

THE SECRETS TO HIGHER ROI IN SPANISH- LANGUAGE TV

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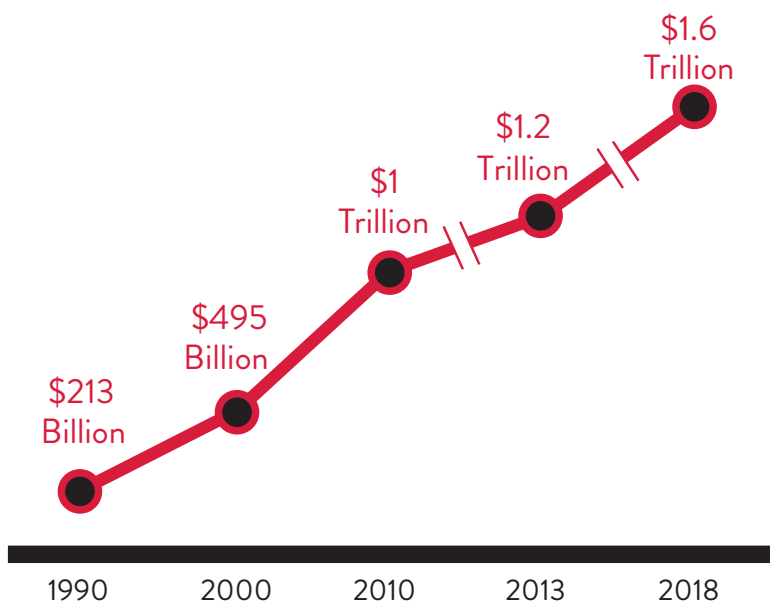
AN UNCOMMON SENSE
OF THE CONSUMER™

INTRODUCTION

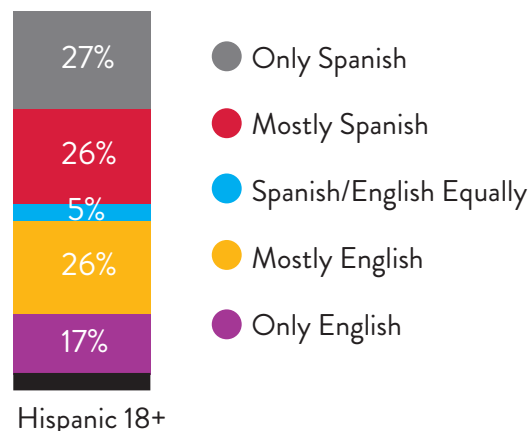
Brand owners are no stranger to the rapidly growing U.S. Hispanic market. With a population of 57 million people and over \$1.3 trillion in spending power, it's hard to ignore the opportunity. Nielsen estimates that about 83% of U.S. adults in Hispanic TV households (persons 18+) speak some level of Spanish in the home, with 27% speaking only Spanish and 57% speaking both languages in the home. So it goes without saying that today's go-to-market strategies would be well-served by including Spanish language advertising if they aim to reach and engage a considerable portion of the U.S. Hispanic population.

THE OPPORTUNITY IS TREMENDOUS

U.S. HISPANIC PURCHASING POWER



LANGUAGE SPOKEN IN THE HOME HISPANIC PERSONS 18+



Source: Selig Center of Economic Growth and U.S. Census Bureau; 2016/2017 Nielsen Television Universe Estimates (Hispanic Persons 18+)

Despite the spending power and growth of this group, many brand owners remain cautious in their spending to engage this group because of the challenges associated with realizing returns and the cultural intelligence required to succeed. Winning with Spanish-speaking consumers (including both Spanish dominant and bilingual) can often feel like you need to pitch a perfect game.

At Nielsen, we analyze the return on investment (ROI) across thousands of brands every year through our marketing mix models, and we've seen a wide variety of ROI results among Spanish TV advertising efforts. And the good news is that driving strong ROI from Spanish-language advertising is obtainable, and our research points to some key tips that can help advertisers achieve strong outcomes more consistently.

If we look at the results on average, we see how difficult it is to deliver the “perfect game”. Despite the potential strength of Spanish Language advertising, many brands find that their General Market TV returns (English Language campaigns on English language TV) are \$0.30 higher ROI than Spanish Language TV. This often leads to the knee-jerk reaction to reallocate investments or cut investments completely without truly understanding the drivers of performance.

