



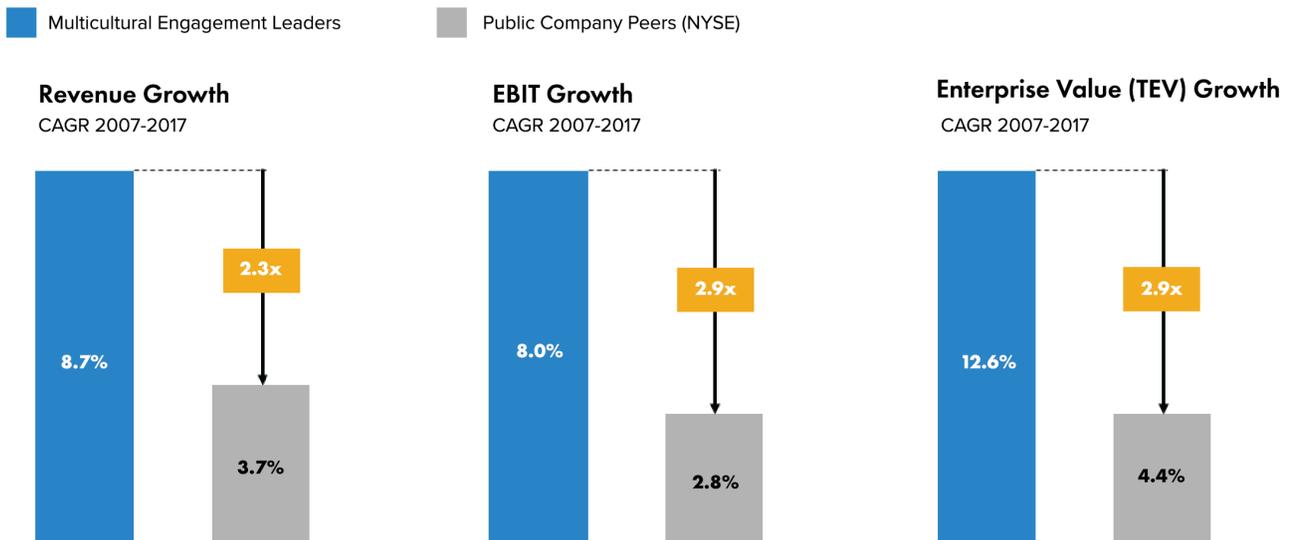
HIDDEN IN PLAIN SIGHT:  
**GROWTH THROUGH  
MULTICULTURAL  
ENGAGEMENT**



**W**hile there is no single formula for growth, it remains at the top of every corporate agenda. Companies in 2018 are operating in markets where low hanging fruit is gone, and where any new source of growth should be fully explored. Yet, one of the most sustainable and unexploited sources of growth is hiding right in front of most businesses – multicultural engagement (MCE). While many companies engage in basic multicultural tactics (e.g. advertising in another language), our research has shown us there are specific key actions that separate companies’ whose efforts result in incremental growth, and those that result in substantial growth and deep engagement. (See figure 1.)

Figure 1:

## Clear leadership in multicultural engagement correlates with superior financial performance compared to peers



**Notes:** n=1450 public companies 2007-2017.  
**Source:** Clarkston Analysis. S&P Capital IQ.

# THE RISE OF MULTICULTURAL MARKETING INITIATIVES

In times past, multicultural engagement programs were overlooked as a serious source of new growth. Over time, key change drivers such as shifting demographics, improving technologies, new sales/marketing channels, and elevated social awareness have given rise to more interest and focus on multicultural initiatives.

Among all of the changes, three were the most impactful to bring MCE to the forefront.

- **Demographics:** The bulk of population growth over the next 40 years will be from minority groups. (See figure 2)
- **Emerging Multicultural Ecosystem:** The 21st century has delivered a powerful set of channels, tools, and technologies to impact engagement within multicultural markets. Media companies like Univision and BET have risen to prominence by developing networks that explicitly cater to multicultural audiences. Today, any company looking to start MCE programs can begin by tapping into to existing infrastructure for distribution.
- **Growth Anemia:** Businesses today are hungry for growth sources to meet their financial and business objectives. A slowdown in world economies and the maturity of globalization has left businesses searching far and wide for

new sources of growth. As a result, more and more executives are looking to growth areas like multicultural as a core tenant of their growth strategy.

## UNTAPPED GROWTH STARING EVERY BUSINESS IN THE FACE

Our research shows that multicultural engagement programs result in greater returns than traditional campaigns. Not only are these more effective use of capital, but it also represents a major and underutilized source of growth that is staring every business right in the face.

