

## A Fresh Take

Staying ahead of evolving dynamics in the marketplace and our culture

# It's the Most Opportune Time of the Year

Why consumers' holiday spirit triumphs over economic uncertainty





## No matter the circumstances, people love the holidays.

While inflation is a top concern for many, consumers continue to look forward to the holiday season as a special occasion to celebrate with family and friends. This includes opening their wallets to buy gifts and spend across holiday-related categories for social gatherings, despite economic uncertainties.

The holidays are especially important to Hispanic consumers, and marketers can best connect with this segment by creating authentic campaigns that highlight their unique cultural traditions and holiday celebrations to drive higher attention and deeper engagement.

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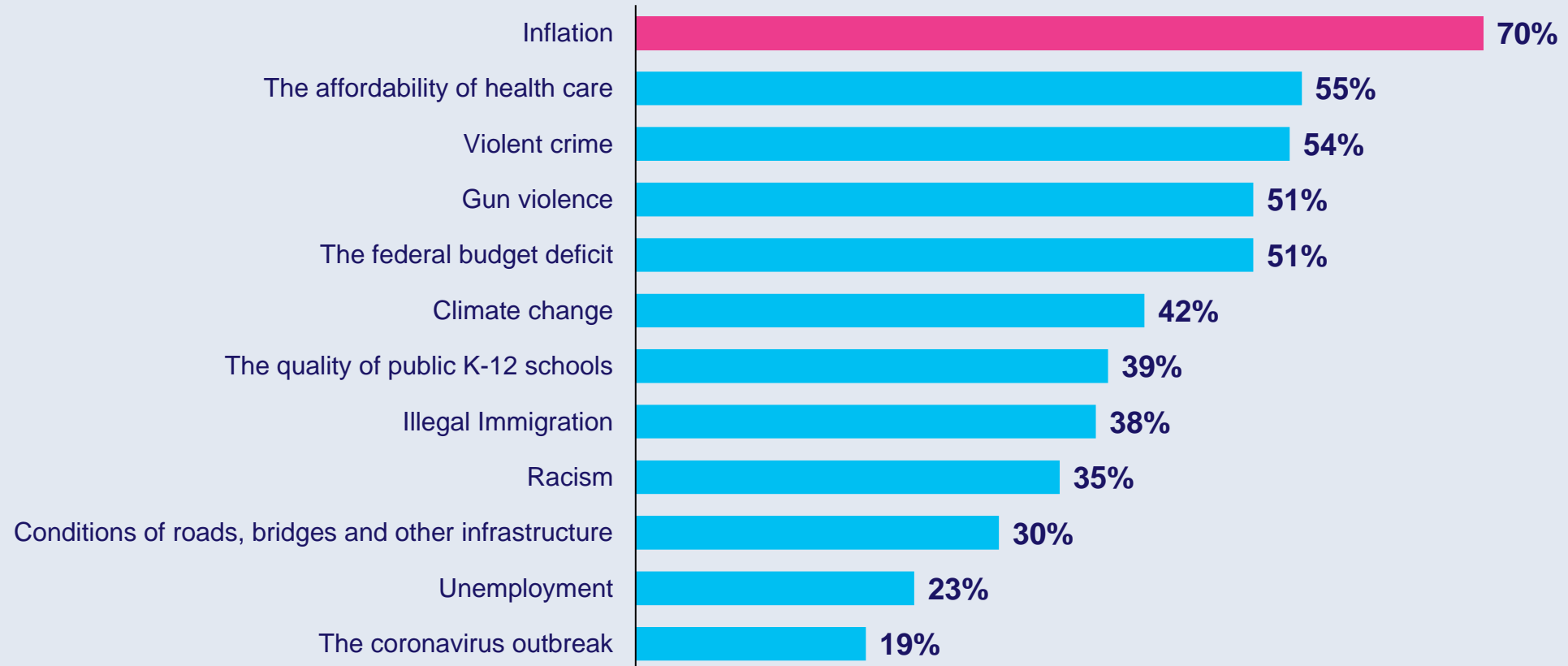
## How can marketers capitalize on consumers' love of the holidays?

While inflation and uncertainty continues to hover over the economy, consumers are still willing to spend on what matters to them the most – family, friends and revelry



# Inflation continues to be the top concern for Americans today, even above gun violence, climate change and racism

% who say each of the following is 'a very big problem' in the country today



Download VAB's [\*Under Pressure\*](#) to learn how marketers can adapt their strategies to best resonate with price sensitive consumers.

Source: Pew Research Center, *By a wide margin, Americans view inflation as the top problem facing the country today*, 5/12/22. Based on survey of U.S. adults conducted April 25 – May 1, 2022.

# Looking back at last year's holiday season, consumers were eager to celebrate with their loved ones despite economic challenges, supply chain issues and Covid



“Despite supply chain problems, rising inflation, labor shortages and the omicron variant, **retailers delivered a positive holiday experience** to pandemic-fatigued consumers and their families. Consumers were backed by **strong wages** and **record savings** and **began their shopping earlier** [in 2021] than ever before.”

