

ANA Multicultural Marketing Survey



October 2002



- 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

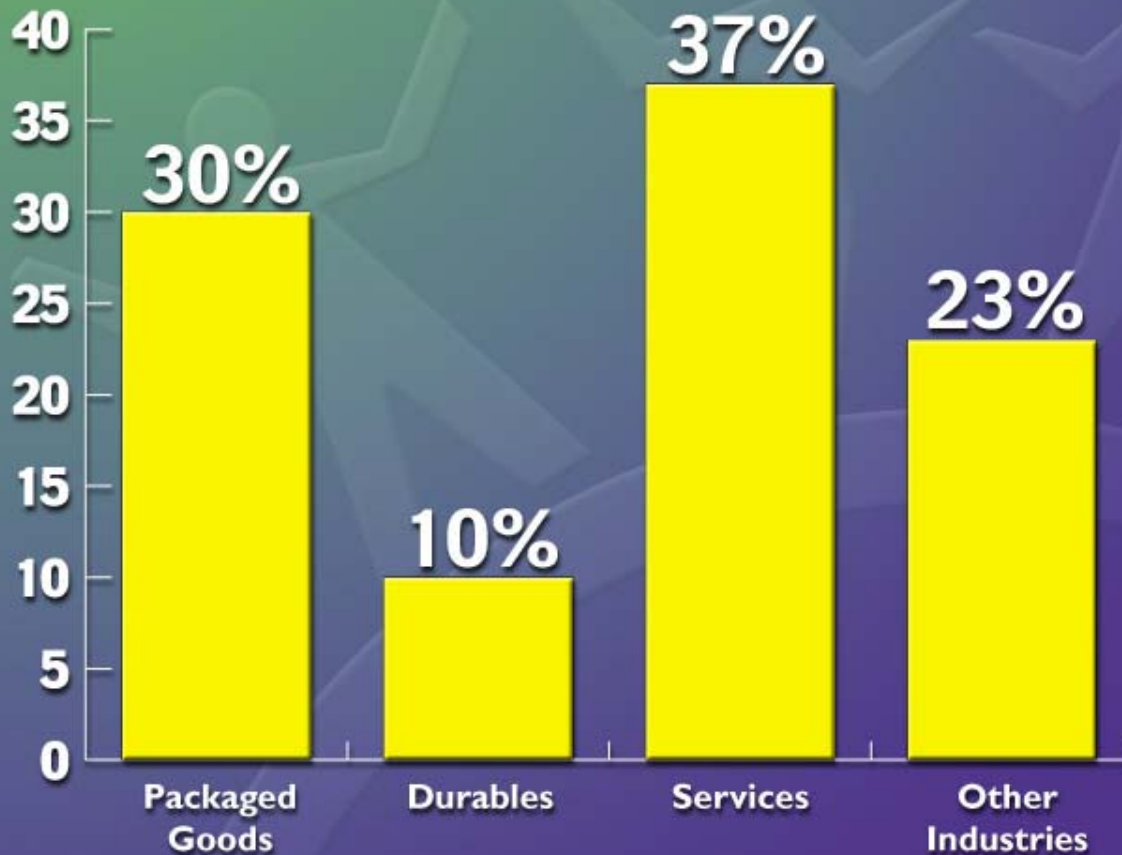
- High level multicultural marketing champions within an organization were a predictor of success
- Organizational structure was also a success indicator - “internal consultants” were less effective than stand alone profit units
- Measurement posed a challenge with some feeling as if they were held to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

- 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

Company Revenue by Industry



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

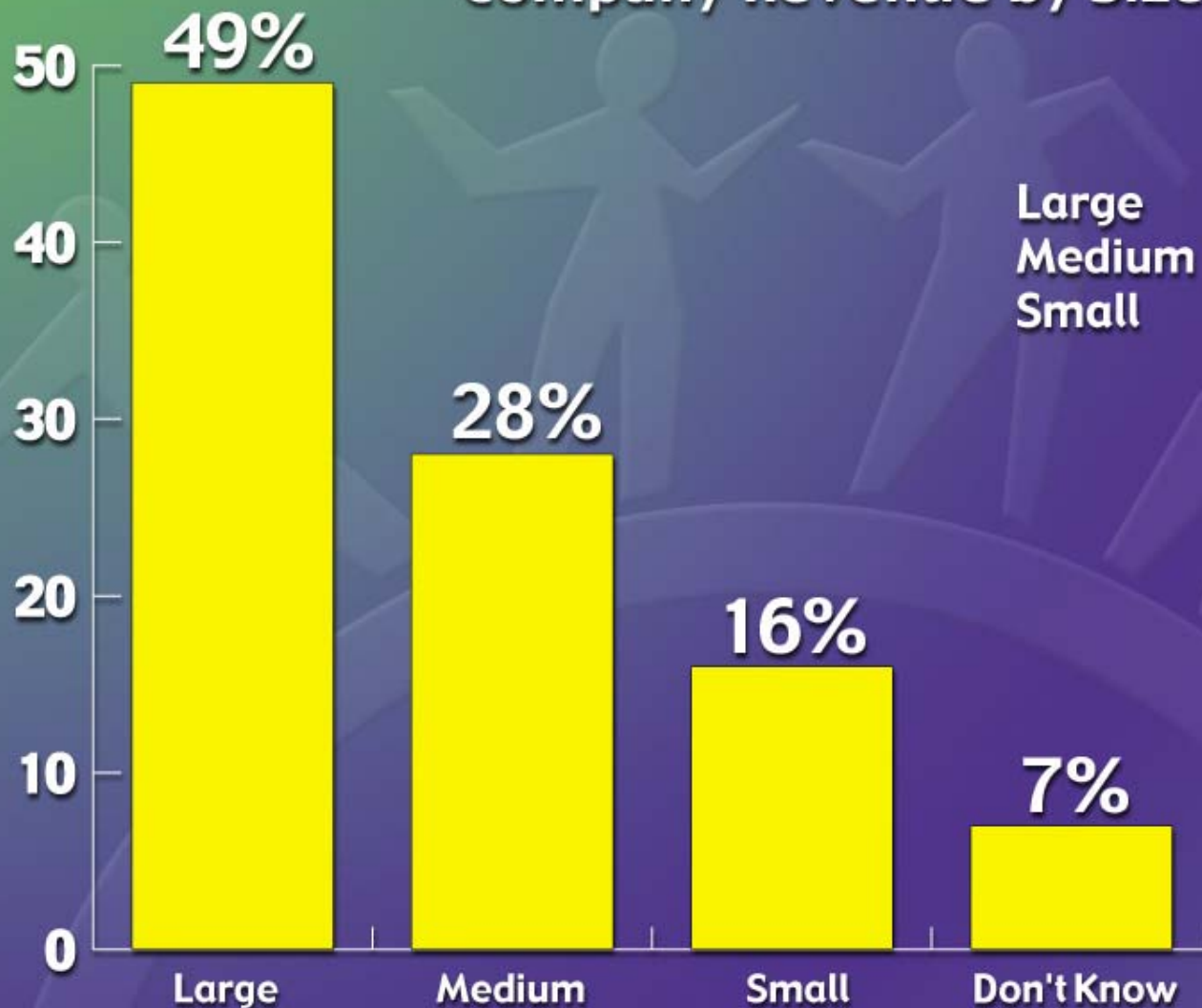
Services = food service, data processing, utilities, travel, telecommunications, financial services, entertainment, distribution