MEDIAN ROI AMONGST BRANDS THAT ADVERTISED IN BOTH GENERAL MARKET AND SPANISH LANGUAGE TV



Source: Nielsen Marketing ROI study benchmarks

It is hard to beat the ROI for the General Market, especially when brand owners have been working to perfect their game for over a century. However, our research shows that it is possible. Just like your high school statistics teacher told you, averages can be misleading. When we take a look at Nielsen’s normative ROI database we find a wide range of ROIs from Spanish Language Advertising.

While brands might think Spanish language and general market campaigns perform vastly differently, our marketing mix studies show that 54% of Spanish language TV campaigns perform in line with or ahead of English language campaigns. But while many Spanish-language ads perform in line with market averages, there’s plenty of room for improvement.

SPANISH LANGUAGE TV ROI VS GENERAL MARKET TV ROI BENCHMARK



Source: Nielsen Marketing ROI study benchmarks

We know that Spanish Language Advertising can be a very effective channel to resonate with Spanish-speaking audiences. Nielsen's own neuroscience research has shown that Spanish Language Advertising performs the same if not better than its English Language counterpart when comparing the neurological effectiveness of identical advertisements in both Spanish and English. In an effort to understand what differentiates the Spanish language TV campaigns that deliver higher ROI from the ones that deliver lower ROI, Nielsen recently conducted an analysis across marketing mix studies where Spanish language TV marketing efforts were used. The study categorized the results into "high ROI" (greater than \$1 per \$1 spent) and "low ROI" (less than \$0.50 per \$1 spent) groups and evaluated the differences between them to identify the drivers of higher ROI. The study included results across the marketing efforts of more than 50 projects with clients in a wide variety of categories. Nielsen assessed the campaigns on several dimensions, including creative quality, execution pattern, spend, category and brand indices among Spanish-speaking consumers, existence of cross-channel media efforts, and return on investment. This analysis identified five key levers to driving higher ROI on Spanish language TV.

1. FISH WHERE THE FISH ARE HUNGRY, GET YOUR BRAND IN THE CONSIDERATION SET

When we look at the performance of brands that achieved above \$1 average ROI, the old adage of "Fish Where the Fish are Hungry" holds any way we look at the numbers. Success is going to be higher if you "fish" where the consumers want your product, and get them at the right time with the right bait (or message) so they pick your line (or brand). The study found that brands that Hispanics purchase more frequently were able to generate a higher ROI across Spanish language TV. The average brand consumption index (rate of purchase compared with the overall average) among Hispanic consumers was 20% higher for the high-performing brands, relative to the low-performing brands.

Additionally, after analyzing annual sales data, the study found that the brands that generated stronger ROI had higher annual revenue among Hispanic consumers than the brands that delivered lower ROI. On average, most of the higher ROI efforts were for brands that generate \$60 million or more in annual revenue among Hispanic consumers were able to generate higher ROI than the general market benchmarks.

Spanish Language ROI	Hispanic Brand Consumption Index	Annual Hispanic Brand Sales (\$MM, 25 th – 75 th %ile)
High Performing (>\$1 ROI)	131	\$65-\$142
Low Performing (<\$0.50 ROI)	109	\$19-\$61

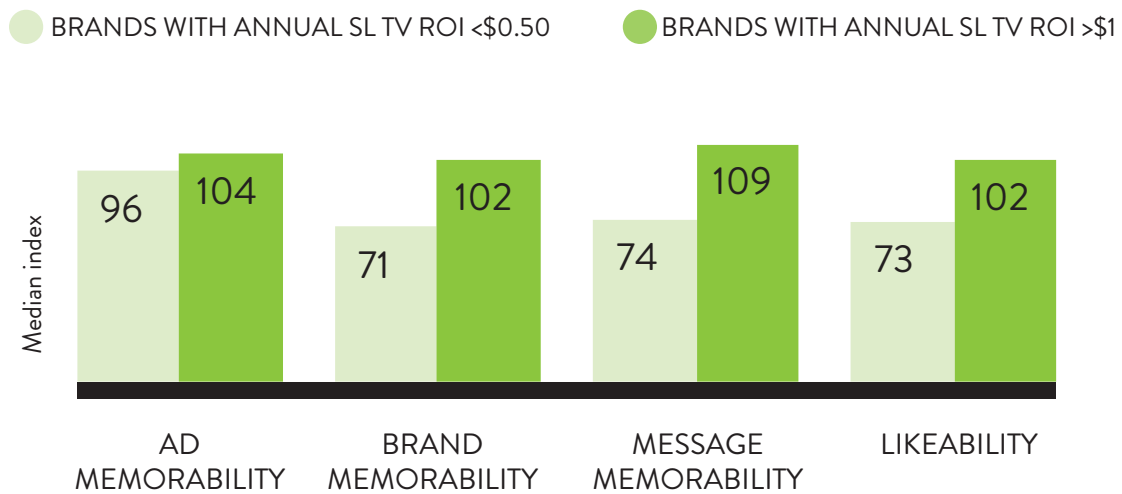
Source: Nielsen Spectra, Nielsen Target Track, based on sales among Hispanic population (inclusive of Spanish-speaking, English-speaking and bilingual consumers) in year prior to the advertising