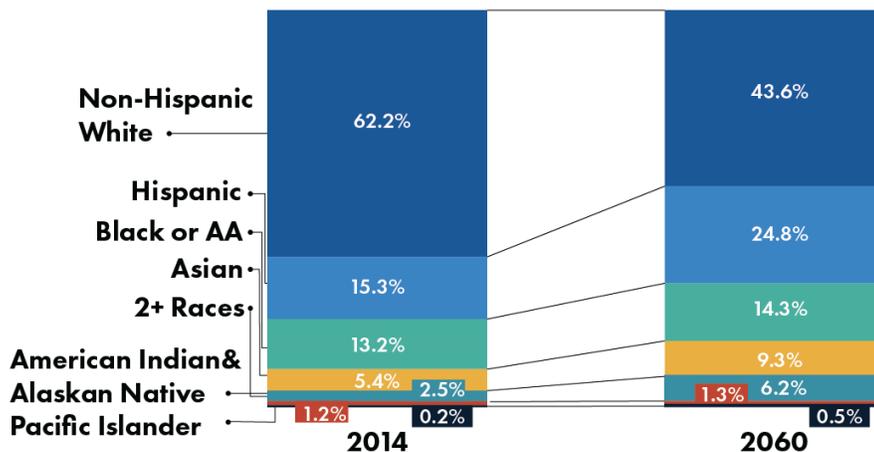
Our analysis has also shed light on common misconceptions about multicultural engagement. We have found that most businesses, regardless of industry or size, focus on multicultural tactics rather than insights-driven ethnic engagement. For example, translations or multi-language advertisements are just scratching the surface. Multi-lingual customer service groups are a step in the right direction, but are not enough to realize the potential of MCE. Successful MCE efforts are built upon a genuine understanding of your audience’s needs and preferences.

## CASE IN POINT: LEADING IN HISPANIC ENGAGEMENT

In 2015, a global healthcare company stood divided. They were one of the first companies in their sector to recognize the MCE opportunity, especially with

Figure 2:

### US Population Demographic by Race: 2014 and 2060



their core demographic – Hispanics. Their marketing team looked to other companies for tactics, such as translation, that they could bring to this demographic. This approach delivered some incremental return, and over time, a few of their initiatives were even deemed ‘best-in-class’ by industry publications.

However, executives began to grow concerned that their MCE investments did not generate the growth they were looking for. The group was conflicted. They knew that the program would only be sustainable if they were able to rethink how they conducted MCE. We partnered with this company to apply more than a decade of our research in the multicultural space.

The company found that there is very a specific path that must be followed to create authentic engagement, and to generate a substantial return for a business. Below, we’ve outlined three pillars that were key in supporting the transformation of their Hispanic engagement programs.

## PILLAR 1: AUTHENTIC ENGAGEMENT

*Cultural relevance and genuine connections create true engagement*

In launching Tide Pods in 2012, the P&G brand team

realized that an authentic multicultural engagement strategy and campaign would be critical for success. The team also knew that they could not simply offer basic advertisements in another language – they needed to be authentic.

The Tide team took a deep look how and where their Hispanic customers use their product. Their research found that nearly 60% of this group did their laundry at a laundromat. They realized that Hispanics do not approach laundry as a chore done alone at home, but instead in a group with an opportunity for social interaction.

Armed with their insight, the team engaged a well-known daytime novella heartthrob. The partnership with the star represented an opportunity to speak directly to their customers in an authentic way, and he was frequently discussed in social circles. The Tide team crafted a situation where he would spill on his shirt during a show, and in a bit of comic relief, ask the audience to help him do laundry. The next day, he showed up at a number of large laundromats with Tide Pods. Recognized immediately, crowds gathered to meet him, take pictures, and share them on social media.

The Tide team recognized that doing a commercial in Spanish was not enough. They instead got creative to create an authentic and fun campaign conducted in a





meeting place that their customer already frequented. At the end of the day, the campaign proved to be a formidable formula for Tide and contributed to explosive growth of \$325M in the first year.

## PILLAR 2: FAMILY FIRST

*Putting family dynamics at the center of your business*

Allstate understood the power of the family in Hispanic culture. Their research had shown that Hispanics put more emphasis on family, compared to other ethnic groups, so they set out to put the family at the center of their multi-cultural engagement efforts.