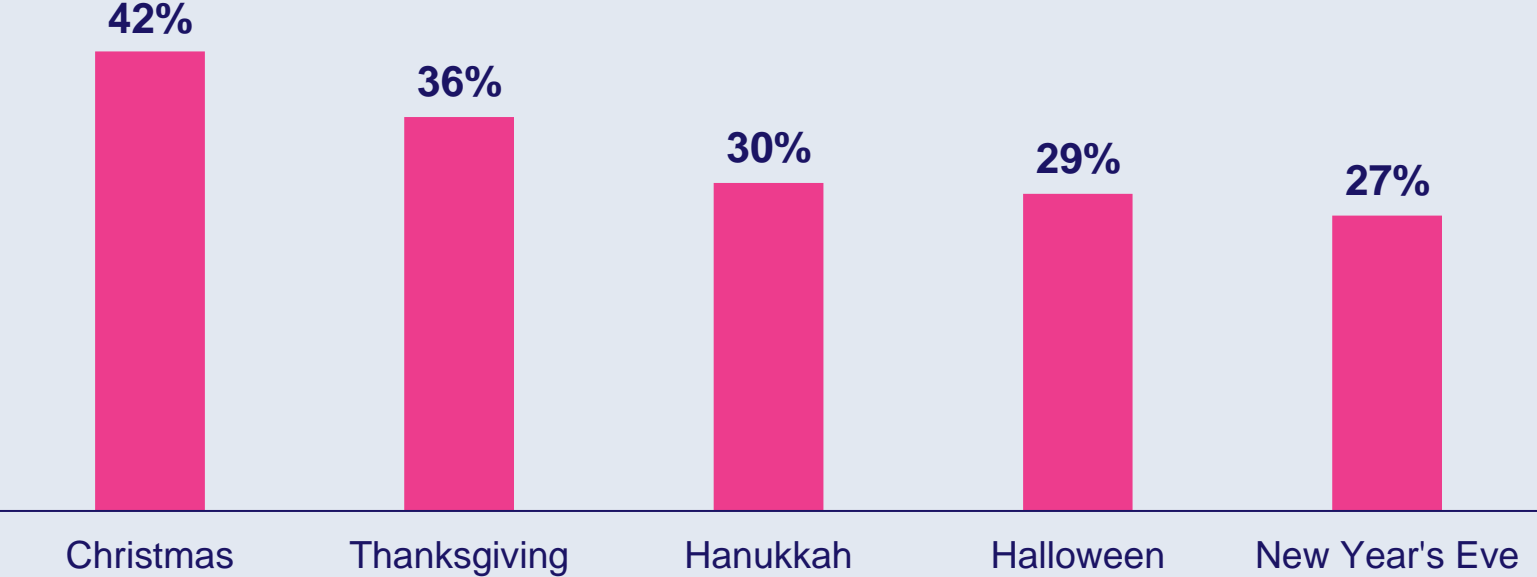
Matthew Shay, President and CEO, *National Retail Federation*  
NRF Press Release, 1/14/2022

# The **holiday season has year-round mindshare** among consumers, which signifies the importance people place on celebrating cherished moments with loved ones, regardless of current economic conditions

▶ In 2021, **61%** of consumers started holiday shopping by early November\*

**‘Have you started planning for / thinking about how you will celebrate the following holidays?’**

*% who have started planning by January, only applies to those who celebrate*



Source: Numerator, 2022 *Holiday Preview*. Based on survey fielded late January 2022 (1/26/22), n=11,578. \*National Retail Federation, *Holiday 2021 by the Numbers*, December 2021.

# Consumers' love of the holidays means that **most are refusing to cut back** on their traditions like gift giving and holiday travel, even in the face of ongoing inflationary pressures