As a brand owner when you look across your portfolio and you want to maximize your ROI from Spanish Language Advertising the first place to start is to fish where the fish are hungry. This simple yet effective piece of advice should ensure that you are setting yourself up to be successful. For those brands that may not have tens of millions in sales, all hope is not lost. As a fisherman may have to patiently wait on the dock for the fish to eventually find the food, a brand or category that is not as well known today needs to focus less on the short term ROI as much as setting up the foundation for the long term potential. As your Consumption Index and sales improve, so should your ROI.

2. A STRONG(ER) CREATIVE IS MORE IMPORTANT TO RESONATE AND ENGAGE

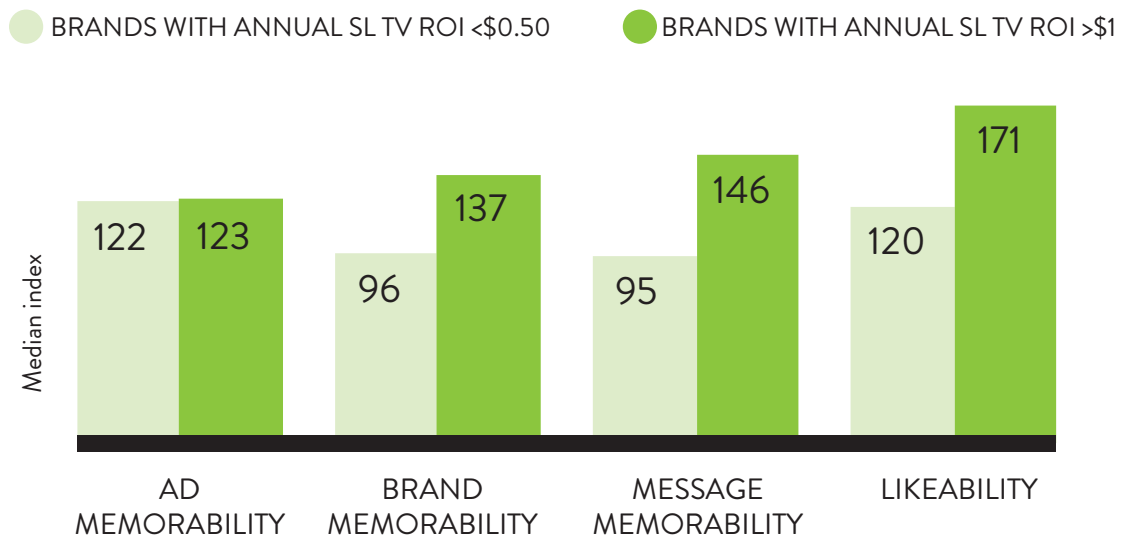
We have tracked the general relationship between creative and ROI for years and the correlation has been unwavering: campaigns need strong creative to deliver strong ROI. But it's more than a correlation. Data from Nielsen TV Brand Effect, which account a campaign's memorability and likeability, and our marketing mix modeling ROI results, confirms that stronger creative leads to higher ROI. Spanish language campaigns that delivered higher ROIs had much higher Brand Effect scores versus campaigns that delivered low ROI across every metric tracked: ad memorability, brand memorability, message memorability and likeability. We found the same results when we evaluated the Spanish language ad Brand Effect score and their English language counterparts. The brands that delivered ROI of more than \$1 had a higher index than their English language ads across every metric.