Studies conducted by Pew Research have backed this notion. Their research shows that 75% of Hispanics would like their physician to discuss a diagnosis with their family first and that 70% believe it is better for an adult child to live with their parents until marriage.

Allstate focused their efforts to create an environment that catered to the Hispanics culture and the way they make purchasing decisions. They conducted their own research and determined that decisions are often made as a collective household and that many of their customers lacked basic knowledge of the American insurance industry.

Armed with these insights, they set out to position their insurance products as a way to protect the family. They built an alternative Spanish website that centered on the family (compared with the retirement-focused English website). Hispanics could now conduct their family insurance search using a channel that spoke to their culture directly.

Allstate did not stop there – they added additional educational content around the American insurance

system. They created an ability to flip the Spanish website to English for relatives that could speak English – while maintaining the original Hispanic positioning. Allstate's focus on the importance of family in Hispanic culture created a powerful relationship with the company.

## PILLAR 3: INVISIBLE INFLUENCERS

*Invisible influencers hold disproportionate purchasing power*

In Hispanic culture, the mother is a centerpiece. According to Nielsen, she is also the primary family buyer, as 86% of Hispanic women consider themselves the primary purchaser. Nestle recognized the value of tapping into the mother's influence. In 2011 they launched "El Mejor Nido" ("The Best Nest"), an online portal with recipes, menu ideas, cooking techniques, and nutrition advice for a Hispanic audience.

The portal tailored content that was important to this audience, including, for example, special recipe sections for cultural events like Dia De Los Muertos. The portal was supported by a television campaign and in-store contents for Fiesta Packs – a prize that featured products, recipes, and supplies for parties.

Another group of key influencers in Hispanic culture are Millennials, the bridge between the cultural history and the future. The Hispanic millennial population is booming, nearly 6 out of 10 Hispanics are 33 years old or younger. Combine this with their English proficiency, and the group holds a disproportionate annual US buying power of approximately \$1.2 trillion.

Retail giant Target recognized the importance of the Millennial and launched #SinTraducción ("Without Translation") in 2015. The campaign was comprised

of a commercial featuring Spanish words that did not have English translations. For example, one depicted a sobremesa, a custom of hanging around with friends and family after a meal. At the end of the commercial, a young English speaking narrator shares, “There will always be a part of you that simply doesn’t translate.”

The advertisements were filmed with a young aesthetic and supported by a digital campaign. “We led with digital, mobile and social,” Rick Gomez, SVP of Marketing told a trade publication, “because we knew [these channels are where] this guest would best engage with Target.” As a result of the focus on engagement with this sub-segment, around 54% of Latino shoppers today see Target as their favorite store.

## **BRINGING HISPANIC ENGAGEMENT TO LIFE: TOYOTA**

One final example is a company that has demonstrated an understanding of the three pillars above and a bias for action. At the turn of the millennium, Toyota strived to build a connection with the Hispanic market. To deliver on the family first ethos, they launched a “member of the family” focused auto campaign, “Más Que Un Auto”. They then celebrated identity with their “Somos Muchos Toyotas” campaign, giving away over a quarter of a million car decals highlighting the owner’s heritage. Finally, they focused on invisible influencers, featuring one of the first bilingual advertisement during the Super Bowl. Ad Age credited the campaign with increasing Camry sales 32%.

In 2013, Toyota executives formalized their commitment to the Hispanic market by creating the Hispanic Business Strategy Group, an integrated group tasked to maintain and expand Toyota’s impressive multicultural results. By 2014, Toyota had the highest share of all automakers in the Hispanic market. The group was deemed directly responsible for nearly one in four Corollas and one in five Lexus IS sold in America. Today, more than 35% of Toyota’s total sales come from multicultural markets.

## **BUILDING SUSTAINABLE AND AUTHENTIC MULTICULTURAL ENGAGEMENT**

Armed with these insights and a deep understanding of what makes MCE successful, we worked with our client to develop several distinct programs. Each was designed to celebrate Hispanic culture, appeal to the

family, and resonate with invisible influencers. As a result of the strategic approach, the client was able to achieve double the ROI in the Hispanic market compared to the general market, and up to 5x the ROI in targeted Asian markets versus the general market.

Creating authentic engagement isn’t easy, but it is necessary if you want to realize the value that MCE initiatives hold. Basic tactics may deliver incremental gains, but they do not drive a deep, sustainable connection. To win, an organization must use meaningful research to develop strategic campaigns from the bottom up and be committed for the long-term. This allows companies to shift from transactional interactions to authentic engagement.



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