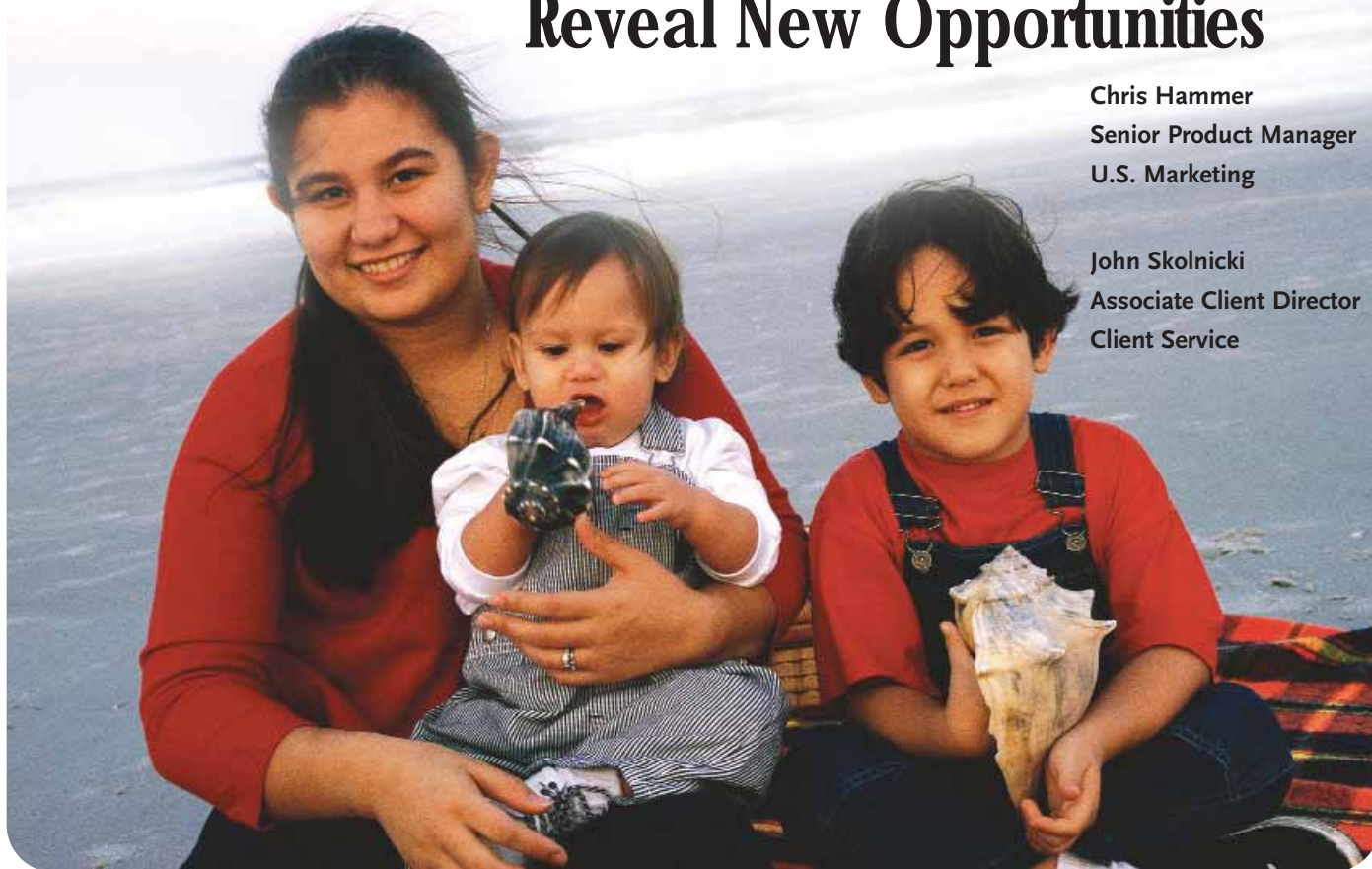


Ethnic Marketing by the Numbers

Integrating Diverse Data Can Reveal New Opportunities

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The ethnic makeup of the U.S. has begun changing markedly. The total population grows by about 2.5 million people each year, led recently by a consistent, steady rise in the number of ethnic minorities. Today, Hispanics and African-Americans comprise more than a quarter of the total U.S. population, and their numbers continue to grow. If current trends continue, by 2050, close to half of the population in the U.S. will be non-white, and nearly a quarter of it will be Hispanic.

