

# THE CASE FOR CHANGE

Multicultural and inclusive marketing as a business  
imperative for long term growth



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# L. EXECUTIVE SUMMARY

Marketing hasn't changed over the last decades as much as the world around us has.

The population growth and the increase in buying power from Hispanic, African-American, Asian, and LGBTQ segments has provided the opportunity for significant growth to companies that have marketed to these groups directly. However, an analysis conducted by the Alliance for Inclusive and Multicultural Marketing (AIMM) of the top 500 U.S. advertisers' ad spend between 2010 and 2016 on allocation to Hispanic and African-American segments revealed that endemic media (targeted via ethnic-centric or in-language channels) ad spend has flattened. A more alarming learning is that most of these leading advertisers are simply not investing in Multicultural and Inclusive segments at all. These findings led both AIMM and the ANA to conclude that it is crucial for companies to take a fresh look at their Multicultural and Inclusive business strategy and understand their trajectory for growth. If companies want to maximize their growth potential, looking to the Multicultural marketplace is an investment option worth considering.



Because of the lack of prioritization and knowledge of Multicultural and Inclusive segments in corporations and agencies alike, the ANA, in partnership with Dávila Multicultural Insights and Santiago Solutions Group, created AIMM - a coalition of entities (representing Hispanic, African- American, Asian, General Market, and LGBTQ segments) from the marketing and advertising ecosystem. AIMM brings together those charged with developing and executing successful advertising campaigns to elevate the importance of

prioritizing Multicultural and Inclusive segments as a way to drive brand growth.

Explaining the impetus for the creation of AIMM, Bob Liodice, CEO of the ANA, said, "As the marketplace becomes increasingly diverse, the ANA recognizes that the strategic evolution of Multicultural and Inclusive marketing becomes even more important to brands."

To support this point, a 2018 AIMM analysis of allocation of investment in the auto category revealed that companies that allocated greater ad spend to both Hispanic and African-American endemic and General Market media were most likely to attain faster overall consumer growth. In other words, companies that act on the strategic requirement of reaching Multicultural consumers in a relevant way are more likely to generate and sustain greater Multicultural and overall growth than ones that stand on the sidelines and wait for

new consumers to come to them.

So what exactly is “The Case for Change,” and what are the reasons marketers need to reconsider how they go to market and where they allocate their dollars? Here are just a few of the many reasons addressed in this study that demonstrate why change is an integral part of corporate growth:

1. Multicultural segments, which include all ethnic segments except White Non-Hispanics, make up 40 percent of the U.S. population (U.S. Census Bureau *American Community Survey*, 2016).
2. The White Non-Hispanic population declined by 55,000 in 2016 and is expected to continue this descending pattern. Meanwhile, the Multicultural population is projected to increase by 2.3 million each year before becoming a numeric majority in just 25 years (U.S. Census Bureau *American Community Survey*, 2016).
3. In July 2016, Bloomberg reported that the combined buying power of the LGBTQ segment currently sits at nearly \$1 trillion (Bloomberg, “LGBT Purchasing Power Near \$1 Trillion, Rivals Other Minorities,” 2016). Combined with the \$3.7 trillion buying power of the Multicultural population, the buying power of these groups is higher than the 2016 GDP of Germany, which was \$3.5 trillion, according to The World Bank.
4. Multicultural consumers are younger and have a higher life expectancy, living longer than their White Non-Hispanic counterparts, according to a 2016 report by the U.S. Department of Health and Human Services’ Centers for Disease Control and Prevention. As a result, their lifetime value as consumers is higher than their White Non-Hispanic counterparts.
5. In March 2017, Nielsen revealed that of the 75 million millennials in America, 42 percent of them are Multicultural. The percentage is even higher for gen Z. Simply put, diversity is increasing rapidly with each generation (Nielsen, *Multicultural Millennials Are Influencing Mainstream America*).

Even with these growth opportunities evident, according to Liodice, in 2016 alone more than half of Fortune 500 companies experienced average sales declines of 9 percent. If companies are looking for long-term growth, they will improve their odds of success by including Multicultural and diverse segments. So why are advertisers restraining such investments? In a 2018 ANA/AIMM Multicultural and Inclusive Benchmark Survey, advertisers shared their top four reasons for not targeting Multicultural and Inclusive segments:

- 23 percent claim to not have sufficient dollars.
- 15 percent do not have the bandwidth or expertise to do the work.

- 14 percent claim they do not need to segment because the purchase triggers and universal truths for their brands are the same for all segments.
- 13 percent believe they do not need to target diverse groups directly because they reach everyone with their general market efforts.

The 2018 ANA/AIMM Multicultural and Inclusive Benchmark Survey provided additional important insights and learnings. For example, when it comes to specific efforts, marketers are not targeting the African-American/Black market because of a perceived lack of opportunity and the belief this segment is effectively reached via general market efforts. They are not targeting Asians due to a lack of understanding of the market and the perception that the opportunity is small when breaking it down into sub-segments. There is also a perceived lack of understanding of how to best target Hispanics and the LGBTQ population, so efforts are not prioritized. In the meantime, instead of engaging Multicultural experts and/or agencies to gain the knowledge, cultural sensitivities, and experience in targeting these segments, many advertisers have instead diluted or even eliminated their efforts.

Procter & Gamble's Chief Brand Officer Marc Pritchard makes it simple: "If you are not doing Multicultural marketing today, then you're not doing marketing." Unfortunately, the results of the 2018 ANA/AIMM AdSpend Trends Analysis indicate that 50 to 60 percent of the top U.S. advertisers spend less than 1 percent of their ad budgets to target Multicultural audiences. The bottom line is that by not doing Multicultural marketing, too many companies are sub-optimizing their growth potential. Targeted, Inclusive Multicultural Efforts (TIME) are an intrinsic part of successful marketing efforts for corporations today. It's AIMM's TIME to affect change.

## II. ABOUT AIMM

The ANA's Alliance for Inclusive and Multicultural Marketing (AIMM)'s mission is to create a powerful voice that elevates Multicultural and Inclusive marketing to promote business growth in an increasingly diverse marketplace.



Comprised of senior-level client-side marketers, media/publishers, research and data companies, advertising agencies, and trade associations, AIMM brings together General Market, Hispanic, African-American, Asian, and LGBTQ marketers to work collaboratively to identify viable solutions that address challenges affecting all of these segments. The Alliance is co-chaired by ANA's CEO Bob Liodice and Wells Fargo Bank EVP and Head of Integrated

Marketing Michael Lacorazza, who will continue to serve as founding chair after 2018. AIMM's vice chairman is Sam's Clubs CMO Tony Rogers, who will serve as chairman for 2019–21. John Dillon, CMO at Denny's, serves as a member of the AIMM Advisory Board.

AIMM's origins date to October 2016, when Gilbert Dávila, committee chair of the ANA's Multicultural Marketing & Diversity Committee and co-President of Dávila Multicultural Insights (DMI), DMI co-President Lisette Arsuaga, and Santiago Solutions Group (SSG) President Carlos Santiago met with Liodice and his leadership team. Together, they responded to a growing need to reprioritize Multicultural and Inclusive segments to foster corporate growth.

"The industry is still not growing as fast as it should be," Liodice said at a June AIMM 2018 meeting in Miami with top marketing executives. "There are multiple reasons. One is that we are under-leveraging Multicultural marketing. We can restore growth to the entire industry."

While the U.S. is becoming increasingly diverse by the day, companies have moved away from investing in and prioritizing these segments. Advances have been seen in media reach, quality engagement, and data, but have lagged in other areas, including budget allocation, staff diversity, measurement, and maximized return on investment.

At the same time, there is a perception that Multicultural and Inclusive marketing has been oversimplified and diluted by the rise of "Total Market" initiatives by brand managers and CMOs who focus on efficiencies at the expense of effectiveness. Some companies that have moved to a Total Market Approach (TMA) are inclusive in their casting of actors, but not in the consideration of language and/or cultural identity.



**BOB LIODICE**

In Liodice's view, AIMM exists because advertisers are less certain about the ROI of Multicultural marketing investments. Measurement inadequacies have paralyzed Multicultural marketing investment choices. This is where Liodice asks an important question marketers face today: "Has our marketing kept up so that we are best embracing the demographic opportunities that define our country? In short, I think the answer is no — from our ad copy to the way the industry is made up — and that comes down to the people," he said.

For AIMM, the goal is to align America's brands with the demographic opportunities where growth can be maximized. He explained, "We are perceived as an industry that is not sufficiently diverse in its makeup and its character. Multicultural marketing in and of itself — and the level of inclusion

we theoretically embrace — is not backed up with the systems to optimize and better connect with our diverse consumer audience base.”

“There are many structural issues in our ecosystem, and we need to do better in marketing,” he added. “The industry is less aligned with where America is going.” The mission of AIMM is to address these shortfalls and highlight the growth opportunities.

## III. ECONOMIC AND SUSTAINABLE VALUE

When Michael Lacorazza first received a phone call from AIMM co-founder and DMI Co-President Gilbert Dávila, he had an instant response when asked if he wanted a role in the creation of AIMM.

“I said yes without even hearing the specifics of it.”



**MICHAEL LACORAZZA**

An important reason stands out in Lacorazza’s mind for making the call. “I believe there are substantial business upside opportunities when [brands] connect to Multicultural and sub-segment audiences in a relevant and meaningful way,” he said.

They can’t stop there: a brand also needs to enhance its customer services to better engage these audiences, Lacorazza added. While there is progress in advancing the capability to do it, Lacorazza frets that there is a lot of “unevenness” in how a brand positions its business value and in knowing how to go to market in a relevant way.

Lacorazza knows well what he’s talking about: Wells Fargo has enhanced economic/sustainable value through the efforts made in Multicultural marketing. He stated, “The growth that we have experienced is largely due to these loyal customers who are less likely to leave us and more likely to come to our aid in times of crisis.”

