



the circle of joy:
**how hispanic families are shaping the
future food & beverage landscape**

(approximately 6 minute read)



summary

pepviz™ is PepsiCo's approach to using data & insights to foster partnership and drive growth with our forward-looking food & beverage retail customers. In this article, pepviz turns our spotlight on the Hispanic shopper, sharing data & insights into the importance of family and rituals of togetherness, and showcasing ways to better serve this incredibly valuable demographic.



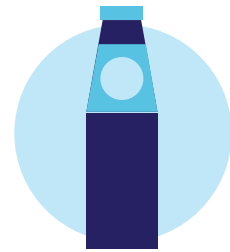
1.

introduction

Let's start with a number - \$2.5 million. This is the average Hispanic household's lifetime spending on food & beverage at home. That's a lot of money. And 25% more than non-Hispanic households.¹

In fact, from 2021 to 2025, **Hispanics will be responsible for over one-third of the growth in non-alcoholic beverages and almost a quarter of all sales growth for snacks.**² As a global leader in both food & beverages, PepsiCo has unique insights into the Hispanic family dynamics fueling this remarkable growth. In what follows, we're excited to share some of our most intriguing and actionable insights on this exciting growth for the food & beverage industry.

HISPANIC VOLUME GROWTH 2021-2025



NON-ALCOHOLIC BEVERAGES

34%



SNACKS

22%



OUTSIZED SPENDING ON FOOD & BEVERAGE AT HOME

\$2.5_M

lifetime food & beverage spending of the average US Hispanic HH

25%

higher lifetime food & beverage spend than non-Hispanic households

1. Claritas: The 2020 Hispanic Market Report
2. Circana Hispanic Advantage 2021-2025

2.

a huge opportunity and growing

Let's begin by understanding how big the Hispanic shopper growth opportunity truly is in terms of its size and economic significance. Hispanics are:

- the second largest US ethnic group after Whites³
- growing 5 times faster than rest of US⁴
- contributing 1.7 times more to GDP growth than non-Hispanics⁵
- 78% of new workers in the labor force between 2020-2030⁶
- 70% of new homeowners between 2020-2040⁷

All this adds up to Hispanic spending power that has more than doubled since 2000 and is projected to reach \$2.6 trillion in 2025. What explains this enormous growth?

The average Hispanic household is made up of 3.2 people, compared to 2.4 for non-Hispanic White households.⁸ And 26% of Hispanic households are multigenerational family households with five or more people, almost double the number of five-plus households compared to the population in general.⁹

3. Pew Research Center – tabulations of decennial census counts 2022
4. Pew Research Center – tabulations of decennial census counts 2022
5. US Department of Labor – Hispanic in the Labor Force 2021
6. Kantar Monitor 2022
7. Kantar Monitor 2022
8. US Census Bureau 2022
9. UGA's Selig Center for Economic Growth, Multicultural Economy 2021.

HISPANIC POPULATION GROWTH

2023

66

million
Hispanic
Americans



1 IN 5
Americans

2050

100

million
Hispanic
Americans



1 in 4
Americans

HISPANIC BUYING POWER INCREASE

6.9%
CAGR

\$1_T

2000

\$1.9_T

2023

\$2.6_T

2025

GROWTH ENGINE OF AMERICAN ECONOMY

2020-2030

78% of new workers in labor force

2020-2040

70% of new homeowners

GDP growing
1.7x faster vs
Non-Hispanic

3.

lifetime value

Family goes a long way to explain why Hispanic households spend 25% more on food & beverage.¹⁰ However, the true power of larger Hispanic families comes into sharper focus when we consider the composition of these households and each individual's true lifetime value.

The median age of Hispanic shoppers is 31. That's ten years younger than non-Hispanic Whites.¹¹ But another factor is also at play: longevity.

Demographers have been trying to explain this "Hispanic Paradox" for decades. Despite socio-economic headwinds and limited access to quality healthcare, **Hispanic Americans live longer than non-Hispanic Whites.**¹²

In 2024, all this adds up to **12 more years of effective buying power for Hispanic shoppers**, making investing in this group a long-term strategy that promises to pay off far longer than most.