With this demographic shift comes greater economic clout for minorities. In the U.S., the combined buying power of Hispanics, African-Americans and Asians now exceeds one trillion dollars—an all-time high—and is expected to keep climbing. Furthermore, many of these minority consumers are young. About one-third of all Hispanics and African-Americans in the U.S. are currently age 18 or under.

For manufacturers of consumer packaged goods (CPG), these demographic trends add up to a timely marketing opportunity. Companies must increasingly appeal to minority groups and reflect their cultural preferences to succeed. And the time to build such brand loyalty is now, as this growing force of young consumers begins maturing and expanding its buying power.

But how? The discipline of ethnic marketing, while established in the U.S., is still relatively new. As such, pursuing it presents a number of challenges for CPG manufacturers. For example:

- Data sources on ethnic buying habits tend to be fragmented and segregated, making it harder to compose a well-rounded picture of the minority consumer and a strategic plan to reach him/her.

- The information infrastructure for tracking ethnic buying habits is not as robust as the tools are for studying general market patterns. To manufacturers, that means not always being able to track the success of a marketing plan focused on minorities and not knowing if they're implementing the right type of ethnic marketing.
- We lack an abundance of business divisions dedicated to multicultural business, which can make it too difficult to gain support and funding for addressing ethnic marketing needs.

Integrated Data: A Source of New Insight

A case in point comes from a VNU client case study. Seeking to expand incremental sales of laundry care products to Hispanic consumers, the client wanted help in understanding where and how best to do it. For advice, it turned to VNU, parent company of ACNielsen. As an industry leader in market research, VNU supports about 9,000 clients in the CPG sector as they address complex sales and marketing issues.

The traditional approach to ethnic marketing has been to take fragmented approaches to target the ethnic consumer, evaluate ethnic consumer opportunity, execute an ethnic marketing program and track the return on investment of implementing the program. To date, it has been difficult to find data integrated throughout this data process, and thus, it has been a challenge to gain a fully nuanced picture of ethnic consumer behavior.

VNU's insight into ethnic marketing has been to adopt a "One VNU Approach" that integrates data from multiple sources across our organization, including ACNielsen Target Track, ACNielsen Scantrack, ACNielsen Store Level Data and Spectra HispanIQ. The result, for this client as well as others, has been a deeper understanding of the ethnic marketplace and greater success in appealing to it.

Successful ethnic marketing focuses on getting four things right—namely:

- Picking the right geography, or studying an area where the relationship of the market to the retailer creates opportunity.
- Picking the right category segments, or drilling down to the appropriate category/brand level to identify opportunities among items that are important to Hispanic consumers.
- Picking the right marketing mix, or putting together the right product with the right promotion to create a winning ethnic brand.
- Picking the right execution strategy for the right place, or knowing how to reach the consumer you seek in the store where he or she shops.

Doing Laundry in L.A.

Nearly half (48%) of the Hispanic population in the U.S. today resides in just six cities—Los Angeles, New York, Miami, Houston, Chicago and San Antonio. In each of these metropolitan areas, Hispanics comprise a significant percentage of the total population base.

In analyzing Hispanic consumption of laundry care products for our client, VNU decided to focus its study on Los Angeles. The city is home to a large and very diverse Hispanic population that represents more than 45% of the total market.

To find opportunities, we started by identifying retailers with the greatest share of the Hispanic market for laundry care products on the premise that category success for key retailers would be vital to overall category success in the market. In Los Angeles, one retailer holds 40% of the Hispanic laundry care product market. VNU focused its attention on understanding this retailer's results.