“There has been more intent and energy in the industry around advancing these capabilities, but I don’t think the outcomes have lived up to the good intentions, if you will,” Lacorazza continued. With three decades of experience under his belt, Lacorazza’s lament comes down to actions resulting from words.

That's why AIMM members' commitment to each other and their desire to progress quickly on its key goals excites Lacorazza. "This is a mindset and tools," he said of AIMM's Case for Change. "But data, measurement, analytics...we still have a long way to go there."

Lacorazza's early career highlights include spending the entire 1990s at Toyota Motor Sales, as the Lexus creative and brand strategy manager. What has changed positively since those days for marketers? "Brands have had, in aggregate, more of the realization of the business opportunity for these segments," he said, adding that he's witnessed "dramatic investment increases for the brands that really get it."

Today, Lexus is highly active in marketing to diverse audiences. Where have marketers stumbled on the way? "For some brands we created this definition of 'Total Market', and it means so many things to so many different people that I don't think there is one right way for one particular company. If there is one thing that has been a risk or a miscue, it is that some brands have interpreted and acted on it as 'everybody is just the same' and they calculate the media reach of the Multicultural audiences and that's fine. If brands take things too far in that direction, they will lose market share and brand favorability," Lacorazza said.

Where does Lacorazza see AIMM leading the industry in five years? "I would love to see us be able to execute our inclusive marketing approaches with the same level of sophistication and the same level of insight and understanding as what we are able to do with our more mainstream segments."

The bottom line: Lacorazza understands the opportunity at hand, and as a senior executive for Wells Fargo and chair for AIMM, he is committed to leading the pursuit of it — not only for Wells Fargo, but for the industry at large.

## IV. THE MULTICULTURAL PORTRAIT

### A. WHO WE ARE

The Multicultural market is not homogenous. Savvy marketers have known this for decades. But the "Multicultural consumer" in the end years of the 2010s looks quite different than in years past. He can be a queer Hispanic. She could be a plus-size mixed race woman who identifies as African-American. He may be a Latino first-generation immigrant with a large family who is just learning English. She could be a third-generation Asian who blends contemporary American mores and customs with those of her family's country of origin.



This is the U.S. of today. Fresh population estimates reinforce this.



- According to the 2017 Census estimates, Multicultural Americans made up 40 percent of the U.S. population.
- 40 million African-Americans comprise 12.3 percent of the U.S. population.
- 60 million Hispanics make up 18.2 percent of the U.S. population.
- 19 million Asians, and individuals who are native Hawaiian or Pacific Islander, make up 5.8 percent of the U.S. population.
- 11 million Americans who indicated they were mixed race or of an “other” non-Caucasian category make up 3.4 percent of the U.S. population.

**Source: “2018 Multicultural Economy,” U.S. Census Bureau *American Community Survey***

The LGBTQ community has also emerged as a significant market segment of its own. According to a Gallup poll released in January 2017, some 10 million Americans identify themselves as LGBTQ, 4.6 percent of the population. For those born between 1980 and 2012, the number is closer to 7 percent [Gallup, *In U.S., More Adults Identifying as LGBT*, 2018].

On the other hand, after showing growth of 125,000 in 2015, White Non-Hispanic Americans declined by 55,000 in 2016 (U.S. Census Bureau *American Community Survey*, 2016). Forecasters have been predicting this would happen. But they assumed it would occur in 2026, not 10 years earlier.

U.S. Census population estimates for July 2017 are even more startling: White Non-Hispanic Americans registered the second decline in a row, continuing the pattern started in 2016. For the first time ever, deaths of White Non-Hispanics now outnumber births in the majority of states, signaling what could be a faster than expected transition into a future in which whites are no longer a majority of the American population (UW Madison, *White Deaths Exceed Births in a Majority of U.S. States, a Census Data Brief by the Applied Population Lab*, 2018). This shows that the dip was not an anomaly. America is changing before our eyes. Marketers and advertisers must recognize the trends and adapt their strategies and investments accordingly.

## B. HOW WE ARE GROWING

The population growth of the United States is completely based on Multicultural segments. This growth will become more pronounced in the coming years, as White Non-Hispanic population growth rates are expected to diminish.

What groups are fueling the growth of the U.S. Multicultural population?

- Asians had the highest annual growth rate (3 percent) of any major U.S. racial or ethnic group in 2017. The Hispanic growth rate followed at 2 percent, compared to 0.9 percent for African-Americans and a decrease of 0.1 percent for White Non-Hispanics.
- Some 51 percent of U.S. population growth in 2016 is attributable to Hispanics, now due to an increase in births versus immigration. This is an increase from 47 percent in 2015.
- Mixed-race Americans are continuing to surge in numbers, extending trends first seen in the early part of the decade. Those identifying themselves as mixed race (or “other”) generated 25 percent of the U.S. population growth in 2016.

**Source: Pew Research Group, 2018**

These groups are projected to increase by 2.3 million each year before becoming a numeric majority of the population in just 25 years (U.S. Census, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, 2018).

## C. WHERE WE ARE EXPANDING

The growth of America’s diversity is not limited to specific geographic areas.

In Buffalo, N.Y. there is a small but growing Latinx community and a thriving African-American community. In South Florida, the South Asian community is more visible than ever, with Bollywood releases shown in at least one local cinema. Small towns across America have attracted first-generation Hispanics and Asians. The Korean community in Southern California communities once dominated by White Non-Hispanics, including Torrance, is staggeringly large.

This is the America of today.

For the last several years, marketers have read of “majority-minority cities,” where the White Non-Hispanic population is outnumbered by Multicultural groups.

Now, there are entire states where this phenomenon has emerged. U.S. Census data released

in June 2017 finds that Multicultural groups comprise more than 50 percent of the population in California, Texas, Hawaii, New Mexico, and the District of Columbia. Florida and New York are approaching majority Multicultural status, while cities like New York and Miami are known to be Multicultural and Inclusive.

Even Georgia, Maryland, Arizona, and Nevada have witnessed significant Multicultural growth, with massive socioeconomic changes coming to these states.

## V. THE CASE FOR CHANGE: WHY NOW?

Marketing hasn’t changed over the last decades as much as the world around us has. The chart below comes from a presentation for The Case for Change with key messages offered by Nydia Sahagún, SVP of segment marketing at Wells Fargo Bank and an AIMM member. Her words offer a clear window into what The Case for Change seeks to accomplish.

MARKETPLACE	CONSUMERS	INDUSTRY
The marketplace is more diverse than ever and these consumers exert an outsized influence; the impact of this diversity will continue to be amplified in the future.	Consumers hold the power and expectations of brands have evolved. Technology is empowering consumers with instant access to information, an abundance of choices and the democratization of opportunity and control.	The marketing industry is moving to a personalized, 1:1, precision based marketing approach. Mass customization has transitioned into personalization meaning content and touch points are specific and individual.

### A. WHAT IS THE “DIVERSE CONSUMER”?

Although Hispanic, African-American, Asian, and LGBTQs are today’s main diverse targets, the definition has broadened beyond the traditional understanding to include a spectrum of identities ranging from body type and religion to disabled and veteran status. That said, today’s focus and spending predominantly target Hispanics, African-Americans, and Asians, with growing efforts to reach the LGBTQ community.

Examples of how brands have reacted to societal shifts abound. For example, the February 15, 2018 announcement from Macy’s to sell items from Verona Collection’s modest dresses, tops, cardigans, and hijabs was an effort to better serve observant Muslim women at select stores and online. In March 2017, Nike announced that it was launching a “Pro Hijab” line of active wear.





**NYDIA SAHAGÚN**

This action comes as Tahera Rahman is making news for delivering the news: She is the first female news reporter in the U.S. to appear with a hijab, having been hired by Nexstar Media Group.

Then there is the 2016 “Curvy Barbie,” released by Mattel after an artist created a “more realistic” toy because the classic Barbie has been criticized for being not only less than lifelike but perhaps a contributing factor to anorexia and bulimia. Not long after came the rise in popularity of NBC’s drama *This Is Us*. A significant part of the show’s success has involved the plot lines surrounding plus-size character “Kate,” played by Chrissy Metz. Many have

turned to Metz’s presence on the show as another way in which prejudice and barriers have been broken for a new group of accomplished women.

On July 23, 2018, actress and activist Nicole Maines made history by becoming the first transgender superhero character. She will be cast as “Nia Nal” in the CW’s *Supergirl*. The announcement was made at San Diego Comic-Con. Maines, 20, was born Wyatt Maines and has an identical twin brother. She has identified as a girl since she was a toddler.

Responding to these cultural shifts is vital for brand stewards. The Case for Change is a guide for helping them on the journey.

## VI. THE CASE TO SHIFT

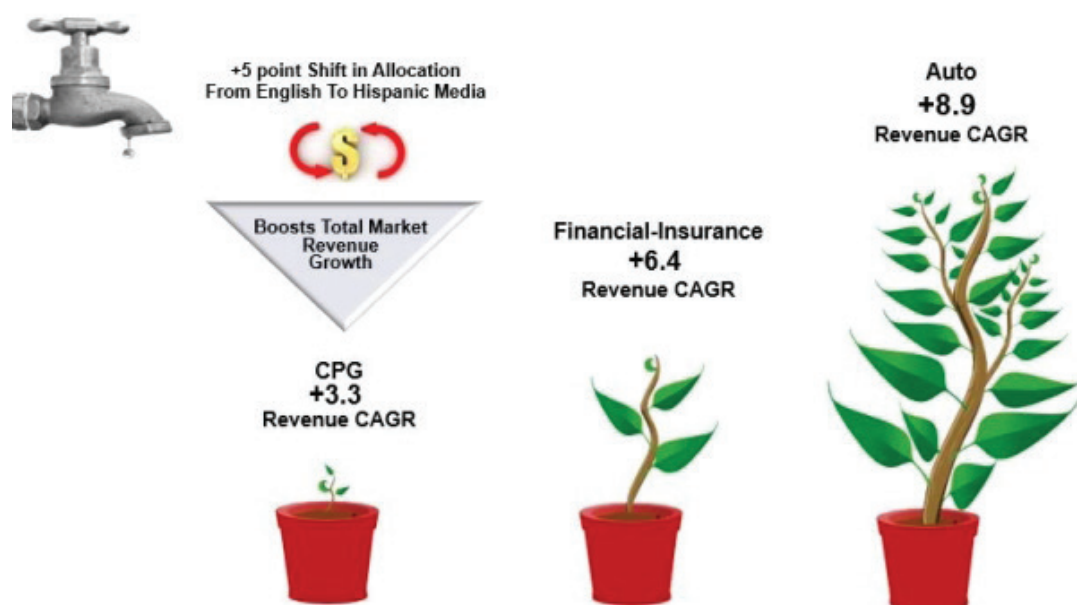


**GILBERT DÁVILA**

“Being inclusive, socially responsible, and authentic are traits that can lead to increased trust from a Multicultural consumer. But what marketers need to consider is a *shift* in allocation to media and content super-serving the Multicultural and Inclusive consumer. This is an important consideration because, simply put, corporate growth and sustainability depend on it.” said Gilbert Dávila.