THE VALUE OF A LIFETIME

Hispanic

47 years of buying power



Non-Hispanic Whites

35 years of buying power



12

more years of effective Hispanic buying power¹³

10. Claritas: The 2020 Hispanic Market Report

11. US Census 2020

12. The 'Hispanic Paradox' intrigues a new generation of researchers determined to unravel it, STAT, Sept. 2023

13. US Census 2020

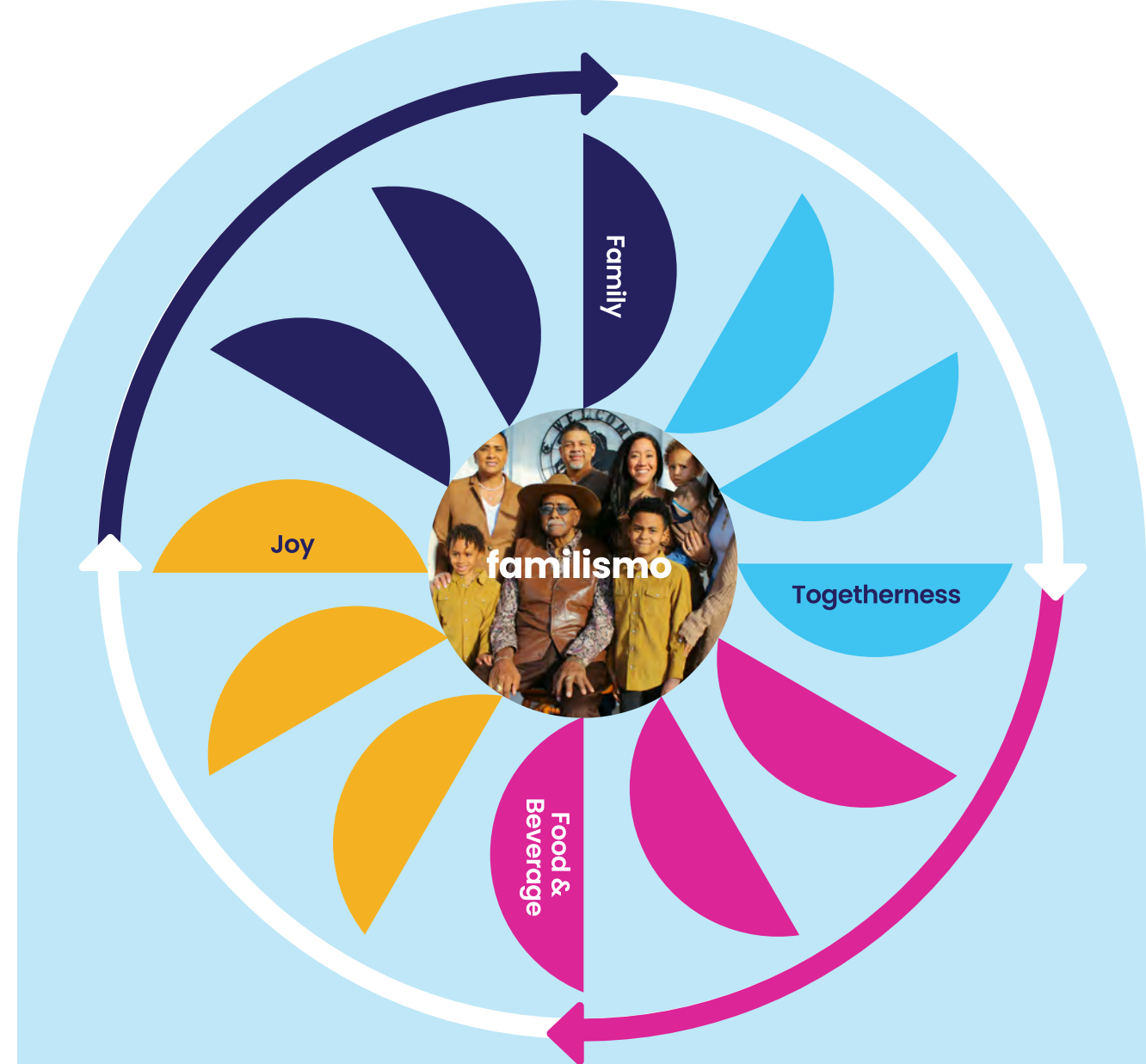
4.

familismo & the circle of joy

What accounts for these larger, longer-living families and their buying power in the category? Researchers think they've identified a key driver. **Familismo is defined as a set of cultural values embodied in family-centric cultural forms.** This value is particularly prevalent in Hispanic and Latino communities and involves strong family bonds, a sense of belonging, mutual support, and the sharing of resources among family members.¹⁴

What correlates with living life the familismo way?

