

U.S. Multicultural Media Forecast 2019

Advertising & Brand Activation Marketing by Demographic, Platform, and Media Buying Strategies

3 Demographics

- African American
- Asian American
- Hispanic American

12 Advertising & Brand Activation Platforms

- | <u>Advertising</u> | <u>Brand Activation</u> |
|--------------------|-------------------------|
| ▪ Digital Media | ▪ Branded & Content |
| ▪ Out-of-Home | ▪ Experiential |
| ▪ Print | ▪ Influencer |
| ▪ Radio | ▪ Promotions |
| ▪ Television | ▪ Relationship |
| ▪ Other | ▪ Retailer |

3 Media Buying Categories

- Endemic vs. Non-Endemic
- National vs. Local
- English vs. Native Language

2016-18 Historical; 2019-20 Forecast



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U.S. Multicultural Media Forecast 2019

Exclusive market research & strategic intelligence from [PQ Media – Intelligent data for smarter business decisions](#)

In partnership with the [Alliance for Inclusive and Multicultural Marketing at the Association of National Advertisers](#)

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Multicultural media is an important concept for brands to embrace if they want to increase market share. Multicultural customers – African Americans, Asian Americans and Hispanic Americans – are the fastest growing demographic. Yet they are under-represented in media buying. Brands need to shift away from bland, generic total market messaging and concentrate on delivering culturally relevant copy on media that are being consumed by multicultural audiences.

*The **U.S. Multicultural Media Forecast 2019** provides many of those answers for brands. It is the first report to examine the entire size of the multicultural media industry and to isolate growth trends that are driven by a multitude of opportunities and challenges in reaching these diverse audiences. The report highlights which media segments are the largest, and thus are still important to consider in delivering reach. But more importantly, the report also explores smaller media segments that are growing faster because they resonate with multicultural audiences and therefore offer higher engagement potential.*

*PQ Media is proud to have partnered with the Alliance for Inclusive and Multicultural Marketing (AIMM) to provide Association of National Advertiser (ANA) and AIMM members with the most comprehensive examination of multicultural media ever by demographics, media platforms and media buying strategies. The **U.S. Multicultural Media Forecast 2019** provides strategic intelligence to AIMM and ANA members that will enable them to navigate through the ever-changing media landscape.*

Patrick Quinn
President & CEO
PQ Media

When the ANA established the Alliance for Inclusive and Multicultural Marketing (AIMM) in late 2016 our mission was simple: to create a powerful voice that elevates multicultural and inclusive marketing to promote business growth in an increasingly diverse marketplace.

Comprised of client-side marketers, advertising agencies, media/publishers, researchers, data companies, and industry trade associations, AIMM brings together the collective voice of the General, Hispanic, African-American, Asian-American and LGBTQ markets. Together, this working group of senior-level industry leaders is focused on upgrading and enhancing the effectiveness of how multicultural and inclusive marketing currently gets done.

We all know the population growth trends, spending power and cultural influence of multicultural consumers. But as the AIMM team got deeper into our work, we were unclear on the fundamental questions: “How much media spend is targeted to multicultural audiences? Is that spend growing? Is it truly reflective of the size of this opportunity?” We commissioned PQ Media to find out.

The ANA had previous experience with PQ Media. Several years ago the ANA acquired the Brand Activation Association, which focused mostly on brand activation marketing that both builds a brand’s image and drives consumer action via branded & content, experiential, influencer, promotion, relationship, and retailer marketing. So the ANA commissioned PQ Media to help us better understand the brand activation category and its respective segments.

*We believe that the new **U.S. Multicultural Media Forecast 2019** report will be a landmark study for multicultural marketing. For years a number of smart companies have marketed to multicultural audiences, but those have been the exceptions, and to some extent discussion on multicultural marketing has “preached to the choir.” This new study identifies a clear opportunity for more marketers to engage multicultural consumers to drive business growth – and for those marketers still “sitting on the sidelines,” it should encourage them to “get in the game.”*

We learned so much from this study. We believe it will be of tremendous value to the marketing industry and serve as a catalyst for growth.

Bill Duggan
Group Executive Vice President
Association of National Advertisers

United States Multicultural Media Forecast 2019

Objectives, Scope and Select Definitions

Multicultural Media Forecast Objectives

PQ Media, in partnership with the Alliance for Inclusive and Multicultural Marketing (AIMM), will define, segment, size, analyze and forecast the growth of a specific set of multicultural media categories in the United States as described in the following objectives:

U.S. Multicultural Media Analysis

- Size, Forecast Growth, & Develop Trends Analysis of Multicultural Media by:
 - Multicultural Demographic Segments
 - Media Sectors, Platforms & Channels
 - Media Buying Strategies
 - Historical (2016-18); Forecast (2019-20)

The ultimate goal of this project is to deliver a strong, credible and consistent market intelligence report that will educate, empower and provide AIMM and ANA's members with actionable strategic intelligence.

Multicultural Media Forecast Scope

• Demographics

- African American
- Asian American
- Hispanic American

• Media Buying Strategies

- Endemic vs. Non-Endemic
- National vs. Local
- Native/Bilingual vs. English Language
 - Hispanic (Spanish)
 - Chinese American
 - Filipino American
 - Indian American
 - Japanese American
 - Korean American
 - Vietnamese American
 - Rest of Asian American/African American

• Advertising

- Digital Media (Pure-Play Only)
 - Social Media
 - Other Digital Media Advertising
- Out-of-Home Media
- Print Media
 - Newspapers
 - Consumer Magazines
- Radio
- Television
 - Broadcast Television
 - Pay Television
- Aggregate Other Media
 - B2B Magazines, Entertainment Media*, Yellow Pages

*Entertainment Media includes ads in console & digital videogames and on gaming, film, music, & book websites

• Brand Activation

- Content Marketing
- Experiential Marketing
- Influencer Marketing
- Promotional Marketing
- Relationship Marketing
- Retailer Marketing

Definitions: Operator Revenue vs. Brand Spending and Multicultural Media

Media Operator Revenues: PQ Media uses this method to determine the size of the Multicultural Media industry. It includes contracted firms, such as media companies, agencies and other firms, that develop and/or distribute marketing messages, and which subsequently report their revenues as being generated by brand marketing. This methodology of collecting brand marketing data is considered more accurate than the method based on rate cards that do not take discounts into account, and therefore are often overinflated. It is also consistent with industry standards; for example, many trade organizations use audit results submitted by its members to size their respective industries.

