

BRAND AWARENESS SERIES

DE&I Strategies for Marketers

- 3 Why DE&I is integral for your marketing strategy
- 6 How a DEI commitment can innovate your marketing
- Best practices for multicultural marketing
- 14 Understanding the influence of heritage on Black consumers
- 17 Where's all the Hispanic marketing?

FUTURE
B2B

Marketers who fail to embrace strategies that include diversity, equity and inclusion efforts could not only tarnish their brands but also risk isolating an influential segment of multicultural consumers. It is important for brands and marketers to understand that customers look for authenticity and evaluate brands across all touch points of the buying cycle.

When it comes to multicultural marketing, you must truly know your audience before and even during your marketing campaigns and outreach to ensure content is on target. Research and representation are the building blocks of a good multicultural strategy, but marketing experts say that showing respect is paramount.

The purchasing power of Hispanics is growing more than twice as fast as non-Hispanics and is estimated at \$3.4 trillion, according to a Latino Donor Collaborative report. Most marketers are keenly aware that this community is vital to reach. It is also important for marketers looking to connect with this community to be aware that Hispanics hail from many different countries that have distinct cultural traditions. Mike Driehorst explains why Hispanic marketing requires a deep understanding of the cultures



and traditions that make up this vital demographic – and what marketers can do to successfully reach this demographic.

Half of Black consumers say their family heritage and identity influence their purchase behaviors, Numerator figures reveal. Numerator's Amanda Schoenbauer advises that marketers should be careful not to treat Black consumers as a one-size-fits-all group, noting that this community of savvy shoppers consists of a diverse group of people with varying distinct preferences and patterns of behavior. Specific avenues like X, formerly Twitter, TikTok, podcasts and YouTube also are key locations where brands can connect with Black consumers.

Why DE&I is integral for your marketing strategy

In a marketplace where customer experience is a top priority, consumers expect more from companies and their brands. Future B2B explores how marketing teams should be discussing and implementing DE&I strategies.

DE&I is top of mind for most companies, and as marketers, we know it's no longer an option to stay silent when it comes to the lack of diversity in our content, in our campaigns and in our ad images. But how should we be thinking about DE&I when building it into everyday campaigns? And how do we make it authentic?

Where companies need to begin when it comes to discussing diversity

In a marketplace where customer experience is a top priority, consumers expect more from companies and their brands. Customers look for authenticity and evaluate brands across all touch points of the buying cycle. In fact, the <u>World Federation of Advertisers</u> conducted a study in partnership with the Geena Davis Institute on Gender in Media and found that 54% of consumers do not feel culturally represented in online ads. However, 71% of consumers expect brands to promote diversity and inclusion. Marketers are falling short.

As storytellers of our brands, marketers play a central role in company diversity and inclusion initiatives throughout the entire organization. As a starting point, we suggest conducting an audit of client-facing and audience-facing assets, such as websites, presentation decks and collateral

DE&I barriers and how to overcome them

Future B2B's SmartBrief brand published a white paper examining some major hurdles to crafting and implementing a DE&I strategy. Here are the three key findings.

1

NO ONE IS ACCOUNTABLE

Many company leaders are quick to draft statements and social media posts aligning themselves with social justice issues, even drafting plans of action to create change within the organization. However, many of these plans don't include accountability metrics, and while they may be well-intentioned, initiatives can easily get lost in the midst of business priorities.

Overcoming this barrier can be as simple as including a public commitment, an action strategy, and accountability goals and metrics to ensure progress is achieved.

2

THE TEAM DOESN'T GET IT

Putting focus on DE&I initiatives takes a large investment. Many of the plans that marketing leaders create leave out the most important stakeholders – the employees. It is difficult for companies to reflect their values to customers if their employees don't understand or connect to those values.

But this can be as easy as involving employees from the onset to learn and ask questions about why DE&I work is important and valuable.

