Market Dynamics and Multicultural Marketing

Healthcare Diversity Summit

November 5, 2014

Beatriz Rojas,
Sr. Director, Multicultural Marketing
Kaiser Permanente
Marketplace and industry changes are impacting healthcare marketing approach.
Demographic changes

For the first time in U.S. history, whites of European ancestry account for less than half of newborn children, marking a demographic tipping point that is already changing the nation's politics, economy and workforce (Census 2012)

- In 2008 the U.S. elected it’s first African American president
- “Minority majority” states are increasing
- Same-sex marriage is legal in 32 states and the District of Columbia
- Every month more than a quarter-million Americans turn 65
- Millennials are now the largest, most diverse generation in the U.S.

We are not in Kansas anymore
Technology is part of our daily life

- Devices have significantly more capabilities
- Smartphones allow consumers to be “always on”
- Access to information has significantly expanded (i.e. Google)
- Big data connects information and resources around the globe (i.e. cloud)
- Commoditization has changed many industries (i.e. travel)
- Customization and individualization are the norm (i.e. Netflix)
- Digitalization reshaped media (i.e. newspapers)
- Social media has redefined privacy (i.e. Facebook)
The Healthcare industry landscape

- Affordable Care Act (ACA) was signed into law in March 2010
  - Expanded access to healthcare
- Consumerism and convenience driving wide array of technological innovation
  - Personalized healthcare: how and when I want it
- Telehealth capabilities becoming more common
  - Healthcare providers connected among themselves and with their patients
- Increasing demand for transparency of costs
- Private and public exchanges bring visibility and choices
- Employers considering options to reduce their costs
- Partnerships between carriers and insurers
Why embrace the diverse audience

- The highest opportunity with the ACA
  - Over 10M Hispanics are eligible to gain health insurance under the ACA
- Lack of understanding of the health care system
- Generations of mistrust of formal institutions
  - Hispanics and African Americans are less likely to share personal information
- Significant health disparities are still prevalent in these communities
From the marketing perspective

Affordable Care Act…or Health Care Reform? Ah, Obamacare!

- Complex topic
- Very polarized opinions
- Politically charged
- Lots of negative media
- Specific time line for open enrollment periods
- Constant changes in the law

The healthcare and coverage category itself is not easy…

- Complicated topic
- It’s needed when in a difficult situation
- Very personal and emotional
- Highly regulated
The perfect storm....
Lets learn from Nestle and their approach to the multicultural consumer ....
Agenda

• What diversity was
• What diversity is today
• What diversity should be going forward
• How Nestle is evolving its business model
• Q&A
Business case for diversity

Diversity is about Buying Power
- In 1990, US Minorities accounted for 16% of all buying power
- By 2012, US Minorities accounted for 26% of all buying power
- Currently, US Minorities represent $2.96 Trillion in buying power

Diversity is about Performance and Shareholder Returns
- A Catalyst study found that companies with the highest representation of women in top mgmt teams experienced 35.1% higher Return to Shareholders than companies with lower representation.

Diversity is about access to Growth
- Latinum Network research projects Hispanic growth within food category to account for 96% of all food growth (2011-2026)
What diversity was (until 1990)

Diversity = Different

“Or” Mindset

American or Mexican

General Market Assimilation

Source:
Hispanics differ by generations

1st GENERATION (FOREIGN BORN)
Unacculturated
Closer to home country
Traditional & Heritage
All & Mostly Spanish

2nd GENERATION (US BORN)
Bicultural
Both Cultures & Traditions
Latino & American
Both & Mostly English

Active Rejection of Hispanics
Hispanic Awakening
RetroAcculturati on "Latino Pride"
Latino Identity & Influence

Today
What diversity is today

Diversity = Inclusion/Duality

“And” Mindset

Mexican-American

Acculturation/Multi-Cultural Marketing
The bicultural opportunity

US Hispanic Births Leading to...

<table>
<thead>
<tr>
<th>Year</th>
<th>1st Gen Foreign Born (Unacc)</th>
<th>2nd Gen US Born (Bi-cult)</th>
<th>3rd Gen US Born (Acc)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-2000</td>
<td>46%</td>
<td>28%</td>
<td>26%</td>
</tr>
<tr>
<td>2000-2010</td>
<td>26%</td>
<td>47%</td>
<td>27%</td>
</tr>
</tbody>
</table>

...Bicultural Phenomenon

- Largest and fastest growing segment of Hispanic pop
- Younger and spend more on groceries than less acculturated
- Require a blend of linkage to past with convenience needed from new lifestyle

Bicultural HHs Drive Spending

From Unacculturated to Bicultural opportunity

Millions of HH with income > $30k/yr

- Unacculturated: 2.1
- Bicultural: 4.8
- Acculturated: 1.5
Bicultural insights: “A foot in 2 worlds”

**AMERICAN VALUES:**
- Individualism
- Independence
- Modern Dreams

**Desire success (Education)**

**Fluent English to Navigate**

**Functional / American**

**LATINO VALUES:**
- Family first / Community
- Interdependence
- Traditions

**Maintain Family & Traditions**

**Conversant in Spanish to Relate**

**Emotional / Hispanic**

**With Latino Parts**

**Made in US**

**Functional / American**

**TENSION**

**Bicultural Life is Contradictory**
Bicultural insights: connecting through food

Food

American Meals
- Functional
  - Simplify their lives
  - Convenience meals (breakfast, snacks, Sunday dinner)
  - 30% are American, Chinese, etc.
  - Influenced by children

Latino Meals
- Emotional
  - Connection to culture
  - Family meals
  - Main meal is LATINO (70%)
  - Scratch cooking 5 days/week
  - Fresh ingredients to nourish the family (NHW)
What diversity should be going forward

Diversity = Blended Reality

“Is” Mindset

Not demographic but psychographic

Total Market/Cross-Cultural Marketing
The US is already multicultural

2013 Population Distribution by Race/Ethnicity & Age

- 47% Multicultural (24% Hispanic)
- 43% Multicultural (20% Hispanic)
- 31% Multicultural (15% Hispanic)

Within Multicultural, Hispanic is the largest & most important growing segment
How Nestle is evolving
Evolving our communication

Unacculturated

- Strong Brand Recognition
- Unique Latin Coffee Experience
- “My everyday cup”

Biculturals & Acculturated

- Aspirational Brand
- Variety (Flavors & Roasts Levels)
- Exploration/New Experiences

“Te Acostumbraste”

2007-2009:
US Insights with unacculturated focus

“Coffee or Café?”

2010-2012:
US Insights with bicultural focus
THE RICH, DARK-ROASTED TASTE AND IRRESISTIBLE AROMA OF NESCAFÉ® CLÁSICO™ AWAKENS THE BOLDER, MORE VIBRANT SIDE OF YOU AND TRULY STIRS WHAT’S INSIDE.
Thank you! Any questions?