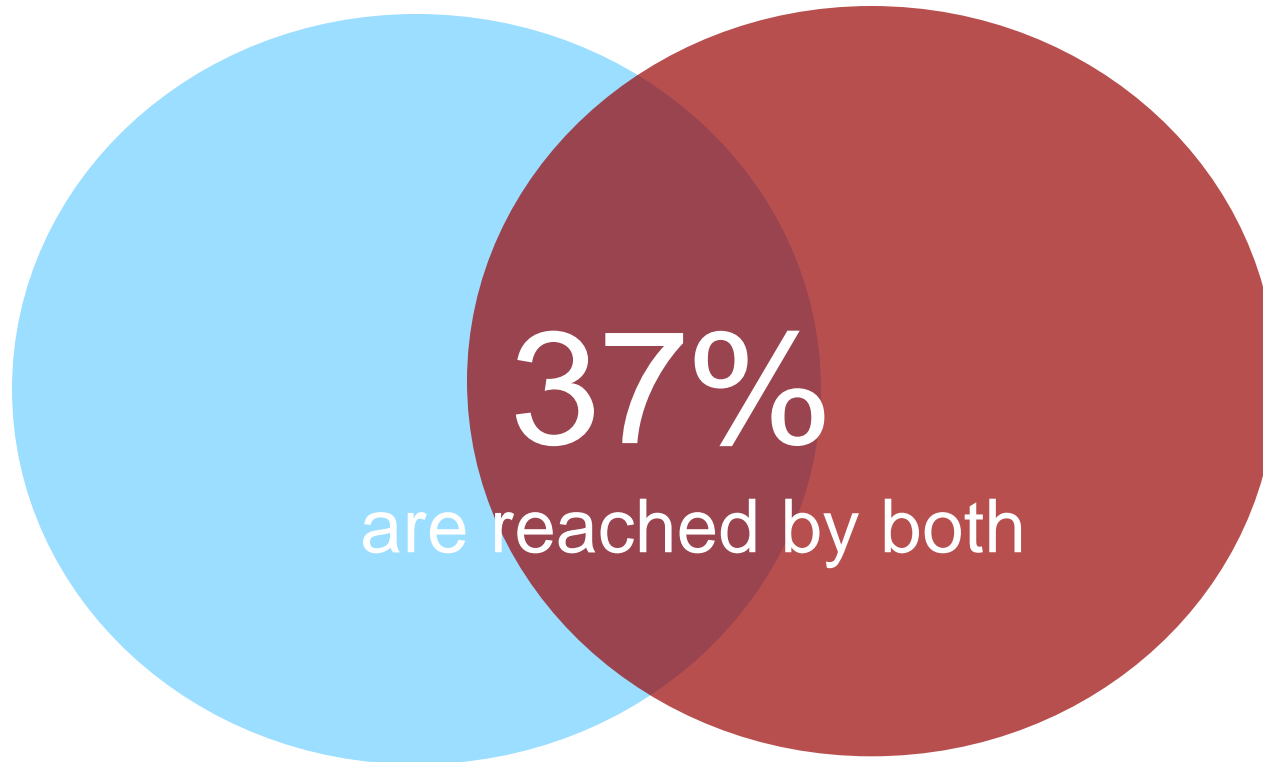
English Language Broadcast Spanish Language Broadcast