3

DIVERSITY IS MISSING INTERNALLY

Marketing teams that lack diverse representation are bound to result in shortfalls. This could lead to tokenization and culturally irresponsible imagery and messaging.

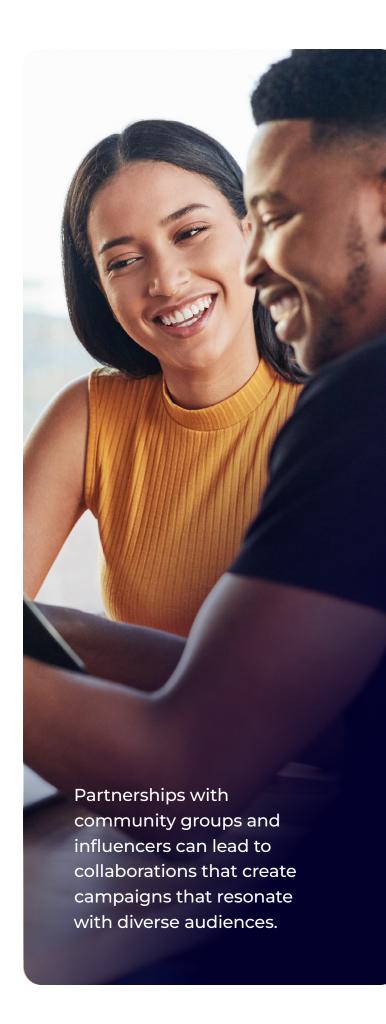
To fix this, hire a diverse team and make sure everyone has a voice at the table. Partnerships with community groups and influencers can also lead to collaborations that create campaigns that resonate with diverse audiences and ensure that advertising does not lead to tension.

How to avoid tokenization and ensure culture is represented

One of the biggest mistakes many companies make regarding DE&I initiatives is falling prey to tokenization while trying to connect with diverse audiences. Chantal St.Louis Augustin, director of enterprise marketing at LinkedIn, writes: "Paying lip service to DEI through woke washing and tokenism is no longer tolerated. It's meaningless – and worse, harmful – to simply slap a Black History or Pride Month banner on your website."

Hire a diverse team and make sure everyone has a voice at the table.

To make your DE&I strategy effective and real, conduct research and continually adjust it according to societal norms. Understanding and emphasizing cultural nuances will make all of the difference, so consult subject-matter experts and bring them into the conversation to ensure cultures are properly represented.



How a DEI commitment can innovate your marketing

An ethnically and culturally diverse marketing campaign starts with an inclusive creative brief.



This lack of diversity in advertising may have even caused some consumers to look at competitor brands whose marketing more closely resonated with their cultural perspective.

The bottom line: If consumers don't feel represented, they'll be more likely to tune you out.

The US is one of the most ethnically diverse countries on the planet, but you wouldn't know it from the advertising.



More than 40% of the US population

is nonwhite in race, per the 2020 census. However, these demographics are often lacking in advertising. For example, though the majority of global marketers say they are expected to use more diverse representation in their campaigns, 76% of them globally say there is still room for growth. Part of this may be related to the structure of the industry itself, with nearly 73% of advertising professionals identifying as white.

Furthermore, the problem is more than a philosophical one.

Lack of diversity can be a significant drain on one's business. The majority – 63% of consumers – report that a brand's diversity, or lack thereof, is important to them. Over one-third of these same consumers say they will stop using a brand if its advertising does not reflect their identity. These statistics are higher for underrepresented consumers. Alienating any group can severely impact your company's ability to succeed in an increasingly diverse market.

But all is not lost.

Meaningful attempts to be more diverse and inclusive can result in forging better connections with your customer base. Trends show that consumers are more likely to buy from brands that positively reflect their experiences and perspectives in advertising.

"Companies that operate with a <u>DEI mindset</u> in their marketing and branding can attract more customers because by embracing diversity, they drive business," said Sue Batterton, chief creative officer for <u>The</u> Richards Group.