% of U.S. adults who agree with the following statements



**88%**

Still plan to **give gifts**



**76%**

Are **not planning on canceling or reducing** holiday travel



**74%**

Plan to **spend the same or more** this year on holiday shopping\*

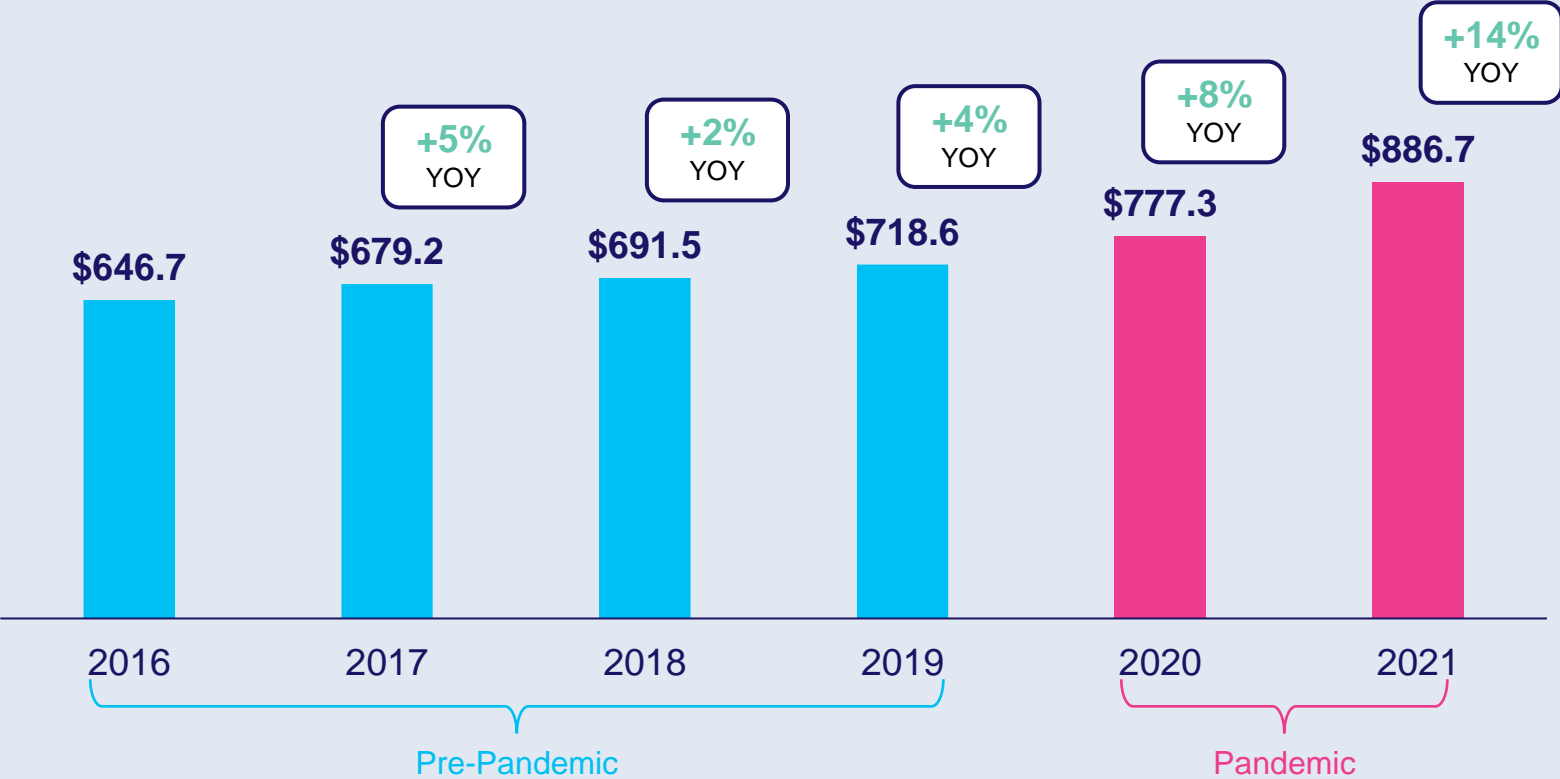
Source: VAB analysis of MRI-Simmons Q3 Trending Topics Study, A18+. \*Samba TV, 2022 Holiday Report. Based on HarrisX online survey of 2,505 U.S. adults, fielded 8/29/22 – 9/1/22.

# Because of this, holiday seasonal spending is projected to be **higher than last year's record-setting sales**, despite economic uncertainty

▶ An important bellwether for the holidays, this year's 'Back-to-School' season was projected to be up **+3%** vs. last year's all-time high

## Historical holiday season sales

\$\$\$ in billions



## 2022 U.S. Holiday season projection



**+8.5%**

YOY projected growth in total holiday retail sales\*

Source: National Retail Federation, *NRF Says 2021 Holiday Sales Grew 14.1 Percent to Record \$886.7 Billion*, 1/14/22. \*Cheetah Digital, *The Relationship Marketer's Playbook for Holiday Planning*, 2022.

Consumers will **spend over \$1K on average this holiday season** and while gifts are the main priority, one-third of spending will be on holiday-related purchases which presents opportunities across a range of categories

