• Multicultural Marketing Task Force, formed in response to senior marketers’ need to share information about ways to conduct multicultural marketing

• Specifically, are there better ways of conducting multicultural efforts than marketing to targeted segments in targeted media

• If this statement is true - “It’s not multicultural marketing anymore, it’s marketing” – then marketers need different approaches, perhaps mainstreaming
Task Force Mission

- Marketers realize they will be the driver of agency multicultural efforts
- They asked the ANA to assist them in educating agencies about how to develop their multicultural advertising skill set
- Advertisers have made progress in this area and should provide agencies their best practices
- That became the mission of the Task Force
- The Task Force also discussed key factors for multicultural marketing success
Success Factors

- High level multicultural marketing champions within an organization were a predictor of success
- Organizational structure was also a success indicator - “internal consultants” were less effective than stand alone profit units
- Measurement posed a challenge with some feeling as if they were held to a higher measurement standard than the general market advertising
Advertiser Accountability

Advertisers should engage their mainstream agencies in measurable ways that will ensure they become “culturally competent” including:

- Include diversity in agency goals
- Incorporate diversity into agency performance incentives
- Add diverse employee retention as a metric
- Require diverse account teams
Quantify the Task Force Findings

- Extent of multicultural marketing
- Department structure
- Diverse vs. Mainstream Agencies
- Satisfaction with their multicultural marketing/advertising
- Multicultural Advertising Metrics
- Marketers’ own diversity efforts
Profile of Survey Respondents

Company Revenue by Industry

- Packaged Goods: 30%
- Durables: 10%
- Services: 37%
- Other Industries: 23%

The industries are defined as follows:
- Packaged Goods: personal care, food, beverages, toys, tobacco and alcohol
- Durables: cars and trucks, appliances, computers, homes, aerospace and defense
- Services: food service, data processing, utilities, travel, telecommunications, financial services, entertainment, distribution
- Other Industries: pharmaceuticals and health care, business-to-business, office equipment and supplies, petroleum, apparel, retail, miscellaneous
Profile Of Survey Respondents

By Advertising Budget

- **Large**: 42%
- **Medium**: 33%
- **Small**: 24%
- **Don't Know**: 1%

Average: $226MM

Definitions:
- **Large**: $100MM or Over
- **Medium**: $15MM to 99MM
- **Small**: Under $15MM
Who is Advertising to Multicultural Segments?

- The majority of respondents (72%) market to multicultural markets
- The 28% that do not came from all sizes and types of industries:
  - 25% Packaged goods/36% Services
  - 35% smaller companies (less than $1BB)/21% from very large (greater than $10BB)
• Respondents market to narrow segments:

- Hispanic: 70%
- African American: 59%
- Asian American: 27%
- American Indian: 4%
- Other: 5%
They Tend to Use Narrow Marketing Channels

- TV to diverse market segments: 76%
- Print to diverse market segments: 76%
- Radio to diverse market segments: 68%
- Sponsorship: 57%
- Grassroots: 56%
- Mainstream TV/Radio on “ethnic” programs: 39%
- OOH in Diverse Neighborhoods: 39%
- Newspaper to diverse market segments: 35%
- Online to diverse market segments: 35%
Those that do not market to multicultural markets cite budget factors (57%) followed by:
- diverse segments not important to us (18%);
- lack of management commitment (18%);
- We tried it but saw no results (10%); and
- We used to but we no longer have the funding (7%)

46% of those who do not anticipate they will
36% do not plan to in the near term
Multicultural Marketing Budgets

- The average multicultural advertising budget was $4,024K
• One half (54%) expected to increase multicultural marketing efforts in 2003
• One quarter (26%) expect them to remain the same
• 6% expect reductions
Most respondents (76%) used diverse agencies, primarily because these agencies have expertise in that particular segment (93%).

Other comments about diverse agencies:
- Deliver better/superior creative than their AOR (36%)
- The advertiser gains efficiencies by using them (15%)

Of those currently using diverse agencies, most (78%) expected to continue using them.
Use of General Market Agency for Multicultural Efforts

- 31% used their general market agencies
- Mostly for efficiency (68%)
  - 32% said their general market agencies have expertise in the area
How They Buy

- General Market Media Buying Agency: 50%
- Diverse Market Media Buying Agencies: 39%
- Diverse Creative Agency: 22%
Mainstreaming

- Narrowcasting: 79%
- Mainstreaming: 13% (Respondents), 13% (Companies)
- Translation: 7% (Respondents), 14% (Companies)
- Use Diverse Consumers: 6% (Respondents), 10% (Companies)
Over half (61%) felt that there would be separate/more separate targeted marketing to distinct market segments.

