

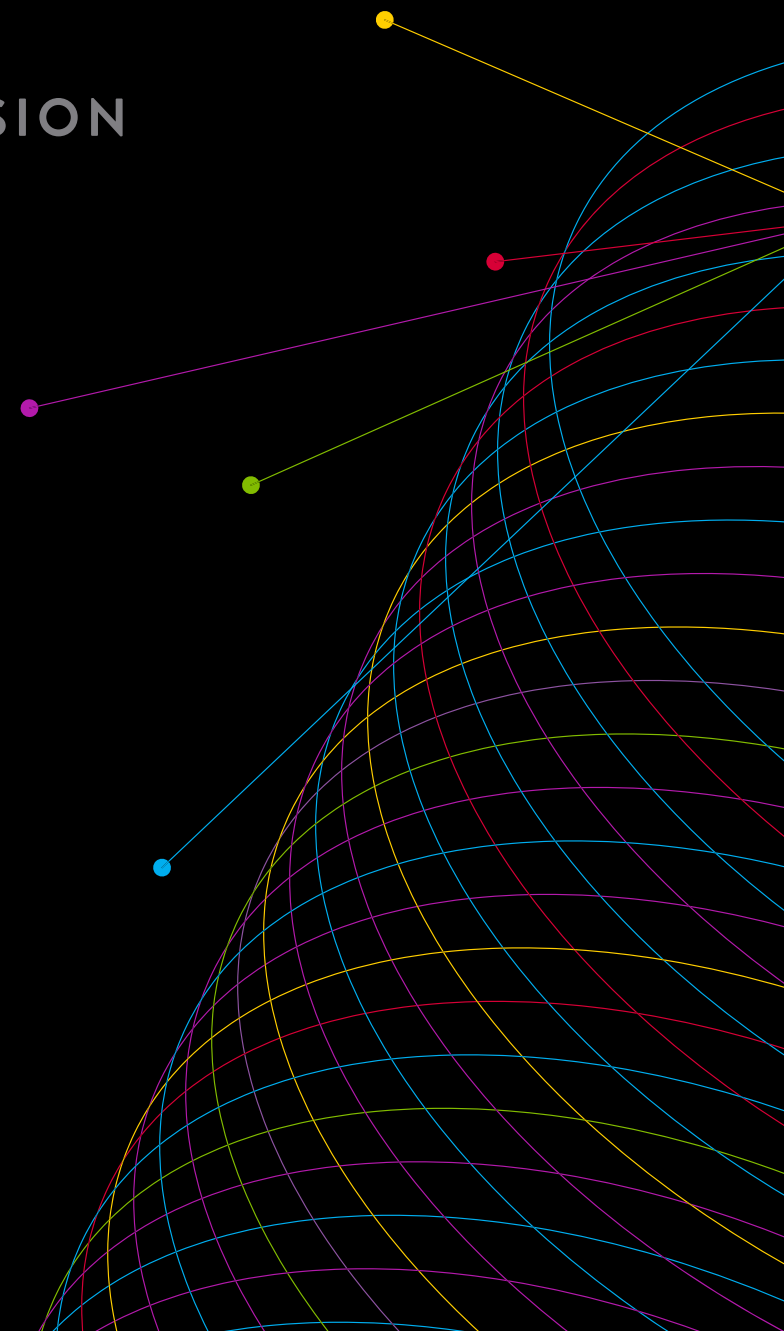
MULTICULTURAL MILLENNIALS:

THE MULTIPLIER EFFECT

JANUARY 2017: LITE VERSION

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MULTICULTURAL MILLENNIAL: THE MULTIPLIER EFFECT REPORT LITE

The pages here represent a selection of highlights from the Multicultural Millennial: The Multiplier Effect report, a comprehensive, in-depth study of multicultural Millennials.

It explores key aspects of the population, including demographic information and trends, analyzes multicultural Millennials' choices of home cities, and outlines how culture, food and technology are essential points of entry for reaching this generation.

