NIELSEN

THE ROI OF INCLUSIVITY

A study on the impact of advertising on D&I and Spanish Language networks, commissioned by Univision

May 2021

THE RIGHT AUDIENCE IN THE RIGHT ENVIRONMENT

INTRODUCTION & BACKGROUND

Understanding the consumer is paramount to a brand's success. Knowing who the consumer is – what they care about, what they need – can help brands provide the products and services that can build lifelong relationships.

Marketers spend a lot of time getting to know their consumers. They conduct surveys, ethnographies, and focus groups. They analyze sales and market trends. They employ marketing effectiveness tools to understand how their last campaign performed, and if dollars should shift. Messaging is carefully crafted to convert new customers, or to strengthen their existing base, and that is turned into creative.

But reaching an audience isn't good enough – you have to reach them in the right environment with the right message. Doing both can deliver better results than reaching them with the right message, but in the wrong place—or the wrong message in the right place. There's a compounding effect, and it's not obvious with standard campaign planning and measurement solutions. So how can marketers find the right environment?

Based on a custom Nielsen ROI study commissioned by Univision, **Diverse and Inclusive networks provide an environment where a brand's message can connect with a consumer, resulting in elevated return on ad spend (ROAS)** because the brand is sharing its message in content designed with them in mind.

INVEST IN DIVERSE AUDIENCES AND NETWORKS

Diversity, Equity and Inclusion are terms we hear a lot, and rightfully so. Diverse populations are growing every year. According to the U.S. Census Bureau, the Hispanic population will grow to 111.2 million by 2060 and will make up 28% of the U.S. population. Companies are taking strides within their own walls to incorporate diversity and inclusion ideals and make them a part of the corporate culture. But are these same companies striving for a diverse and inclusive consumer base as well? Are their ad dollars flowing to promote their brands to diverse audiences, in content where diverse audiences are watching at higher concentrations?

PROJECTED U.S. HISPANIC POPULATION (MM)

Year	Population
2020	62.3
2030	74.8
2040	87.6
2050	99.8
2060	111.2

Source: U.S. Census Bureau
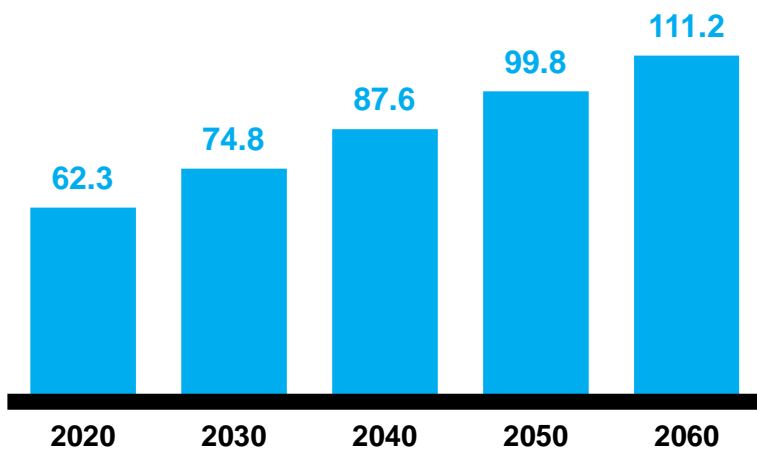
THE U.S. HISPANIC POPULATION IS EXPECTED TO GROW BY ABOUT 78% BY 2060

Based on Nielsen's Ad Intel data, it appears the answer to that question is "no." Despite the growth in diverse populations in the U.S., the **share of Broadcast and Cable National TV spend on D&I networks declined for all major categories,** except for Electronics, since 2016. The Financial, Insurance and Pharmaceutical categories saw large declines.

D&I Networks saw a small share of national TV advertising spend overall, with **just 10% of total dollars across major categories being spent on D&I networks in 2020.** For CPG specifically, 15% of total dollars went to D&I networks in 2020, with that share declining by 9% vs 2016.