Other Industries = pharmaceuticals and health care, business-to-business, office equipment and supplies, petroleum, apparel, retail, miscellaneous



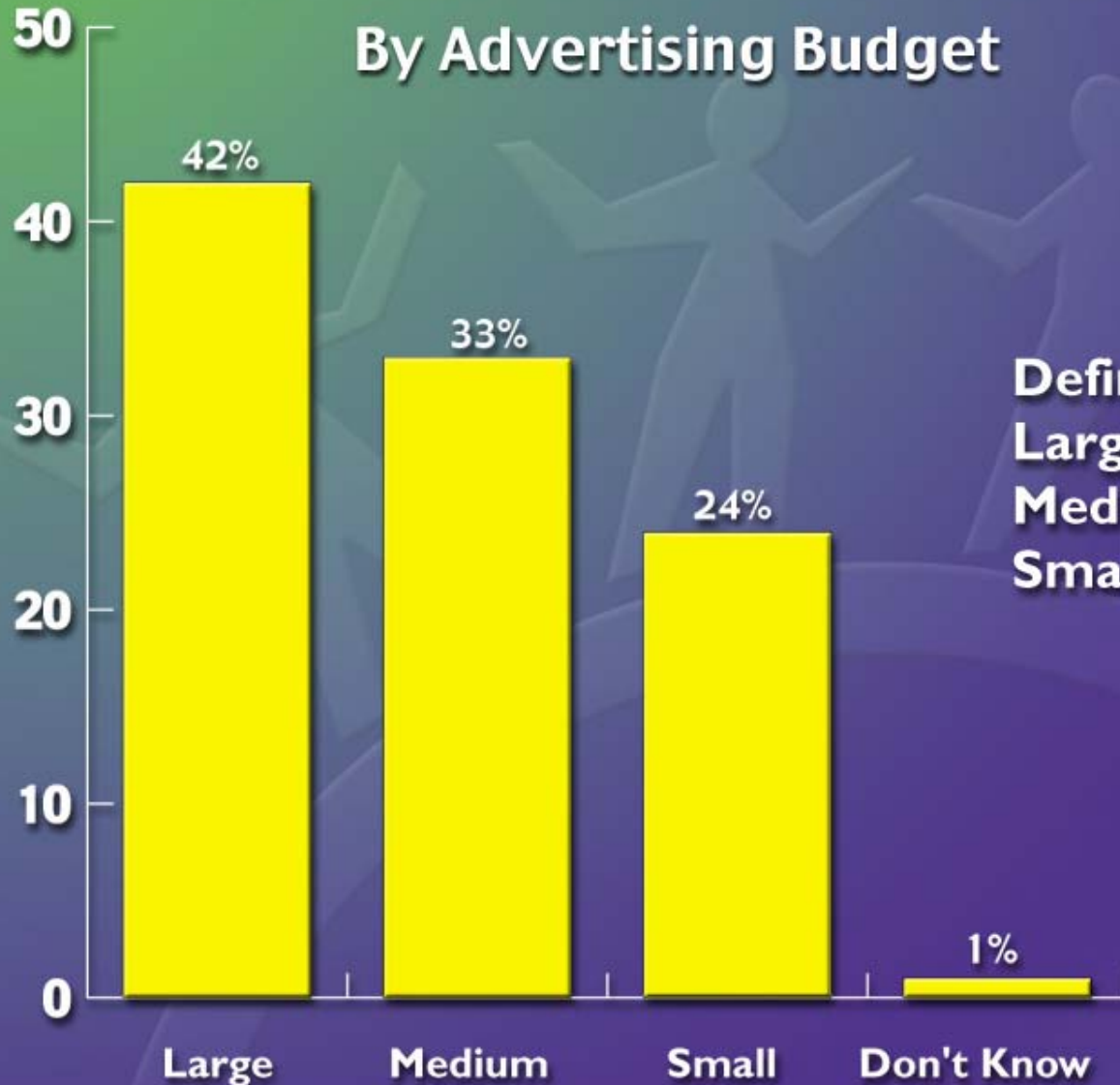
Profile of Survey Respondents

Company Revenue by Size



Large = \$5BB or over
Medium = \$500MM-\$4.9BB
Small = Under \$500MM

Profile Of Survey Respondents



Average: \$226MM

Definitions:

Large: \$100MM or Over

Medium: \$15MM to 99MM

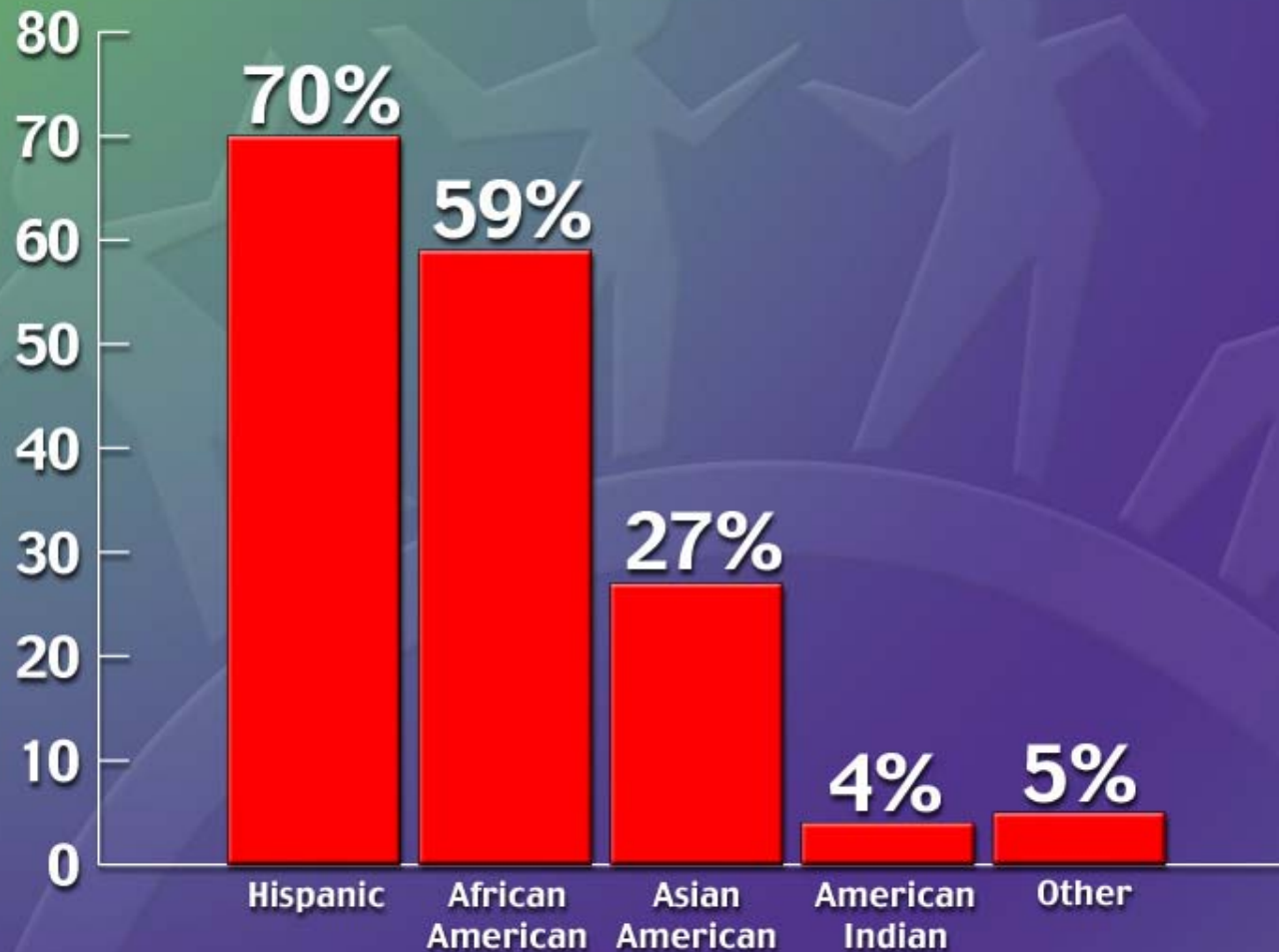
Small: Under \$15MM

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)

Multicultural Marketing Segments

- Respondents market to narrow segments:





They Tend to Use Narrow Marketing Channels

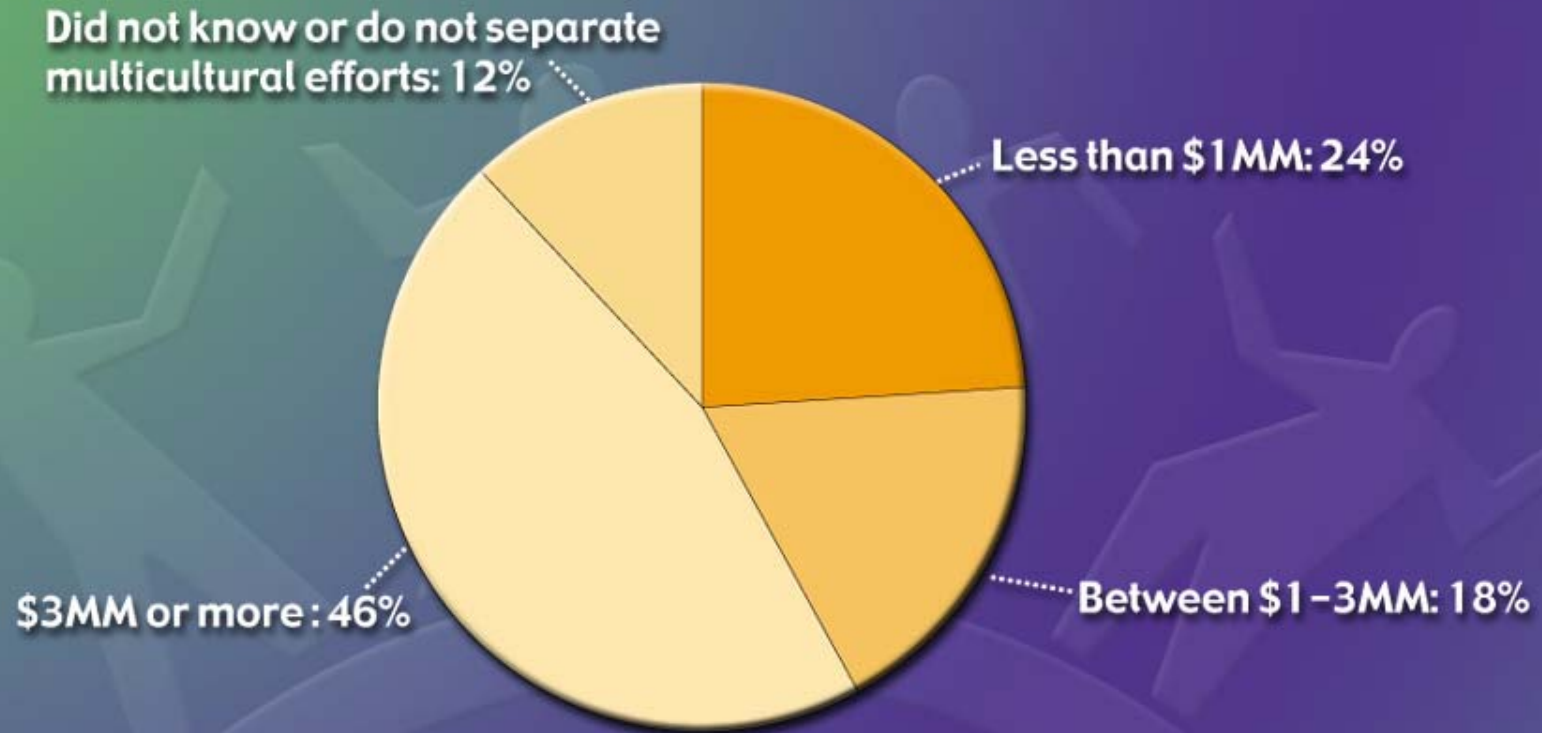
- TV to diverse market segments: 76%
- Print to diverse market segments: 76%
- Radio to diverse market segments: 68%
- Sponsorship: 57%
- Grassroots; 56%
- Mainstream TV/Radio on “ethnic” programs: 39%
- OOH in Diverse Neighborhoods: 39%
- Newspaper to diverse market segments: 35%
- Online to diverse market segments: 35%



If Not, Why Not?

- 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

Future Budget

- One half (54%) expected to increase multicultural marketing efforts in 2003
- One quarter (26%) expect them to remain the same
- 6% expect reductions

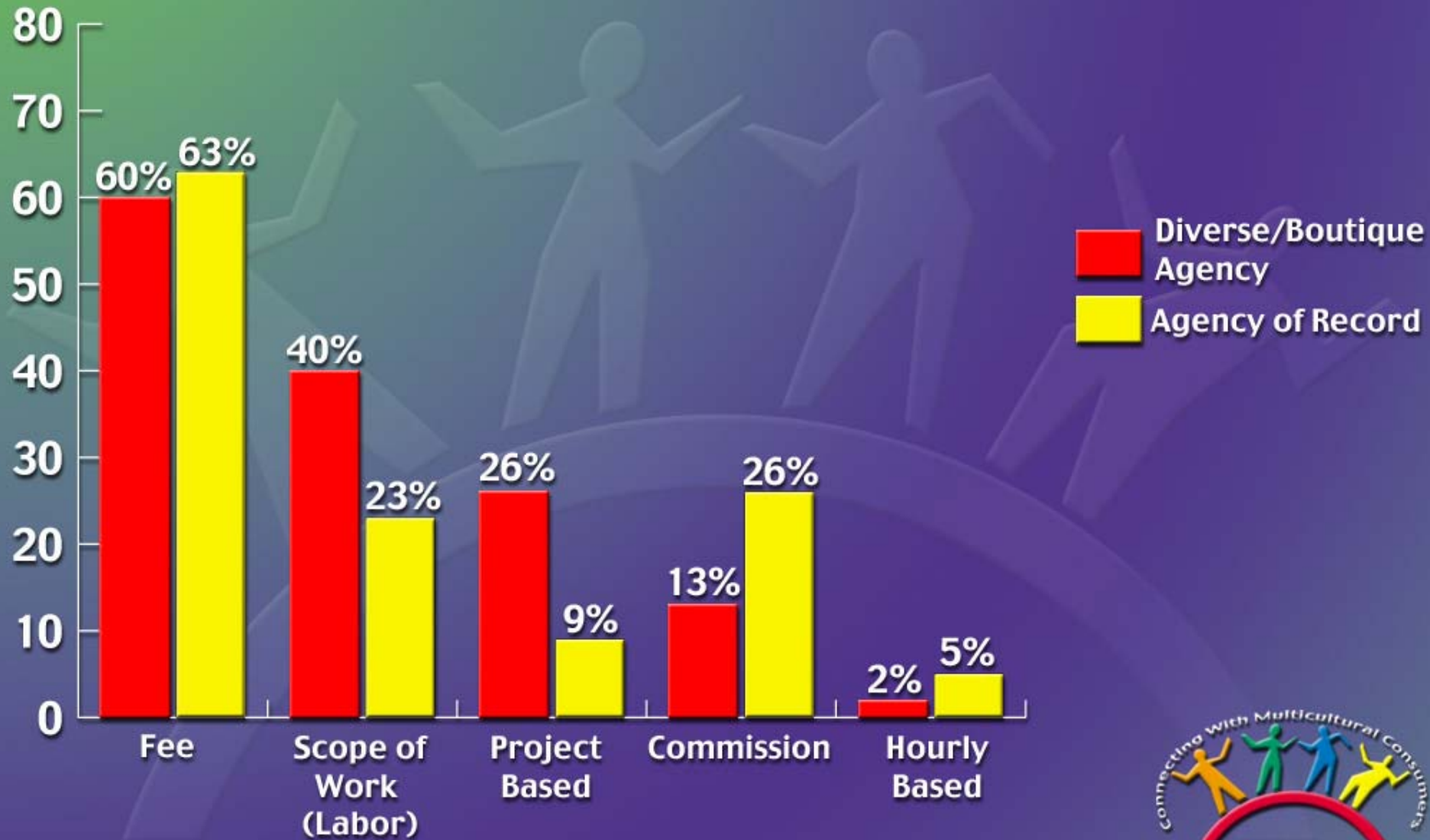
Types of Agencies Used to Create Multicultural Marketing