"They foster richer, more authentic conversations with a wider group of people. They deepen relevancy and relationships with their brands. They attract a broader group of talent to join their teams. And they certainly enhance creativity in their problem-solving and communications," Batterton said.

Batterton also said that it's important for companies to partner with advertising agencies that can bring the right DE&I tools to the table to ensure that their marketing and ad campaigns can truly be impactful in reaching diverse audiences.

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Some experts say that agencies can't fully help their clients tap into diversity until they update their outdated creative briefs. The creative brief is a traditional tool used by most agencies to gather project details, goals, objectives, targeted messaging, visuals and key audience information so that marketing and ad campaigns can be created to strategically align with these insights.

However, most traditional creative briefs don't automatically factor in DE&I elements, which can be used to ensure that messaging, images and campaign visuals align with what will resonate most with a diverse consumer base.

Furthermore, these missing DE&I elements can be a huge misstep since diverse organizations are 1.7 times more likely to be innovation leaders

in their market. If you use a creative process that is diversity-driven, you are more likely to draw inspiration from unexpected places, and these ideas can lead to more out-of-the-box campaigns.

"We've revised our decades-old briefing document to be a far more inclusive Idea Briefs for our clients," Batterton said. "This new Idea Brief uses a far more robust audience backgrounder. DEI thinking is not a box to be checked in casting, but one that begins in strategy.

"We've also transformed our creative reviews and concept sessions into being brave spaces where all are invited to have a voice. All of this ensures that DEI is at the forefront when planning any marketing or ad campaign," Batterton said.

The reality is that companies must prioritize increasing diversity in their marketing efforts if they want to win new customers, create new streams of revenue and build brand loyalty for years to come. To achieve this goal, there are several key steps to take, including:



AUDIT YOUR CURRENT CREATIVE PROCESS

Does your traditional ideation process factor in diversity solutions? Does it gather relevant insights on current DE&I trends? Does it highlight what will resonate with diverse audiences or even factor in what will completely turn them off?

Also, what about your creative team meetings? Do these meetings bring a spectrum of diverse voices and thinkers to the table?

If you answered "no" to some or most of these questions, then it's important to take the time to identify all of the gaps in your current creative process. You should work to address these issues so that you can ensure that DE&I is intentionally included throughout your creative process.

2

ONBOARD DIVERSE TEAM MEMBERS

The advertising industry has been dominated by white voices for decades. One of the most effective ways to create diversity in advertising is by hiring diverse talent and ensuring they have a say in campaign strategy. A diverse team can offer solutions that will best connect with diverse audiences since they will bring their personal and cultural experiences to the table.

Another major benefit of creating a diverse team is that you can demonstrate to your audience that your company is taking authentic actions that back up its marketing messages.

4

EMBRACE AN ONGOING COMMITMENT TO DE&I

Any company that attempts diversity to "check it off the list" will fail. Customers can easily spot insincere attempts at diversity. Incorporating diversity without a strategy often appears to be a sign that your company is not authentic.

This results in damage to your reputation and an undermining of trust and respect for your company, which is the opposite of what diversity attempts to achieve. Diversity and inclusion should be ongoing and continuous rather than a one-off message.

UNDERSTAND YOUR AUDIENCE

The first step in creating any effective marketing is understanding who your target audience is — then you can begin to understand their values. This process leads to the ability to draft effective messages and use the right visuals that resonate with customers. This leads to better business outcomes.

There is no denying that creating diverse advertising requires great intentionality and a long-term commitment. The changing US demographics demonstrate that if you aren't diverse and inclusive, you may alienate nearly half of the potential customers you could reach.

However, by using the tips outlined above, you could be well on your way to building a pathway to greater DE&I success today and for years to come. The changing US demographics demonstrate that if you aren't diverse and inclusive, you may alienate nearly half of the potential customers you could reach.

Best practices for multicultural marketing

Multicultural marketing in the US is expected to grow 8% in 2024, per PQ Media, though it'll still account for less than 6% of total marketing spending this year.