SHARE OF NATIONAL TV AD SPEND ON D&I NETWORKS ACROSS MAJOR CATEGORIES

	2016	2020	% Change
Aggregate Across Categories	**11.6%**	**9.9%**	**-15%**
Beer / Alcohol	**23.9%**	**21.5%**	**-10%**
CPG (No Alcohol)	**16.4%**	**14.9%**	**-9%**
Telecomm	**13.7%**	**11.2%**	**-18%**
Restaurant	**12.3%**	**10.6%**	**-14%**
Retail	**11.9%**	**10.2%**	**-15%**
Automotive	**9.6%**	**9.0%**	**-7%**
Insurance	**8.1%**	**5.8%**	**-28%**
Financial	**6.2%**	**4.6%**	**-26%**
Electronics / Tech	**3.0%**	**4.3%**	**43%**
Travel	**6.0%**	**2.8%**	**-53%**
Pharmaceutical	**3.0%**	**2.3%**	**-24%**

Between 2018 and 2019, over one-third of CPG brands did not spend on D&I networks at all, and **a majority of brands spent less than 10% of their total national TV advertising budget on D&I networks.**

OVER ONE-THIRD OF CPG BRANDS DID NOT SPEND ON D&I NETWORKS

DISTRIBUTION OF CPG BRANDS BY SHARE OF SPEND ON D&I

- 0% of budget on D&I networks — 38%
- Between 0 and 10% of budget on D&I networks — 37%
- Over 10% of budget on D&I networks — 25%
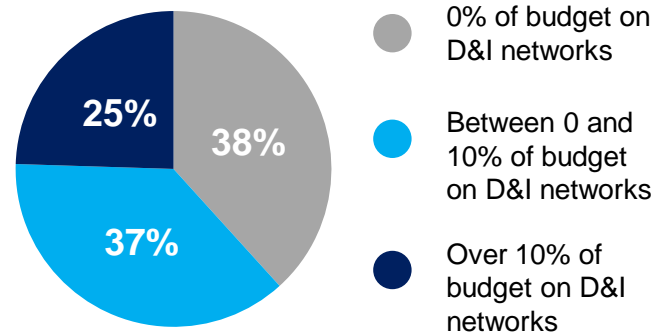
OPTIMIZE RETURN ON AD SPEND WITH D&I & SPANISH LANGUAGE NETWORKS