- more positive mental health outcomes driven by family support
- significant longevity benefits fueled by social connections
- larger and more frequent group rituals and the joyful family festivities that put food & beverage front and center



We call this the Circle of Joy.

Family fuels togetherness. Togetherness fuels the large family gatherings, holidays, and community events that represent the most meaningful moments. And these moments, in turn, fuel a life of laughter, warmth, and belonging.

That's the virtuous circle of joy that drives and sustains growth in food & beverage. As the company that's been working to create smiles for 125 years, PepsiCo understands this dynamic intimately.

14. Cauce & Domenech-Rodriguez, Latino families: Myths and realities, 2000; Guilamo-Ramos et al, Parenting practices among Dominican and Puerto Rican mothers. Social Work, 2007

5.

familismo-fueled shopping dynamics

These insights into family size, age, and longevity don't just reveal why investing in this demographic is important; they're key to understanding Hispanic shoppers' unique needs, shopping behaviors, and purchase preferences.

79% of Hispanics go shopping with someone else.¹⁵ That makes them twice as likely to shop with others than shoppers in general.

This family lens also explains why 77% of Hispanics (vs. 63% Non-Hispanic) say "displays positively influence my shopping experience."¹⁶ When shopping with others, displays become talk pieces and triggers for social engagement. With these insights, we may begin to ask exciting questions like "how can we design the best social shopping experiences?"

HISPANICS **2X** MORE LIKELY TO SHOP WITH OTHERS

79% shop with someone else vs.

39% all shoppers

AND MORE LIKELY TO SHOP FOR OTHERS

Shop for Children

150

index

Shop for Spouse/Partner

120

index

Shop for Other HH member

118

index



15. Acosta - "The Why? Behind The Buy" Shopper Survey 2020

16. 2023 PEP Hispanic Summit - Levers Deep Dive Suzy Survey

6.

the hispanic value equation: volume, variety & brand > price

When they buy, Hispanics tend to buy 20% more volume per trip.¹⁷ pepviz's proprietary "Value Shopper Segmentation" reveals how **Hispanic shoppers are significantly more likely to prefer Multipack, Variety, and Multi-Serve packs** – yes, to save money on bulk purchases but more fundamentally to provide more quantity and more variety for the different tastes of larger families.¹⁸

Next, when shoppers buy for more people, they're usually buying more frequently as well. This helps explain the results of a recent proprietary pepviz study into loyalty that showed **Hispanics are significantly more likely (132 index vs. non-Hispanic) to choose stores that offer frequent buyer programs.**¹⁹

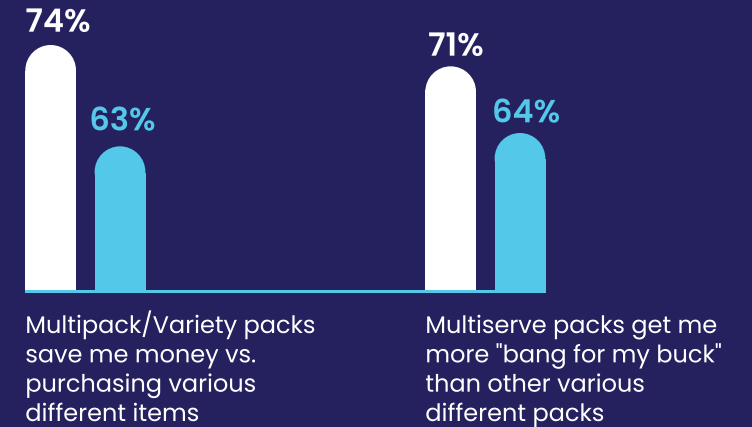
The segmentation also reveals that Hispanics aren't shopping on price any more than non-Hispanics. But **Hispanics are significantly more likely to prioritize brand reputation when shopping for food & beverage products.**²⁰

Why? Because, when shopping for and with others, buying the most popular or familiar brands becomes a way to show you care. (See Marias Gamesa case.)