- 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

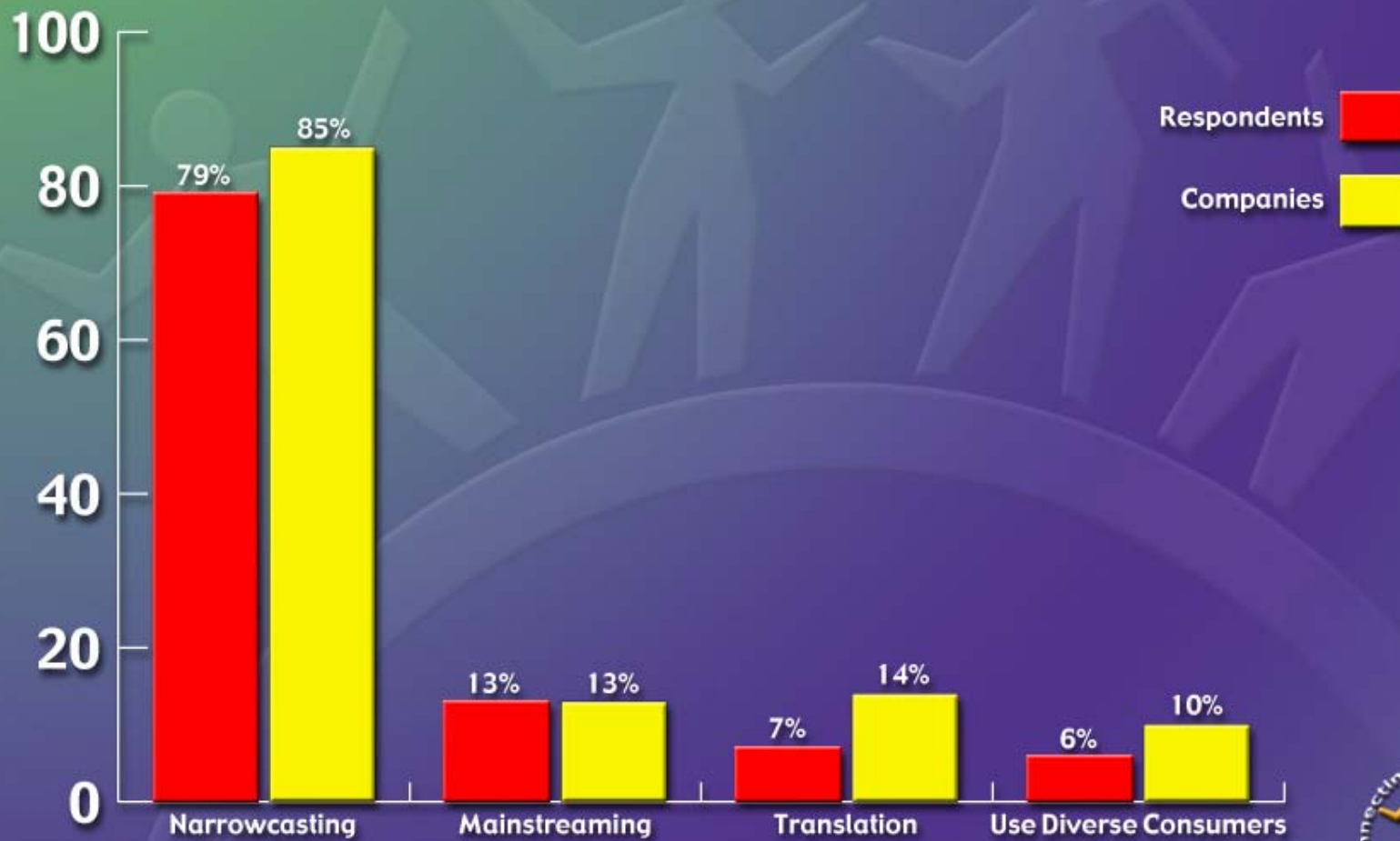
Agency Compensation



How They Buy

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

Mainstreaming

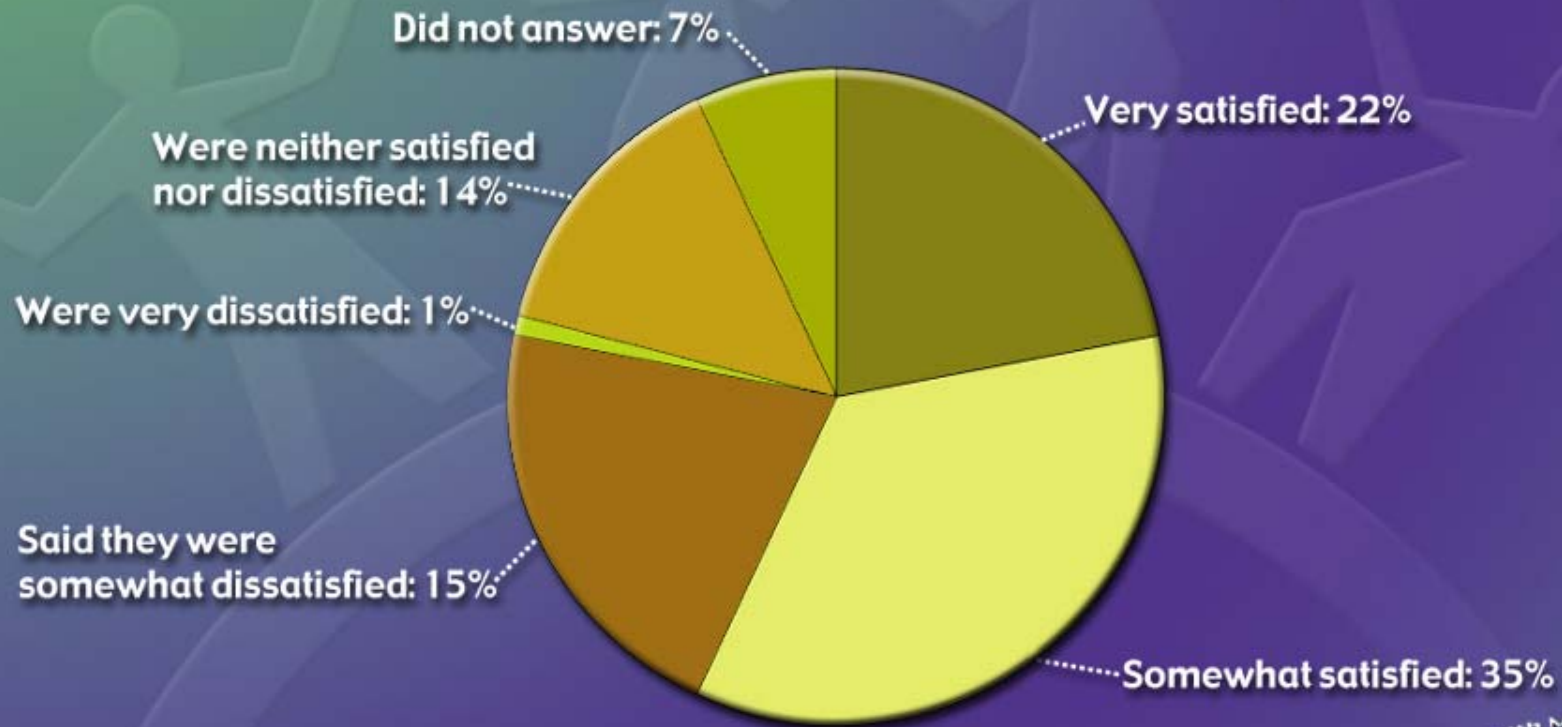


How They See Multicultural Marketing Evolving

- 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:



Levels of Satisfaction

- This was true even among those directly responsible for these efforts:

	Responsible	Not Responsible
Very Satisfied:	24%	18%
Somewhat:	36%	29%
Dissatisfied:	13%	18%
Very Dissatisfied:	0%	6%
Somewhat:	20%	24%

Satisfaction By Type of Agency Utilized

	GENERAL MARKET AGENCY	DIVERSE/ BOUTIQUE AGENCY
VERY/SOMEWHAT SATISFIED	46	62
VERY SATISFIED	14	27
SOMEWHAT SATISFIED	32	35
NEITHER SATISFIED NOR DISSATISFIED	18	15
SOMEWHAT/VERY DISSATISFIED	36	18
SOMEWHAT DISSATISFIED	32	16
VERY DISSATISFIED	4	2
UNSPECIFIED	-	3

General Market Agencies

- 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

	How diverse/boutique agency is measured:	How company's agency of record is measured:
Sales:	44%	43%
Market Research	15%	19%
Performance	13%	13%
Profits	7%	0%
Service	7%	10%
Evaluations	4%	9%
Creativity	6%	8%
Results/Share	2%	8%
Retention of diverse employees	4%	1%