Many brands are spending little on D&I or not spending at all. So, how does this impact performance? With Nielsen Compass, Nielsen's outcomes database comprising of approximately 25,000 marketing effectiveness metrics, covering 100 categories and 50 countries, we are able to estimate the dollars marketers are leaving on the table by not meeting their customers, and their potential customers, in the right place.
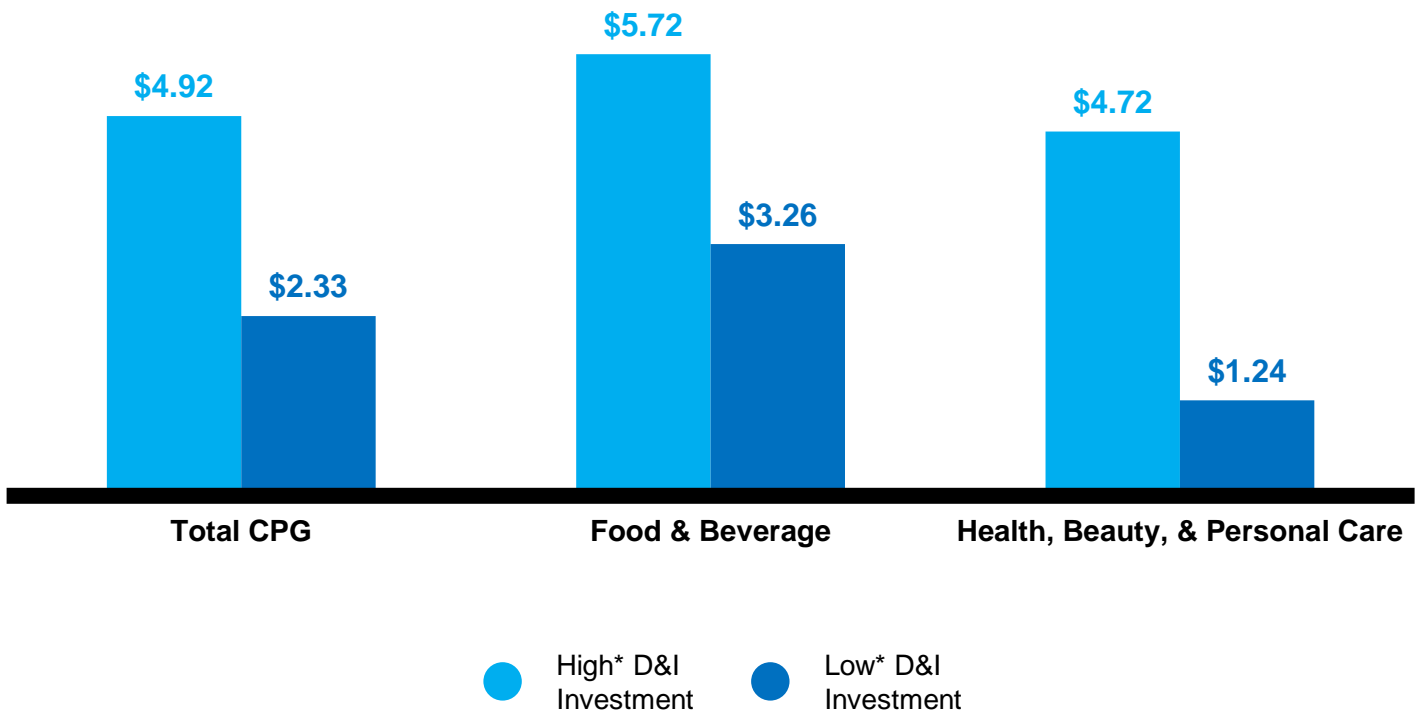
To see if placing dollars on diverse networks has a meaningful outcome for advertisers, we calculated the Return on Advertising Spend (ROAS), i.e. incremental dollar revenue divided by spend in TV advertising, for all available brands in the U.S. Consumer Packaged Goods (CPG) sector for the years 2018 and 2019.

Leveraging Nielsen Ad Intel, brands were segmented into those with high share of total spend on D&I or Spanish Language networks (above the average level of share of ad spend) and those with low share of total spend on D&I or Spanish Language (below average), as well as those with active (any spend) or inactive (zero spend) investment on Spanish Language networks. The ROAS of high D&I and high Spanish Language investment was then compared to that of brands with low D&I or Spanish Language investment.

On average, the **Return on Ad Spend for high D&I investment brands was over 2 times larger** than that of low D&I investment brands. Spending on D&I networks pays.

We also calculated the marketing effectiveness for the two most representative CPG super-categories: Food and Beverage, and Health, Beauty, and Personal Care. The results were consistent across the two super-categories: advertisers that had a higher share of spend on D&I networks obtained higher ROAS, with even stronger results for Health, Beauty, and Personal Care brands.

HIGH VS LOW INVESTMENT ON D&I NETWORKS: RETURN ON AD SPEND (ROAS)
Incremental Sales/Ad Spend