Marketers who focus media reach on diverse consumers derive significant growth benefits, as demonstrated by the 2015 study *Hispanic Media Allocation Trends 2010–14 and Impact on Total Market Revenue Growth* conducted

for AHAA (now CMC, the Culture Marketing Council) by Santiago Solutions Group. The study identified a direct and positive relationship between Hispanic media allocation and Total Market revenue growth. Specifically, the study found that on average, a five-point shift in allocation from English media to Hispanic media would generate incremental growth rates of 3.3 to 8.9 points per year in CPG, financial and insurance, and automotive sector companies (see chart below for study highlights). Conversely, the research also found that shifts from Spanish-language media to more English-language media resulted in growth deceleration.



**Source: AHAA, *Hispanic Media Allocation Trends and Impact on Total Market Revenue Growth*, 2015 study by SSG**

## A. GROWTH IS NOT CREATED EQUAL

Recently, AIMM began to take a fresh look at Nielsen Monitor Plus and the GfK MRI Survey of the American Consumer data to determine if companies in categories deriving most of their growth from Multicultural and Inclusive segments have captured a fair share of the available opportunity. In a deep dive of the auto sector, AIMM found that companies that allocated a greater share of their overall ad spend to both Hispanic and African-American endemic media and General Market media programming (aired to high Hispanic and African-American audience composition) were most likely to attain faster segment and overall consumer growth. Given the results, AIMM plans to expand this study in 2019.

Simply put, advertisers which invest in Multicultural segments with allocations commensurate with the opportunity tend to realize greater growth than advertisers with lower or no Multicultural ad spend allocation. However, it is clear that marketing investments overall are not keeping pace with the opportunity, missing out on evident growth (Pew Research, *Biggest Share of Whites in U.S. Are Boomers, But for Minority Groups It's Millennials or Younger*, 2016):

- Ethnically diverse consumers skew younger and live longer, equating to longer lifetime value.
- Ethnically diverse consumers are more likely to live in larger households.
- Ethnically diverse consumers have shown to be more brand-loyal and have emerged as power influencers.

## VII. THE BUYING POWER OF DIVERSE CONSUMERS

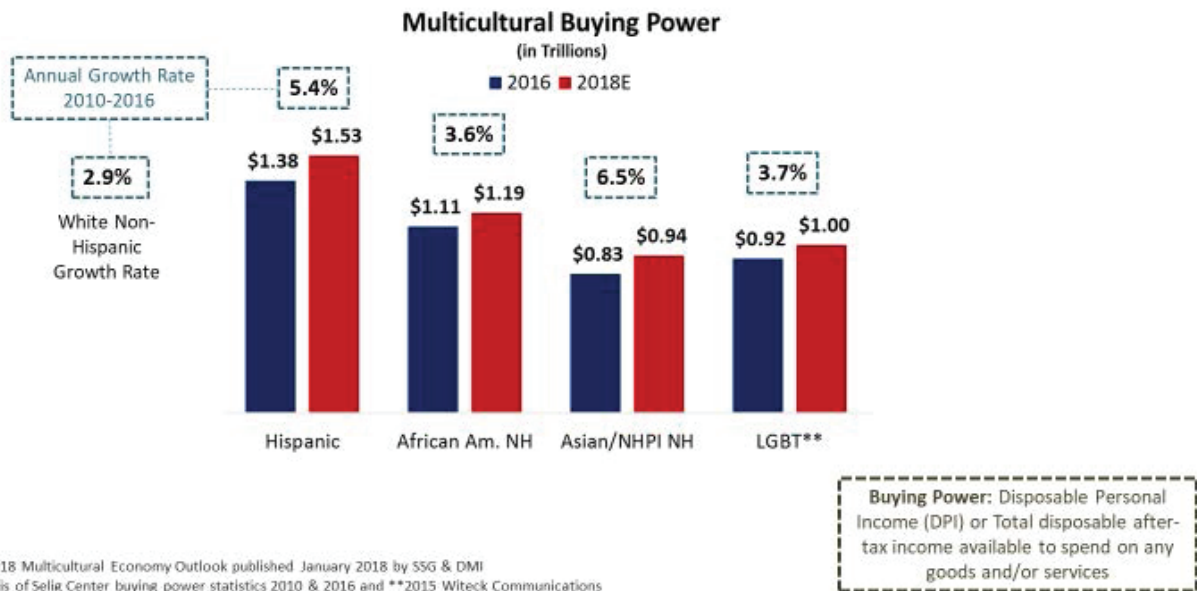
Multicultural and Diverse Consumers Are Ideal Customers. How So?

With population growth comes the eventual rise in affluence. If you are still wondering when this will happen for Multicultural consumers, you're a little late to the party.

- 2018 Multicultural buying power is projected to be \$3.7 trillion and LGBTQ \$1 trillion (2018 *Multicultural Economy*, January 2018 by SSG and DMI; SSG projections of Selig Center 2010–2016 and 2015 Witeck Communications).
- Between 2010 and 2016, Multicultural and LGBTQ buying power has been growing much faster than White Non-Hispanics' 2.9 percent annual growth.
  - o The two fastest buying power growth segments are Hispanic, which is growing almost twice as fast as White Non-Hispanic, and Asian, growing 2.2 times faster than White Non-Hispanic.
  - o Hispanic buying power is projected to surpass \$1.5 trillion in 2018, African-American will reach \$1.2 trillion, and Asian will nearly reach \$1 trillion.



## Diverse Segments Buying Power Will Continue to Expand Faster Than White NH, Reaching \$4.7 Trillion in 2018



### A. THE RISE IN LGBTQ CONSUMER AFFLUENCE

The story of the combined buying power of the lesbian, gay, bisexual, transgender, and queer population of the U.S. has been told by many a major media outlet.

In 2017, the National LGBTQ Chamber of Commerce announced that the LGBTQ consumer buying power had reached a new high of \$917 billion. The NGLCC's groundbreaking 2016 report *America's LGBTQ Economy* stated that if the "total contributed value of the estimated 1.4 million American LGBTQ business owners is considered, our input to the economy is over \$1.7 trillion. That would make LGBTQ Americans the 10th largest economy in the world." The power of their wallet reaches far beyond this segment alone: the NGLCC shared the fact that more than 75 percent of LGBTQ adults, and their friends and families, stated they would switch to a brand they knew was LGBTQ-friendly.

According to Nielsen insights published in July 2015, not only do American LGBTQ households make 10 percent more shopping trips in a year than the average U.S. household, they buy more goods. LGBTQ households spent an average of \$4,135 at retail stores in 2014. That's 7 percent higher than non-LGBTQ consumers (Nielsen, *U.S. LGBTQ Shoppers Make More Trips, Spend More Than Average*, 2015).

To say that this makes the LGBTQ community attractive for marketing across various media is obvious. But have marketers responded? Only a select few have.



MATT TUMMINELLO

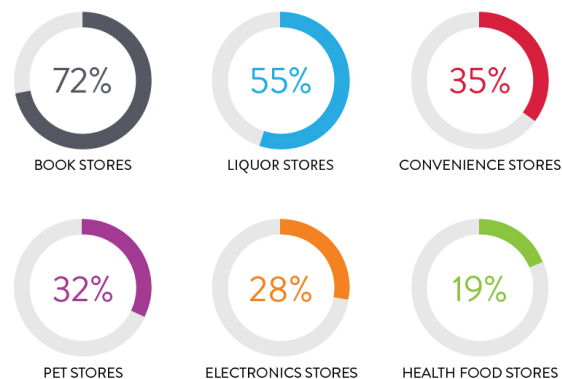
Matt Tumminello, president of New York-based LGBTQ marketing agency Target 10, has a suggestion: Allies add weight to the conversation. He explained, “We call it the amplifier effect. When you factor in the number of straight consumers who are motivated or inspired by LGBTQ-supportive or inclusive brands, we start to reach into the tens of millions and perhaps hundreds of millions. If you simply think of every straight family member, best friend, or co-worker who is more than just ‘supportive’ and is an ally, the numbers become quite real. In some instances, we’ve even seen that allies are even more responsive to LGBTQ inclusion and support than LGBTQ people themselves.”

This suggests that more can be done to reach the audience beyond Total Market.

Tumminello commented, “LGBTQs tend to over-index with disposable income because fewer of us are spending on expenses for children. In fact, LGBTQs of all socioeconomic levels are spenders, and marketers have the opportunity to capitalize on this segment.”

“The point to remember is that not every advertiser is selling a Lexus,” he said. “The vast majority of consumer goods are affordable to most diverse segments, so even if we’re not all millionaires, we’re still a great market to reach.”

#### LGBT CONSUMERS MORE LIKELY TO SHOP AT



Read as: LGBTQ households are 72% more likely to shop at bookstores than the average U.S. household.

