Hispanic Advertising Allocations Equate to Corporate Revenue Growth

AHAA Total Market Benchmark Study

The Agency Side

Preliminary Findings

February 25, 2014
Context

• Marketing professionals have been experimenting with how to integrate multicultural marketing with the increasingly diverse mainstream market.

• However, there is a proliferation of views on the purpose, criteria and the proper implementation of Total Market strategies.

• We seek to shine a spotlight on the most effective approaches.
Objectives

• Understand current practices in the implementation of Total Market strategies.

• Approach issue from both Client and Agency perspectives.

• Determine best practices and guidelines for implementation by all marketers
Methodology & Respondents
AHAA Benchmarking Study Goal
Fall ‘13

Research on Total Market approach

• A first step in identifying trends
• Providing a benchmark to develop best practices for all marketers.

Methodology

Online survey
323 marketing professionals

This preliminary report reflects Agency sample (n=197)

with comparisons to Advertiser sample (n=116) when possible

AHAA appreciates the support of ANA, Viacom’s Tr3s, Univision and Santiago Solutions Group
7 n 10 Respondents Work In Advertising; 3 in 10 In Other Marketing Services

QA1 What type of agency best defines the company you work for: n=205 (agency)

- Advertising: 69%
- PR/Communication Agency: 24%
- Promotions Agency: 3%
- Consulting & Other: 31%
6 in 10 Respondents Are Hispanic Market Specialists in Independents/GM agencies;

4 in 10 from diversified Multicultural, General Market, African American/Asian or Other Agencies
3 in 4 Agency Respondents Come from Top Two Levels

- C-level: 42%
- VP/SrVP: 32%
- Director: 36%
- Manager: 18%
- Other: 8%

Agency: QA25 What is your title (or equivalent)? n=104
Client: Q38 What is your title (or equivalent)? Base: 55
Key Findings
Definition, Interpretation, Objectives
Most Agencies & Advertisers Are Familiar With The Term **Total Market Strategy**

- Agencies are most familiar (9 of 10)

Q1: Are you familiar with the term “Total Market Strategy” referring to a marketing approach? (n=197 agency/n=116 advertiser)

- Familiarity With The Term “Total Market Strategy”
  - Yes: 91% Agency, 78% Client/Marketer
  - No: 9% Agency, 28% Client/Marketer
...Details & Interpretation Cross A Wide Spectrum

No standards exist yet

Integration vs. Adaptation

**Integrate** Multicultural into every step of the business process & marketing execution to maximize growth potential across all segments

**One pie — Adapt** the *same idea* to different audiences; Use the *same budget* to reach all segments
- Some say English only is enough to effectively reach nearly all

Addressing Nuances vs. Appeal to a multicultural nation

Understanding *upfront* the market in totality as well as specific segments, ensuring **nuanced needs & opportunities** are effectively **addressed across** 360 strategies-tactics

Less targeting to particular ethnic consumers, **MORE** leveraging broader strategies that **appeal to all in a new multicultural marketplace**.

Q2: What does a “Total Market Strategy” mean to you? (open ended)  
(n=180 agency/n=91 advertiser)
7 In 10 Agencies Perceive “Marketing Effectiveness” As The Primary Purpose Of TM vs 9 In 10 Clients

Q3: What do you believe is the primary purpose of a Total Market Strategy? (n=151 Agency/n=80 Advertiser)
Answering: “Marketing Effectiveness – Ensures that my company/brand effectively markets to all target segments (regardless of race/ethnicity) by inclusion from the outset of the marketing process.”

Marketing Effectiveness Is The Primary Purpose Of A “Total Market Strategy”

<table>
<thead>
<tr>
<th>Agency</th>
<th>Client</th>
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<td>71%</td>
<td>89%</td>
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Most Admit To “Efficiencies & Budget Effectiveness” As A **Secondary** Purpose Of TM

Efficiencies & Budget Effectiveness Are The Secondary Purpose Of A “Total Market Strategy”

- 61% of agencies
- 69% of clients

19% of agencies and 11% of clients perceive Efficiencies & Budget as the **primary** purpose of TM

Q4: Do you believe there is a secondary benefit to a Total Market strategy? (n=137 Agency/n=74 Advertiser)
Answering: Budget Effectiveness or Communications/Budget Efficiencies as secondary purpose
Key Findings

Current TM Practices & Impact
Agencies Are Concerned About How TM Might Be Implemented

- 51% of agencies unsure if it is good or bad or think it could be either, based on client execution
  - 134 index vs. advertisers (38%)