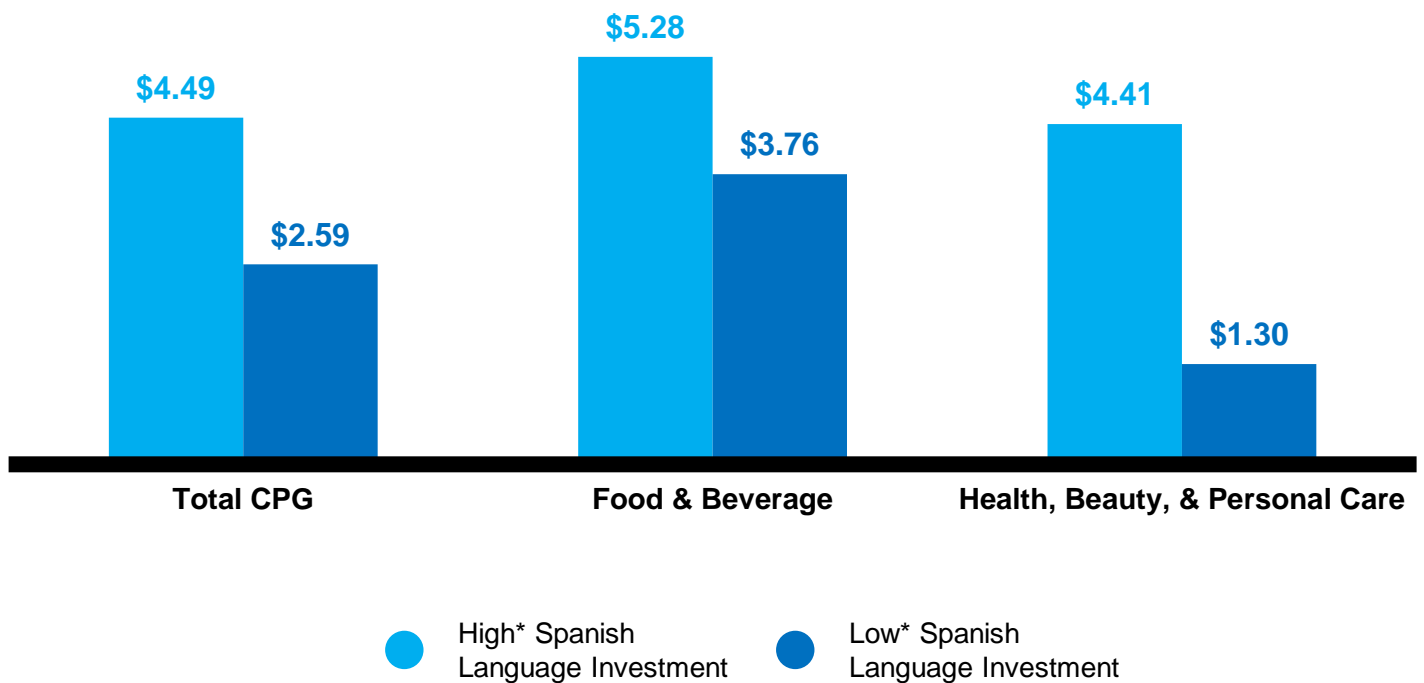|	Total CPG	Food & Beverage	Health, Beauty, & Personal Care
High* D&I Investment	$4.92	$5.72	$4.72
Low* D&I Investment	$2.33	$3.26	$1.24

● High* D&I Investment   ● Low* D&I Investment

CPG BRANDS WITH HIGH INVESTMENT ON D&I NETWORKS HAD 2.1X HIGHER ROAS THAN BRANDS WITH LOW INVESTMENT

*High vs Low investment determined as brands with share of spend on Spanish Language networks above or below the average share for each super-category
Source: Nielsen Compass

When drilling down to Spanish Language networks, we saw a similar result – on average, **CPG advertisers that had a higher share of spend on Spanish Language networks saw greater Return on Ad Spend**— $4.49 among brands with high investment vs $2.59 for brands with low investment.