Source: Nielsen Homescan; LGBT Households defined as those where at least one member identifies as Gay, Lesbian, Bisexual, or Transgender Indexed to Non-LGBT Households

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## VIII. THE BIGGEST SPENDERS

Multicultural consumers are shaping total consumer behavior and are leading the path businesses must pave for continued brand growth.

*The Multicultural Economy 2017*, the scholarly report from the Terry College of Business at













the University of Georgia, offers an in-depth analysis of the Multicultural dollar by category across the three core Multicultural consumer groups.

Where do Hispanics spend more? UGA/Terry found food and groceries, clothing, cell phone services, and automobile insurance to be categories where Latinxs over-index against the total population.

n

## THE POWER OF THE MULTICULTURAL CONSUMER DOLLAR

Categories where Consumers of Color exert outsized influence on total spend

	CATEGORY	SPEND BY CONSUMERS OF COLOR	TOTAL SPEND	% OF TOTAL SPEND ATTRIBUTABLE TO CONSUMERS OF COLOR
	DRY VEGETABLE & GRAINS	\$472.3M	\$941.2M	 50.18%
	BABY FOOD	\$817M	\$1.9B	 42.76%
	PERSONAL SOAP & BATH NEEDS	\$1.3B	\$3.04B	 41.64%
	FRESHENERS & DEODORIZERS	\$774.1M	\$2.02B	 38.29%
	SHELF-STABLE JUICES & DRINKS	\$2.3B	\$6.2B	 37.51%

Note: 'Consumers of Color' includes African-American, Hispanic and Asian consumers, as well as those consumers identifying as 'Other.'  
Source: Nielsen Homescan. Total U.S. 52 Weeks ending 12/30/17.

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As shown above, half of the total spend (\$941.2 million) on dry grains and vegetables in the U.S. in 2017 came from Multicultural consumers. In particular, African-American consumers represented \$147 million of the total spend in this category, Nielsen notes.

African-Americans make up 12 percent of the U.S. population but have outsized influence over spending on essential items such as personal soap and bath needs (\$573 million), feminine hygiene products (\$54 million), and men's toiletries (\$61 million). This 2018 Nielsen research also shows African-American consumers spent \$810 million on bottled water (15 percent of overall sales) and \$587 million on refrigerated drinks (17 percent of overall sales). Luxury,

non-essential products such as women's fragrances (\$151 million of a \$679 million industry total, 22 percent) also play well to an audience that's keen on image and self-care (Nielsen, *Black Dollars Matter: The Sales Impact of Black Consumers*, 2018).

In its report, Nielsen states, "Companies should take notice of even the subtle shifts in spending because Black consumer brand loyalty is contingent upon a brand's perception as authentic, culturally relevant, socially conscious, and responsible. In fact, 38 percent of African-Americans between the ages of 18 and 34 and 41 percent of those aged 35 or older say they expect the brands they buy to support social causes, 4 percent and 15 percent more than their total population counterparts, respectively. Moreover, Black consumers' brand preferences are increasingly becoming mainstream choices, which illustrates that the investment in connecting with Black consumers can often yield sizeable general market returns." (Nielsen, *Black Dollars Matter: The Sales Impact of Black Consumers*, 2018) One such example is singer Rihanna's recently released Fenty makeup line, which was intended to primarily target African-American consumers through a wide line of products for dark skins. Yet the brand's success is due, in great part, to its popularity among all Multicultural segments. According to research by Slice Intelligence (WWD.com, "Fenty Beauty Sales on Track to Outstrip Kylie Cosmetics," KKW Beauty, 2018), "Fenty Beauty fans spend an average of \$471 per year in the makeup category."

## IX. NEW CONSUMERS EQUAL DIVERSE CONSUMERS

According to AIMM's analyses of the GfK MRI Survey of the American Consumer from 2012–2017, the entire growth of consumers in over 50 key categories came from Multicultural and Diverse segments:

Automobiles Purchase/Lease: Any Domestic; Baby Furniture; Beer/Ale; Brandy, Cognac, Cordials, and Liqueurs; Any Investments Acquired; Camping Equipment; Car/Other Vehicle Batteries; Cellular/Mobile Phones/Smartphones; Children's Clothing; Compact Car; Compact Pickup; Computer Printers; Cruise Ships; Domestic Bought/Leased New Car; Energy Drinks; Full-Size Sport/Utility; Hair Care Products; Hair Coloring Products; Home Improvements; Home Remodeling; Intermediate Car; Luggage; Luxury Car; Mascara; Men's Clothing; Minivan; Mortgage Refinance/Consolidation Loan; Movie Attendance; Mutual Funds: Any Acquired or Added; Perfume and Cologne for Women; Personal Computers at Home; Refrigerated Meals, Entrées, Snacks, and Sides; Regular Cola Drinks, Not Diet; Securities:

Any Stock Acquired or Added; Small Business Loan Acquired; Sport/Recreation Equipment Bought; Sports Drinks/Thirst Quenchers; Standard Car; Student Loans; Theme Parks Visited; Vans; Video Games; Vitamin and Dietary Supplements; Women's Clothing Bought.

Furthermore, the following highlights were discovered:

- 100 percent of the growth in compact cars, minivans, and midsize SUVs came from African-American consumers.
- 100 percent of the growth in personal student loans and 61 percent of new investors in stock came from Asian consumers.
- 93 percent of the growth in home improvement, 76 percent of the growth in small business, 73 percent of the growth in cellular/mobile phones/smartphones bought, and 79 percent of luxury car purchase growth came from Hispanic consumers.

## A. THE OVER-INDEX INDEX

Multicultural segments over-index White Non-Hispanic consumers in their purchases in the following top 5 categories:

RANK	ASIAN	BLACK	HISPANIC	LGBTQ
1	Small Business Loan 250	Title Loan 216	Small Business Loans 250	Energy Drinks 185
2	Tablets and E-Readers 179	Brandy, Cognac, Cordials, and Liqueurs 195	In-Home Hair Coloring 153	Brandy, Cognac, Cordials, and Liqueurs 164
3	Cameras and Camcorders 169	Refrigerated Food 162	RTD Iced Tea/Coffee 162	Student Loan 157
4	RTD Iced Coffee/Coffee Drinks 160	RTD Iced Tea 160	Energy Drinks 149	Retirement Real Estate 155
5	Retirement Real Estate 160	Meal/Diet/Weight Loss 135	Theme Parks 146	Real Estate Vacation Home 149

Source: GfK MRI Survey of the American Consumer 2017 doublebase

As has been stated across this report, Multicultural consumers over-index in spending across many industries, but in different ways across the three main Multicultural components.

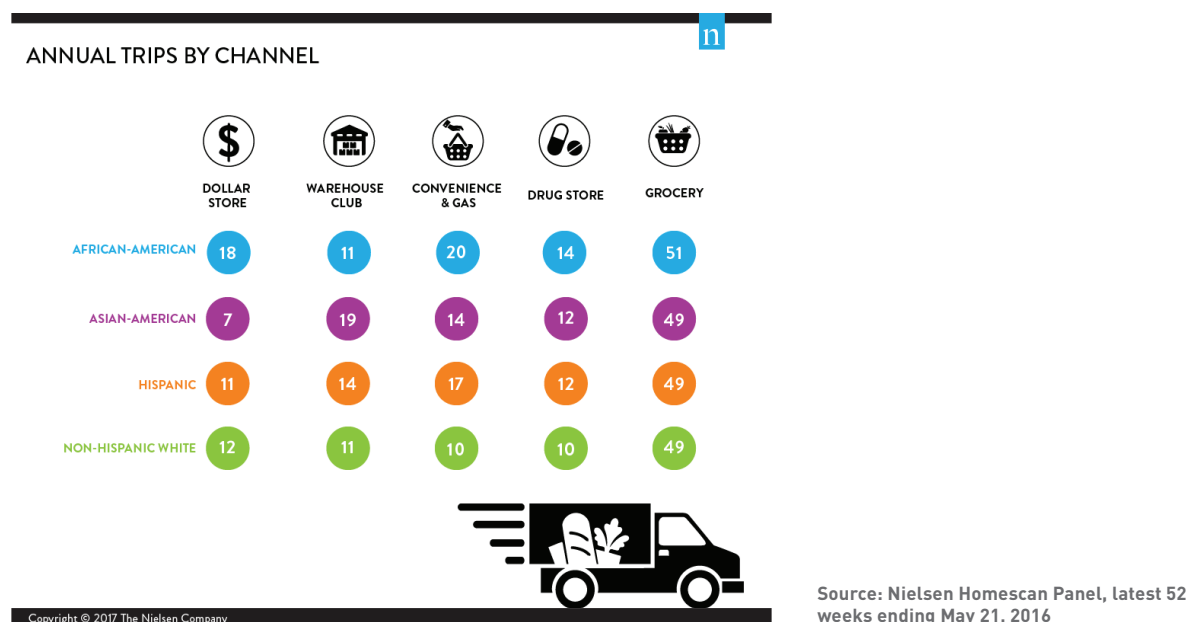
- Hispanics over-index on food and groceries, clothing, auto insurance, and wireless services.

- African-Americans over-index on shoe purchases and wireless services.
- Asians over-index on dining out, public transportation use, housing, and education.

Understanding these differences, and properly responding via nuanced marketing, will help brands in properly engaging the diverse consumers they seek.

## B. FREQUENT SHOPPERS

The number of shopping excursions by Multicultural segment is important for marketers to comprehend. The more trips they make, the more they spend. As seen in the table below, African-American consumers for the 52-week period ending May 21, 2016 were shown to make the greatest number of trips across “almost all retail channels” versus their Hispanic, Asian, and their non-Hispanic counterparts.