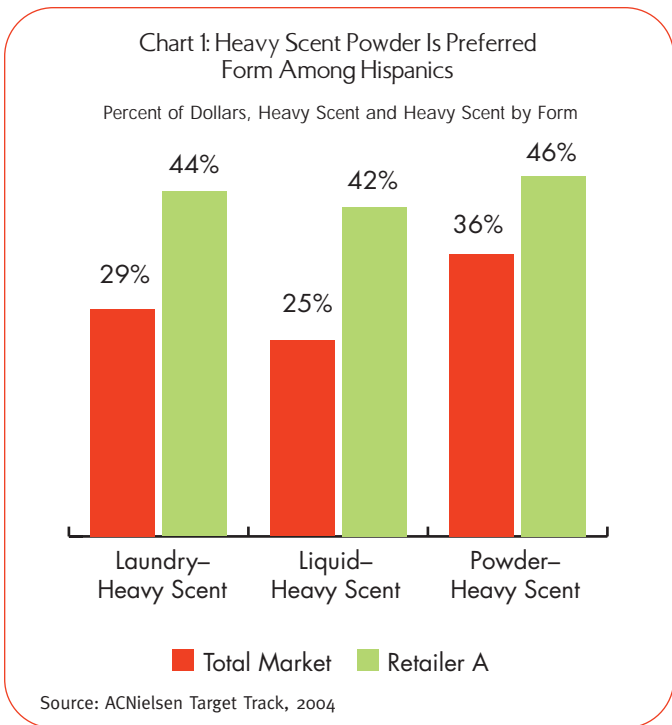
The next step was to identify the laundry care products preferred by Hispanic consumers. VNU wanted to know: Which brands are underdeveloped and which offer the best opportunity?

Gathering information on consumption by minority group is a growing strength of ACNielsen. Using its Scantrack Retail Measurement Service, the company drills down into sales data by store and ethnic group, leveraging all Scantrack stores in the market. The resulting "snapshot" lets ACNielsen compare Hispanic buying patterns against total market performance.

The data showed that Hispanic consumers prefer heavily scented laundry care products in powder form. Superimposed on its data for retailers, VNU saw these preferences held true by store as well as by total market.

The second area of analysis was consumer targeting. To understand the Hispanic consumer in L.A., VNU used data to map out a continuum of buying behavior across the total market that it calls “acculturation segmentation.” At one end of the continuum are Hispanic shoppers who behave most like the market overall. This group is considered “acculturated.” At the other end are those whose preferences show a strong cultural influence. They are the least acculturated. In the middle is the bicultural Hispanic segment. Accounting for 53% of all Hispanic adults in the U.S., this group demonstrates a blend of buying patterns. The segmentation acts as an integration platform for linking databases on product consumption from Simmons, Scarborough, TDLinx and Spectra Store Trade Area.

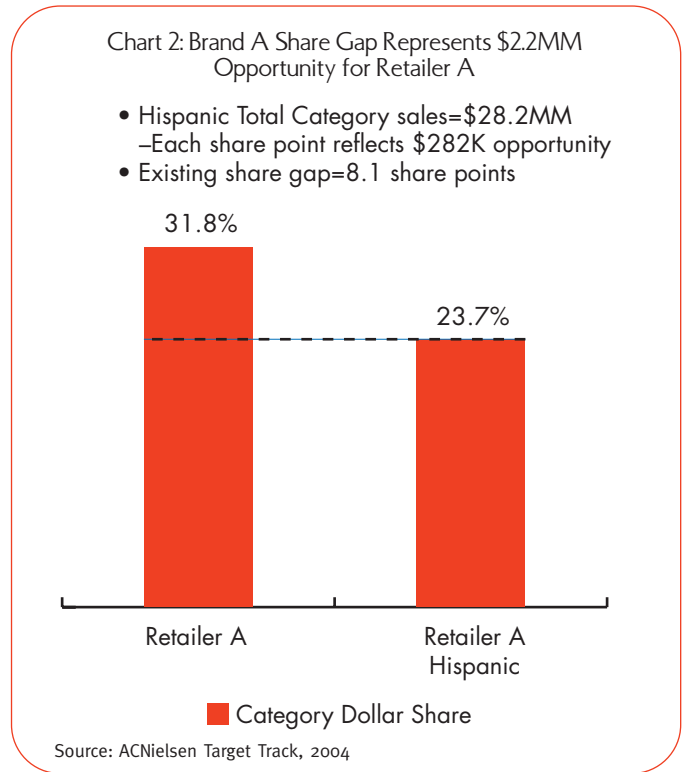
When VNU looked across the data, it saw that Brand A, the market leader in laundry care products among Hispanics, had been losing dollar share for the past year and was an underdeveloped brand. Furthermore, its sales slide for Retailer A mirrored a trend for the total market [See chart 1]. A gap was emerging when VNU looked at the market through all these lenses; namely, that Brand A was missing an opportunity to capture Hispanic dollars in this product segment of heavily scented laundry care products. But how could the gap be closed?