SPANISH LANGUAGE BRAND EFFECT SCORE INDEXED TO THE SL CATEGORY AVERAGE



Read as: Brands with high ROI achieve “message memorability” scores 9% higher than their SL category average (109 index), while brands that achieved low ROI had a “message memorability” that was 26% below their SL category average (74 index)
 Source: Nielsen TV Brand Effects

SPANISH LANGUAGE BRAND EFFECT SCORE INDEXED TO THE ENGLISH LANGUAGE ADS



Read as: Brands with high ROI achieve “message memorability” scores 46% higher than their English Language ads (146 index), while brands that achieved low ROI had a “message memorability” that was 5% below their English Language ads (95 index)
 Source: Nielsen TV Brand Effects

“Ad Memorability” offered the smallest differentiation – meaning both high and low performing brands could perform almost equally as well on “Ad Memorability”. The big differences where Brands with ROI >\$1 performed much better were in terms of “Brand Memorability”, “Message Memorability”, and “Likeability”.

How can you achieve higher memorability and likeability? Five factors have been identified of drivers of higher Brand Effect scores among Spanish-language campaigns:

1. Use Original Spanish Content: Ads developed in Spanish that are culturally tailored to the U.S. Hispanic market outperform ads that are simply translated into Spanish.
2. Spanish Dialogue Matters: Ads with on-screen dialogue in Spanish help enhance cultural relevance.
3. Incorporate a narrative storyline: Engage with a story, particularly one that highlights family bonds.
4. Use humor: Leverage the universal human desire for a good laugh, but make sure the humor is culturally relevant.
5. Make it relatable: Feature relatable characters in familiar, real-world settings.

For a major CPG client that advertises in Spanish-language TV across brands, we found that their campaigns with custom Hispanic content delivered a 4X ROI compared to the campaigns that used English copy translated to Spanish. Hispanics are also likely to have better recall to creative with a clear, concise message on product benefits versus more ambiguous messaging that's open to interpretation.

When developing creative for Spanish language media, follow the best practices identified by higher performance TV Brand Effect studies – Spanish Original, Spanish Dialogue, Narrative Storytelling, Humor, and Relatability. Measure the performance of a campaign using TV Brand Effect, and tweak the creative if it's not generating the required scores to drive strong results. Don't be tempted to simply translate an English Language copy, as we often find the ROI to be 4X higher for Ads based on unique Spanish Language content.

3. BREAK THROUGH WITH THE RIGHT RECENCY AND FREQUENCY

Parents who have tried to get their children to clean their rooms can relate to the challenge of figuring out the right recency and frequency of communicating a message to drive action. As most parents can attest, the first time you tell a 5 year old to clean his room, you should not expect an immediate response. Conveying this same message 4 times at 15 minute intervals will likely result in the message eventually sinking in and the child making progress. An older child more well-versed in this chore, might only require 2 reminders at 30 minute intervals for it to drive action.

Brand owners trying to break through to a Hispanic consumer face a similar challenge of determining the right recency and frequency to drive interest and action in their products. In order to break through, messages need to be communicated at the right recency and effective frequency. When we look at the the weekly execution levels of the high- and low-performing Spanish language brands, their level of execution, frequency and variation look quite different. According to Nielsen Ad Indel data, brands that generated strong annual ROI performed strongly across the board: they had an average of 30% more total rating points (TRPs) per week on Spanish language TV among Hispanic households; they were advertised seven more weeks of the year (23 vs. 16); and had greater variability across weeks in their level of TV advertising support.

TV FLIGHTING COMPARISON – HIGH VS. LOW ROI SPANISH LANGUAGE TV ADVERTISING

	High Performing (>\$1 ROI)	Low Performing (<\$0.50 ROI)	% Difference
Median Weeks advertised in year	23	16	+17%
Median weekly Hispanic HH TRPs	163	125	+30%
Execution Variation: Median difference between the 25 th vs. 75 th percentile	53	38	+40%

Source: Nielsen Ad Intel

Brands that are being advertised on Spanish Language media need to have the right level of support committed. The more weeks on, higher average weekly GRPs, and more variability in execution levels (pulsing vs. continuity) will help drive stronger ROIs.