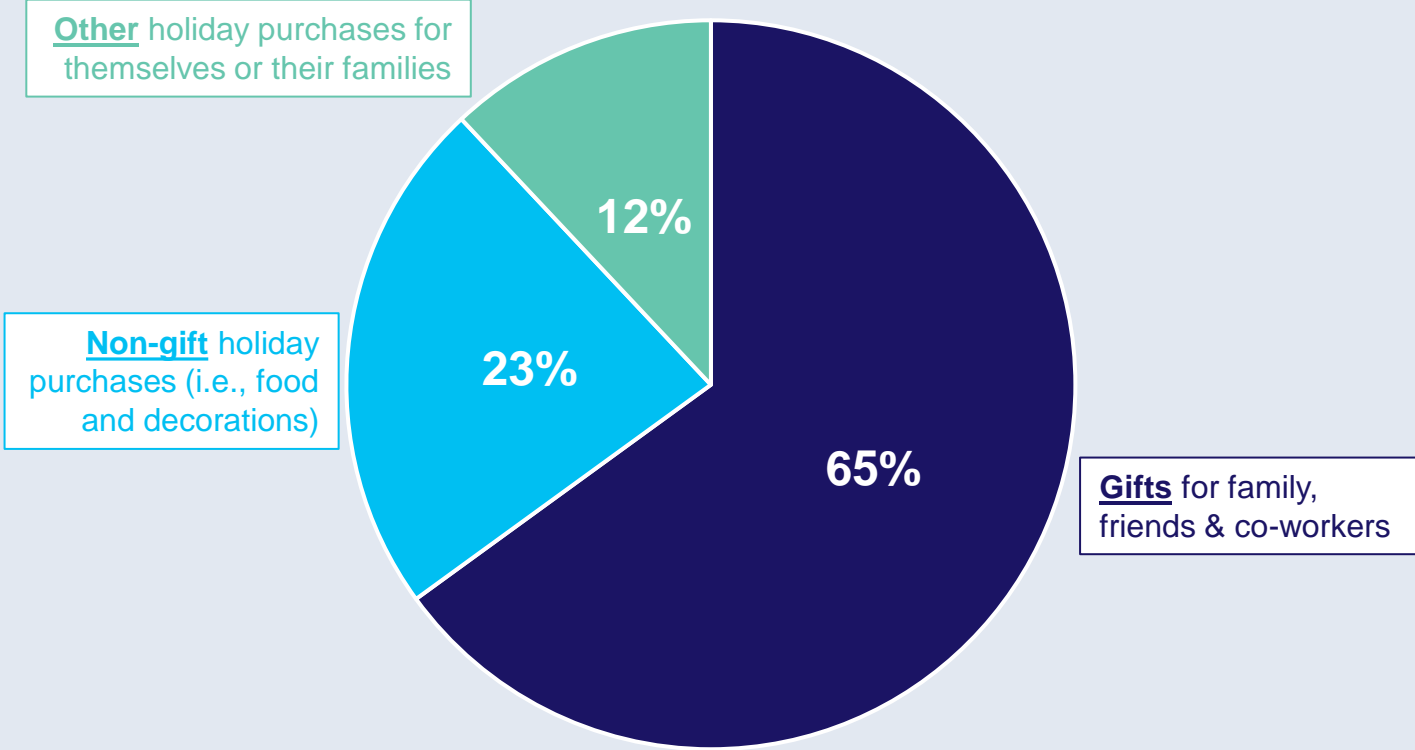


**\$1,041**

**Spend on the holiday season  
by the average adult**

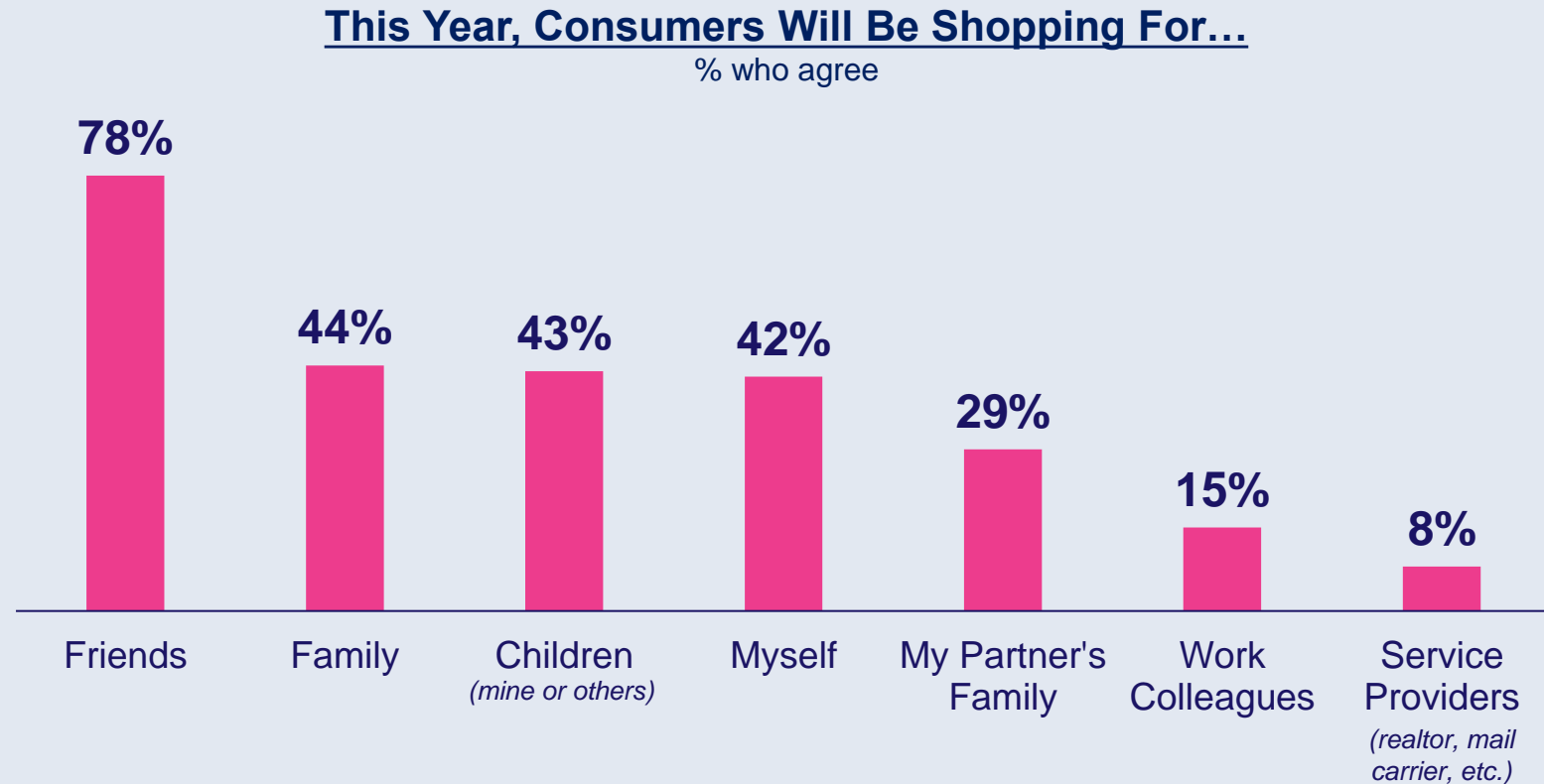
Average Consumer Holiday % Share of Spend\*

By Product Segment



Source: Samba TV, 2022 Holiday Report. Based on HarrisX online survey of 2,505 U.S. adults, fielded 8/29/22 – 9/1/22. \*VAB analysis of National Retail Federation, Holiday 2021 by the Numbers, December 2021.