Hispanics still shop retail more than online, driven in part by fresh produce representing a larger portion of each trip for this group. And **70% of Hispanics say they enjoy grocery shopping vs. just over half of all shoppers.**²¹ (When they're shopping together so much more frequently, we know this is yet another aspect of familismo!) While in-store shopping remains the biggest opportunity, **Hispanic shoppers had the highest adoption growth of online grocery from 2019–2021.**²² So there is an opportunity for retailers to continue the focus on driving online penetration with this cohort by ensuring order quality/freshness for online pickup, offering Hispanic 'aisles' online and focusing attention on younger Hispanic shoppers as they are helping to close the gap between retail and online shopping.²³

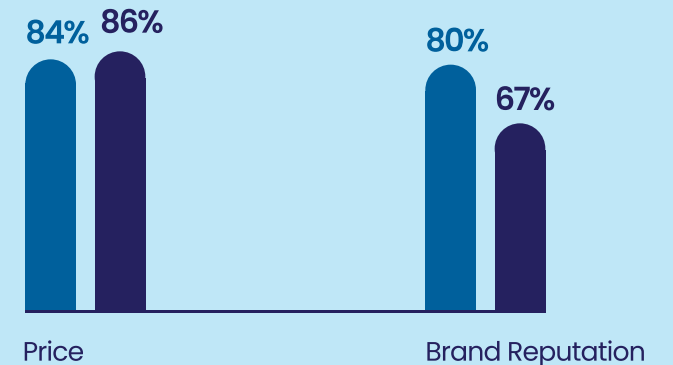
PACKAGE & VALUE ATTRIBUTES

● Hispanic ● Non-Hispanic



IMPORTANT WHEN SHOPPING FOR F&B

● Hispanic ● Non-Hispanic



17. Circana Panel Total US MULO 52 weeks ending June 16, 2023

18. 2023 PEP Hispanic Summit – Levers Deep Dive Suzy Survey

19. PepsiCo DX SAI Shopper Habits, 2023

20. 2023 PEP Hispanic Summit – Levers Deep Dive Suzy Survey & Proprietary Value Research

21. Claritas – "Consumer Spending Dynamix Complete" custom report 2023

22. eReceipt Panel Data 2019–2022

23. PepsiCo eCommerce Insights – Cohort Studies – Understanding the Hispanic Online Shopper – October 2023

case study: “like mom’s love”

Brand “familiarity” is key for families with strong relationships to traditionally Hispanic brands. And these relationships can date back generations. That’s why **bringing local, high-quality, and reputable Hispanic products and brands to the U.S. is so important** to PepsiCo and our Hispanic Business Unit.

Marias Gamesa, a renowned cookie brand whose slogan is “Like Mom’s Love”, is a perfect example. The Cafecito con Marias Gamesa campaign we developed for Mother’s Day 2023 celebrated familismo by tapping into and updating the long-standing tradition within the Hispanic community of “cafecito breaks” – friends and family coming together for informal conversations, now made possible in virtual spaces as well.



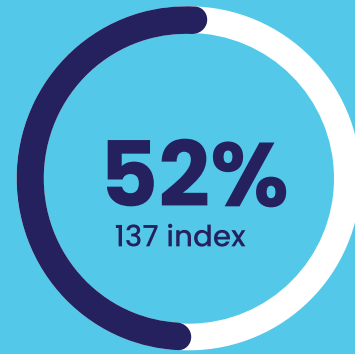
7.

partnering to design shopper experiences around rituals of togetherness

Successful food & beverage retailers play an important role in making these moments of togetherness as special as possible. And partnering with pepviz can help accelerate the Circle of Joy by turning these insights into actionable Hispanic shopper programs.

It starts outside the store with Hispanic media habits. And those habits are, you guessed it, social to the core.