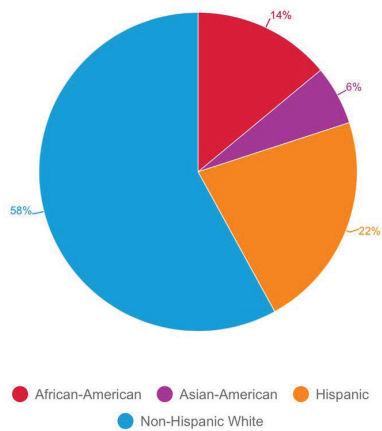
## C. YOUNG CONSUMERS

Look at the advertising focus in America, and then look at the assumed targets. Marketers continue to place their emphasis on adults between the ages of 18 and 49. That's a wide spectrum of people, with varying tastes and media habits. But there is one thing that is worth noting: the percentage of Multicultural consumers within this still-enormous primary advertiser target is larger than it has ever been.

As Nielsen noted in March 2017, of the 75 million millennials living in the U.S., 42 percent of them are Multicultural (Nielsen, *Multicultural Millennials Are Influencing Mainstream America*, 2017).



U.S. MILLENNIAL COMPOSITION BY ETHNICITY



Source: Nielsen Pop Facts 2016

Source: Nielsen, *The Multicultural Edge: Rising Super-Consumers, 2015*

born Hispanics, which began to fuel Latinx population growth (rather than immigration) some 10 years ago, has shaped the U.S. millennial consumer. When one looks at the U.S.-born Latinx population, nearly three-quarters of this subgroup are millennials or younger. Not marketing to this consumer group directly and through relevant cultural insights would greatly diminish a brand’s ROI potential and potentially cause long-term harm.

As seen in the chart created by Pew Research Center, the median age of African-Americans in 2015 was 33. About half of African-Americans were millennials (26 percent) or younger (25 percent), while 21 percent were gen Xers and another 21 percent were boomers. Their median age was 36 years, and their most common age was 33, Pew says. The highest shares of Asians are millennials (27 percent) and gen Xers (25 percent). This traditional 18–49 demo will become increasingly Multicultural each year (Pew Research, *Biggest Share of Whites in U.S. Are Boomers, but for Minority Groups It’s Millennials or Younger*, 2016).

Pew Research Center deep dives of U.S. Census Bureau data further illustrate how Multicultural groups are reshaping the core age group target of American advertisers.

As Pew noted in July 2016, “White Non-Hispanics, who constituted a majority (61.6 percent) of the U.S. population in 2015, had a median age of 43.” This compares with a median age of just 31 for White Non-Hispanics, and 37 for the U.S. population overall.

This same report indicates that 56 percent of “minorities” in 2015 were millennials or younger. Of the nation’s largest Multicultural groups, Hispanics are the youngest. Their median age was 28, and their most common age was eight, Pew notes.

To longtime marketers, the youth of the Hispanic market isn’t news. What’s news is how U.S.-

Youngest, oldest racial/ethnic groups in 2015	
	Median age
Total U.S. population	37
Total U.S. minorities	31
Multiracial	19
Hispanic	28
Native Hawaiian/Pacific Islander	31
American Indian/Alaska Native	33
Black	33
Asian	36
White	43

Notes: Racial/ethnic groups are single-race non-Hispanic, except multiracial Americans, who are two or more races and non-Hispanic, and Hispanics, who are of any race. Minorities include all racial and ethnic groups except single-race non-Hispanic whites.

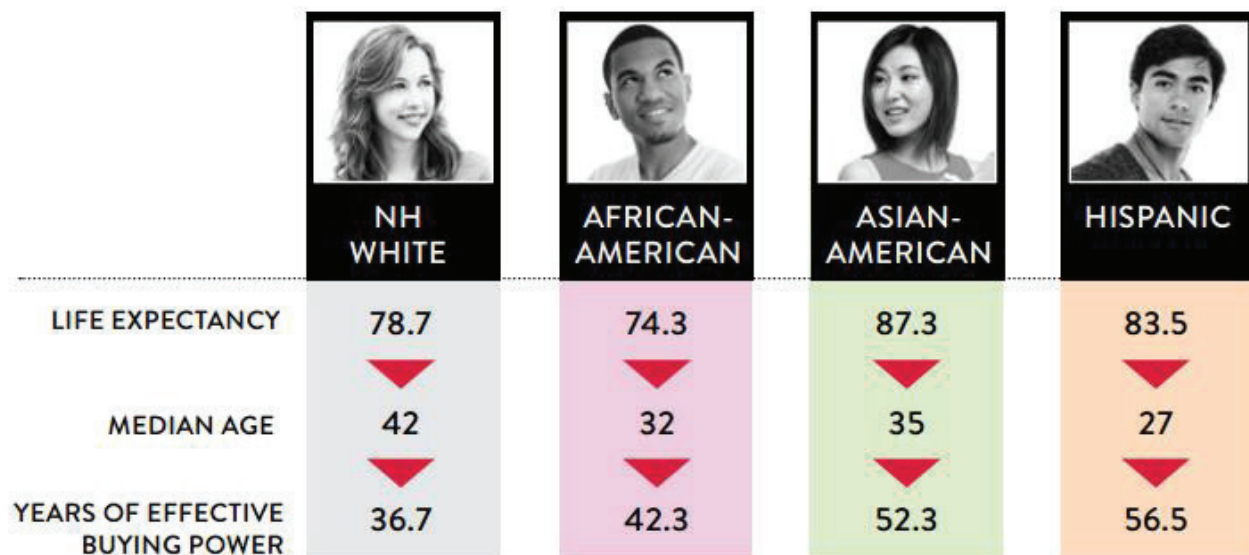
Source: U.S. Census Bureau 2015 population estimates

PEW RESEARCH CENTER

## D. THE LONG TAIL: YEARS OF BRAND GROWTH

Multicultural consumers have more years of effective buying power than their White Non-Hispanic counterparts.

There's data to back this statement up, and it's another reason why marketers cannot ignore the Asian, African-American, or Hispanic consumer. Longer lives translate to greater years of effective buying power. For the brand manager and C-suite executive, the solution for a successful long-term return on investment is theirs for the taking.

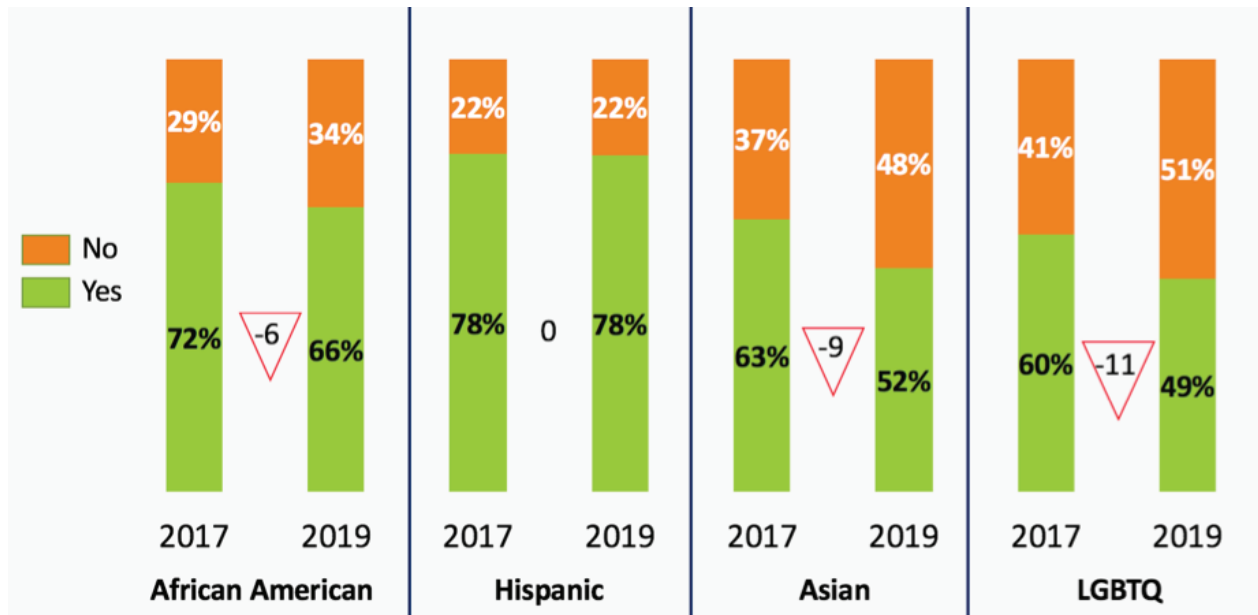


Source: Nielsen, *The Multicultural Edge: Rising Super-Consumers*, 2015

Given the latest birth rate trends and continued Multicultural population increases coming from the womb, and not from immigration, the case for change becomes even clearer.

## X. MISGUIDED SATISFACTION?

The 2018 ANA/AIMM Multicultural and Inclusive Benchmark Survey paints a sobering picture of how marketers view their efforts to reach diverse segments, and the reality of their company's actual activity. Marketers who stated they have Multicultural and Inclusive efforts were asked if they intended to advertise to segments in 2019. Intentions were *down* for all segments except Hispanic, which remained stable.



Source: 2018 ANA/AIMM Multicultural and Inclusive Benchmark Survey

Marketers' perception of targeted efforts ranged from general market campaigns with perceived wide reach to segment-specific campaigns placed in segment-specific media channels.

Although a majority of advertisers believe that there are high to very high opportunities for brands creating or increasing Multicultural and Inclusive ad spend budgets, when asked about budget allocation for these segments, between one-third and two-thirds did not assign a specific budget to segments (31 percent for Hispanic and 58 percent for LGBTQ respectively). Budgets less than the segment's size or opportunity ranged from 25 percent for both Asian and African-American to 29 percent for LGBTQ to 41 percent for Hispanic.

Then there is the percentage of companies that **did not** advertise to the Multicultural segments in 2017.