In terms of gifts, consumers enjoy spreading the love during the holiday season and many are planning to buy for people across their **circle of friends, family and colleagues** – as well as for themselves



Source: INAMR intelligence, 2022 Holiday Trends Guide: Volume II, September 2022.

# It's not only 'gifting' categories like toys, games and electronics that are seasonal drivers but **also ancillary categories like personal care, groceries and household supplies** all in support of holiday-related festivities

## 2021 Seasonal Category Drivers

Categories with daily holiday sales **over 3x** their daily pre-holiday sales



Categories with daily holiday sales with **2-3x** their daily pre-holiday sales



Categories with daily holiday sales with **1.5-2x** their daily pre-holiday sales



Source: Adobe, *Unboxing the 2021 Holiday Shopping Results*, based on online/e-commerce sales only, increases reflect average daily holiday sales between November-December 2021 compared to average daily sales in September 2021, based on data collected through December 2021. **Green** reflects categories that skew towards gift purchases, while **magenta** reflect categories that skew towards ancillary holiday-related purchases.

Categories with **higher-priced brands and products** are projected to be up versus both last year and pre-pandemic as consumers eagerly return to a sense of normalcy and indulgence



Anticipated U.S. Holiday Retail Sales by Sector  
Extended Holiday Season

	<u>2022 vs 2021</u>	<u>2022 vs 2019</u>
 <b>Luxury</b> (excl. Jewelry)	<b>+6.8%</b>	<b>+27.1%</b>
 <b>Apparel</b>	<b>+5.3%</b>	<b>+24.9%</b>
 <b>Electronics</b>	<b>+4.4%</b>	<b>+28.1%</b>
 <b>Jewelry</b>	<b>+3.5%</b>	<b>+36.6%</b>

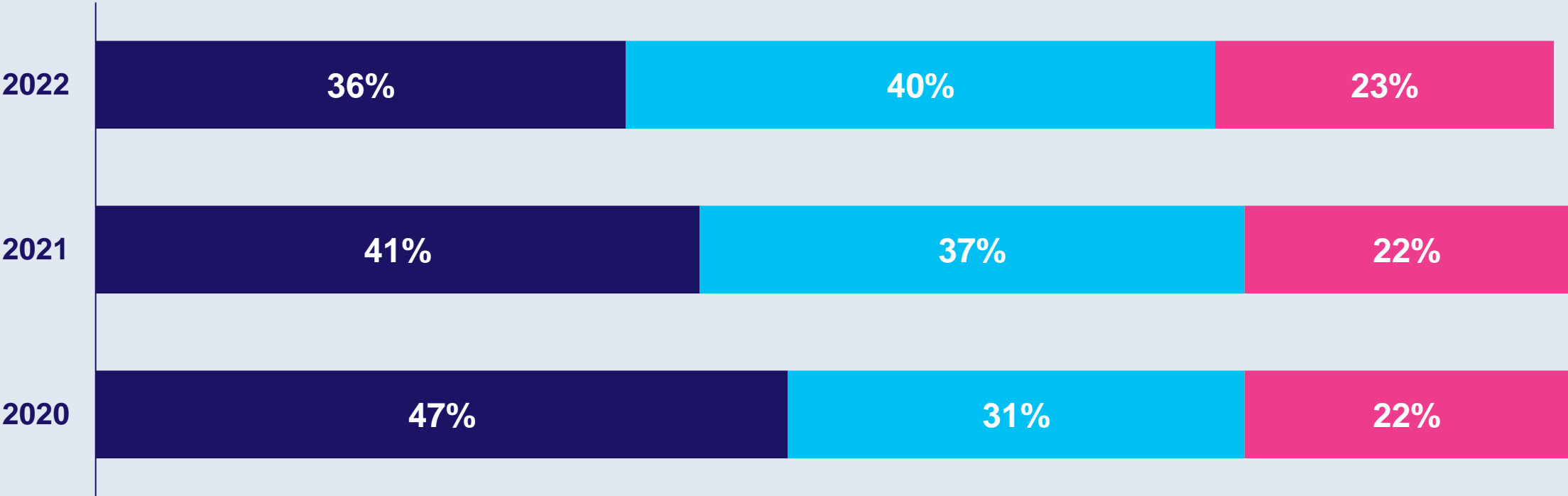
Source: Mastercard, *SpendingPulse: Holiday Season Retail Insights 2022*, 'Extended holiday season' represents October 11 – December 24.

# In a post-pandemic world, additional opportunities are arising for brands as consumers head back to 'brick and mortar' since **in-store shoppers are more likely to make impulse purchases and spend more overall**

▶ Consumers who primarily do their holiday shopping in-store plan to spend **51% more** than more than shoppers who plan to mostly shop online\*

## Where do you plan to do your holiday shopping?

■ Mostly online ■ Even split ■ Mostly in stores



Source: Morning Consult, *A Bright Spot for Retailers: Consumers Prioritize Holiday Gifts Amid Inflationary Pressures*, 9/15/22. Note: figures may not add up to 100% due to rounding. \*Samba TV, *2022 Holiday Report*, based on HarrisX online survey of 2,505 U.S. adults, fielded 8/29/22 – 9/1/22, On average, people who plan to do the majority of their holiday shopping in-store plan to spend \$1,286 this year, while shoppers who plan to mostly shop online plan to spend \$853 this year.