While 8% growth is definitely not bad, it's still underwhelming, considering the US Census Bureau expects the country to be "minority white" in about 20 years. And, you don't have to wait that long for some age groups. Research spearheaded by the Hispanic Marketing Council* says the multicultural majority already exists for those age 25 and younger.

As any good marketer knows, if you can develop brand affinity for consumers while they're young, you have a solid chance to retain them as they get older.

SmartBrief, a Future B2B brand, surveyed its readers and gathered best practices in multicultural marketing. Here are three core best practices readers shared.

Research

Get to truly know your audience, before and even during your marketing campaigns and outreach, to ensure content is on target.

"One of the most important tips for successful multicultural campaigns is to understand and incorporate cultural insights that are relevant to the target audience," Plan C Agency CEO and founder Giancarlo Pacheco said. "This means going beyond basic demographic information and taking into account factors such as language, values, beliefs, customs and traditions."

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Also, if you don't have someone on your team who is a member of your targeted demographic, be sure to check content elements with members of that community.

"Double and triple check with those who live and work within those groups to ensure it's clear, correct and positively impactful," says <u>Elizabeth Scarborough</u>, a marketing and branding consultant.

More than one respondent said nuances are key.

"Do not use stereotypes," said Lagrant Communications CEO <u>Kim Hunter</u>. "Key messages must be culturally relevant and culturally sensitive."

Target 10 Vice President of Client Services <u>Matt Wagner</u> said those extra efforts to look at nuances will be noticed.

"Too many multicultural campaigns leverage the same people and themes, which creates a sea of sameness.

Going deeper and identifying specific opportunities and partners shows you're paying attention and generates increased resonance and engagement," Wagner said.



Represent

Research, messaging and other behind-the-scenes activities and nuances will demonstrate your commitment to proper multicultural marketing, but our experts say some obvious best practices should be included.

They all boil down to this: Representation matters.

"Using multicultural images in marketing helps readers and users of that specific race or culture to see themselves using the product or service," says Covington Travel Director of Marketing <u>Beverly McLean</u>.

Other advice includes using the same language as your target audience and even using simple things like country-specific formats for dates and times.

Respect

The above-mentioned efforts – research and representation – are the building blocks of a good multicultural strategy, but our marketing experts say that showing respect is vital.

"Always lead with dignity and respect of those about whom you are marketing," says Neighborhood Family Practice Vice President of Marketing and Communications <u>Andrea Lyons</u>. "Be careful not to stereotype or 'other' people in the community."

Dunn Marketing CEO and Chief Brand Strategist <u>Laura Dunn</u> says, like any type of marketing, multicultural marketing is about relationships.

"The public today is too savvy about, overexposed to and therefore distrustful of the old-school, one-way style of marketing, and that's doubly true for marginalized populations who've been stereotyped or altogether overlooked by those approaches," Dunn says.

"To me, the beauty and the challenge of modern marketing is that we live in an age where it can – and must – be personal, and that requires an authentic desire and effort to learn about, understand and actively communicate with your audience," Dunn says.

^{*}HMC is a SmartBrief publishing partner.

Understanding the influence of heritage on Black consumers

The Black community in the US is an essential and multifaceted group for brands and retailers to understand. From what they value in a brand to how they shop and interact with media, Black consumers have distinct preferences and patterns of behavior, writes Numerator's Amanda Schoenbauer.

But consumer insights are not one-size-fits-all. A full-picture view of this – or any – group of shoppers requires additional consumer context and segmentation.

Half of Black consumers say their family heritage and identity influence their purchase behaviors, making heritage identity one of many important nuances to take into account when analyzing the behaviors of Black consumers. According to Numerator's first-party consumer data, 78% of Black consumers in the US tie their ancestral roots to one or more of the following regions: the US itself (59%), African countries (15%) and Caribbean countries (14%).