- 30% of agencies positive about TM
  - 57 index vs. advertisers (53%)

- 19% of agencies negative about TM
  - 211 index vs. advertisers (9%)

Agency: Question A25 Do you personally believe that Total Market Strategy is... Base: 93 (agencies)
Client: Question 31 Do you personally believe that Total Market Strategy is... Base: 53 (advertisers)
64% (52% of Clients)

Of Agencies have a TM process or formal POV in place

Agency: QA6 Does your company have a Total Market process in place or formal POV? N=140
Advertiser: Q6 Does your company have a Total Market process in place or formal POV? N=73
Most Agencies Practicing TM

- More likely than clients since agencies serve multiple clients
- 36% of non-practicing agencies plan to implement TM for 1+ clients in next year

% Of Agencies Practicing TM with 1+ Clients/
% Of Advertisers Practicing TM

- 89% with SOME Clients
- 11% with ALL Clients

QA8: Does your company currently practice a Total Market strategy with one or more clients? n=140 (agency)
QA8a: If yes, how many clients do you currently practice a TM strategy with? (n=105)
Q 8: Does your company currently practice a Total Market strategy? N= 71 (advertiser)
Agencies Implementing Total Market Strategies are Concentrated in Media, Creative & Digital

A9 Within marketing, check all areas where Total Market has been implemented: n=277 Nº responses=528 (multiple clients)
Agencies Have Seen Increased Results Through TM

A11 Have any of your clients experienced any positive Total Market business results to-date? n=166 Nº responses=293 (multiple clients)
Most Agencies Have Not Seen Headcount Changes Since Implementing TM

- 71%: No change in headcount due to TM client strategy
- 19%: Yes: headcount has gone up
- 9%: Yes: headcount has gone down

A10 Since implementing TotalMarketing has your internal headcount been impacted by the practice of this strategy? n=79 Nº responses=150 (multiple clients)
Since Implementing TM, Most Clients (55%) have Increased Responsibilities/Added Agencies

- Increased responsibilities: 55%
- No change at all: 19%
- Newly added agency: 12%
- Reduced responsibilities: 3%
- Eliminated: 30%

n=103 Nº responses=179 (multiple clients)
Under Total Market the ‘Leading’ Role among Agencies Often Varies

A16 Does anyone “lead” the Total Market process? n=88
Nº responses=151 (multiple clients)
Most Clients Implementing TM Brief Agencies at Same Time

- Yes: 59%
- No, General Market agency takes lead: 16%
- No, other: 25%

A17 In executing Total Market, do all agencies come to the table at the same time for all client briefing."

n=76 Nº responses=134 (multiple clients)
According to Agencies, Most Clients Implementing TM Secure Segments’ Input Into process from the Outset

- Yes: 59%
- No, General Market agency takes lead: 25%
- No, other: 16%

A20 In executing Total Market ad messaging with your clients, do all agencies/target segments have input into the process from the beginning? n=82 Nº responses=142 (multiple clients)
Key Findings
Where is TM headed
Agencies Believe that A Year from Now About Same Proportion of Clients will be Expanding as well as Testing Total Market Initiatives

Expanding

Measuring & Testing

Other

Scale Back

43%

41%

8%

7%
Total Market Tenets

- Inclusive of all segments from outset and throughout strategic-execution process
- Reflect America’s new ‘total’ mainstream
- Embrace cultural nuances and similarities
- Showcase diverse talent
- Draw on universal truths
- Lead to effectiveness
Preliminary TM Definition

An internal-external mindset & practice which actively integrates diverse segments from inception through the entire strategic process and execution, with the intent of enhancing growth effectiveness.

This could lead to either one fully integrated cross-cultural approach, individual segment approaches, or both, but always aligned under one overarching strategy.
Conclusions

1. Client marketers agree that TM strategies will lead to more effective marketing with efficiency an important component.

2. Agencies also agree about the importance TM strategies but are concerned they might be implemented improperly.

3. All agree there are multiple ways of implementing TM and AHAA will lead the discussion in understanding the pros and cons of different approaches.

4. TM strategies will become the norm in the near future and agencies restructure to a new mainstream audience as well as individual cultural segments.
Help develop TM standards, criteria, best practices, and eventually a playbook/tools for the marketing industry.
AHAA will continue to bring the best minds in the industry to define Total Market approaches more uniformly, develop guidelines, processes and share learnings for successful implementation.
Join the conversation. Visit AHAA’s Research page to
DOWNLOAD STUDY FINDINGS
WATCH FUTURE PRESENTATIONS
READ MEDIA COVERAGE

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