Less than one-third (30%) saw their future efforts as mainstream advertising that would appeal to both general and diverse market segments.
Levels of Satisfaction

- Satisfaction levels with multicultural marketing vary:
  - Somewhat satisfied: 35%
  - Very satisfied: 22%
  - Said they were somewhat dissatisfied: 15%
  - Were very dissatisfied: 1%
  - Were neither satisfied nor dissatisfied: 14%
  - Did not answer: 7%
This was true even among those directly responsible for these efforts:

<table>
<thead>
<tr>
<th></th>
<th>Responsible</th>
<th>Not Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied:</td>
<td>24%</td>
<td>18%</td>
</tr>
<tr>
<td>Somewhat:</td>
<td>36%</td>
<td>29%</td>
</tr>
<tr>
<td>Dissatisfied:</td>
<td>13%</td>
<td>18%</td>
</tr>
<tr>
<td>Very Dissatisfied</td>
<td>0%</td>
<td>6%</td>
</tr>
<tr>
<td>Somewhat:</td>
<td>20%</td>
<td>24%</td>
</tr>
<tr>
<td>Satisfaction Level</td>
<td>General Market Agency</td>
<td>Diverse/Boutique Agency</td>
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<tr>
<td>------------------------------------------</td>
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<td>-------------------------</td>
</tr>
<tr>
<td>Very/Somewhat Satisfied</td>
<td>46</td>
<td>62</td>
</tr>
<tr>
<td>Very Satisfied</td>
<td>14</td>
<td>27</td>
</tr>
<tr>
<td>Somewhat Satisfied</td>
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<td>Somewhat/Very Dissatisfied</td>
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<td>18</td>
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<tr>
<td>Somewhat Dissatisfied</td>
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<tr>
<td>Very Dissatisfied</td>
<td>4</td>
<td>2</td>
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<tr>
<td>Unspecified</td>
<td>-</td>
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</table>
• 46% of the respondents did not feel that general market agencies were capable of creating effective multicultural advertising
  – 29% felt that they could
  – 24% were uncertain/did not answer
Advertisers Must Engage Agencies

- Not many advertisers include diversity in agency goals

<table>
<thead>
<tr>
<th></th>
<th>How diverse/boutique agency is measured</th>
<th>How company’s agency of record is measured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>44%</td>
<td>43%</td>
</tr>
<tr>
<td>Market Research</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>Performance</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Profits</td>
<td>7%</td>
<td>0%</td>
</tr>
<tr>
<td>Service</td>
<td>7%</td>
<td>10%</td>
</tr>
<tr>
<td>Evaluations</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Creativity</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Results/Share</td>
<td>2%</td>
<td>8%</td>
</tr>
<tr>
<td>Retention of diverse employees</td>
<td>4%</td>
<td>1%</td>
</tr>
</tbody>
</table>
### Ethnic/Racial Makeup of AOR Account Team

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caucasian</td>
<td>77%</td>
</tr>
<tr>
<td>African American</td>
<td>36%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>32%</td>
</tr>
<tr>
<td>Asian American</td>
<td>14%</td>
</tr>
</tbody>
</table>

### Ethnic/Racial Makeup of Diverse/Boutique Agency Account Team

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caucasian</td>
<td>26%</td>
</tr>
<tr>
<td>African American</td>
<td>56%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>91%</td>
</tr>
<tr>
<td>Asian American</td>
<td>31%</td>
</tr>
</tbody>
</table>
Advertisers Are Very Engaged in diversity efforts

- One third (35%) of the respondents indicated that diversity was part of marketing managers/executives incentive plan
- Almost half (43%) said that hiring, retaining and training diverse employees was part of senior marketing executives incentive plan
- Slightly over one half (59%) said that diversity training was required at their company
  - Of those, less than half (47%) said it was ongoing
Advertiser Diversity

• Advertisers multicultural departments vary in their diversity:

- **Hispanic**: 75%
- **Caucasian**: 61%
- **African American**: 54%
- **Asian American**: 32%
- **American Indian**: 4%
- **Other**: 4%
• Diversity is becoming more engrained in the corporate culture

• 54% agreed with the following statement: “Diversity permeates all facets of cultural behavior in my company’s workplace”
  – 15% strongly agreed
  – 39% agreed
  – 20% were middle of the road (neither agreed/disagreed)
  – Only one fourth (23%) felt that their companies were not promoting diversity
    • 14% disagreed
    • 9% strongly disagreed
Three quarters of the companies surveyed did not have separate profit/budgets allocated to multicultural marketing departments.

33% use outside diversity marketing/related advisory boards.
Greatest Challenge

- Funding was the greatest challenge faced by multicultural marketers (39%) followed by:
  - Measurement of results (29%)
  - Lack of top management commitment (12%)
  - Lack of market research (5%)
  - Marketing to key segments within ethnic groups
Measurement of Advertising

- Sales Trends: 69% Multicultural, 74% General Market
- Market Research: 65% Multicultural, 81% General Market
- ROI Calculations: 42% Multicultural, 55% General Market
- Matched Market Tests: 22% Multicultural, 31% General Market
- We Don't Measure It: 4% Multicultural, 5% General Market