4. A WELL-CHOREOGRAPHED ORCHESTRA IS LOUDER THAN A SINGLE VIOLIN

Just as an individual instrument can sound particularly beautiful with the backing of a strong orchestra, companies can amplify the power of a marketing vehicle by surrounding it with a well-orchestrated cross-vehicle media campaign. Companies need to take into account the holistic view of their advertising, both **within a brand** that they plan to advertise in Spanish Language media and **across all of the brands** within their portfolio.

Within a brand, TV needs to be a part of a broader strategy to reach Spanish-speaking consumers. Spanish language digital advertising tends to have a higher ROI on average than TV advertising.

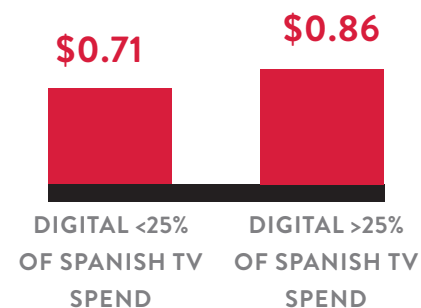
Our research shows that the synergistic impact of advertising across channels can drive a stronger result than each type independently. We found that Spanish language TV advertising that drove a higher ROI also had higher spend on their digital activities targeted at Spanish-speaking consumers. Brands that targeted more than \$1.5 million in annual digital advertising at Spanish-speaking consumer delivered 80% more TV ROI than brands that spent less than \$1.5 million on Spanish language digital advertising. Similarly, we found that brands that dedicated spending of at least 25% of their TV spend on digital ads achieved a 20% higher ROI than those that spent less than 25% of their TV spend on digital ads.

AVG SPANISH LANGUAGE TV ROI, BASED ON SL DIGITAL SPEND

BRANDS WITH ANNUAL
SL DIGITAL SPEND LESS
THAN \$1.5MM



BRANDS WITH ANNUAL
SL DIGITAL SPEND
GREATER THAN \$1.5MM



Source: Nielsen Marketing ROI study benchmarks

Additionally, when we looked at brands that had years with both Spanish Language TV + digital advertising and other years without any Spanish Language digital advertising, their Spanish Language TV advertising had a 40% higher ROI on average in the years where they had *both* Spanish Language TV and Digital advertising versus years in which they *only* had Spanish language TV advertising.

Across brands, companies need to evaluate which brands have the highest potential to deliver strong ROI in Spanish language advertising and focus their spending accordingly. One client had very high total spend in Spanish Language advertising, but it was across too many of their brands, diluting the impact that Spanish Language advertising could have. Nielsen helped them evaluate which brands offered the most potential and how to improve spend across those brands. Once it was proven to them that SL TV could deliver strong ROIs and how to do it right, they were able to add spending back to other brands, but reducing the number of brands that received the spend.

Within a brand, mix both Spanish Language TV and Digital to drive maximum impact. Across brands, be choiceful about which brands receive the Spanish language advertising efforts, and provide sufficient support.

5. WHEN YOU COMPARE, MAKE THE RIGHT COMPARISONS

We all love to compare, just look around at the wealth of data flowing into our lives from minute by minute health statistics to personalized marketing and maps that know where we need to go before we even leave the driveway. When assessing your Spanish language campaign, the natural inclination is to compare the results to general market English-language advertising campaigns much like we have done throughout this paper. While these types of comparisons are good for general findings, they may not tell the full story.

The table below helps us illustrate an important story. Let's assume for the moment that sales are directly proportionate to population and that every individual in the General Market and Hispanic cohorts' purchases one item at \$1. Now if we also assume that the advertising quality and economics are the same, we find that the Spanish Language ROI is lower than the General Market. In fact, it is much lower than General Market in this example.

Cohort	% Population	Lift	Cost per Point	ROI
General Market	100	10%	5	2.00
Spanish-Speaking	18	10%	5	0.36

But in reality, we do not see such a large different between Spanish Language ROI and General Market ROI. This is because the lift in sales is much higher for Spanish Language TV, relative to General Market TV.