Advertisers Must Engage Agencies

- Not many advertisers require diversity of the account team

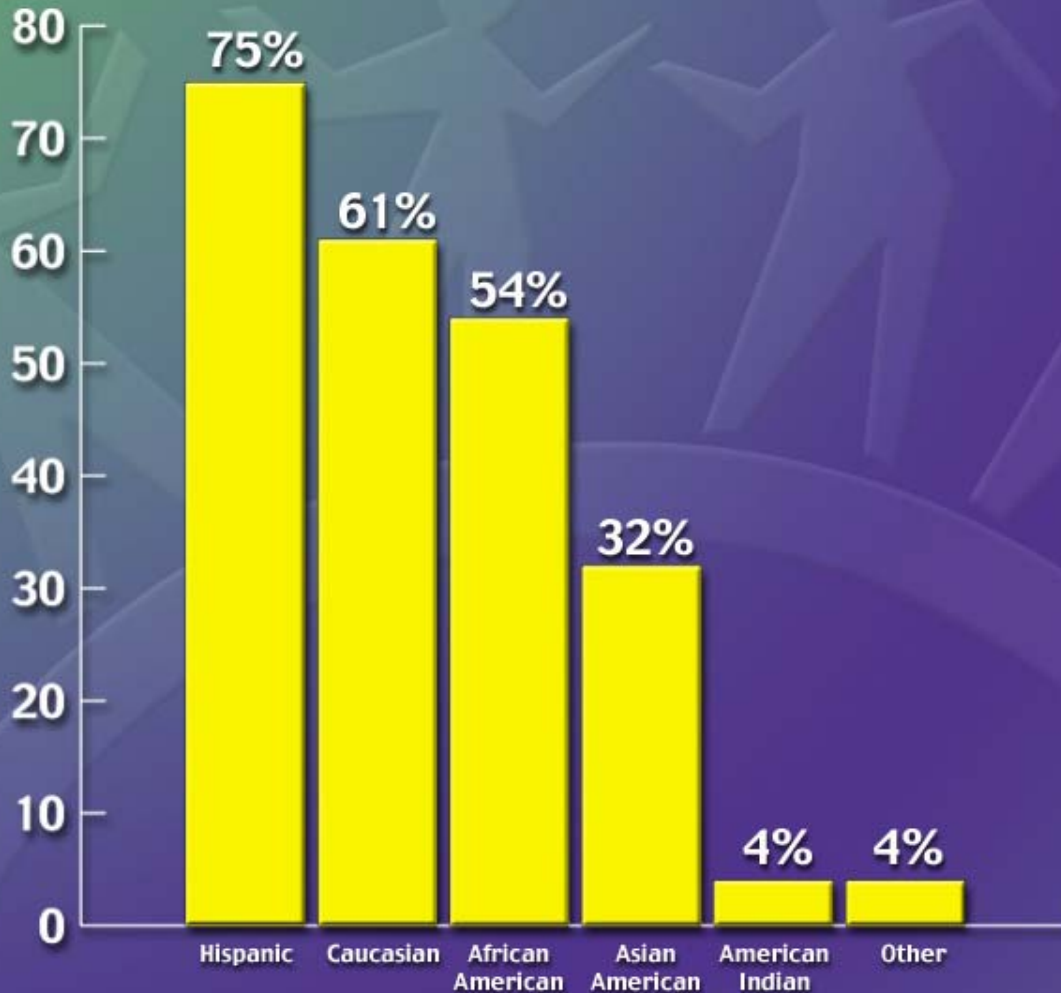
	Ethnic/Racial Makeup of AOR Account Team	Ethnic/Racial Makeup of Diverse/Boutique Agency Account team
Caucasian:	77%	26%
African American:	36%	56%
Hispanic:	32%	91%
Asian American:	14%	31%