# Consumers will continue spending on what they want to buy - even if its for someone else - but the key for brands is to **cultivate relationships, build loyalty and make them feel valued**

- ▶ Consumers are willing to spend more on the items they want, even if it is for 'gift giving,' since that is an extension of themselves and their image

## % of people who agree with the following statements



73%

'I am willing to continue to buy from companies that increase their prices if I feel valued as a customer'



71%

'I have empathy for companies where I've been a **long-time customer** when they need to increase their prices due to inflation or shortages'



54%

'Even though prices are rising due to inflation, I am not going to stop buying what I want'

Source: Ipsos, *Here's how inflation is affecting our shopping*, June 2022. Ipsos Coronavirus Consumer Tracker, fielded May 24-25, 2022 among 1,120 U.S. adults. Q: How much do you agree or disagree with the following statements agree summary. Download VAB's [Under Pressure](#) to learn how marketers can adapt their messaging, media and investment strategies to best resonate with price sensitive consumers.

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## **6 reasons Hispanics will be driving brand growth during the holidays**

This passionate community, rooted in their culture and traditions, embraces all aspects of the holiday season



# Reason 1: In addition to their population growth and larger household size, Hispanic consumers are a valuable audience for marketers due to their increased spending power



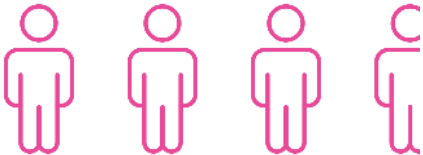
Hispanic population has grown by **over 10 million people** during the last 10 years

There will be an estimated **66.5 million** Hispanics in the U.S. by January 2023, accounting for **20%** of the total population (vs. 54.5 MM, or 17%, in 2013)



Hispanics live in larger HHs than non-Hispanics\*

**3.8** average HH size vs. 2.8 for non-Hispanics



Hispanic consumer buying power has increased **69%** since 2001\*\*

### Average annual household expenditures

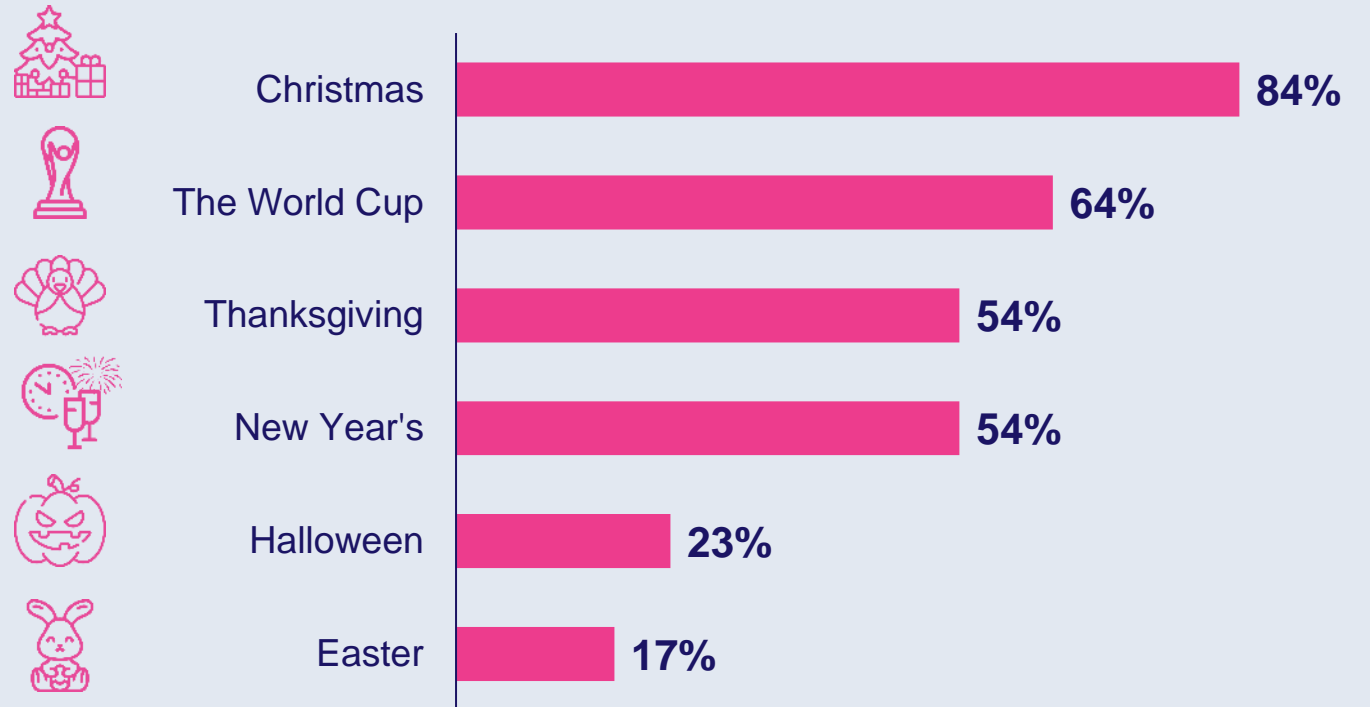
<u>2001</u>	<u>2011</u>	<u>2021</u>
<b>\$34,361</b>	<b>\$42,086</b>	<b>\$57,955</b>
	<b>+22%</b> vs. 2001	<b>+69%</b> vs. 2001

Source: Claritas, *The 2022 Hispanic Market Report* and VAB analysis of U.S. Census Bureau data, 2017. \*VAB analysis of MRI-Simmons Spring 2022 Doublebase, Non-Hispanic A18+ vs. A18+ of Spanish or Hispanic origin (17% of A18+ population). \*\*VAB analysis of Bureau of Labor Statistics data, Table 2200. Hispanic or Latino origin of reference person: Annual expenditure means, shares, standard errors, and coefficients of variation, Consumer Expenditure Surveys, 2001, 2011 & 2021.