Brand Spending: This data is not included in this report on Multicultural Media. It includes all other internal marketing budgets which relate to the development and distribution of marketing messages, such as translation service. It also does not include the value of brand products and services available through a brand marketing platform or channel, such as free samples given to doctors by pharmaceutical marketing reps. It does not include non-messaging budget items, such as salaries, capital expenditures for technology, and other miscellaneous items like reimbursed travel expense.

Multicultural Media is specific to three demographic categories: African American, Asian American and Hispanic American. Past AIMM analysis of multicultural media trends also included the LGTBQ community, but PQ Media and the AIMM agreed that it would be too difficult to avoid double counting when one of the cultural demographics includes LGTBQ messaging, such as community outreach to Hispanic gays in Houston.

Definitions: Endemic vs. Non-Endemic

Endemic Media Buying is defined as the “characteristics of or prevalent in a particular field, area or environment.” According to AIMM, endemic media are defined as those that generate an overwhelming audience composition (AC) of a specific segment at 75% or above. Examples of media that meet this criterion include NBCU Telemundo for the Hispanic-American demographic, *Essence* for the African-American demographic and *AsAmNews* for the Asian-American demographic.

Non-Endemic Media Buying is more difficult to define, but should include the following parameters:

PQ Media and AIMM agreed that U.S. Bureau of the Census data should be used to determine the over-index, whereby a media property must be twice the demographic’s share of the U.S. population. According to 2017 census data, the following is the share of the U.S. population by each multicultural group, and the over-index formula.

- 18.1% of the overall audience is Hispanic, or $18\% \times 2 = 36\%$ and above AC
- 13.4% of the overall audience is African American, or $13.5\% \times 2 = 27\%$ and above AC
- 5.8% of the overall audience is Asian-Americans, or $6\% \times 2 = 12\%$ and above AC

(Formulas rounded to nearest 0.5%)

For a more detailed definition of Non-Endemic Media Buying, please see slides 333-39 in the Appendix

United States Multicultural Media Forecast 2019

Key Highlights: Total Multicultural Media

Multicultural Media: 2018 Results & 2019-20 Forecast

2018

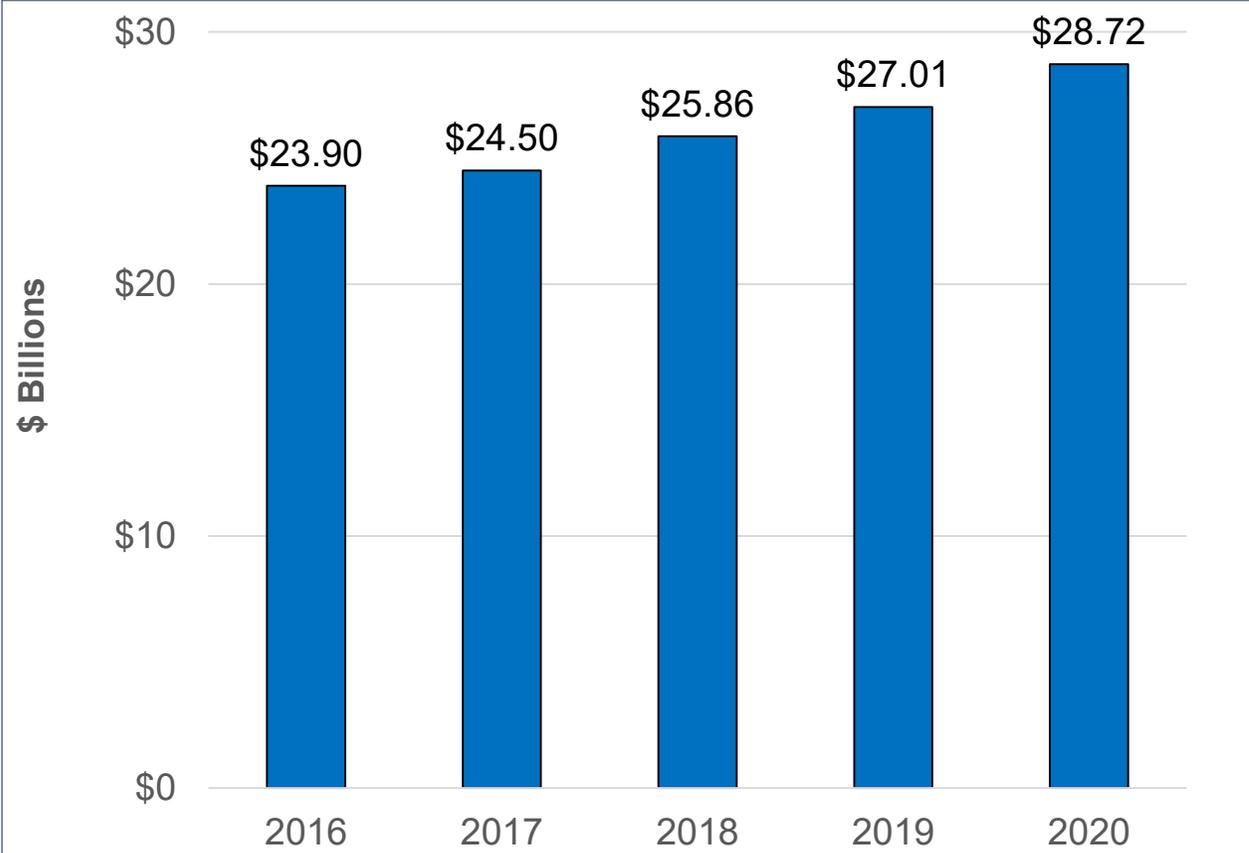
- U.S. total Multicultural Media revenues rose 5.6% to \$25.86 billion, representing only 5.2% of overall advertising & marketing
 - Hispanic American Media was largest of three demographic categories, rising 5.3% to \$17.94 billion (\$905M realized revenues)
 - African American Media ranked second in size and growth, increasing 6.1% to \$7.20 billion (\$411M realized revenues)
 - Asian American Media grew the fastest, up 7% to \$722 million (\$47M realized revenues)
- Advertising rose 5.5% to \$13.05 billion; Brand Activation Marketing increased 5.6% to \$12.81 billion
- 2018 was buoyed by advertising & marketing associated with political elections, Winter Olympics and FIFA World Cup
- Multicultural brand activation was smaller than advertising, the opposite of the overall advertising & marketing ecosystem
- TV largest media platform at \$7.67 billion, while smallest platform, Other Advertising, was fastest growing, up 12.5%
- Endemic media buying accounted for 69% of revenues, but non-endemic grew faster, up 6.8% (definitions on Slide 9)
- National media buying accounted for 62.5% of revenues, but local grew faster, rising 6.2%
- English language accounted for 53.9% of revenues, and also grew faster than native language content, up 6%