The report also outlines both the "multiplier effect" and "halo effect" that multicultural Millennials have on their peers as well as on older and younger generations. As they continue to expand in number and influence, adept marketers increasingly need a roadmap to reach them. The multiplier effect is that roadmap.

Many have written and spoken of a distant future, decades down the road, when African Americans, Asian Americans, and Hispanics will hold a position of dominance in the U.S. In our marketplace, and in terms of overall influence, that reality exists today. The multiplier effect updates information, trends and strategies for connecting with multicultural Millennials and, by association, other targeted demographic groups, allowing marketers and advertisers to maximize their investments.

EXECUTIVE SUMMARY

The U.S.' 75 million Millennials¹, age 18-34, are the country's second largest generation², and include the often overlooked multicultural Millennials, those young people of African American, Asian American, and Hispanic heritage who comprise 42%¹ of the cohort and are the nation's largest workforce demographic³. These young people are bridging the gaps between their own generation and both younger and older cohorts. They are also fully ambicultural, effortlessly bridging the gaps between their birth culture and other cultures. This multiplier effect should and can be harnessed by marketers and advertisers.

Twenty-one of the country's 25 most populated counties⁴ boast a majority multicultural population, representing local markets that drive 47% of the total U.S. gross domestic product⁵. For the first time since the 1920s, populations in urban centers are growing more quickly than they are outside of cities⁶. Multicultural Millennials are choosing homes in a variety of metropolitan areas, having been driven by cultural connections, career options and economic opportunity, and they are profoundly influencing all of the communities in which they live.

Multicultural Millennials' broad, unique buying habits are inspiring successful, popular cultural trends, and are having a profound effect on their peers, their parents and their children. This halo effect is one of the cohort's key attributes.

The ambicultural multicultural Millennial expression of culture is interwoven into all aspects of their lives, and they take extra steps to maintain their critical connection to their culture. There are several portals to connecting with the cohort, including the sports, photography, fashion and food industries. It's important to note that what was once considered "multicultural" is now mainstream, and that shift will only accelerate over the next several decades.

¹ Nielsen Pop-Facts

² Nielsen Scarborough

³ Pew Research Study, 2015

⁴ Nielsen Spectra

⁵ Bureau of Economic Analysis

⁶ Brookings Institution

Multicultural Millennials insist on expressing their connection to culture on their own terms, with palates that have been heavily influenced by their parents. Their food choices have become mainstream, and their insistence on their availability is influencing options in the marketplace in profound, permanent ways. Multicultural Millennials are also increasingly drawn to a variety of retail categories, including dollar stores, convenience / gas locations, warehouse clubs, online, and mass merchandise. Favored categories include ethnic hair and beauty products, toiletries, hosiery / socks and skin care products. When they dine out, multicultural Millennials want a comprehensive menu that reflects their diverse, culturally derived tastes, and the influence those tastes and demands are having on the grocery and restaurant industries is profound and indisputable.

Even more than the products they buy and the retail channels they employ, multicultural Millennials value experiences, and look to products to enhance and support their connections to their culture. One of the ways in which they cultivate those connections is via technology, with 96%¹¹ of multicultural Millennials having a smartphone as they influence more than \$1 trillion in total consumer packaged goods and entertainment spending⁷.

Marketers and advertisers should also consider social media when reaching multicultural Millennials, particularly Facebook Messenger, Google, Spotify and Twitter. Multicultural Millennials are also changing the television landscape - 31% of them have internet-enabled smart televisions¹¹.



⁷ The Cambridge Group

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SECTION 1

YOUR PORTAL TO OTHER GENERATIONS, OTHER CULTURES, AND BUSINESS GROWTH



Making up 23%² of the U.S. population, our 75¹ million Millennials are the country's second largest generation². Often overlooked within the cohort are multicultural Millennials: those individuals of African American, Asian American, and Hispanic heritage. Unquestionably, they are uniquely positioned to be the evangelists and amplifiers of any organization's brand or business, and are critical in today's marketplace.