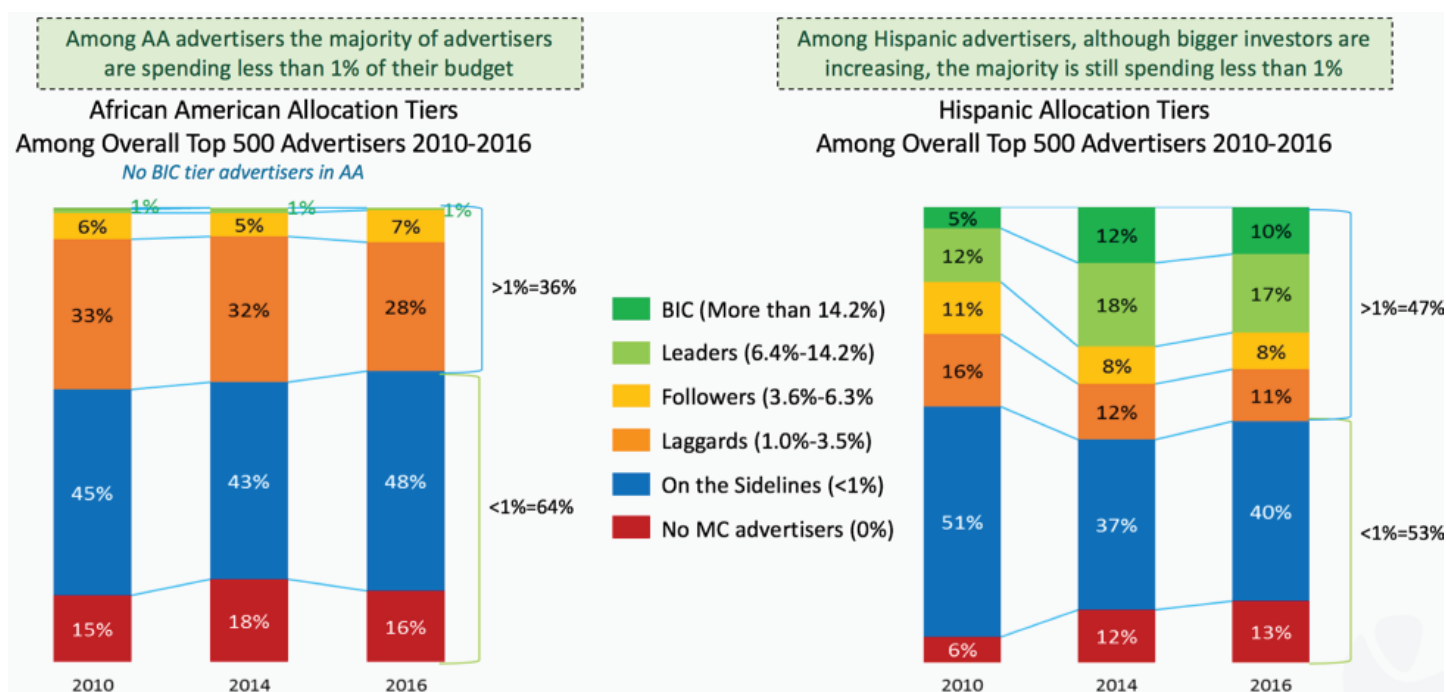
- 37 percent of marketers did not engage in Asian-targeted advertising. Twenty-three percent of marketers reached this segment via general market campaigns without segment-specific nuances.
- 41 percent of marketers did not advertise to LGBTQ consumers. Eighteen percent of marketers reached this segment via general market campaigns without segment-specific nuances.
- While 40 percent of marketers engaged in segment-specific campaigns with embedded



cultural nuances placed in Hispanic media, 22 percent of companies did not engage in any Hispanic marketing in 2017. Twenty-eight percent of marketers reached this segment via general market campaigns without segment-specific nuances.

- 29 percent of marketers did not engage in African-American targeted advertising. An equal amount of marketers reached this segment via general market campaigns without segment-specific nuances.

Regrettably, according to AIMM's analysis of 2010 to 2016 Nielsen Monitor Plus Data, top advertisers are spending minimally in endemic media targeting Hispanics and African-Americans. Half to two-thirds of top advertisers are allocating 1 percent or less of their overall



Source: 2018 ANA/AIMM Multicultural and Inclusive Benchmark Survey

budgets. These brands are leaving money on the table, as well as potentially risking the long-term health of their businesses.

The takeaway: Companies that are speaking directly to the diverse consumer are increasing their efforts while their competitors sit idly by, ignoring key growth contributors and ways to stimulate profits in both the short and long term.



## CMO SPOTLIGHT

# XI. CAPTURING THE MODERN AMERICAN FAMILY



**JOHN DILLON**

When it comes to reaching families in the United States, an effective way to attain growth is by targeting Multicultural and Inclusive families. Companies like Denny's have capitalized on the opportunity and prioritized diverse segments to turn their brands around.

"We're on an extremely exciting journey at Denny's," said John Dillon, the SVP and CMO Denny's Corporation.

Dillon is in the driver's seat of the marketing team at the classic diner and family dining eatery that has transformed itself in a myriad of ways, largely in

response to a renewed commitment to serve the modern

Multicultural consumer. That effort has been fueled by company-wide recognition that Denny's target consumer has changed, and the continued growth of the Denny's brand is contingent on keeping pace with its customers.

"We are 'America's Diner,' and that includes a commitment to be *the* family dining restaurant for today's increasingly diverse consumer landscape," said Dillon. "The opportunity for growth is huge when you make a commitment to understand and target Multicultural segments, and infuse that understanding and passion for guests across all areas of an organization — which has to go well beyond marketing."

To capture this diverse consumer, Denny's continuously conducts research through a Multicultural lens. Denny's has performed deep consumer insights work with African-American and Hispanic consumers to ensure all efforts across advertising, the guest experience, culinary innovation, and community involvement meet the needs and expectations of a variety of guests. To provide the level of expertise needed to succeed, Denny's has also hired two Multicultural marketing agencies.

It is Dillon's belief that the modern CMO needs to understand that engagement in Multicultural marketing needs to be embraced by a company's entire executive and leadership team, and completely infused into every aspect of the business. Through that commitment, combined with the support of dedicated Multicultural agencies, the consistency to support Multicultural engagement can be achieved.

Denny's is completely committed to reaching Multicultural segments through a Total Market lens. Yet, Dillon said, "'Total Market' cannot only be an efficiency buy. To maximize brand growth, we must also recognize nuances in specific consumer groups and be strategic, relevant, insightful, and smart about our targets."

Thanks to the integration of Multicultural training across all levels, 68 percent of Denny's workforce is ethnically diverse. Additionally, 49 percent of its franchised restaurants are minority-owned and 62 percent of Denny's external board of directors are minorities. While the corporate-level changes and investments throughout the brand's leadership have been noticeable, Dillon said there is still plenty of work to be done.

"To be truly successful in reaching a Multicultural audience, organizations have to be fully committed to investing in the research and resources necessary to understand the modern customer base — and that has to be an effort that is truly authentic in its purpose. At Denny's, we are fortunate that our commitment to deliver on our brand position as 'America's Diner,' the place where *all* of America can come together with family and friends for a great meal, means that everyone throughout our entire organization shares in our passion to connect with guests from a wide variety of backgrounds. That's today's America, and that's today's Denny's. With the support of our leadership team, franchisees, and team members, we're very proud of what we've been able to accomplish, and we look forward to continuing to improve even more."

## XII. THE CHANGE THE MARKETPLACE DEMANDS

The need for an all-out brand reboot, or even a market abandonment, is something with which no marketer wants to be charged. Avoiding this pitfall requires change. The growth in population and buying power evident today is expected to continue, regardless of how the economy moves. With the right action, an organization can keep pace with its target consumers. If not, its future could always be one step behind society.

It is the belief of Wells Fargo's Sahagún that the marketing industry is "at a critical inflection point," the result of the continued diversification of the marketplace and the challenges many face in achieving ROI. "Today we find ourselves in a more complex — and more urgent — situation," she warned. "It's time to understand and better implement Total Market, so that we can in turn effectively reach a more inclusive marketplace."

If anyone can relate to the struggle of a comprehensive Total Market campaign that super-serves a diverse segment of consumers versus media efforts of prime appeal to that diverse segment, it is Sahagún. “I’m female. I’m LGBTQ. I’m Hispanic,” she said with a laugh. “For me, a gesture that the brand *supports* the community goes a long way.”



Sahagún has taken a lead role with AIMM as a chair for The Case for Change. As she sees it, corporate America needs to “culturally awaken.” Furthermore, there’s a lack of confluence between what consumers desire and what brand stewards are doing in response to those wants, needs, and values. “It’s about meeting the need of diverse consumers,” said Sahagún, “by lessening the tension of addressing this from within.”

Moving forward, AIMM intends on sharing The Case for Change with the entire industry, including today’s CMOs. “What we aim to do is reflect the spectrum and benefits of diversity,” Sahagún explained.

The biggest takeaway she sees in accomplishing this at Wells Fargo is understanding the contributions of diverse consumers and the influence they drive for U.S. culture at large, observing how diverse consumers are shaping style trends, entertainment, and music. Sahagún offers two other important suggestions. “Be bold and invest to create measurable impact,” she said. “And don’t be afraid to take risks. Test, learn, and optimize.”

She concluded, “We are realigning all of our brands to reflect that marketplace today.”

## A. ACT, ENGAGE, PRIORITIZE

Sahagún feels strongly that “as an industry and as a society, we are at an immediate, critical inflection point resulting from the convergence of long-term changes that will leave an indelible imprint on America.”

As the marketplace continues to become more diverse, marketers are required to reframe their approach to achieving brand growth and continued ROI. Addressing this opportunity is not solely a Multicultural endeavor; it requires the marketing industry to make a wholesale fundamental shift.

AIMM believes this can be accomplished by making immediate changes:

- Broadening the accountability of Multicultural marketing to the C-suite

- Making the integration and prioritization of diversity universally accepted
- Gaining consistent support for Multicultural marketing
- Embedding Multicultural and Inclusive efforts into brand DNA
- Cementing industry-wide knowledge and understanding of Multicultural marketing
- Transitioning from efficiency to effectiveness and value in the buying and planning, and ultimate execution, of a Multicultural marketing campaign

This requires marketers to fundamentally transform the way they work across all stages of the marketing process.