2019 & 2020

- U.S. Multicultural Media is pacing to rise 4.5% in 2019 to \$27.01 billion
- 2019 growth will decelerate due to no international sporting events and federal elections
- U.S. Multicultural Media is projected to increase 6.3% in 2020 to \$28.72 billion
- 2020 growth will be driven by the elections once again, as well as the Summer Olympics

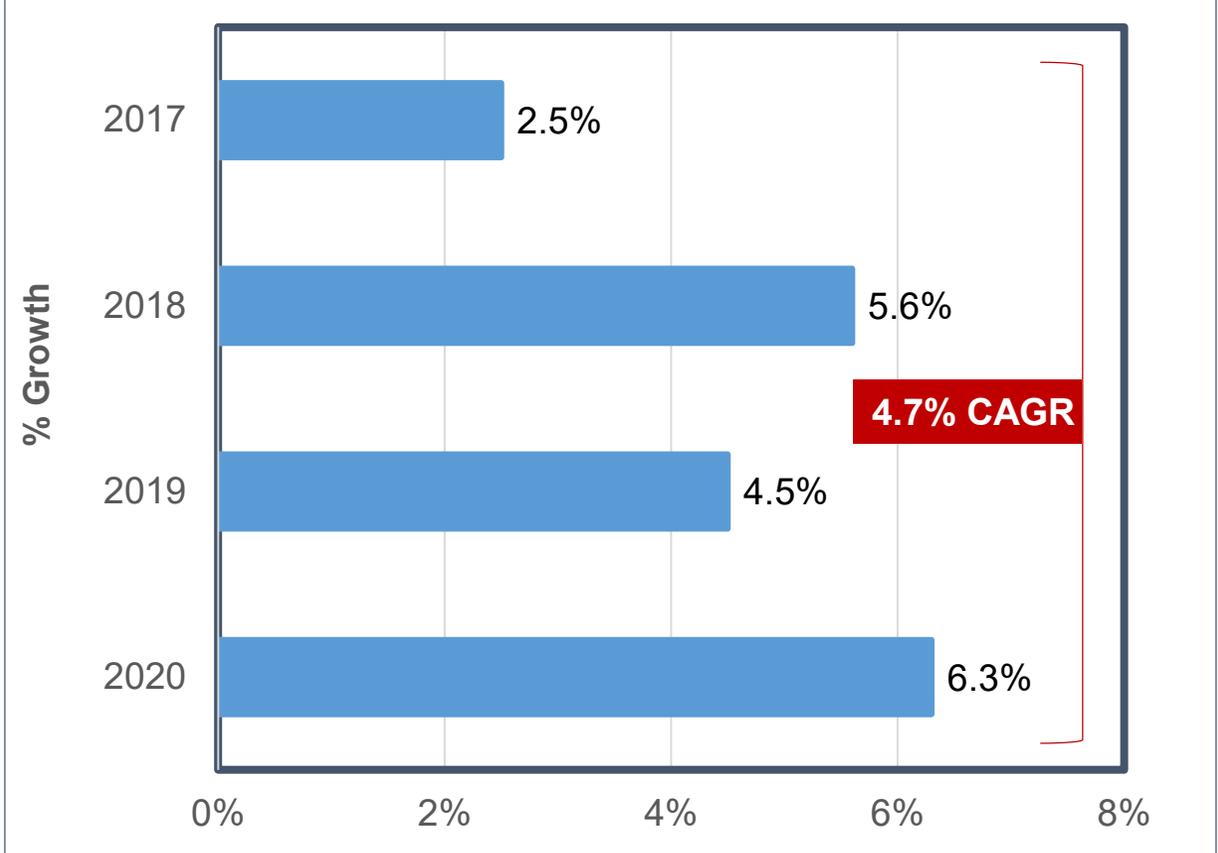
Multicultural Media Revenues Rose 5.6% in 2018 to \$25.86 Billion; Projected to Post a 4.5% Gain in 2019; and 6.3% Increase in 2020 to \$28.72 Billion