Black consumers are savvy shoppers

Smart shopping and deal-seeking are key considerations for many Black consumers. Nearly 2 in 5 (38%) describe themselves as "budget-driven" shoppers, compared with 30% of consumers overall. And these budget-driven tendencies aren't limited to particular pockets – Black consumers across all income levels and heritage groups are more likely to prioritize their budgets when shopping.



of Black consumers in the US tie their ancestral roots to one or more of the following regions:

United States: 59%

African countries: 15%

Caribbean countries: 14%

Types of deals shopped vary slightly across heritage groups. While Black consumers of African heritage prefer capitalizing on coupons, those with US or Caribbean heritage identities are more likely to seek out advertisements in search of sales.

Private label doesn't pop

Despite deal-driven tendencies, few Black consumers are interested in bending when it comes to brands. Black consumers are 36% more likely to say they prefer popular brand names than the average shopper, and 5% less likely to consider private label or store brands.

These claimed preferences are evident in spending behaviors, with Black consumers spending less on private labels than US consumers as a whole, particularly in categories like Health & Beauty and Baby. According to Numerator TruView data, the average US consumer spends 12.2% of their Health & Beauty dollars on private label brands, while Black consumers spend only 9.8%.

Black shoppers value brands with values

One in 3 Black consumers say they have a high awareness of the corporate values behind the products they buy, compared with 1 in 4 US consumers overall. They're also 35% more likely to take the values a brand stands for into consideration when deciding what to purchase.

When it comes to specific initiatives, Black consumers are twice as likely to believe brands should focus on causes related to diversity, equity and <u>social</u> <u>justice</u>. Brand values resonate differently across heritage groups, as well.

Though all three groups analyzed were more aware of corporate values than US consumers overall, key causes differed significantly between those with different heritage identities. While Black consumers of Caribbean heritage were most passionate about animal welfare, those of African heritage cared more about religious and political initiatives and those of US heritage were focused on community-centric causes.



Food is a focus among Black consumers

Black consumers – particularly those of Caribbean and African heritages – are much more likely to enjoy cooking and to get creative with new types of food than the average US consumer. Nearly half say they enjoy cooking from scratch (46%) and cooking different types of food (44%). For Black Caribbean and African consumers, these numbers top 50%.

When it comes to specific initiatives, Black consumers are twice as likely to believe brands should focus on causes related to diversity, equity and social justice.

Half of Black consumers say their family heritage strongly impacts the foods they purchase, compared with a third of US consumers overall. The importance of heritage is significantly higher among Blacks with African heritage identities (68%) or Caribbean heritage identities (64%), which ties back to a distinct fondness for cooking within these groups.

Seafood and spices set Black consumers apart in the grocery aisle and are the categories in which Black shoppers significantly outspend other groups of shoppers. On the flip side, Black consumers spend notably less on dairy and are 1.5x more likely to lean into lactose-free diets. They are also twice as likely to choose pescatarian diets, especially those with Caribbean or African ancestry. These dietary preferences are driven by concerns for both personal health and animal welfare.

Media preferences are mixed

Black consumers consider email, social media and online ads the most influential, and resonate more with these media than other US shoppers. Between heritage groups, certain preferences pop, with Black African consumers gravitating toward print advertisements and Black Caribbean consumers toward digital.

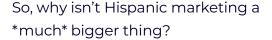
Specific avenues like X (formerly Twitter), TikTok, podcasts and YouTube also are key locations for connecting with Black shoppers.

Trust in advertised brands is much higher for Black consumers than US consumers as a whole, though this varies significantly based on heritage identity. Black consumers with African heritage are the most likely to say they "trust advertised brands," while those associated with US heritage are the least.

Black consumers overall are also more likely to think advertising is entertaining and feel like ads keep them up-to-date.

Where's all the Hispanic marketing?

The prevalence and the power of the Hispanic community is – or should be – well-known.