## Reason 2: Hispanics have such an immense love for the holidays that even the most passionate fútbol fanatics rank Christmas above the World Cup as their favorite celebration



**Favorite celebrations among Hispanic enthusiasts**  
Percentage of enthusiasts who rank these celebrations as their top 3 favorites



Source: Telemundo, *The Future is Fútbol*, 2022 report. Based on 1,351 completed interviews among 967 Latinos and 384 non-Latinos, representative of soccer followers in the U.S., fielded February 2022.

# Reason 3: Their cultural heritage and traditions are a source of great pride and, as they **gather to celebrate** both American and Hispanic holidays, they are willing to spend their time and money to make them extra special



Hispanics value their culture and heritage and enjoy sharing it with others

**84%**

'enjoy sharing my Hispanic / Latino heritage with other Hispanic / Latinos or my non-Latino friends'

**78%**

agree that 'my cultural / ethnic heritage is an important part of who I am' (vs. 56% NH)



Celebrating their heritage is a major part of their holiday activities

**88%**

'often celebrate U.S. National holidays such as the Fourth of July and President's Day or holidays from Hispanic countries'

**30%**

are more likely to 'include cultural traditions in their holiday celebrations,' - driving them to buy food items and decorations to make the festivities even more special

Source: VAB analysis of MRI-Simmons Spring 2022 Doublebase Study, based on non-Hispanic A18+ vs. A18+ of Spanish or Hispanic origin (17% of A18+ population).

# Reason 4: Their fervent holiday spirit means that **Hispanic consumers** are planning to spend one-third more than the average adult on holiday shopping this year



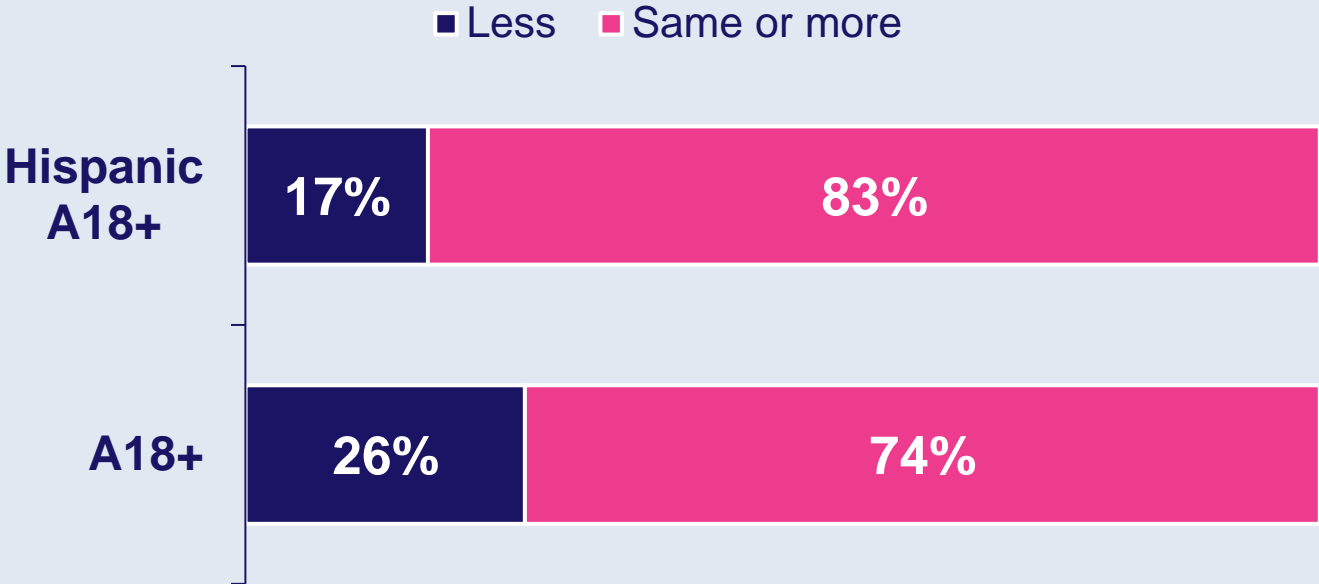
# +34%

Spend on the holiday season by Hispanic adults vs. the average adult

**\$1,392** vs. \$1,041  
(+\$351)

### Holiday Shopping Spend in 2022 vs. 2021

% of U.S. Adults



Source: Samba TV, 2022 Holiday Report. Based on HarrisX online survey of 2,505 U.S. adults, fielded 8/29/22 – 9/1/22.