Multicultural Media Revenues, 2016-2020



Source: PQ Media

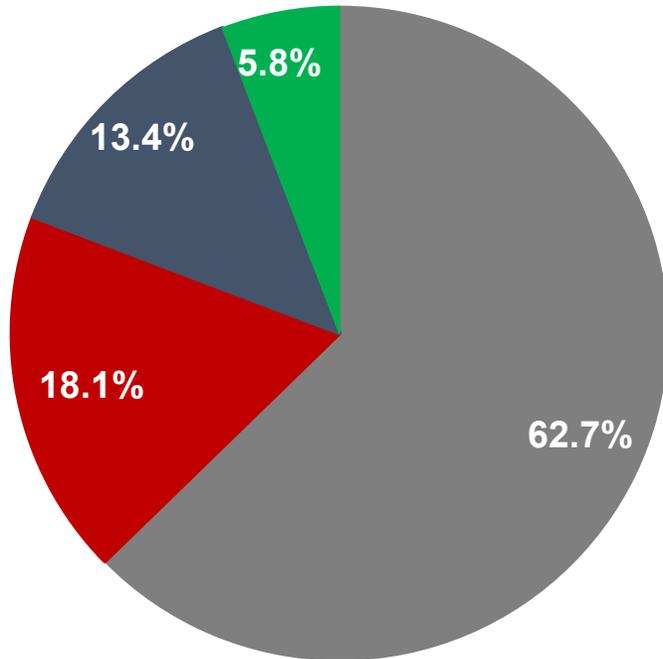
Multicultural Media Revenue Growth, 2017-2020



Source: PQ Media CAGR – Compound Annual Growth Rate (4-Year Average)

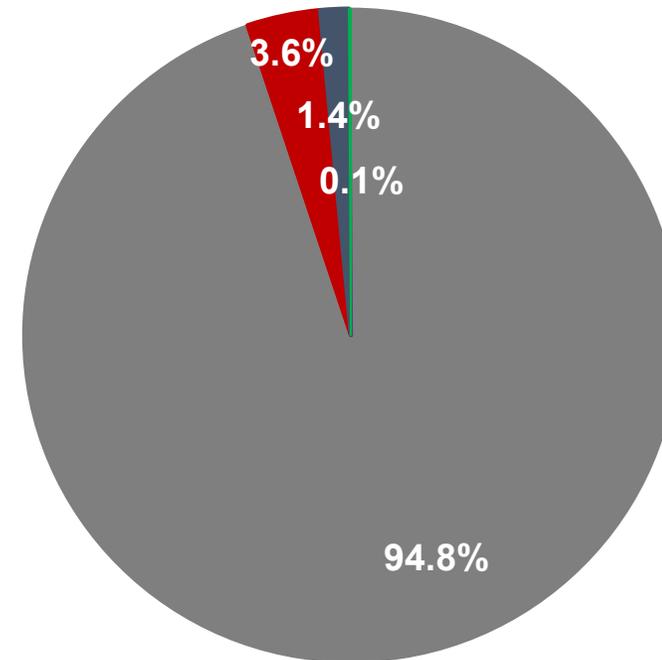
Multicultural Media Revenue Share Significantly Under-Indexes the General Population While Multicultural is 37.3% of the Total Population, Multicultural Only 5.2% of Total Media

U.S. Population Share by Ethnicity in 2018



■ Asian American ■ African American ■ Hispanic American ■ All Others

U.S. Advertising & Marketing Revenue Share by Ethnicity in 2018



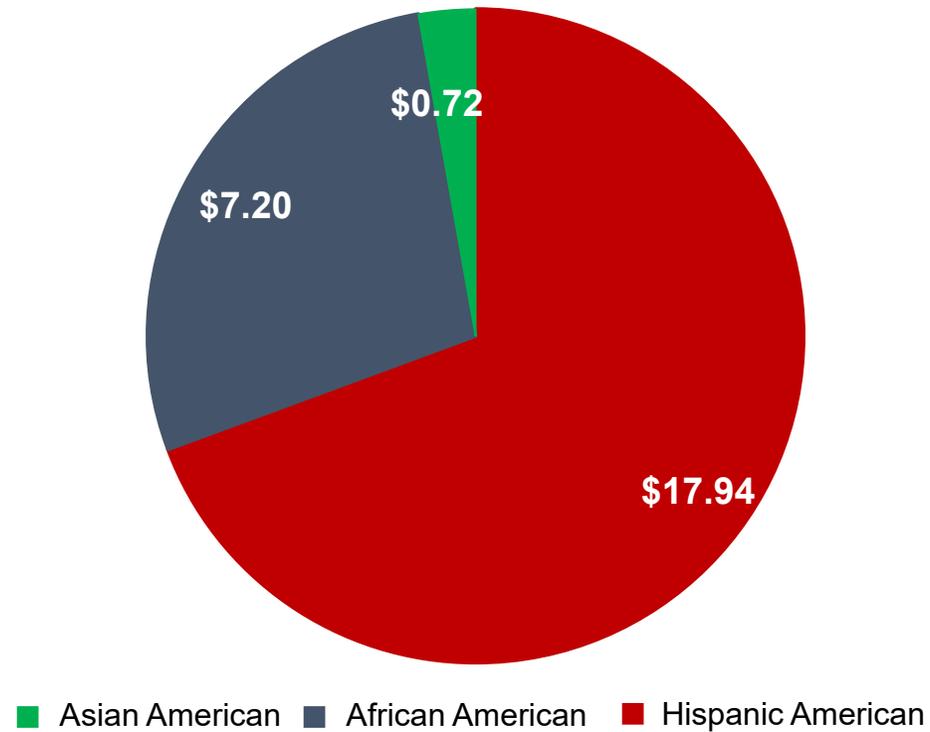
■ Asian American ■ African American ■ Hispanic American ■ All Others