Measuring the Marketing Mix

To answer that, VNU needed data in one more area: Hispanic marketing execution. Knowing which UPCs offered the greatest opportunity for Hispanic sales, which stores to target, the demographics and psychographics of the customers frequenting those stores and the best promotional vehicles for reaching those customers could help the client decide where to focus their efforts.

Further analysis of the databases revealed that Brand A was overdeveloped in heavily scented UPCs. It had more than its fair share on Retailer A’s store shelves, but was capturing fewer sales than could be expected from the segment. It made sense to focus on just the SKUs with a successful track record to close the gap. For the retailer, that share gap represented \$2.2 million in incremental sales that were possible [See chart 2].



The last step in successful ethnic marketing is execution—knowing which stores to target, which customers to approach and how best to reach them. VNU’s analysis identified the top 50 stores of Retailer A with declining brand sales. It targeted an additional 50 stores with heavy Hispanic

penetration [See chart 3]. Focusing on these two areas will help realize nearly \$2 million of the \$2.2 million in potential sales. Further analysis revealed that Feature and Display delivers the best promotional lift among Hispanic consumers, and Brand A's promotions are less effective than the category average.

Chart 3: Focus on Underperforming Brand Stores Uncover \$694K Opportunity

Implementing right assortment/promotion can result in an 8 share point gain

	Current Brand Share	New Brand Share	Brand \$ Increase (K)	Percent of Category Dollars
Store 1	18%	26%	17.6	0.3%
Store 2	11%	19%	2.3	0.0%
Store 3	20%	28%	10.4	0.2%
Store 4	26%	34%	15.1	0.3%
.....
Store 50	20%	28%	9.3	0.2%
Total			694	13%

Source: ACNielsen

Data from Spectra HispanIQ gave VNU a demographic breakdown of the Hispanic residents in the area defined by that store cluster—whether they spoke more Spanish or English, where they fell on the acculturation continuum, their education level, the size and age of their families and their media preferences [See chart 4]. From that analysis, our client could begin to craft the messages and promotions to reach those audiences. Once the marketing plan is implemented, the client can use Target Track to evaluate return on investment of the funds dedicated to this effort.

Chart 4: What Does Retailer A's Hispanic Consumer Look Like?

	Less Acculturated	Bi-Cultural	More Acculturated
Psychographics (Opinions and Media)	Shop at stores that stock my favorite brands	Convenient location important	Shop at specialty shops
	Listen to radio for news updates	Use Internet for shopping information	Use Internet for shopping information
	Read newspapers on a regular basis	Often notes ads at bus stops	Magazines are a source of information
	Enjoy watching kid TV shows	Enjoy watching kid TV shows	Pay attention to ads in movie theaters

- Least Acculturated Hispanic consumers shop at stores that they know carry their favorite brand.
- Radio and newspapers, not the Internet, are the best way to reach Least Acculturated Hispanics.
- Both Least Acculturated and Bi-Cultural Hispanics enjoy kids TV shows.

Source: Spectra HispanIQ

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Business Tools for Retail Tracking

Trendable ACV Market Share and Store Count Information

Retail ACView™ is a revolutionary *trendable* ACV market share and store count reporting tool, providing retailers with an easy and reliable means to measure competitive market share for yourself and your competitors over time. Retail ACView offers the industry—for the first time ever—trendable, account-level



market shares modeled to reflect *total* store sales across the full food, drug, and mass channels, as well as account-level store counts incorporated from **TDLinx**. TDLinx is the industry's premier source of comprehensive coverage of retail location information.

The Retail ACView suite of reports is accessible via the secure ACNielsen Answers® web portal and delivers:

- **Executive Summary Scorecards** that provide performance results and insights at the total market and individual custom trade area levels. These quarterly scorecards are full of insightful charts and graphs that highlight key competitors'



performance, emphasizing ACV market shares and store counts, county-level trends, and competitive threats. With this level of information, you are able to quickly

isolate organic from new store growth, quantify competitive threats, and identify the relative importance of certain geographic regions to your business.

- **Detailed reports** that offer granular views of ACV market share, store count and cross trade area trends. These reports help you quantify seasonal and channel trends with previous-quarter and year-ago comparisons, identify market entrants and high-growth competitors, and isolate promising or vulnerable trade areas.

The reports are designed to reflect the way you evaluate your business, and allow you the flexibility to obtain market insights by:

- **Channel Type:** Choose any combination of food, drug and mass; club and dollar are also available for store counts.
- **Market Type:** View the market using industry-standard definitions (DMAs, MSAs, or ACNielsen SMMs) or your own custom trade areas.
- **Time Period:** Analyze eight quarters of trendable history and gain visibility into long- and short-term drivers of share change.

