

IT COMES DOWN TO CONTENT



For Infusion by Castells owner and veteran multicultural advertising and marketing leader **Liz Castells**, Hispanic content relevance remains the No. 1 selling point to media buyers and planners.

How we consume content has changed. But, the content's relevance has not.

That's perhaps the biggest takeaway **Liz Castells** offers when asked to share her thoughts on the state of Hispanic media now that the NewFronts and Upfronts for 2022-2023 have concluded. Her viewpoint is perhaps critical to understanding where the U.S. Hispanic market sits with respect to how it views televised content, regardless of language — Infusion by Castells, her ad shop, is the agency of record for **Charter Communications** and its **Spectrum** multichannel video and programming distribution (MVPD) arm.

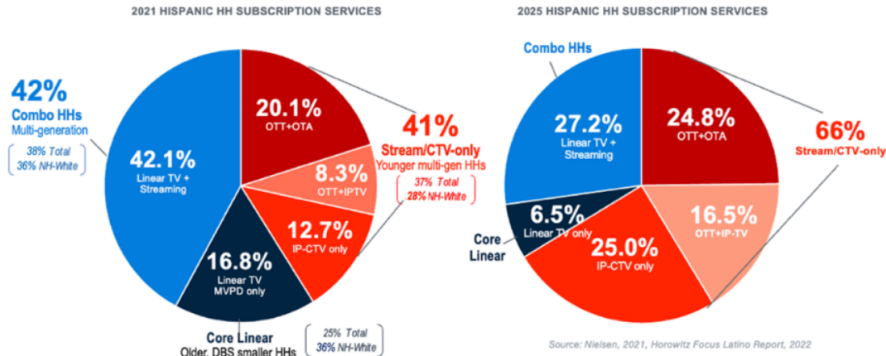
"Hispanic cord cutting is higher," she says. Yet, while smart TVs and streaming redefines what television is, "relevant content will always endure."

Check out some of these statistics:

- 83% of all Hispanic HHs have some streaming services – increasing to 94% by 2025.
- 42% have both traditional + streaming services – decreasing to 27% by 2025.
- 41% are streaming-only (OTT, IPTV, OTT + OTA) – increasing to 66% by 2025. "This is much higher than Non-Hispanic Whites who skew much older and more traditional," Castells says.

In years' past, one could count on Latino consumers as among the strongest for a MVPD. Not today.

"Hispanics are the highest streamers and are content omnivores," Castells says. Overall streaming time rose 18% year-over-year in February 2022 and by 21% for Hispanics, even from a higher base.



Hispanics are highest in streaming. And, Castells notes, digital and social media usage, VR/AR, metaverse and gaming.

To illustrate her point, she shares another key statistic: Some 75% of media time for Hispanics aged 18-49 is to streaming TV, digital and social platforms with Connected TV, smartphone viewing, social, digital audio and radio reach above linear TV reach.

What does this mean for marketers? They've already spoken, with digital spend shifts already seen in the U.S. Hispanic market.

"Overall \$211 billion in Digital spend is seen, and that is 75% of total ad spend," Castells notes. "In the U.S. Hispanic market, the Digital spend is at \$3 billion. That is roughly 30% of Hispanic total ad spend, and that is 5% of the total media spend."

What does this mean for the Hispanic media company that until 2020 has been primarily focused on its cable or broadcast television assets? Castells points to flat spending at linear TV. Thus, it remains important — to a point. "Linear TV still delivers scale, but time spent fell 13% year-over-year [in 2022]," she says.

For the content creator and distributor, the need for relevant content is what Castells believes is the biggest necessity. As U.S. Latinos prefer to consume television content that showcases their culture, "finding that representation is critical and keeps Spanish-language networks at the top."

As such, "There is limitless cable, OTT, DTC content, apps, English-Hispanic narratives, and digital/OTT distributors creating originals, all delivered multiplatform, and demand fueled by social plays," she says.

What's the key to capturing the total Hispanic opportunity? Appealing to the full spectrum, no pun intended, of Hispanics is key. This is inclusive of linear viewers, cord-cutters and those who never once had a cable TV service bill.

Castells remarks, "Spanish-language linear TV still delivers strong shares, and is highest in Los Angeles, Dallas-Fort Worth, New York, Miami and the Texas border markets."

What are Infusion by Castells' clients saying about the evolution of TV consumption and the NewFronts/Upfronts? "They expected content innovation, CTV and digital shifts, understand that digital presence and device targeting is key, and leverage all the partnering with digital, social, video and streaming integration," she says, adding that local community and experiential opportunities are still highly potent.

That said, Castells notes a shift "for years" to Connected TV and digital media for Toyota and McDonald's, "who also know it's critical to address local market differences whether in business challenges, consumers, digital uptake levels, media development, or viewing language which affects plans and product mix."

It helps explain why Charter partners with Univision, Telemundo, and Latin concert cable TV channel Tarima to create innovative joint initiatives and experiences alongside 360-degree creative campaigns that include digital videos and tactics, CTV, social passion-point experiences, virtual livestreams and even the metaverse.

Among U.S. Hispanics, cable TV penetration varies by market. It is highest in New York, Florida and along the U.S. East Coast. It is moderate in the West, where use of Dish or DirecTV is strong — in particular in Los Angeles (a Spectrum market) and Fresno. It is lowest in Dallas, Austin and border markets in Texas, where streaming-only households are the highest.

Even so, Castells points to a renewed interest in consolidating or bundling services with one company. That's where Spectrum and the like can continue to win with U.S. Hispanics.

"All of these offerings allow Charter to drive Hispanic acquisition sales year-after-year, keep and grow customers, and set for future growth," Castells concludes. "As their multicultural agency partner, it's our job to deliver strategic, innovative, culturally-relevant Influencer 360 campaigns that drive the demand. And, we will continue to do just that."

The Upfront Spend Four-Year Trend? *No Bueno*

According to **Standard Media Index (SMI)** pool data, which captures invoicing from all major holding companies and most major independents representing some 95% of national brand spend, Upfront ad spend decreased 2% from the 2017-2018 broadcast season (October 2017-March 2018) to the same period for the 2021-2022 broadcast season.

The two periods are compared as they were both Winter Olympics years.

According to SMI, Upfront spend outperformed Scatter and Direct Response, though DR some a double digit decrease during that time.

October 2017 – March 2018

(Winter Olympics Year - PyeongChang: Feb. 2018)

Upfront, All Programming = \$17.2 Billion

Scatter, All Programming = \$5.0 Billion

DR, All Programming = \$3.0 Billion

October 2021 – March 2022

(Winter Olympics Year - Beijing: Feb. 2022)

Upfront, All Programming = \$16.8 Billion, -2%

Scatter, All Programming = \$3.4 Billion, -32%

DR, All Programming = \$2.4 Billion, -21%