First, let's look at the facts:

- Nearly <u>1 in 5 Americans</u> are Hispanic, making it the single-largest nonwhite demographic.
- The <u>purchasing power</u> of Hispanics is growing more than twice as fast as non-Hispanics, and is estimated at \$3.4 trillion.
- By 2030, nearly 30% of students in US public schools will be Hispanic.

So, why aren't more brands focusing on or at least including Hispanics as part of their marketing efforts?

Is the diversity of what "Hispanic" means part of what is holding marketers back? The term encompasses many countries and cultures. The <u>US Office</u> of Management and Budget defines
Hispanic – and loops it in with Latino – "as a person of Cuban, Mexican, Puerto



Rican, South or Central American or other Spanish culture or origin regardless of race."

That echoes a recent <u>NielsenIQ study</u> that points to the diversity within the Hispanic community: While 51% identify with Mexico, the rest are split among six other cultures.

But the complexity of "Hispanic" should not stop brands – especially when there is so much \$\$ at stake.

We are seeing more brands increasing their investment as they realize how significant Hispanics are to their growth.

Progress is being made

All that said, of course, some brands are doing Hispanic marketing right.

"We are seeing more brands increasing their investment as they realize how significant Hispanics are to their growth. For example, Walmart's CEO is on record saying that they expect 92% of their future growth is coming from the Hispanic market," said Horacio Gavilan, executive director of the Hispanic Marketing Council.

However, Gavilan added, "For every Walmart, McDonald's and Nestle that are doing it right, many brands are still not allocating the necessary resources. Many have a hard time changing their current strategies because their

leadership doesn't know what they don't know while others have misconceptions about the Hispanic consumer."

VML Miami Executive Director
Renee Lavecchia said she also sees a
distinct divide among brands that are
disciplined and doing it right because
they see the "Hispanic opportunity as
a home run in the making" compared
with those who "know they have to do
it, but don't make it a priority."

Lavecchia also said there are brands that know they need to make the Hispanic segment a priority but "need an agency to show them the way."

"Regardless of which camp they fall in, multicultural America is not an ideal. It's very real and it's not going away. The brands that embrace it are the ones that will stay relevant," Lavecchia said.



Hispanic marketing best practices

While one obvious way to make progress with Hispanic marketing is to devote more budget to it, more money alone won't work.

"It's not only important to allocate the necessary dollars but also make sure you hire an agency that specializes in reaching Hispanics so they can create culturally relevant work that will resonate," HMC's Gavilan said.

In addition to having Hispanic representation on a brand team, UBS' Melinda Hightower, who leads the company's multicultural strategic client segments operations, says brands also need to go beyond cultural identity.

"Recognize that ethnic diversity, though significant, is only one aspect of a person's identity. Successful brands seek to understand how <u>ethnic diversity intersects</u> with other aspects of identity (e.g., gender) to shape a client or consumer's experience," Hightower said.

Lavecchia also offers a number of best-practice tips for reaching Hispanics:

A MULTICULTURAL CHAMPION

Name someone high up in the organization that champions the importance of this audience, and has real decision-making power and control of a budget.

MEASURABLE BUSINESS OBJECTIVES

Have a clear sense of where you want to impact your business and how you can measure it.

VERTICAL ALIGNMENT WITH THE C-LEVEL

Your CMO/CEO is the best person to rally teams and get them committed to your efforts.



How much do terms matter?

In recent years, some terminology around Hispanics – such as the use of <u>Latine</u> – has come to the forefront. While there are varying opinions about the use of <u>Latine</u>, <u>Latino and Hispanic</u>, experts say it still boils down to knowing your audience.

"We've found that words matter and it's important to map onto how people describe themselves," UBS' Hightower said. "Market research is critical to ensure that the message resonates."

VML's Lavecchia adds that "getting the terminology right is important, especially these days. Both Hispanic and Latine terms have very valid reasons to be used."

"But regardless of the term, what really matters is getting this audience's values right and speaking to their mindset where they are. Ultimately, people are choosing brands that represent the values that they stand for," Lavecchia said.

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