What should this entail?

- Industry alignment on how to define “the diverse mainstream” that exists today
- Getting the right, quality insights for marketers to act on
- Measurement and reporting that are accurate and actionable
- Assuring that the pipeline of talent and Multicultural acumen persists
- A commitment to keeping the appropriate level of investment in diverse marketing
- Media and messaging that don’t flash and fizzle but rather continue through steady efforts
- Internal and external marketing models that match

#### CMO SPOTLIGHT

## XIII. THE RISK TO CORPORATE GROWTH

One company that has demonstrated prowess in understanding The Case for Change and where consumer values sit is Walmart.

While there are quite a few examples of Walmart’s efforts in targeting Multicultural consumers, the company received much praise for a 60-second spot that uses the

Youngbloods' single "Get Together" in a remarkably powerful way.

This commercial opens with a white male office worker pushing a computer chair down a downtown Los Angeles street. Men, and then women, of other ethnicities are then shown grabbing and using other types of chairs. Via various modes of transport, all congregate at a communal table under a big tree on a farm, with the closing shot of a learning-disabled girl preceding the Walmart logo.



**TONY ROGERS**

Tony Rogers, the CMO at Sam's Clubs and past Walmart CMO, has played an integral role in the development, execution, and placement of these and other powerful examples of creative that not only tug at the heartstrings, but offer relevant resonance with today's Multicultural and diverse consumer.

Rogers is the vice chair of AIMM and is set to become chair in 2019. He was asked why now may be the right time in our nation's history for the marketing and advertising community to focus on and prioritize Multicultural consumers, and why companies could benefit from greater diversity within their organizations.

"For me, it comes back to the head and the heart," Rogers said. "The head is where we take in data and make decisions, and it's easy to see that the world around us is changing. Today, we operate Walmart stores within 10 miles of 90 percent of the U.S. population. Our stores are a reflection of the communities we serve — people of all ages, ethnicities, incomes, genders, and sexual orientations. So our customers are Multicultural, and tomorrow they'll be even more diverse."

For Rogers, the heart is "what we feel." He continued, "It's about who we are as people and as brands. Our purpose is to save people money, so they can live better. That means creating a better life for everyone. Right now, it feels more important than ever that we use our brand as a platform to share a positive and inclusive portrayal of American life."

What inspired Rogers to actively participate in the organization?

"We have to challenge ourselves, our agencies, and one another to elevate diverse voices across marketing," he said. "I'm proud of the progress our company has made, but we still have a lot to learn and many areas where we can get better. AIMM is a great opportunity to work with people who are just as passionate about learning, experimenting, and improving in all aspects of Multicultural marketing — the Total Market approach, talent and education, metrics and insights, and organizational structure. Together, I believe we can lead, serve, and

change our industry. We can make it better for everyone.”

How, then, should a company tell those stories? The *only* way, said Rogers, is to be authentic through the recruitment and retention of diverse talent. “Foster an environment where people can be just as proud of who they are at work as they are in their personal lives,” he said.

## XIV. INCLUSION REDEFINED

From religion to sexual orientation and even body type, what constitutes a diverse consumer is more complex than ever before. Comprehension and deep insights are therefore vital to reaching this audience. Do you have the right plan of action?

Again, the first steps must begin from within.

By approaching these shoppers and spenders from a new lens, better decision-making can be made at all levels of a corporation.



**CARLOS SANTIAGO**

“As marketers we are all stewards of our brands, and stewards of our culture, keeping tabs on the culture at large,” said SSG President AIMM Co-Founder Carlos Santiago. “It is our responsibility to conduct research to understand these segments, allocate appropriate investments, and embed [everything] Multicultural into corporate strategic efforts from inception.” He continued, “Multicultural marketing should no longer be an add-on but a part of the whole, from the beginning.”

His recommendation: Put your eyes and ears in the world of the diverse consumer. Then conduct research, a trend analysis, and social listening. This will yield the desired balance a company needs to act in a genuine manner, reflective of its target audience. “It’s not just about ad placement or [placing creative] in a general-market environment that might index well,” Santiago said. “It’s about the content to put in that culturally relevant communication.”

Once the top-to-bottom unified commitment to marketing to diverse consumers is put in place, there are other key tasks the C-suite must take to bring success to this effort.

This includes:

- Understanding the current and future impact of diverse consumers on your business
- Clearly defining the downside of the status quo while highlighting the benefits of acting and investing for growth
- Assessing the actions needed for reaching the ultimate growth goal
- Investing in the right tools and resources to guide strategic decisions

## CMO SPOTLIGHT

# XV. SEEKING DIVERSE EQUALITY

One of the biggest champions of increased efforts by corporate America to embrace and adopt diversity initiatives and to increase Multicultural consumer engagement is Marc Pritchard.

Pritchard is the chief brand officer at Procter & Gamble Co., and he's attracted attention of late for his call for action on gender equality and the need for change agents to make true progress.

Gender equality requires both a macro and micro look for Pritchard, so he wants to take the gender equality case and "translate it" to The Case for Change in Multicultural marketing. He said, "With gender, the simple answer is that we would expect there to be equal representation between men and women — equal respect, equal pay, and equal opportunity."



**MARC PRITCHARD**

Now, look at the economic attainment gap between White Non-Hispanics and African-Americans, Hispanics, Asians, and Native Americans.

"Equal pay for equal work is even more stark than the 20 cents on the dollar gap for women," Pritchard said. "It gets up to as high as 46 cents for Hispanics."

There are lots of reasons for this, but Pritchard wants more data to shed light on the subject, giving the income equality effort the same level of prominence as the overall need to embrace Multicultural consumers.



“We don’t have the same level of advanced evidence on Multicultural marketing that we have on #SeeHer,” said Pritchard on the campaign launched by the ANA’s Alliance for Family Entertainment on gender equality. “I want that same body of evidence to exist for Multicultural marketing — and it’s really just the accurate portrayal of race and different cultures in different advertising and media.”

At P&G, Pritchard found that advertising that accurately depicts different races positively scores better than other advertising.

He said, “Find an insight. If you can create that and create good communication, it will score better for everybody. There’s lots of evidence, and just the simple case for change that I believe is worth articulating can make the difference.”

## A. THE WORLD’S MULTICULTURAL NATION

“The U.S.,” Pritchard continued, “is home to a very diverse culture, and those populations are growing at a faster rate than the average of the general population.” As such, Pritchard believes that Multicultural Americans are increasingly looking for a brand to see them as they are — with creative that depicts them in a non-stereotyped way. “When that happens, they reward [the brand] with more loyalty and trust,” Pritchard said.

“These different Multicultural aspects of American society have a very profound effect on culture, in terms of how people see themselves, in entertainment, music, fashion, and comedy,” he concluded. “They have a disproportionate effect on brands. Brands — if smart — should spend the time to do the marketing that is necessary.”

The controversial topic of “Total Market” initiatives was brought into the conversation by Pritchard.

Of Total Market moves by major U.S. corporations, he said, “I don’t think it was intended to average everything out, but I think it did. I think it averaged things and tried, to some extent, to homogenize what marketing is about. That is really not what people are looking for.”

Pritchard is particularly proud of using the voice of advertising to provide a point of view on social subjects and causes that are important to P&G’s diverse customers. To a certain degree, these efforts can even eliminate bias.

He points to the Pantene Gold series, a set of hair care products made by Black women for Black women and the 2017 “Strong Is Beautiful” campaign. The effort was a “poetic celebration” of African-American hair. “This shone a light on bias in some pretty bold ways,” Pritchard said.



Meanwhile, Pritchard points to “The Talk,” one of P&G’s latest and most successful campaigns, as a great way to connect with segments. “The Talk” is winner of both the 2018 Prime Time Commercial Emmy Award and the 2018 Grand Prix in Film at the Cannes Lions Festival. The creative effort is a powerful portion of P&G’s “My Black Is Beautiful” social responsibility campaign.

While these efforts have received accolades across the advertising industry, Pritchard insists that there is still work to do. “We still have to push on the Multicultural aspects,” he said. “I don’t think we are where we’d like to be with Multicultural directing how we do all marketing. There still needs to be a bit of a push.”

## XVI. REFLECTING TODAY’S CONSUMER BASE

Diverse talent. Cultural sensitivity.

You’ve read about them. You’ve learned about their importance and potential for growth.

But do you and your team *understand* the opportunities that lie in embracing these keys to capturing the diverse consumer?

It’s incumbent upon today’s growth-minded company to have its entire C-suite in lock step, working together in unison across the organization.