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

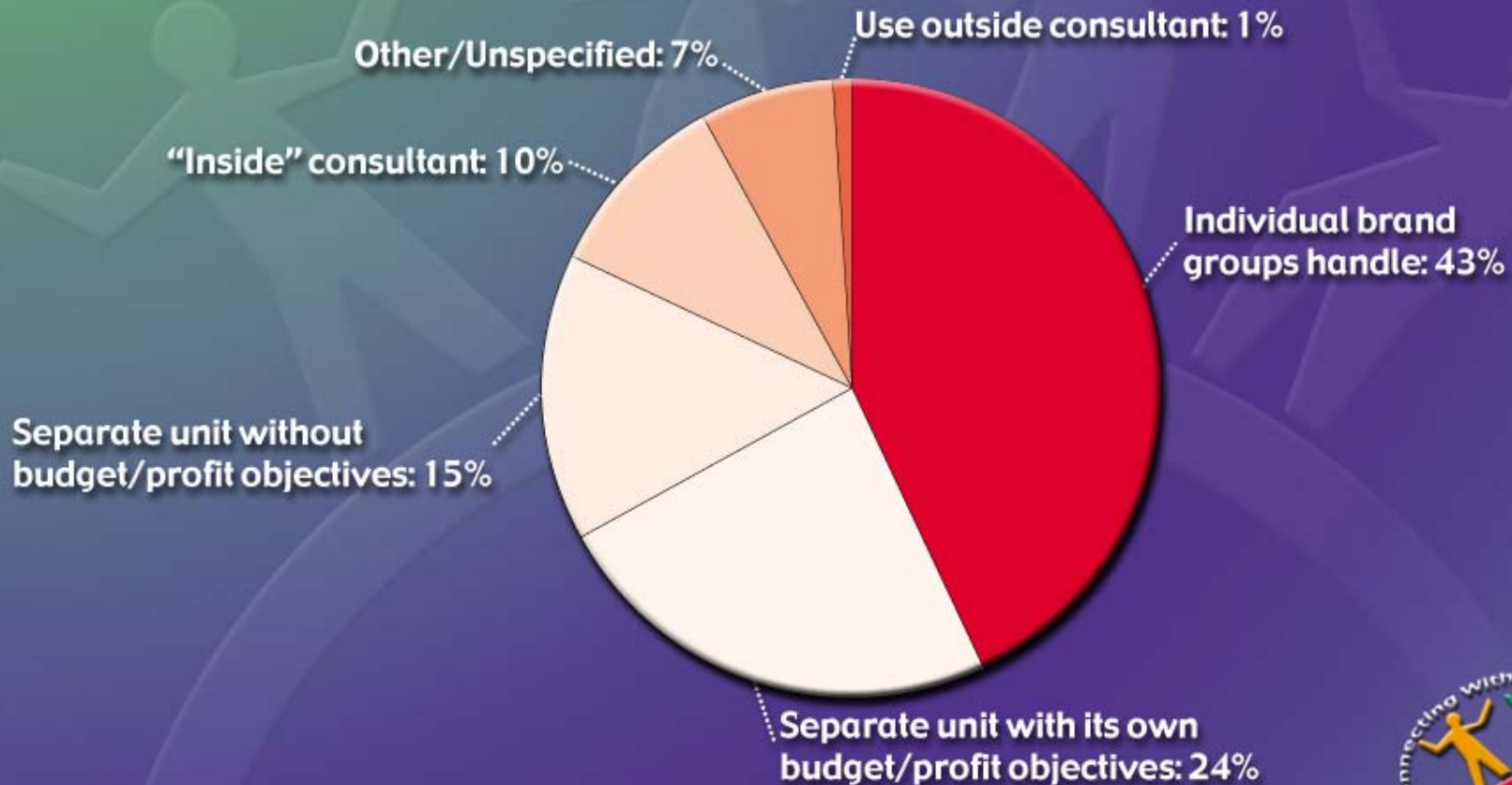
Advertiser Diversity

- Advertisers multicultural departments vary in their diversity:



- 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

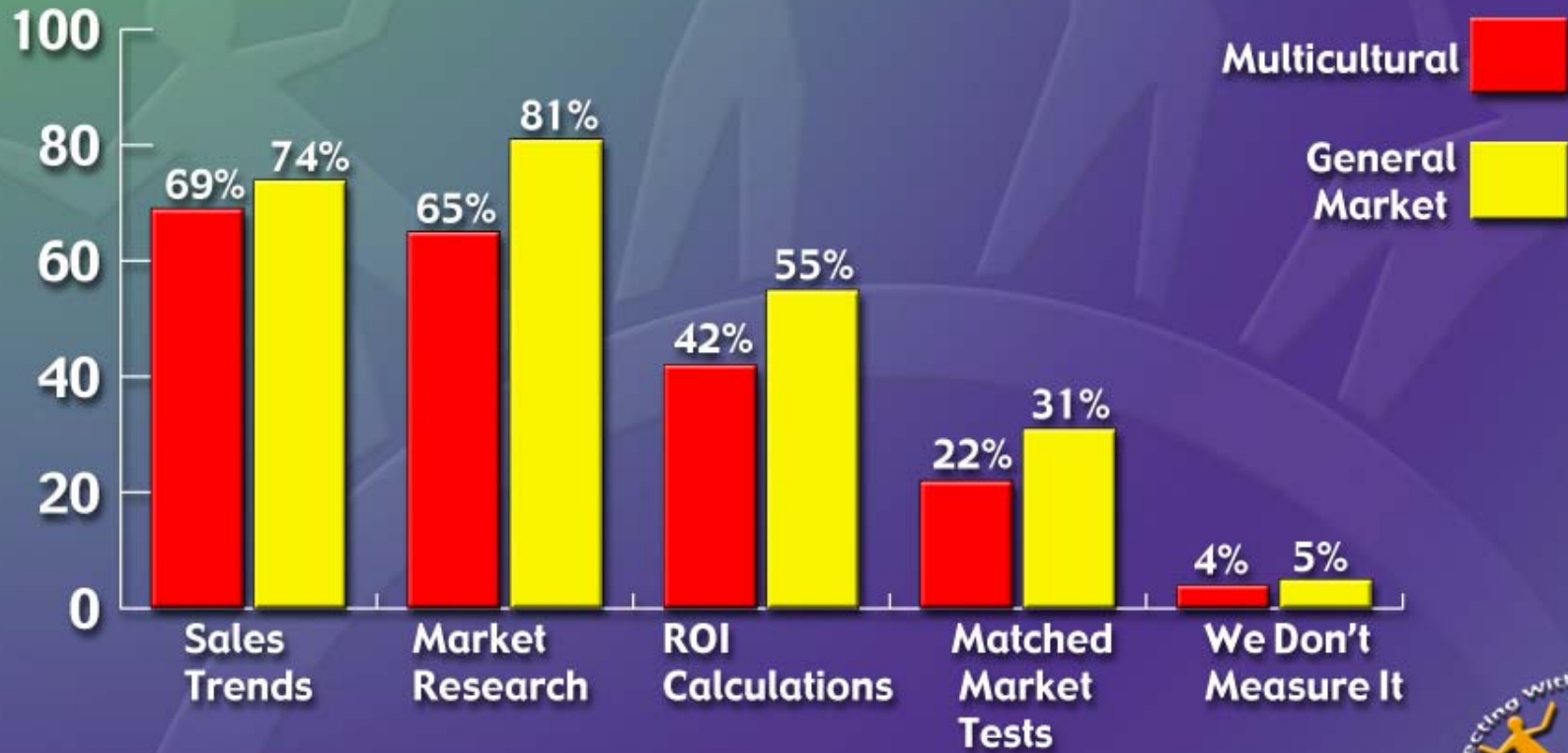
- Three quarters of the companies surveyed did not have separate profit/budgets allocated to multicultural marketing departments
- 33% use outside diversity marketing/related advisory boards



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



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