# Reason 5: Hispanics are spending much more annually across many categories that are also popular during the holiday season – like toys, apparel and alcoholic beverages or food for communal gatherings

## % Growth of Hispanic Annual Aggregate Expenditures by Category: 2021 vs. 2019 (pre-pandemic)

compared to growth among non-Hispanics  
(2021 Hispanic aggregate expenditures in billions)



**+84% YOY**  
vs. +10% NH  
(\$10.6B)

**Pets**



**+73% YOY**  
vs. +39% NH  
(\$4.0B)

**Toys, hobbies & playground equipment**



**+33% YOY**  
vs. -11% NH  
(\$14.9B)

**Women & girls apparel**



**+32% YOY**  
vs. +30% NH  
(\$40.7B)

**Household furnishings**



**+30% YOY**  
vs. +8% NH  
(\$99.3B)

**Vehicle purchases**



**+20% YOY**  
vs. -9% NH  
(\$11.9B)

**Men and boys apparel**



**+19% YOY**  
vs. -6% NH  
(\$8.1B)

**Alcohol beverages**



**+19% YOY**  
vs. +9% NH  
(\$411.0B)

**Housing**



**+19% YOY**  
vs. -1% NH  
(\$17.3B)

**Audio & visual equipment & services**



**+17% YOY**  
vs. +14% NH  
(\$24.8B)

**Meats, poultry, fish, and eggs**



**+8% YOY**  
vs. +6% NH  
(\$13.0B)

**Housekeeping supplies**



**+5% YOY**  
vs. +3% NH  
(\$27.6B)

**Cellphone services**

Source: VAB analysis of Bureau of Labor Statistics data, Table 2200. Hispanic or Latino origin of reference person: Shares of annual aggregate expenditures and sources of income, Consumer Expenditure Surveys, 2019 & 2021.

# Reason 6: Hispanic consumers provide a halo effect for brands as their influence extends to a larger circle of non-Hispanic friends and online communities who look to them for advice, opinions and reviews

## Hispanic Consumer Profile

Hispanic index vs. non-Hispanics

### Early Adopters



**146 index**

'I'm always one of the first of my friends to try new products or services'

### Technology Ambassadors



**147 index**

'People often ask my opinion when they are buying new technology'

### Influential Advisors



**140 index**

'People come to me for advice before buying new things'

### Online Advocates



**134 index**

'I like to share my opinions about products and services by posting reviews and ratings online'

**How to read:** Hispanics are 46% more likely to agree that 'I'm always one of the first of my friends to try new products or services' than non-Hispanics (146 index)

Source: VAB analysis of MRI-Simmons Summer 2022 USA Study. Based on psychographics and buying style data for Hispanic Americans (A18+ of Hispanic or Spanish origin (17% of A18+ population)) and non-Hispanic adults 18+. Indices based on 'any agree' responses for each question.

Marketers looking to engage the growing, passionate, influential Hispanic segment can connect with them through impactful, authentic messaging



# Marketers can drive engagement and sales by **creating authentic campaigns** that are inclusive of the Hispanic community's cultural traditions

▶ Hispanics are more likely to value authentic messaging in their native language, which drives greater memorability and higher purchase intent

## % of Hispanics who agree with the following statements



**65%**

'I believe that companies who advertise in Spanish **respect my culture and want my business**'



**55%**

'I am **more likely to be loyal** to a company that **makes an effort to advertise in Spanish**'



**50%**

'When a product or service is advertised in Spanish, I am **more likely to pay attention** to the advertisement and **remember it later**'



**37%**

'Advertisements in Spanish are the **best source of information** when I'm purchasing products or services'

Source: MRI-Simmons, Spring 2022 Doublebase Study, A18+ of Spanish or Hispanic origin (17% of A18+ population).

# These real-world campaigns **highlighting cultural traditions and authentic Hispanic celebrations** show how brands who tailor their messaging with personalized, authentic stories can better engage with Hispanics

## Holiday-related campaigns with Spanish-language messaging and authentic Hispanic stories

Ad Attention Index against total P18+



### 'Ven por ingredientes' TV Spot

(Flight duration: 11/7/2021-12/21/2021)



**119**

Ad Attention Index



### 'Navidea y come de todo' TV Spot

(Flight duration: 11/8/2021-12/24/2021)



**110**

Ad Attention Index



### 'The Recipe' TV Spot

(Flight duration: 11/1/2021-12/31/2021)



**108**

Ad Attention Index

**How to read:** 'Ven por ingredientes' (119 index) had 19% less interruptions than other ads in the context of the media placement with a 100 score being average.

Source: Creative from iSpot.tv, time period of airing 11/1/21 – 12/31/21, Ad Attention Index within iSpot.tv's Attention Analytics. Index scale is 0-200 with an 100 index seeing ad performance as expected. Note: Ad Attention Index is based on total viewers, not specifically Hispanic or Spanish-language consumers. [Click above images to watch TV spots.](#)

# Key Marketer Takeaways

- ▶ People love the holidays and value their time with family and friends to enjoy these moments of celebration which is why holiday-related spending is projected to be even higher than last year's record-setting sales
- ▶ Although inflation continues to be a concern among consumers, people are eager to return to a sense of normalcy, even when it comes to buying high-priced luxury items (despite economic uncertainty) or going out and shopping at 'brick and mortar' stores again (despite higher gas prices)
- ▶ During the holiday season, marketers can further engage with the growing, and influential, Hispanic community through authentic messaging and storytelling that embraces their cultural heritage and interests in family, traditions and celebrations

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