HIGH VS LOW INVESTMENT ON SPANISH LANGUAGE NETWORKS: RETURN ON AD SPEND (ROAS)
Incremental Sales/Ad Spend

	Total CPG	Food & Beverage	Health, Beauty, & Personal Care
High* Spanish Language Investment	$4.49	$5.28	$4.41
Low* Spanish Language Investment	$2.59	$3.76	$1.30

● High* Spanish Language Investment   ● Low* Spanish Language Investment

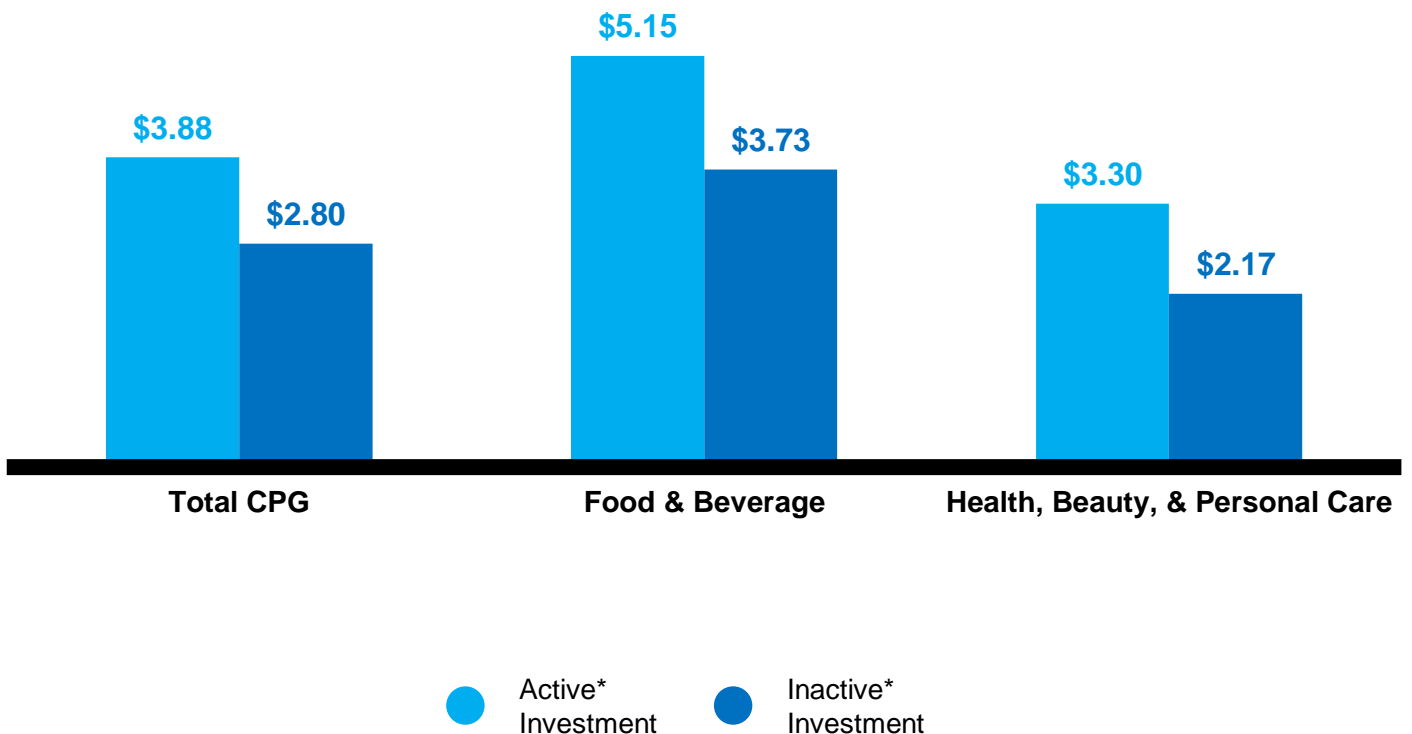**CPG BRANDS WITH HIGH INVESTMENT ON SPANISH LANGUAGE HAD A 70% HIGHER ROAS THAN BRANDS WITH LOW INVESTMENT**

*High vs Low investment determined as brands with share of spend on Spanish Language networks above or below the average share for each super-category
Source: Nielsen Compass

Furthermore, Nielsen Compass benchmarks demonstrated that advertisers not actively spending on Spanish Language networks had a 39 percent lower ROAS than that of brands active in that market, regardless of their exact ad spend.