Nielsen People Meter. Quarter 4 2012. 6A-6A. Persons 2+

Bi-Cultural TV viewership



37% of Upscale Hispanics are being reached through both



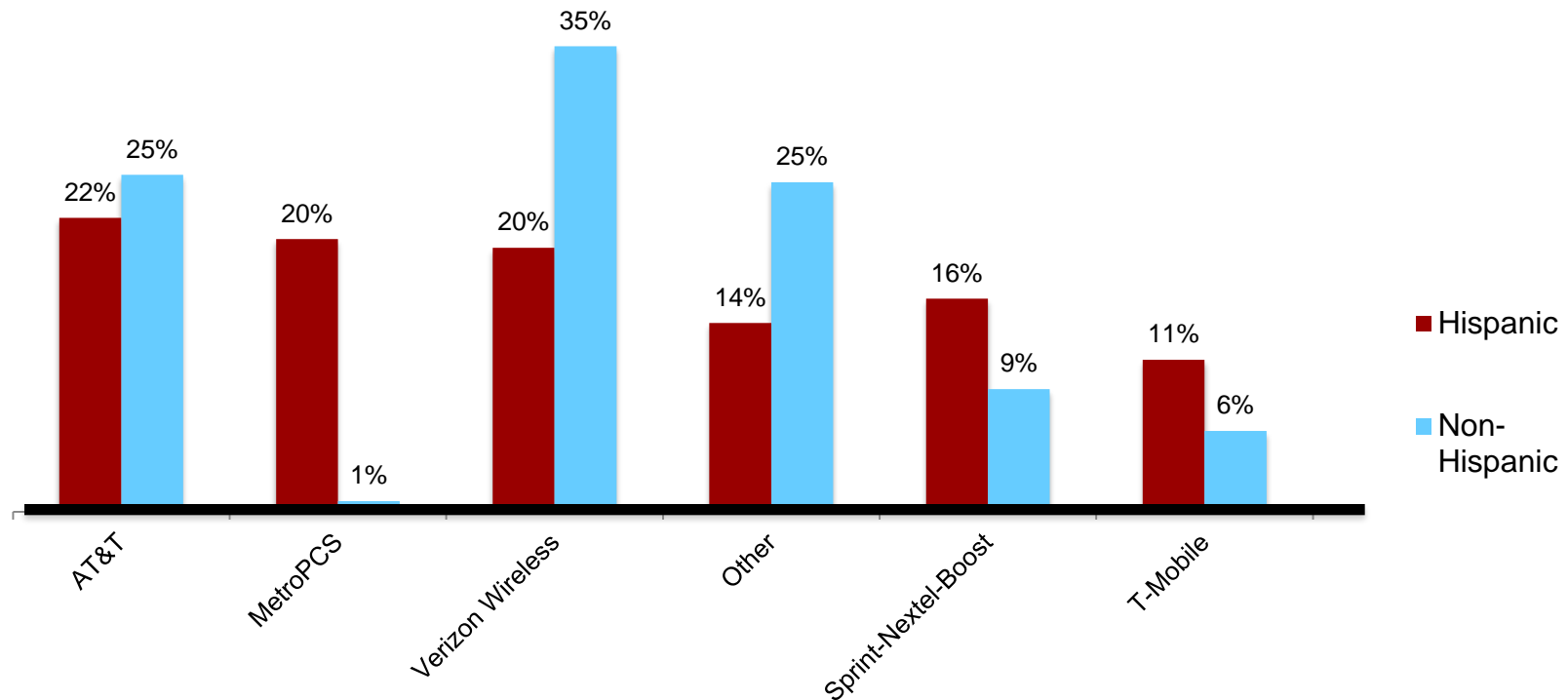
Spanish Language Television English Language Television

Nielsen People Meter. Q4 2012. Persons 18+ English and Spanish Broadcast and Cable viewership.

Over 75% of Upscale Latino Homes Subscribe to One of the top Four US Mobile Providers



Upscale Hispanics are more likely than Upscale Non-Hispanic Whites to use no-contract service providers and prepaid plans.