Cohort	% Population	Lift	Cost per Point	ROI
General Market	100	5.5%	5	1.10
Spanish-Speaking	18	22%	5	0.80

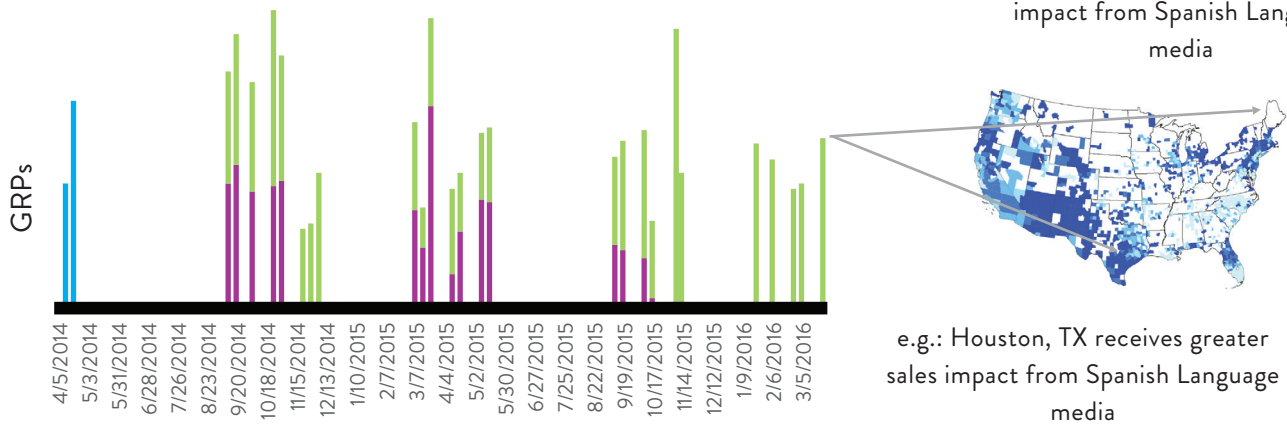
With the unique nature of the audience you are targeting, it's important to make relevant comparisons and derive metrics that truly assess the impact of the Spanish language campaign. Comparing Spanish Language ROI versus other audience targets such as Asian-Americans or African-Americans provides context for consumers with similar buying power. It is also important to reinforce that not all brand owners start with the same level of advertising ROI awareness and familiarity. In these cases, metrics like awareness and consideration are better gauges of the effectiveness of the campaign than just absolute short-term ROI.

BEST PRACTICES FOR DETERMINING THE MARKETING ROI IMPACT FROM SPANISH LANGUAGE TV

We have fine-tuned our methodology to most accurately assess the impact of Spanish Language Advertising and on Spanish-speaking consumers.

In order to ensure the impact of Spanish Language Advertising is measured as accurately as possible, Spanish Language media must be weighted based on the population of the Spanish-speaking shoppers within a market, and GRPs must be scaled based on the population index of Spanish-speaking consumers within a given DMA. Otherwise, GRPs will not correctly align with impact potential. For example, Portland, ME has a Spanish Language index of 9.5, which means GRPs in the DMA would be reduced to 9.5/100, whereas Houston has an index of 222.7, which increases effective GRP impact in the DMA to 222.7. This results in an expected larger sales impact in more heavily Spanish dominant markets for a similar, nationally aired Spanish Language creative.

● CHICKEN TOP DISH ● BEEF TOP DISH 30S ● BEEF TOP DISH 15S



Further, in store-level models you must employ a store multiplier that allows stores with heavier incidence of Spanish-speaking shoppers to respond differently than a store in the same DMA with lesser Spanish-speaking shoppers. This enables better identification of demographic responses to various media types, and a more accurate model of Spanish Language Media performance.



e.g.: Within the Houston DMA, some stores align well to the DMA index (e.g.: Store A at 347 index), however other stores do not share the same overindex of Spanish Language shoppers (e.g.: Store B at 99 index)

Another enhancement to our marketing mix approach, is the unique capability to measure the impact of General Market (English Language) media on the Spanish Language population through a Consumerization analysis, which provides insight into demographic responses. This approach matches store-level data with the incidence of Spanish Language Shoppers for each modeled store and systematically develops a response index for each demographic measure. As a result, the Brand Team can understand the response index of the Spanish-speaking demographic and then assess opportunities where dedicated Spanish Language Advertising may disproportionately benefit a Brand or category. Alternatively, results can help improve the English Language media creative to provide a consistently strong result across multiple demographics.