Multicultural Millennials are bridging the gaps between their birth culture, their own children, and mainstream society. Most multicultural Millennials are fully ambicultural, shifting from what was once a dominant family-based culture to a posture that straddles cultures regularly, constantly, and holistically. Their profound influence on their peers as well as on both younger and older generations – the multiplier effect – can and should be harnessed as businesses and organizations make efforts to expand their market share.

In addition to the influence they command on their more mainstream peers, there is another reason marketing professionals should be interested in multicultural Millennials: many of them are first generation professionals who are in prime acquisition mode. Their disposable income is ripe for the picking to those companies who court them and cultivate their business. Half of all Millennials (and non-Hispanic whites) have an income of over \$50,000, and over a third of multicultural Millennials command those salaries².

There are also a lot of multicultural Millennials to be reached: They comprise 42% of the cohort, and are the largest workforce demographic in the country. Their sheer numbers make them impossible to ignore.

SECTION 2

A TALE OF THREE CULTURES



For multicultural Millennials, culture and its expression are more than accessories to life; they are intrinsic, critical components to self that are interwoven into everything they think, do, and are. Each of the group's subsets – African American, Asian American, and Hispanic Millennials – take extra steps to remain connected to their cultures and, for those with whom it's appropriate, their home countries.

However, the methods by which multicultural Millennials remain connected differ from their older cohorts. Many multicultural Millennials stay connected to their family members and home countries through technology. 89%² of Millennials who have called Mexico for personal reasons are multicultural.

The population also values cultural experiences outside of their own. *This can be seen in the over two-thirds of all Millennials who agree that it's important to speak a language other than English⁹. While more than three-quarters of multicultural Millennials believe that it's important to speak a language other than English⁹.* As such, marketers who have been successful in reaching multicultural Millennials have taken extra steps to provide points of entry to products and services that will help members of that population stay connected with each other. In doing so, they have an easier time remaining top-of-mind with multicultural Millennials.

SPORTS & FASHION AND THE MULTICULTURAL MILLENNIAL

Sports, fashion, personal upkeep, and photographic supplies offer product lines that index very well with multicultural Millennials, as they intrinsically provide opportunities for the culture-based self-expression that they value. *Millennials sharply over index in the purchase of NBA and WWE-related apparel, and are 21% more likely to purchase sports apparel emblazoned with sports-related logos than Boomers².* Seen across all multicultural Millennial sub-groups, the connection to a variety of spectator sports and the consumption of sports-related products allows multicultural Millennials to connect with and express affiliations with groups aside from their cultures of origin. To multicultural Millennials, connections to sports teams and leagues are as vital as those to ethnic groups or professional affiliations and provide yet another channel for marketers to connect with them.

⁹ *The Harris Poll*

SECTION 3

HAVING IT THEIR WAY IS THEIR WAY!



The “we, more, and now” generation’s identity is intricately interwoven with their overall identity, and the population’s buying habits reveal paths to connecting with this critical market segment. What was once thought of as “multicultural” is now mainstream, and that shift will further accelerate over the next several decades.

WHILE ALMOST HALF OF ALL MILLENNIALS WANT TO PURCHASE FOODS FROM COMPANIES THAT HARBOR A STRONG SOCIAL PURPOSE OR MISSION, IT IS ALMOST AS IMPORTANT THAT COMPANIES OFFER MULTICULTURAL PRODUCTS. 44 PERCENT OF ALL MILLENNIALS SAY THAT IT’S IMPORTANT OR ESSENTIAL FOR THEIR FOODS TO INCLUDE “MULTICULTURAL FLAVORS,” WHILE 51 PERCENT SAY IT’S IMPORTANT OR ESSENTIAL FOR THEIR FOOD TO INCLUDE LOCALLY SOURCED AND SUSTAINABLE INGREDIENTS⁹.

The multicultural Millennials palate has been heavily influenced by their parents, and the population places a high value on the authenticity of food options. Those acquired tastes are having a profound influence; what were once considered “ethnic” — tacos, chili, sushi, “soul food” — have become mainstream, with Millennials never knowing a world without them and actively seeking them out.