Upscale Hispanics are more likely to use smartphones



52%

of Upscale
Hispanics use a
smart phone

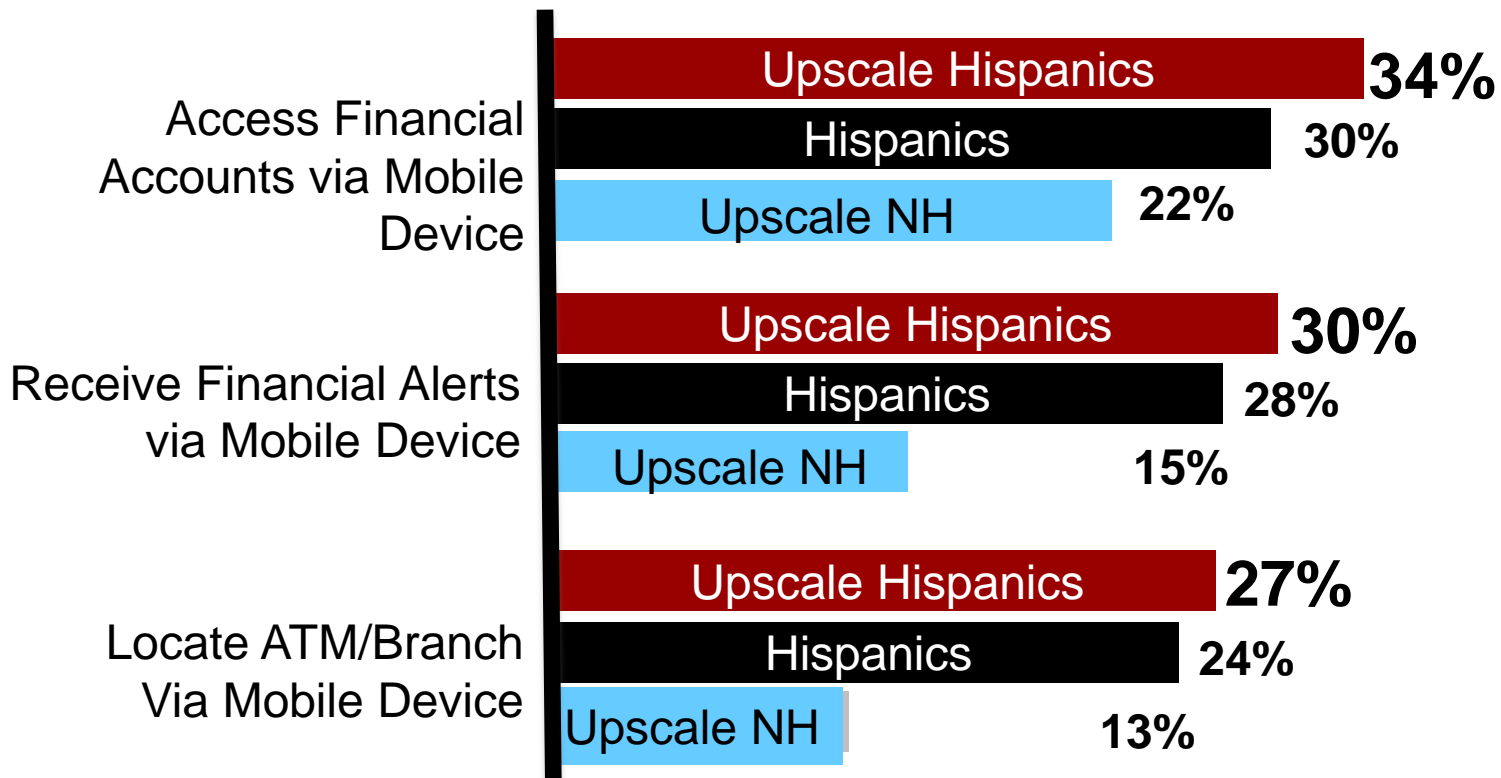
47%

of Upscale
Non-Hispanics
use a smart
phone

Managing their finances via mobile



Nearly twice as many Upscale Hispanics are using their mobile devices to access their financial accounts in comparison to Upscale Non Hispanics.



UPSCALE LATINOS ARE iPad USERS



Upscale Hispanics Households own iPads at roughly the same rate as Non-Hispanic Whites.

Upscale Hispanics

13% of Upscale Hispanic HHs own iPads

61% of tablet HHs own iPads



Upscale Non-Hispanics

15% of Upscale Non-Hispanic HHs own iPads

58% of tablet HHs own iPads



THANK YOU!