



For more information, contact:
Natalie Judd, 203-605-9515,
natalie@bigvoicecomm.com
Jennifer Walus, 630-873-3080,
jennifer@bigvoicecomm.com

ADVERTISING, MARKETING & COMMUNICATIONS INDUSTRIES BEING SHAPED BY MULTICULTURAL BOOM

AHAA Releases Preliminary Findings on Emergence of “Total Market” Approach

McLean, VA, November 5, 2013 – In the last decade, multicultural populations have grown to wield enormous power both on Wall Street and on Main Street. Not only are they influencing pop culture, entertainment and cuisine, but they are also driving significant changes in corporate board rooms and evolving the marketing industry. Today, marketing strategies are under great scrutiny in response to the explosive growth of multicultural populations. As many companies seek to reconcile and recalibrate efforts toward multiple market segments, questions arise with regards to the potential of defining and addressing a Total Market Strategy.

In an effort to study the evolution and determine the most effective approaches to mining growth from Hispanic and multicultural segments, **AHAA: The Voice of Hispanic Marketing** is conducting a three-phased study to explore a clearer definition and industry standard of the “Total Market” approach and identify best practices for advertisers and marketing services firms. Yesterday, at the **Association of National Advertisers (ANA) Annual Multicultural & Diversity Marketing Conference**, AHAA revealed preliminary findings and broad trends from the first phase, which centered on data from an online survey of 321 marketing professionals from client-side, general and multicultural specialized ad agencies, media buying agencies, public relations and consulting firms.

“We wanted to develop an unbiased ‘state of the marketing industry’ report collecting data and observations from leading large- and mid-sized marketers across multiple categories to report intelligence that can be applied industry-wide,” said **Aldo Quevedo, chair of AHAA and principal & creative director of Richards/Lerma**. “As part of our thought leadership platform, AHAA will continue to bring the best minds in the industry to define Total Market approaches more uniformly, develop processes, and share learnings for successful implementation.”

Key Findings:

- Predominantly driven by messaging, media and bottom line efficiencies, “Total Market” approaches have emerged and are expanding among half of advertisers.
- In proper environments, Total Market Strategies often lead advertisers to incremental topline growth and marketing impact.
- Two models of nearly opposite perspectives are evident: from leveraging growth by optimizing nuances to single common denominators.

The Jury is Split on Total Market Implementation

Currently, 54 percent of advertisers are implementing some form of Total Market Strategy. Of these, half are applying it company-wide, while the other half is executing at a department level. More than half of marketers surveyed believe TM Strategy will ultimately benefit their company, while 44 percent are concerned about implementation.

Of the 46 percent not employing a Total Market Strategy, 15 percent are planning to implement in 2014. Nearly half are exploring various total market models but are unsure of its implementation in the future, while 36 percent have not thought of utilizing this approach and just 3 percent have decided against pursuing it altogether.

Total Market Strategy is in the eye of the beholder

While 78 percent of advertisers are familiar with the term Total Market Strategy, directors to C-suite executives share the same common ground for a total market definition:

- Inclusive of Caucasian, Hispanic, African American , Asian American and LGBT
- Reflective of the diversity of US and impact of multiculturalism on America's new "total" culture
- Uses cultural cues and elements that come from the experiences of different ethnic groups
- Uses diverse talent
- Draws on universal truths that can span across segments
- Leads to efficiencies and increased effectiveness

Nine in 10 executives believe the primary purpose of a Total Market Strategy is to balance effectiveness with efficiency. As such, two main models have emerged:

1. **Integration**, where Multicultural is integrated into every step of the business process and marketing execution to **fully** take advantage of growth potential across Hispanic, Multicultural, Millennial & Caucasian. With an integration strategy, marketers approach the market in totality as well as in segments to ensure that nuanced needs & opportunities are effectively addressed across 360 strategies-tactics.
2. **Adaptation**, where the same idea is adapted to different audiences using the same budget to reach all the segments. With an adaptation strategy, marketers utilize less targeting to particular ethnic consumers, leveraging broader strategies that will appeal to all in new multicultural marketplace.

Selective across brands with Advertising as the most popular vehicle

Companies are in various stages of implementing Total Market Strategy with the majority employing this approach for select brands (54 percent). More than a third has applied a Total Market Strategy across all company brands, and 15 percent are testing the concept on one brand. Few companies spread the total

market function throughout the company with two out of three relying on brand champions or multicultural centers of excellence.

The bulk of Total Market Strategies are being executed in advertising with 84 percent in ad messaging and 78 and 65 percent across media buying and media planning respectively. Finally, between 43 and 65 percent of marketers also are employing Total Market Strategies across promotional, communication and digital vehicles.

The future looks bright for the Total Market Strategy

The AHAA Total Market Survey revealed that Total Market Strategies can, in fact, lead to superior corporate performance. In fact, of the companies surveyed who are utilizing a Total Market Strategy, 66 percent have reported incremental results in increased market share, efficiency, and revenue growth, among others. While 27 percent are still testing and measuring, more than half of companies surveyed revealed they are various stages of expanding their total market initiatives.

However, the “Total Market” approach is largely misunderstood and is used as a catchphrase for various marketing strategies. The marketing industry is ripe for a more uniform definition of Total Market Strategy, and there is a tremendous need to continue studying this marketing strategy in order to share guidelines and criteria for proper implementation. As such, AHAA will continue examining the data and feature a client panel with detailed findings as part of the second phase of the Total Market Study at its **Annual “Thinking Under the Influence” Conference** in April 2014. The third phase will involve educational platforms with a series of webinars and videos that dive deeper into the data.

“Marketing professionals have been evolving segment strategies to achieve short-term and sustainable growth under resources spread ever more thinly,” said **Carlos Santiago, AHAA Research Chair and CEO of Santiago ROI**. “As Total Market Strategies are better understood, we expect these efforts to expand and lead to more effective growth models. To that end, we hope the findings from our research can help guide companies looking to increase market share and relevance across all audiences.”

For more information on this study, please visit <http://ahaa.org> and engage in the conversation on Facebook and Twitter using the hashtag #ahaaresearch.

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About AHAA: Headquartered in McLean, VA, AHAA: The Voice of Hispanic Marketing represents the best minds and resources dedicated to Hispanic-specialized marketing. Companies trying to reach and connect with Hispanic consumers turn to AHAA members for unmatched cultural expertise and knowledge. As the voice of the Hispanic marketing industry since its founding in 1996, AHAA demonstrates the value of targeting Hispanics, showcases the impact of using AHAA member agencies, and provides forums for the discussion and dialogue between brands and industry professionals.