The message is clear – **brands that had higher share of spend on diverse networks had higher Return on Ad Spend in our meta study.** Marketers should take this into account when building their media plans.

CPG BRANDS WHO ADVERTISED ON SPANISH LANGUAGE NETWORKS HAD A 39% HIGHER ROAS THAN BRANDS WHO DID NOT

ACTIVE VS INACTIVE INVESTMENT ON SPANISH LANGUAGE: RETURN ON AD SPEND (ROAS)
Incremental Sales/Ad Spend

	Active* Investment	Inactive* Investment
Total CPG	$3.88	$2.80
Food & Beverage	$5.15	$3.73
Health, Beauty, & Personal Care	$3.30	$2.17

● Active* Investment   ● Inactive* Investment

*Active brands are those with any spend on Spanish Language networks
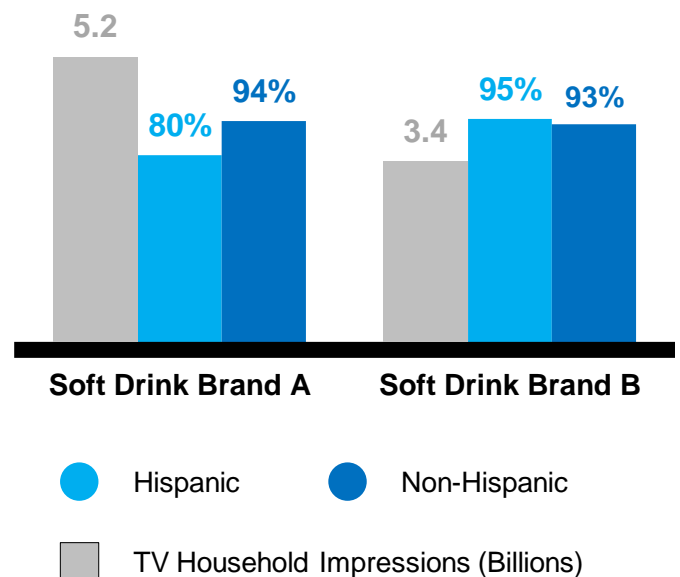Source: Nielsen Compass

UTILIZE THE POWER OF SPANISH LANGUAGE NETWORKS AND THE HISPANIC AUDIENCE

So why is Spanish Language content able to help brands drive a higher Return on Ad Spend? Well, for one, in some categories, the audience that Spanish Language content is tailored to are the buyers that the brands are looking for. Using Nielsen's CPG TV Attribution solution, we can measure the percentage of total category purchases that can be tied back to a brand's ad exposure. In the Soft Drink category, for example, **brands with Spanish Language spots saw higher reach among Hispanic households who made a purchase within the category than those without Spanish Language spots.**

Soft Drink Brand A did not advertise on Spanish Language and had about 1.5x as many impressions as Soft Drink Brand B. Even with this additional advertising, only 80% of Hispanic households who bought in the category saw its ad before making a purchase. Brand B, on the other hand, had Spanish Language advertising as part of its campaign, and 95% of Hispanic households that bought in the category saw its ad before making the purchase.

If spots on Spanish Language networks are left off the media plan, then advertisers aren't reaching as many Hispanic households prior to them making a purchase. As a result, **advertisers are missing out on the opportunity to influence these households before they go to the store**. It makes sense that ROAS is lower for brands who do not advertise on Spanish Language. Even with campaigns with higher spend, brands who do not advertise on Spanish Language are reaching fewer buyers from a significant portion of the population.