**LISETTE ARSUAGA**

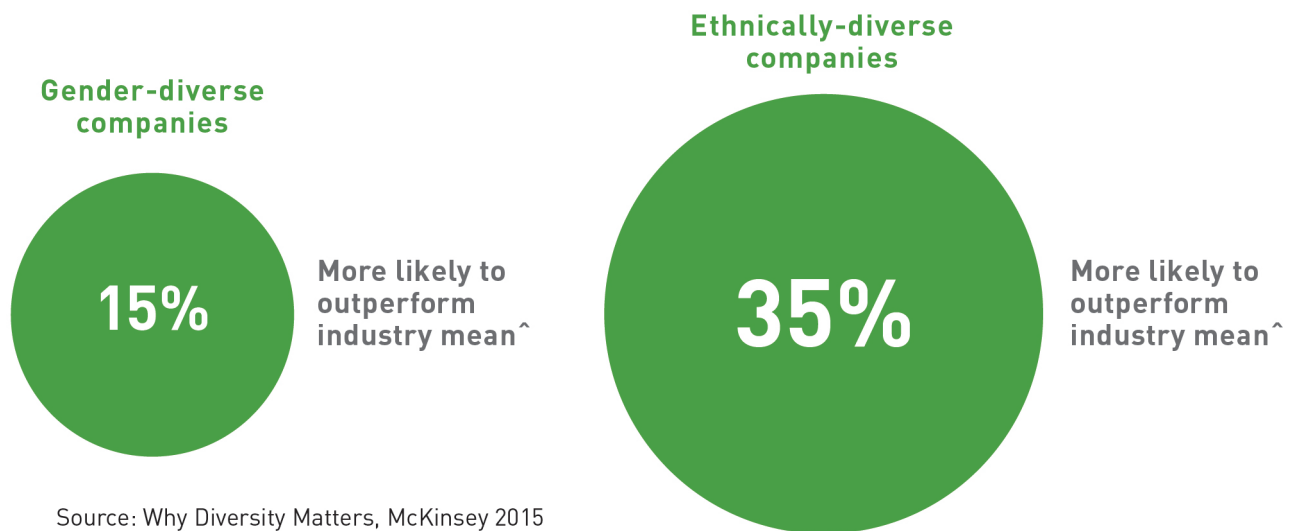
“The more our talent can reflect the marketplace, the better our companies will be able to target the communities around them,” noted DMI’s Co-President and AIMM Co-Founder Lisette Arsuaga. “It’s about inclusivity — inside and outside the corporate walls. Accomplishing this will require the input of all invested players, including any Multicultural advertising, marketing, and PR/social media agencies; thought leaders within the organization who have taken the mantle and are change agents; and the all-important brand advocates trumpeting your values online and through experiential interaction.”

For the company's change agents, understanding the cultural influence of your brand is a key task. It speaks to the expectations of a brand among the many customers who represent today's diverse consumer.

"Being inclusive, socially responsible, and authentic are traits that can lead to increased trust from the diverse consumer," added Arsuaga. "But it cannot stop there. An allocation shift to media super-serving the Multicultural and/or diverse consumer is a must. It is perhaps the biggest challenge remaining for many marketers."

## A. BUSINESS IS BETTER WITH DIVERSITY AT ITS CORE

As seen in the chart below, diversity generates higher returns. According to McKinsey, gender-diverse companies outperform the industry by 10 percent and ethnically-diverse companies outperform the industry by 35 percent. Simply put, companies that prioritize ethnic diversity in their executive ranks financially outperform others. There is a direct correlation between ethnic composition of staff and financial growth: for every 10 percent increase in racial and ethnic diversity on the senior executive team, earnings before interest and taxes rise 0.8 percent (McKinsey, *Why Diversity Matters*, 2015).



Additionally, the study indicates that diverse companies:

- Had 2.3 times higher cash flow per employee over a three-year period than non-diverse companies did

- Were 70 percent more likely to capture a new market
- Were 45 percent more likely to improve market share

In support of this finding, the Boston Consulting Group's article "Closing the Diversity Gap in Silicon Valley" states that a 1 percent increase in gender diversity correlates with a 3 percent gain in revenue, while a 1 percent increase in racial diversity correlates with a 9 percent gain in revenue.

According to Gartner, diversity not only improves business growth, it also leads to greater retention and commitment from employees:

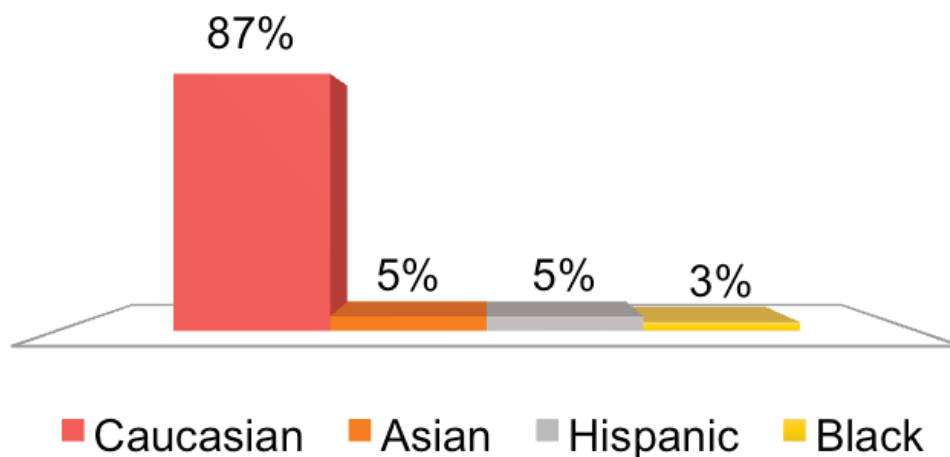
Diverse and inclusive workforces demonstrate (Gartner.com, *HR Leaders Propel Business Growth*, 2018):

- 12 percent more discretionary effort
- 19 percent greater intent to stay
- 57 percent more collaboration among teams
- 42 percent greater team commitment

Yet in an ANA Diversity Scorecard Study in which 23,000 individuals and 747 client-side marketer companies participated, the ANA discovered that strong, positive strides in achieving gender balance have taken place, while ethnic diversity in corporate marketing is still sub-optimal, regardless of management level (ANA, *Diversity and Gender Progress Is Mixed Among ANA Member CMOs*, 2018).

Looking at diversity at the CMO level, diversity numbers decrease substantially across all segments. As indicated in the chart below, 87 percent of CMOs in these same 747 ANA client-side marketer companies are White Non-Hispanic. Both Hispanics and African-Americans are severely under-represented in the corporate CMO ranks, with only 5 percent Hispanic CMOs and 3 percent African-American CMOs. Although Asians are also represented at a 5 percent level, this number is in line with their representation in the U.S. population (ANA, *Diversity and Gender Progress Is Mixed Among ANA Member CMOs*, 2018).

## ANA Member CMO's Ethnicity



2018 ANA Diversity Benchmarking Study

## XVII. A CALL TO ACTION: AIMM's FIVE-POINT PLAN

CMOs and brand managers face a unique challenge. Despite the efforts seen in recent years to educate and inform marketing professionals across the nation's top companies, these actions have failed to translate into substantial growth.

This led to the creation of a five-point plan which fits into any company's overall marketing plan. It is based on the premise that a one-size-fits-all approach towards segment marketing many times prioritizes efficiencies at the expense of effectiveness.



## A. SIZE UP THE OPPORTUNITY

Take a fresh look at the Multicultural consumer as a principal source of growth for your business. Conduct or refresh your organization's Multicultural market sizing research and make it as specific to your brand and/or product category as possible.

## B. INVEST IN METRICS

Set goals for your team and track the performance of your Multicultural marketing efforts. Also, be sure to connect with your research partners and ensure you have the right data to measure Multicultural growth. If you don't have the insights and knowledge to do the work, hire specialized agencies that can help you deliver results.

## C. EXPAND DIVERSITY IN YOUR TEAMS

Consider conducting a workforce diversity audit. Your organization may wish to update its action plan for diverse hiring and retention strategies as a key part of this process. Corporations should strive to mirror the communities they target. With the U.S. becoming increasingly diverse, this effort should begin as soon as possible.

## D. ALLOCATE THE RIGHT SPEND

Be bold enough to make the investments you believe are needed to fully accomplish brand growth through proper and committed outreach to diverse consumers. This calls for a visit to the C-suite: align all diversity efforts with the organization's executive team and call for marketing budget allocations that are proportionate to the growth opportunity. Then be sure to execute your campaign with the smartest cultural and/or linguistic relevance, generated from research conducted by experts who fully understand the evolving consumer landscape.

## E. EDUCATE ON THE VALUE OF MULTICULTURAL AND INCLUSIVE MARKETING

Understanding the intricacies of segments and the importance of cultural intelligence to be relevant to your target, language preferences, and media platforms requires specialization, experience, and sensitivities. You don't have to be Multicultural to do Multicultural/inclusive marketing, but you do have to learn it — it's no different than learning digital marketing if you want to reach millennials.

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# XIX. AIMM MEMBERSHIP

- **Leadership:** ANA, Dávila Multicultural Insights (DMI), Santiago Solutions Group (SSG)
- **Chairs:** Wells Fargo Bank EVP of Brand and Advertising and Head of Integrated Marketing **Michael Lacorazza** and ANA CEO **Bob Liodice**
- **Vice-Chair:** Sam's Clubs CMO Tony Rogers
- **Board Advisor:** Denny's CMO John Dillon
- **Advertisers:** AARP, Aetna, Anheuser-Busch InBev, BuzzFeed, Cigna, Clorox, Coca-Cola, Denny's, Diageo, Keurig Dr Pepper, Dunkin' Brands, Edward Jones, General Motors, Hallmark, Hewlett-Packard, Johnson & Johnson, Kaiser Permanente, Kellogg Co., Marriott, McDonald's, MillerCoors, Nationwide, Nissan, Northwestern Mutual, Procter & Gamble, Prudential, Sprint, St. Jude Children's Research Hospital, Target, Toyota, Ulta Beauty, USAA, Walmart, Wells Fargo, Verizon
- **Media:** A&E, AT&T AdWorks, Azteca América, Discovery, Facebook, FUSE Network, Google, H Code Media/HipLatina, Hemisphere Media Group, NBCUniversal Telemundo Enterprises & Content, NGL Media, Univision Communications
- **Research:** InfoScout, Nielsen
- **Trade Associations:** ANA, Culture Marketing Council, Video Advertising Bureau
- **Agencies:** Acento, Burrell Communications, Captura Group, Conill, Fluent 360, Gravity, Group M, Huddled Masses, Intertrend, IW Group, López Negrete Communications, Omnicom-OMD, Plan C Agency, Publicis Groupe, Target 10, TDW + Co, Universal/McCann, UniWorld Group, Walton Isaacson, Wieden+Kennedy



# THE CASE FOR CHANGE

A path to effectively reaching diverse consumers,  
through business transformation



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To create a powerful voice that elevates multicultural  
and inclusive marketing to promote business growth  
in an increasingly diverse marketplace