In one client example below, they found that their English Language ads for Brand 1 had a particularly low response index among Hispanics, even though they had a strong consumption index. This indicated an opportunity to shift more money for that brand to Spanish Language Advertising and to do focused efforts to improve messaging to resonate with Spanish-speaking consumers.

CONCLUSION

As the Spanish-speaking community continues to grow, it is of utmost importance for marketers, media companies and advertisers to understand the best ways to reach, resonate and cause action among the consumers. Nielsen has been able to help clients harness the power of Spanish Language Advertising by increasing investment in the right way to drive higher effectiveness and ROIs. This paper identifies 5 key factors driving higher ROIs in Spanish Language TV. From our work with Advertisers, we know that it is possible to take a Brand that is under performing versus the general market and pitch a perfect game to beat the market by employing the right execution.

CASE EXAMPLE: GLOBAL CPG MANUFACTURER - 3X IMPROVEMENT



When faced with a ROI that is below the market average the easier answer is to simply reduce spending. However, we have been able to help clients evaluate the ROI performance of their efforts and identify levers for them to pull to continue to improve results to drive strong ROI. In one such example, a CPG client was able to improve ROI by 3x over a 4 year period, by employing the tactics discussed here:

1. Strategically invest in brands that have relatively strong consumption among Hispanics
2. Develop creatives that deliver above average scores in terms of memorability and brand linkage
3. Execute weekly flighting and frequency to break through with Hispanic consumers
4. Deliver a well-coordinated cross-channel campaign
5. Develop the right metrics and comparisons to evaluate success

METHODOLOGY

A meta-analysis across recent Nielsen marketing mix studies was used to investigate the drivers of higher ROI across Spanish Language Advertising campaigns. The study included results across the marketing efforts of over 50 projects over the past 3 years with clients in a wide variety of industries that assessed the performance of advertising in Spanish Language media. The assessment included brands in CPG (Food, Beverage, Beauty, Confection, Household Goods), Financial Services, Insurance, Telecom, Cable and Retail. Campaigns were assessed on creative resonance, flighting pattern, spend, category and brand indices among Spanish-speaking consumers', existence of cross-channel media efforts, and return on investment.

Note: The focus of this study was on ROI for Spanish-language campaigns, reaching Spanish-speaking consumers. It does not include ROI analysis of U.S. Hispanic consumers being reached by English-language campaigns.

Nielsen occasionally uses the term "General Market" throughout this report to characterize brand campaigns that are executed in the English Language. Nielsen recognizes that terms like "General Market" are evolving due to the growth of the multicultural consumer marketplace and are being re-defined by the diverse consumer landscape.

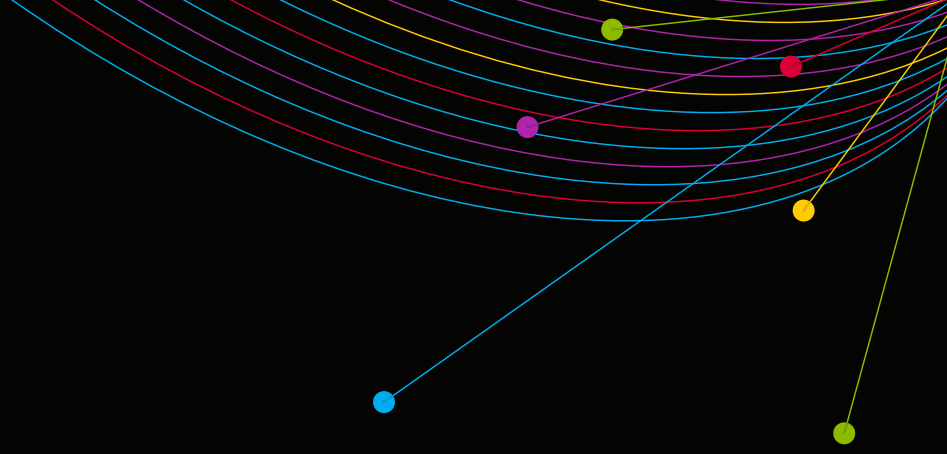
ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers watch and buy. Nielsen's Watch segment provides media and advertising clients with Total Audience measurement services for all devices on which content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen also provides its clients with analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries, covering more than 90% of the world's population.

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