Another example of this is the effect that multicultural Millennials are having on the restaurant industry. Once considered a fringe product, pork belly has been added to restaurant menus nationwide and has enjoyed a 223%¹⁰ increase in penetration over the last four years. A true halo effect is evident, as multicultural Millennials’ evolving, ever-expanding tastes and consumption patterns are influencing those of their parents, their children, and mainstream culture and society.

¹⁰ *Data Essentials – 25 Fastest Growing Proteins*

SECTION 4

MILLENNIALS, MULTICULTURAL, AND MOBILE: A MUST NOT MISS MANTRA



Millennials don't recall a world without the internet, nor one without a constant connection to the world around them via technology. The key to that connection is most often in their hands, pockets, and purses: 97%¹¹ of multicultural Millennials have a smartphone, and almost two-thirds¹¹ carry a tablet. The Millennials/multicultural/mobile trifecta, as it were, is a must not miss mantra. As master multitaskers, their connection with handheld devices is pervasive and vital. *Over 30 million⁷ multicultural Millennials are constantly connected to the internet.*

Multicultural Millennials who are active on their mobile devices spend over \$65 billion per year – with an increasing majority of those dollars being spent online – and influence more than \$1 trillion in total consumer packaged goods and entertainment spending⁷. Multicultural Millennials prefer retailers with a broad, culturally diverse merchandise selection, and actively create content for and share on social media.

CAN YOU HEAR ME?

A full 74%⁴ of those 13+ million multicultural Millennials who are connected to the internet via their smartphones say that the cell phone is expression of who they are. The cohort is using technology to stay connected, express themselves, and be heard.

Far more than a workplace tool, cell phones are helping almost two-thirds⁴ of multicultural Millennials decide what they're going to do in their free time, and more often than not, that free time includes cell phone usage. They are 77%⁴ more likely to say that they are fully connected to online resources from the moment they awake until they fall asleep.

Think about that: there's not a second of the day when multicultural Millennials aren't connected via their phones. Nearly half use their mobile devices to compare prices and browse when shopping, and almost 80%² agree that the internet is a great place to buy products – which is easier for that generation to do since they maintain and value their connection to the internet during the entire day.

⁴ Nielsen Spectra Simmons Opinions

¹¹ Nielsen NPOWER based on avg scaled installed counts as of June 15, 2016

METHODOLOGY

Insights utilized in this report were sourced from the following Nielsen analytical tools and solutions. All tools offer their own representative levels of consumer insights and behavior across Hispanic, Asian American, African American and non-Hispanic White respondents (based on data collection, survey/ panel design and/or fusion approaches).

Nielsen PopFacts 2016: Nielsen Pop-Facts Premier provides demographic data based on Census and American Community Survey (ACS) data. Pop-Facts Premier provides current-year estimates and five year projections. For this release, current-year and five-year refers to 2016 estimates and 2021 projections, respectively. The data set also provides data for 2000 and 2010 census years for current year geographies. This release of PopFacts Premier is the fourth to provide Nielsen demographic estimates in 2010 Census geographies and to make full use of all Census 2010 results.

Millennials were defined as individuals aged 18 to 34 years old and multicultural was defined as an additional of African American, Asian and Hispanic individuals.

Nielsen Spectra: Spectra 2016 Simmons Opinions March (Gen FW): Spectra partners with industry-leading data providers and integrates their data into the software. Homescan, MRI, Caritals, Panel Views, Retail Universe and other consumer data are all integrated into Spectra. The Homescan product library is a nationally representative panel of 125,000 U.S. households. Data is at a total U.S. level. It is a syndicated data set including profiles for over 16,00 food and non-food product categories, segments and brands. Millennials were defined as adults aged 18-39 for this dataset.