If you are a retailer and wish to learn more about Retail ACView, please contact your ACNielsen Retail Services representative or visit our web site at <http://acnielsen.com>.

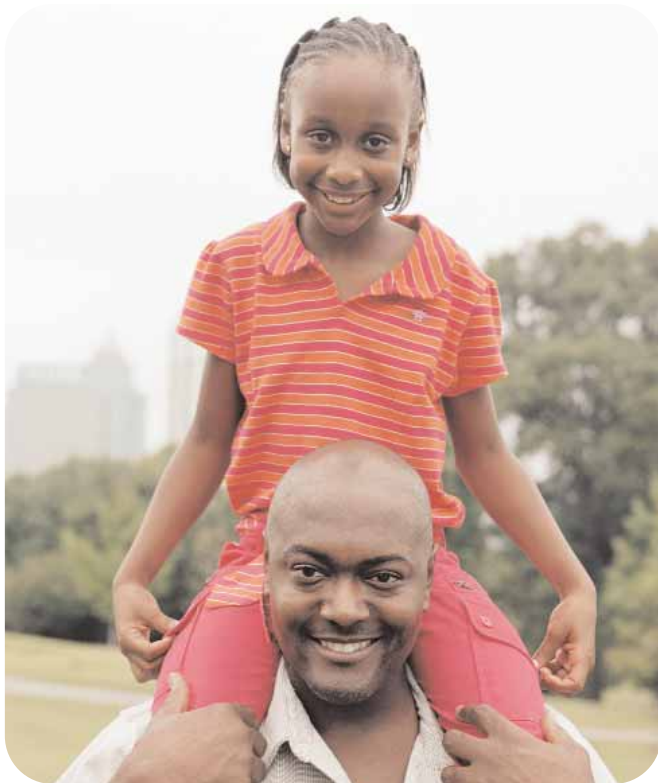



<http://acnielsen.com/ci> or call 1.800.988.4ACN

Conclusion

Integrating available data from multiple sources enabled VNU to tackle the four steps to ethnic marketing success and provide a more complete picture of the Hispanic consumer for our client—that is:

- Picking the right geography: VNU was able to identify significant Hispanic markets and the retailers in them valued by Hispanic consumers.
- Picking the right category segments: Its data revealed the key SKUs and brand dollar opportunities.
- Picking the right marketing mix: VNU determined which products to promote and how to best attract Hispanic consumers in that market.
- Picking the right execution strategy for the right place: Based on the data, VNU's advice was to target the bicultural and less acculturated Hispanic consumers with Spanish-language ads.



As emerging ethnic markets continue to become more mainstream in the U.S., their marketing importance also grows. Working with VNU's stable of leading companies, clients are using tools, data and disciplines to integrate information and find the opportunities waiting within. 

Business Tools for Retail Tracking

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- Measures the entire Liquor store universe within each market as defined by TDLinX.
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Look for upcoming Liquor channel market relaunches: Chicago, Connecticut, Maryland, Central Florida (Tampa/Orlando), North Florida (Jacksonville/Panhandle).

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Survey Design continued from page 9.

Yet another flight of questions asked panelists to identify services now offered in the store shopped most often for groceries, then select the top three services not currently available that they would like offered at the store from a list of 20 alternative services.

A total of 34,804 households participated in the survey: 30,952 Hi/Lo grocery shoppers; 17,346 EDLP grocery shoppers; 3,955 specialty grocery shoppers; and 19,123 mass supercenter shoppers. Households were further segmented based on spending levels into top-, medium- and light-spending shoppers.

Retail point-of-sale volume and share data was extracted from the ACNielsen Strategic Planner service, supplemented by the ACNielsen Wal-Mart Channel service. Primary channels included in the study were grocery, mass merchandisers, supercenters (includes Kmart, Target and Wal-Mart entries), drug stores, warehouse clubs, dollar stores and convenience/gas stores.

Note that, because ACNielsen Homescan measures household buying behavior, warehouse club information does not include purchases by small businesses or non-profit organizations. Likewise, immediate product consumption sales and gasoline-only sales are not recorded for the convenience/gas channel.

Channel and retailer-specific store counts included in the survey have been assembled by TDLinX. 