Hispanic shoppers are younger, more digitally native, and more socially connected than the rest of the population. In fact, they're **five times more likely to share content online than all shoppers.** That's five times! And they spend significantly more time each day on more social platforms than non-Hispanics.²⁴



Spend **an hour or more** on social media per day

MOST POPULAR SOCIAL NETWORKING SITES FOR HISPANICS



YouTube

80% vs. 64% non-Hispanic



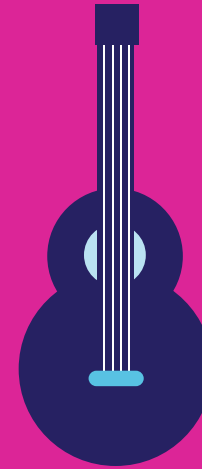
Facebook

72% same as non-Hispanic



Instagram

58% vs. 42% non-Hispanic



More than
40%

stream & download music

131 & 138 index



All of these channels represent ways to get in front of Hispanics before they arrive in-store. But **Hispanics are also significantly more likely to say their phone is an important tool during their shopping** (index 138.)²⁵ So reaching this cohort in these digital social spaces (especially with popular, high-quality, and traditionally Hispanic brands, variety packs, and bulk discounts!) is key to driving both more in-store trips and larger basket sizes per trip.

And consider this, familismo is at its most joyful with a festive soundtrack. More than **40% of Hispanics stream (131 index) or download (138 index) music.**²⁶ So for National Hispanic Heritage month, PepsiCo not only celebrated the Spanish language with a “Savor the Cool-Tu-Ra!” cross-brand promotion showcasing authentic Hispanic flavors, but we leaned into this music insight to create an engagement-driving “Win a One Year Spotify Subscription” promotion. The results: across retail channels, this activation delivered sales growth, share wins, and drove new brand buyers.

24. Kantar Monitor 2022

25. Collage Group – Hispanic Passion Points 2022

26. PepsiCo DX SAI Shopper Profile 2023

8.

sporting events as social events

Familismo also explains why group hobbies and social events are so central to this cohort. Larger families and social gatherings make participating in sporting activities more common. That's why half of Hispanics play soccer.²⁷ **These gatherings also lead to more occasions to spectate together**, with almost half of Hispanics saying they are college football and basketball enthusiasts.²⁸

Tapping these behavioral insights, PepsiCo partnered with multiple national retailers across the convenience, grocery, mass and dollar channels in 2023 to create a custom program with the Union of European Football Associations (UEFA) featuring superstar Lionel Messi. The program included bilingual merchandising tools, thematic packaging, on-game PR and occasion-based media, and a national sweepstakes offering tickets to the UEFA Champions League Finals in Istanbul. **This program alone helped drive a 15.7% increase in Salty Snack category growth vs the prior year.**²⁹

This year, we're leveraging these insights into soccer fandom and shared moments of enjoyment to take Hispanic promotions and cultural moments even further.

Our 2024 Leagues Cup multi-year sponsorship will feature thematic displays across retail stores featuring both Hispanic and non-Hispanic brands across our food & beverage portfolio, including Lay's, Sabritas, Gamesa, and Rockstar Energy Drinks. So we and our retail partners will be right there with them at soccer or fútbol watch parties this summer, once again celebrating and benefiting from the amazing power of familismo.



SPORTS

51%

play soccer
167 index

Almost half
are college football &
basketball enthusiasts
181 & 166 index



9.

conclusions on familismo and the future of food & beverage

And that's the story: Hispanic Americans are closer, more social, younger, and live longer than non-Hispanics, creating one of the highest-value growth cohorts in food & beverage today and tomorrow.

All of these factors have one thing in common – familismo, a way of life and a set of values that fuel the Circle of Joy that's always been the beating heart of food & beverage.



KEY TAKEAWAYS

- When it comes to Hispanic shoppers it pays to think of shopping as a team sport
- Make end caps and collateral socially engaging conversation starters
- Use social media and mobile as catalysts for family shopping
- Value = more quantity & more variety for the price, not just lower prices
- Popular brands and brands with a Hispanic heritage are a great way to create and reinforce social bonds
- Sports, music, and rituals of togetherness are the stages on which the joy of familismo plays out – join in the celebration!

10.

actionable insights driving growth

We hope you found these pepviz insights inspiring and useful. And we hope you'll reach out to continue the conversation and partner with PepsiCo to co-create innovative Hispanic programs for your own food & beverage channels.

Together we will continue to use data & insights to create win-win opportunities for all, designing the most delightful shopper experiences to fuel the Circle of Joy and create more smiles with every sip and every bite for generations to come.

pepviz is PepsiCo's approach to using data & insights to foster partnership and drive growth with our forward-looking food & beverage retail customers.

Please visit us at www.pepviz.com