Nielsen Scarborough USA+ 2016 Release 1, GfK/MRI Attitudinal Insights Module: February 2015 - April 2016. (Base: Age of respondent summaries: Adults 18+ - Projected 246,843,172, Respondents: 203,267)

By integrating 400+ attitudinal statements and segmentations with Nielsen Scarborough's syndicated data set, this analysis reflects consumer psychographics in the studied categories. In the top 36 Hispanic Demographic Market Areas (DMAs) this is among both English and Spanish-speaking adults. This study sample is balanced for the Asian population only in Honolulu; the survey is not offered in an Asian language.

Millennial was defined as adults aged 21-34 for the income and restaurant related data set and as 18-34 for the rest of the metrics.

Nielsen Electronic Mobile Measurement: EMM is an observational user-centric approach that uses passive metering technology on smartphones to track device and application usage on an opt-in convenience panel. Panelists are recruited online and in English. There are approximately 9,000 panelists in the U.S. across both iOS and Android smartphones to track device and application usage on an opt-in convenience panel. There are approximately 5,000 panelists in the U.S. across both iOS and Android smartphone devices, and this method provides a holistic view of all activity on a smartphone, as the behavior is being tracked without interruption. The EMM data used for this report combined households that were both 21-34 years old and Asian, African American, Hispanic or non-Hispanic White respectively.

Nielsen Harris Poll: This Harris Poll was conducted online, in English, within the U.S. between September 19 and October 3, 2016 among a nationally representative sample of 2,223 adults ages 18+. Additionally, oversamples were collected, in English and in Spanish, among 441 Hispanic adults (representing Spanish-dominant, English-dominant and Bilingual profiles) and in English among 143 Asian adults. Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents'

Nielsen Homescan Panel Data: The Homescan national panel consists of a randomly dispersed sample of households that is intended to be representative of, and projectable to, the total U.S. market. Panel members use handheld scanners to record items with a UPC which they purchase from any outlet. In September 2014, the Spanish Dominant sample expanded from 4 to 8 major markets, with increased sample in eight markets through Expanded Hispanic Panel. Expanded Hispanic

Panel is used to capture the Hispanic Millennials section of the report. Data from this report is based on Homescan panel data from 8/03/14 through 7/30/16. Millennial was defined as having a head of household that's between the ages of 18 to 34.

Nielsen NPOWER Audience estimates based on a nationally representative panel of people whose televisions are metered with a device called the National People Meter that passively detects exposures to codes embedded in the content. A comprehensive questionnaire is also collected of the panel.

Data used in this report is inclusive of multicultural audiences. Although the sample design is not controlled by Asian language, we make significant efforts to accommodate non-English speaking respondents and as such our Asian panelists include both English and non-English language speaking populations.

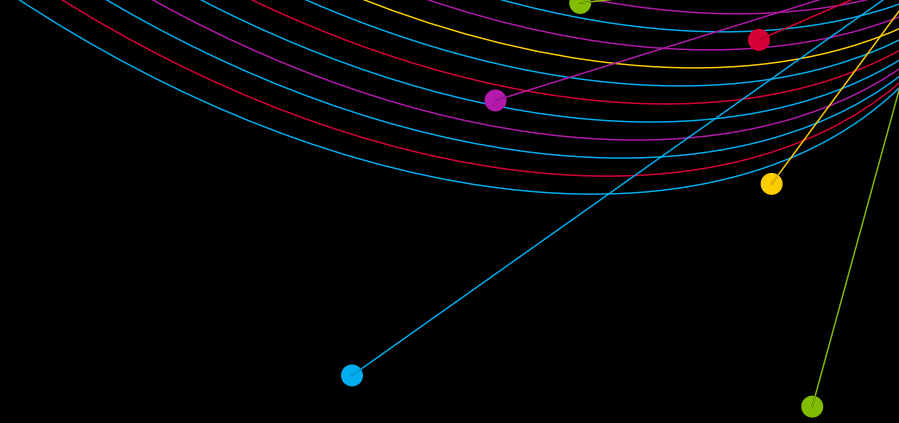
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