% OF SOFT DRINK CATEGORY PURCHASERS WHO WERE EXPOSED ON TV TO BRAND PRIOR TO PURCHASE

Soft Drink Brand A: 5.2 (TV Household Impressions), 80% (Hispanic), 94% (Non-Hispanic)

Soft Drink Brand B: 3.4 (TV Household Impressions), 95% (Hispanic), 93% (Non-Hispanic)

Legend:
- Hispanic
- Non-Hispanic
- TV Household Impressions (Billions)

SOFT DRINK BRANDS WHO ADVERTISED ON SPANISH LANGUAGE NETWORKS REACHED MORE HISPANIC HOUSEHOLDS BEFORE THEY MADE A PURCHASE WITHIN THE CATEGORY
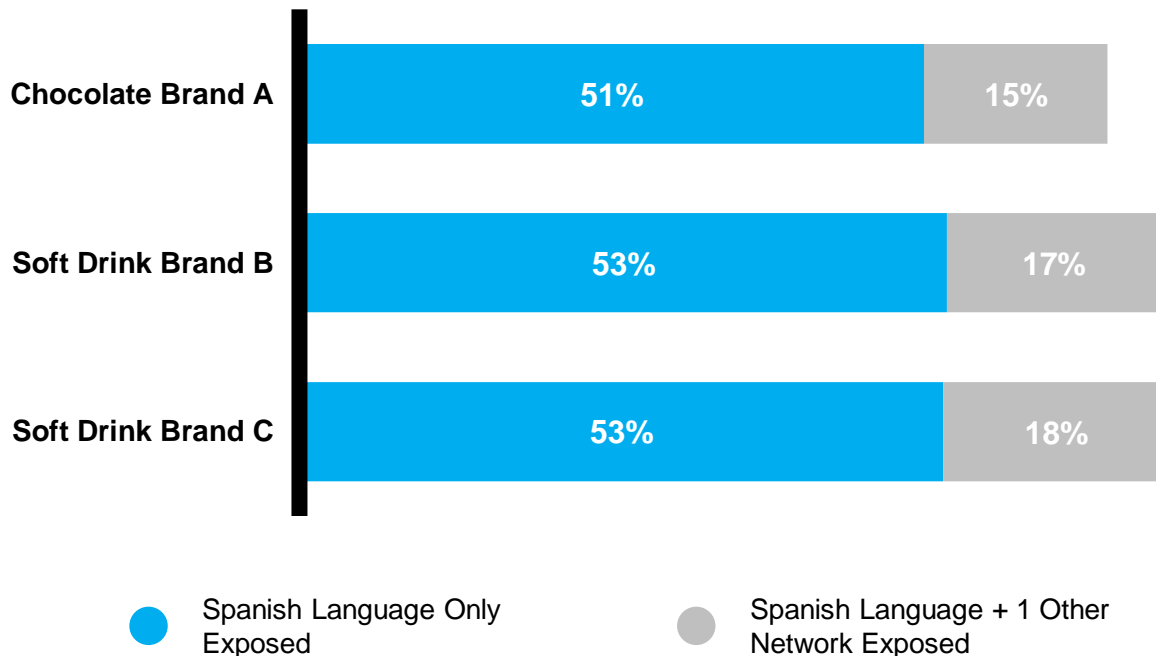
For some brands, the risks of not advertising to Hispanic audiences in Spanish Language content can result in missing potential buyers entirely. While many Spanish Language viewers also watch non-Spanish Language content, it all depends on where a brand's buyers are and how much non-Spanish Language content they consume.

For instance, for Hispanic purchasers of Soft Drinks and Chocolate brands that did advertise on Spanish Language networks, of those who saw an ad on a Spanish Language network, about 50% did not see an ad anywhere else on Linear TV – Spanish Language was the only place for brands to find these buyers on Linear TV.

OF HISPANIC CATEGORY BUYERS WHO SAW AN AD ON SPANISH LANGUAGE NETWORKS, ABOUT HALF DID NOT SEE AN AD ANYWHERE ELSE

HISPANIC CATEGORY BUYER AUDIENCE DISTRIBUTION
% of Hispanic Category Purchasers Exposed to Ads on Spanish Language

Brand	Spanish Language Only Exposed	Spanish Language + 1 Other Network Exposed
Chocolate Brand A	51%	15%
Soft Drink Brand B	53%	17%
Soft Drink Brand C	53%	18%

● Spanish Language Only Exposed   ● Spanish Language + 1 Other Network Exposed

CONCLUSION: IT ALL COMES DOWN TO CONTEXT

Diversity, Equity, and Inclusion for advertisers isn't just a corporate initiative or the portrayal of characters in ads – it's also about meeting diverse audiences in the right context. Brands don't need D&I networks to reach a diverse audience – but networks that specialize in programming for diverse audiences can deliver the superior results marketers are looking for.