Source: U.S. Census Bureau

Sources: PQ Media, *PQ Media Global Advertising & Marketing Forecast 2018-22*

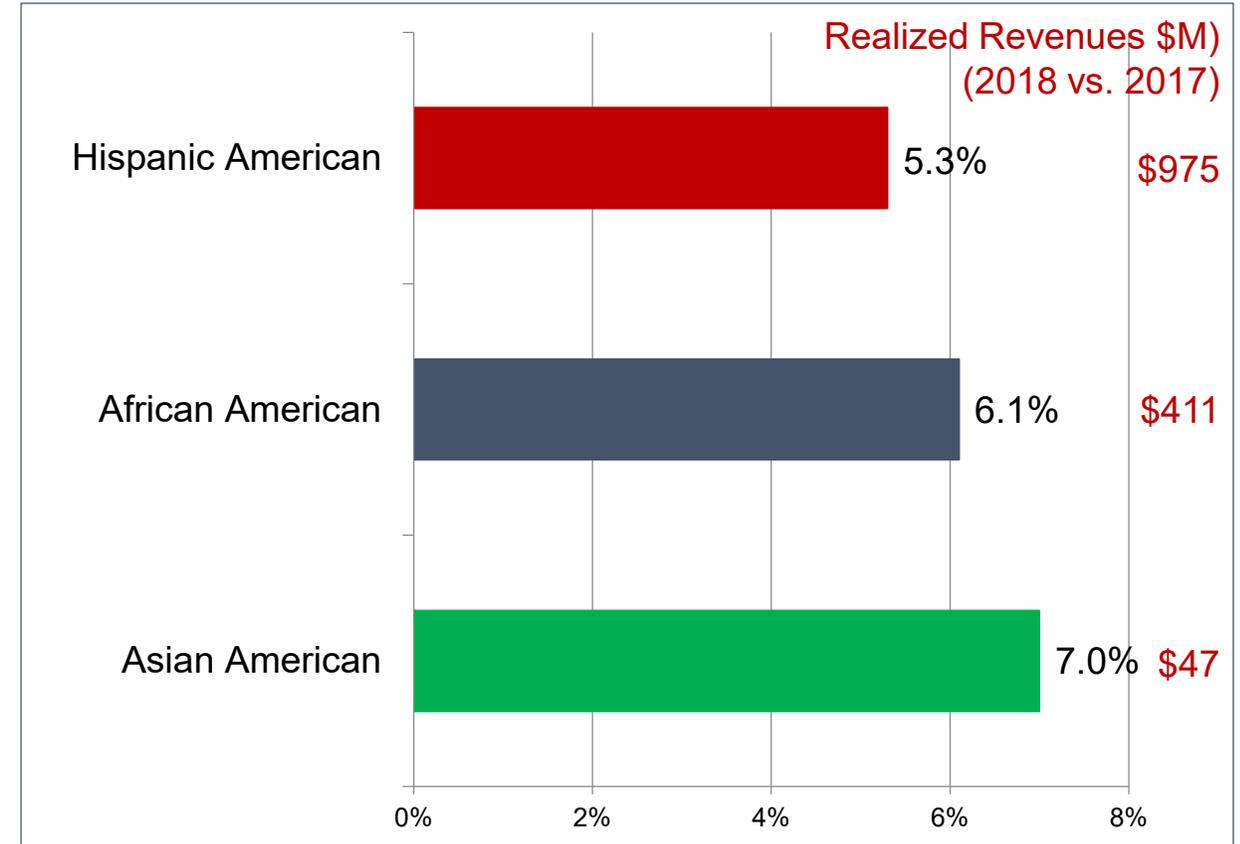
Hispanic American Media the Largest of the Three Demographic Categories in 2018; Asian American Media, the Smallest Category, Posted the Fastest Growth

Multicultural Media Revenues/Share by Demographics in 2018 (\$B)



Source: PQ Media

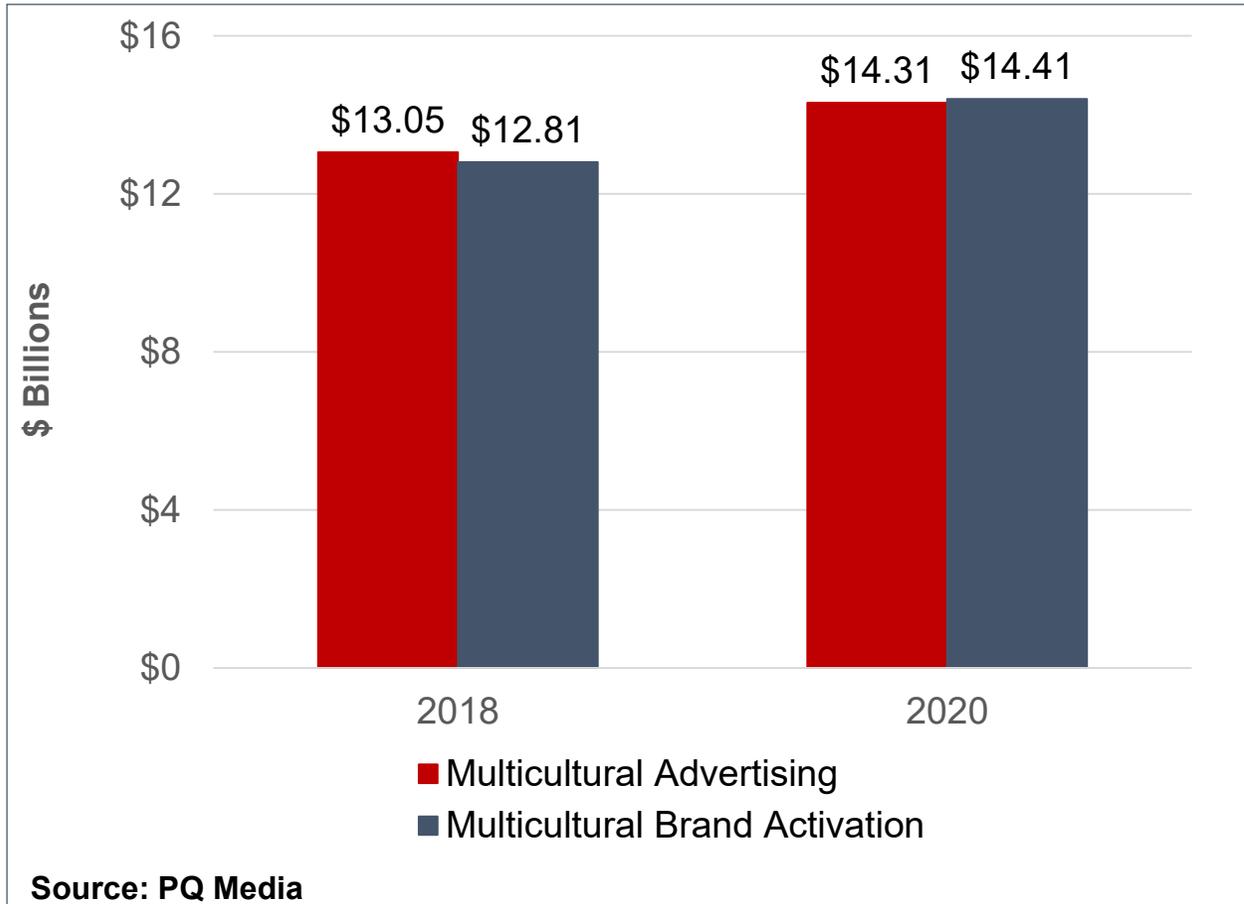
Multicultural Media Growth by Demographics in 2018