D&I and Spanish Language networks create an environment that can drive a higher return on ad spend for brands, and that is not something marketers should ignore. It's more than just producing creative, identifying a buyer target, and building a plan – it's about the context the ads are in, and the ability of the environment to connect a brand with its audience to produce meaningful outcomes.

NEXT STEPS FOR MARKETERS:

- **Invest in diverse audiences and networks:** Invest in the growing Hispanic population and spend on D&I and Spanish Language networks

- **Optimize return on ad spend with D&I and Spanish Language networks:** Improve return on ad spend by placing spots on D&I and Spanish Language networks

- **Utilize the power of Spanish Language networks and the Hispanic audience:** Advertise on Spanish Language networks to reach Hispanic buyers in the right environment before purchase

METHODOLOGY

DATA SOURCES:

- U.S. Census Bureau, 2017 National Population Projections and Vintage 2017 Population Estimates
- Nielsen NPOWER, 06/01/2020 – 12/27/2020, Live+7, 6 minute qualifier
- Nielsen Ad Intel, National, Broadcast & Cable, 12/28/2015 – 12/27/2020
- Nielsen Compass, 1/1/2018 – 12/31/2019
- Nielsen TV CPG Attribution, Conversion Window: Q4 2020 purchasing window, Lookback window of 6 weeks

APPROACH AND ADDITIONAL DETAILS:

- D&I Networks were identified based off of Nielsen NPOWER
    - Networks selected from Nielsen NPOWER based on 50%+ audience penetrations among P2+ who qualify as Asian Household OR HOH Race = Black OR HOH Race = Other OR HOH Origin = Hispanic during 2H2020
    - Additional networks were chosen based on known content/audience strategy (Logo, Bounce, OWN)
    - Baby First TV and NBA-TV were coded as "Not D&I" given nature of content
- Nielsen Compass brands were identified based off of Nielsen Ad Intel for 2018 and 2019
    - Matched brands in both datasets were classified as investing in D&I or Spanish Language ("active") or not based on the spend on D&I and Spanish Language networks observed within Ad Intel
    - High and Low share status were determined in Nielsen Ad Intel based on whether the brand's share was above or below the category mean
    - Brands with no observations within Compass or Ad Intel were removed from the analysis
    - Note: For matched Compass brands with multiple breakouts within Ad Intel, spend numbers were aggregated across brands to determine share and High/Low share status
- Nielsen CPG TV Attribution defines Hispanic households as those identifying as Spanish Origin by Experian

D&I NETWORKS

- Spanish Language Networks
- BET HER
- BET
- BOUNCE TV
- LOGO
- NBCLX
- OPRAH WINFREY NETWORK
- TV ONE

SPANISH LANGUAGE NETWORKS

- AZA
- BEIN SPORT
- BEIN SPORT ESPANOL
- CNN EN ESPANOL
- DISCOVERY EN ESPANOL
- DISCOVERY FAMILIA
- ESPN DEPORTES
- GALAVISION
- ESTRELLA
- FOX DEPORTES
- GALAVISION
- TELEMUNDO
- TUDN
- UNIVISION
- UNIMAS
- UNIVERSO

ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a leading global data and analytics company that provides a holistic and objective understanding of the media industry. With offerings spanning audience measurement, audience outcomes and content, Nielsen offers its clients and partners simple solutions to complex questions and optimizes the value of their investments and growth strategies. It is the only company that can offer de-duplicated cross-media audience measurement. Audience is Everything™ to Nielsen and its clients, and Nielsen is committed to ensuring that every voice counts.

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