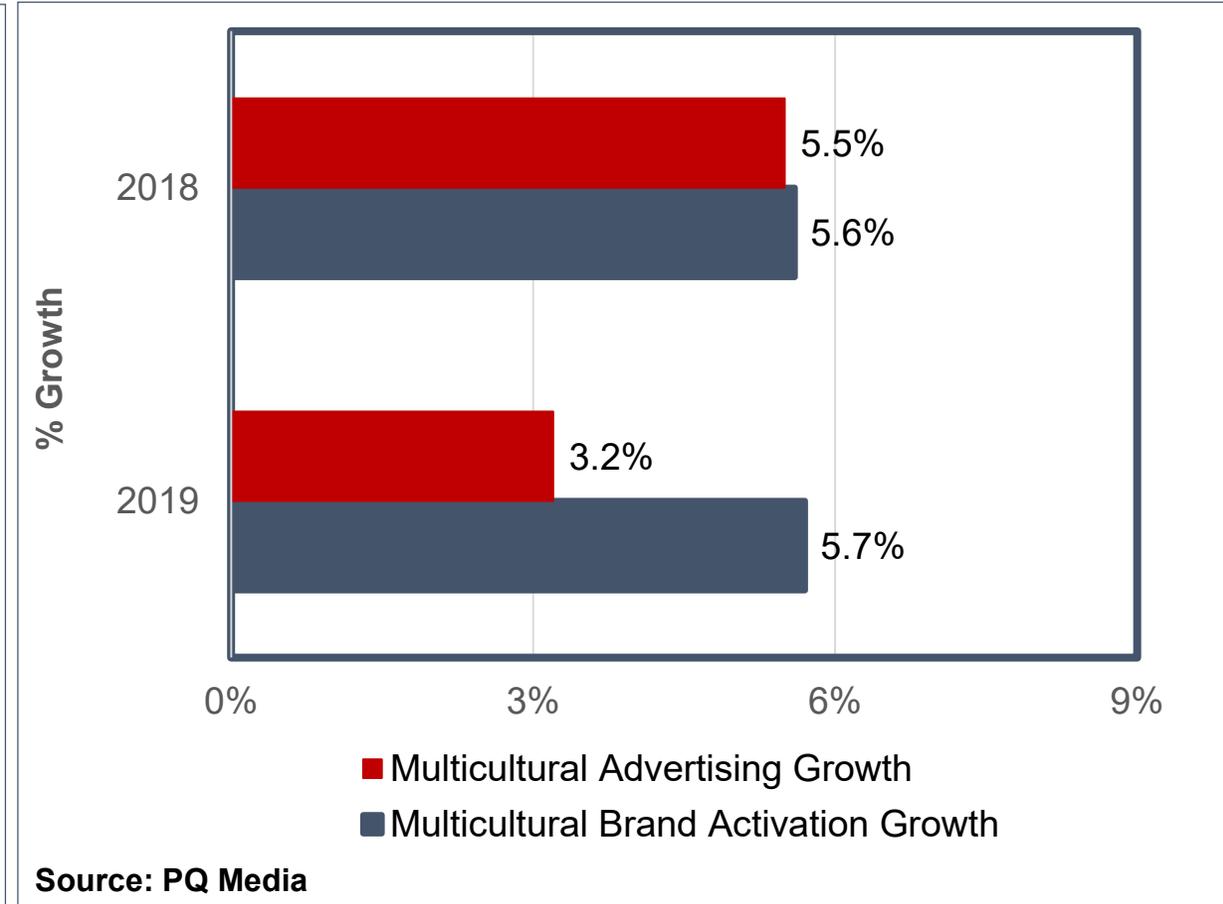
Source: PQ Media

Multicultural Ad Rose 5.5% in 2018 to \$13.05B, to Rise 3.2% in 19 & Reach \$14.31B in 20; Brand Activation Increased 5.6% in 18 to \$12.81B, Up 5.7% in 19 & Reach \$14.41B in 2020

Multicultural Advertising & Brand Activation Revenues

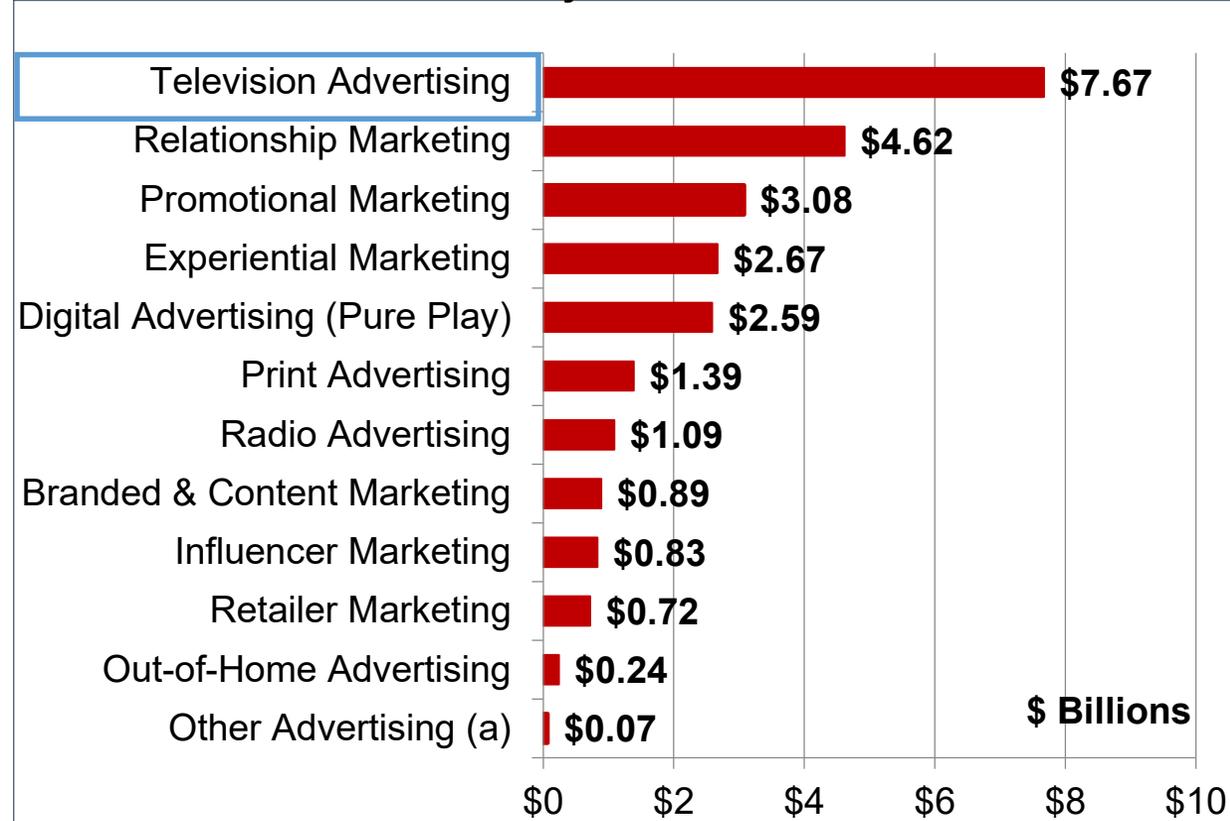


Multicultural Advertising & Brand Activation Growth



Television Was the Largest of the 12 Multicultural Media Platforms in 2018; Other Advertising Posted the Fastest Growth Due to Rapid Increase in eSports Sponsors

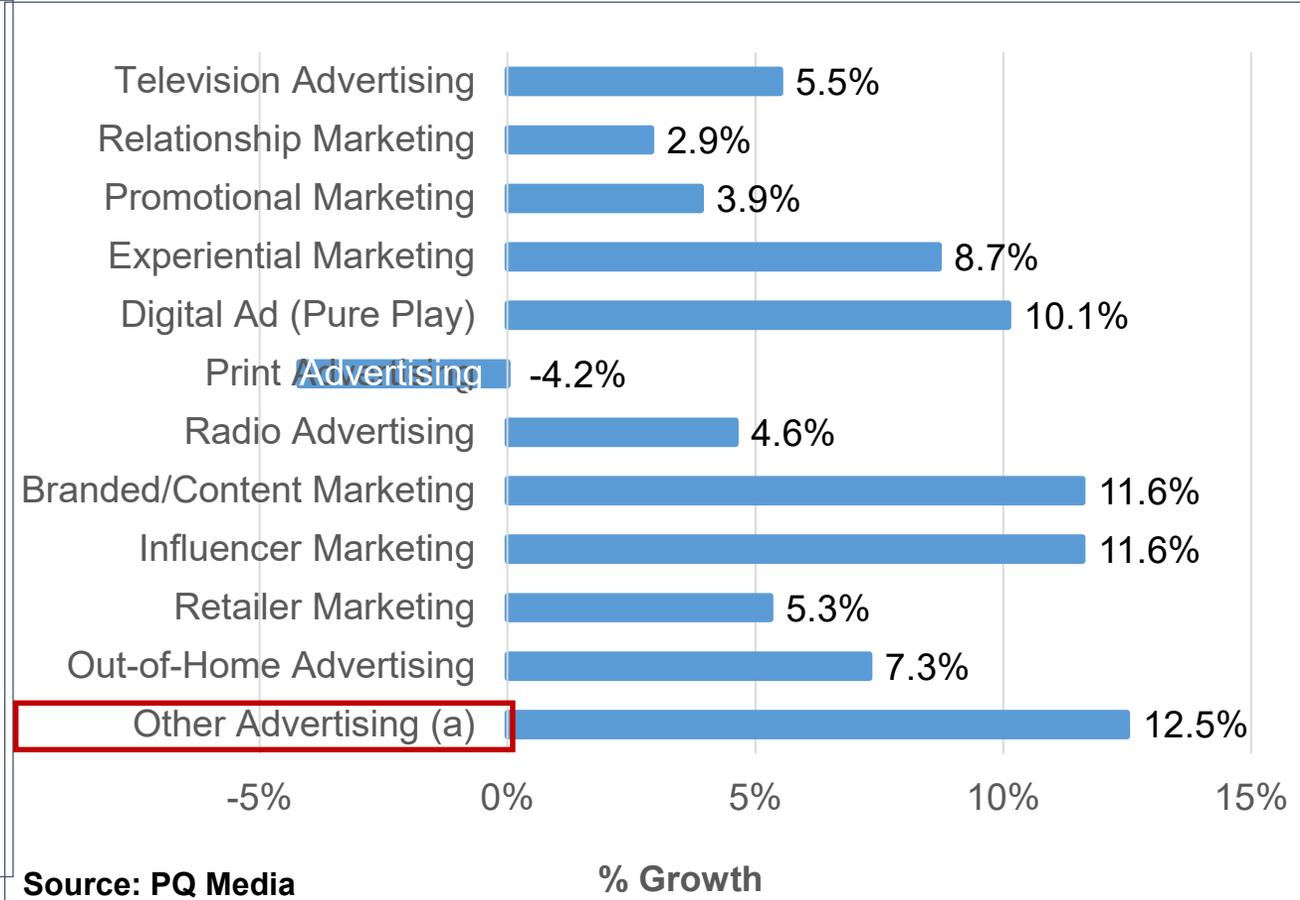
Multicultural Media Revenues by Media Platforms in 2018



Source: PQ Media

a) Other Advertising includes: Business-to-Business (B2B) Magazines, Local Directories, and Entertainment Media (e.g. In-Video game ads, eSports sponsorships, ads on music, film & book sites)

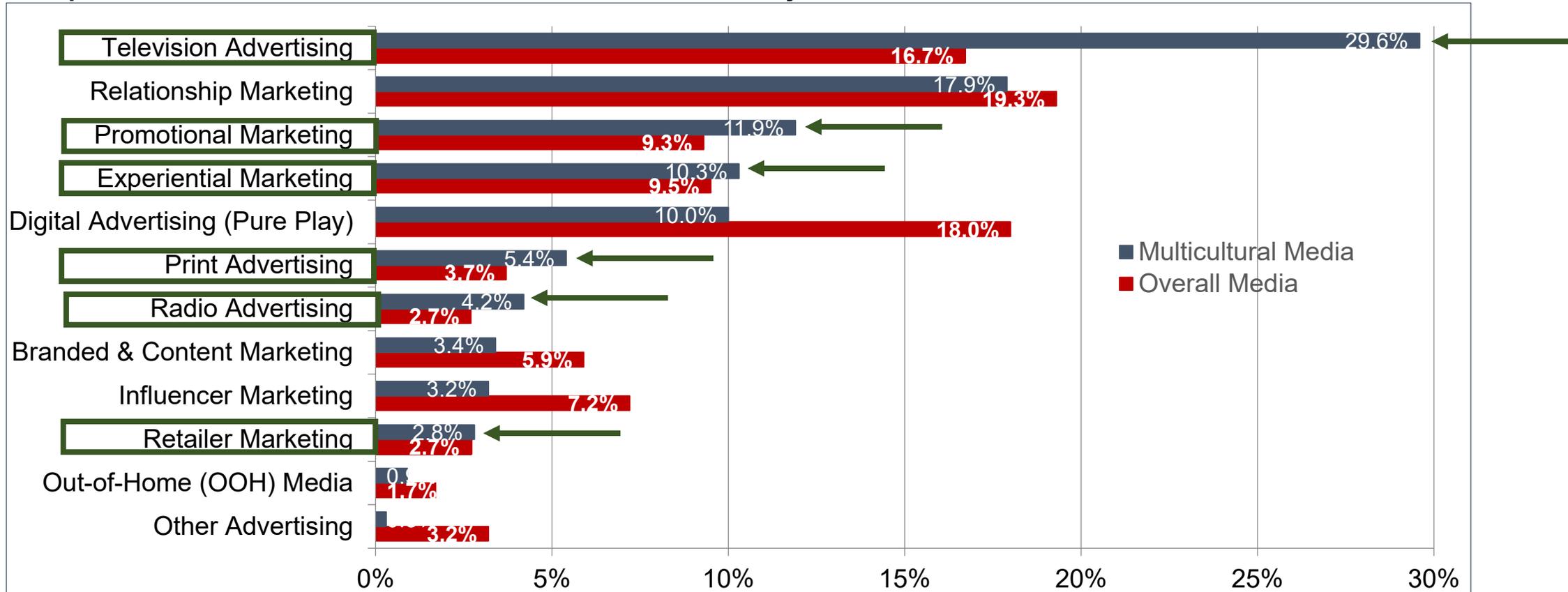
Growth of Multicultural Media by Media Platforms in 2018



Source: PQ Media

Multicultural TV, Promotions, Experiential, Print, Radio & Retailer Over-Index Overall Media; Relationship, Digital, Branded & Content, Influencer, OOH & Other Under-Index

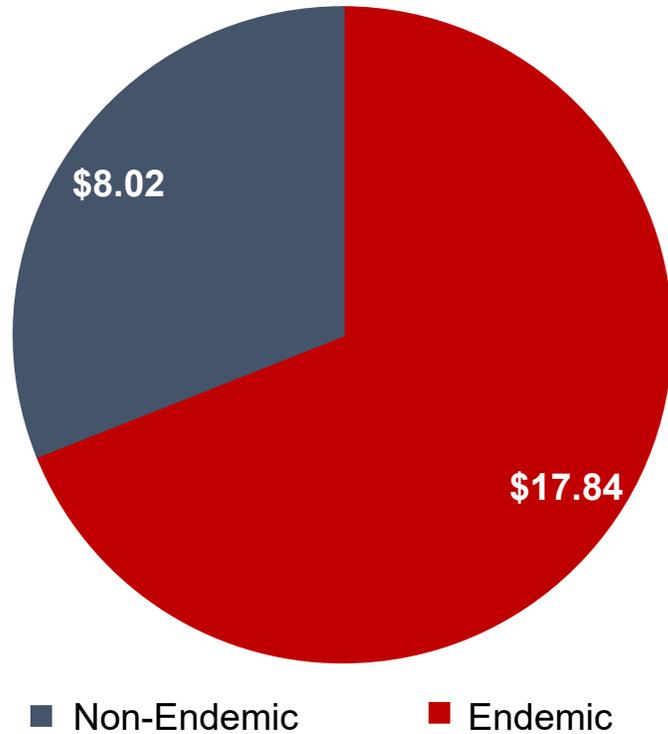
Comparison of Share of Multicultural Media vs. Overall Media by Media Platforms in 2018



Sources: PQ Media, PQ Media Global Advertising & Marketing Forecast 2018-22, PQ Media Brand Activation Marketing Forecast 2017

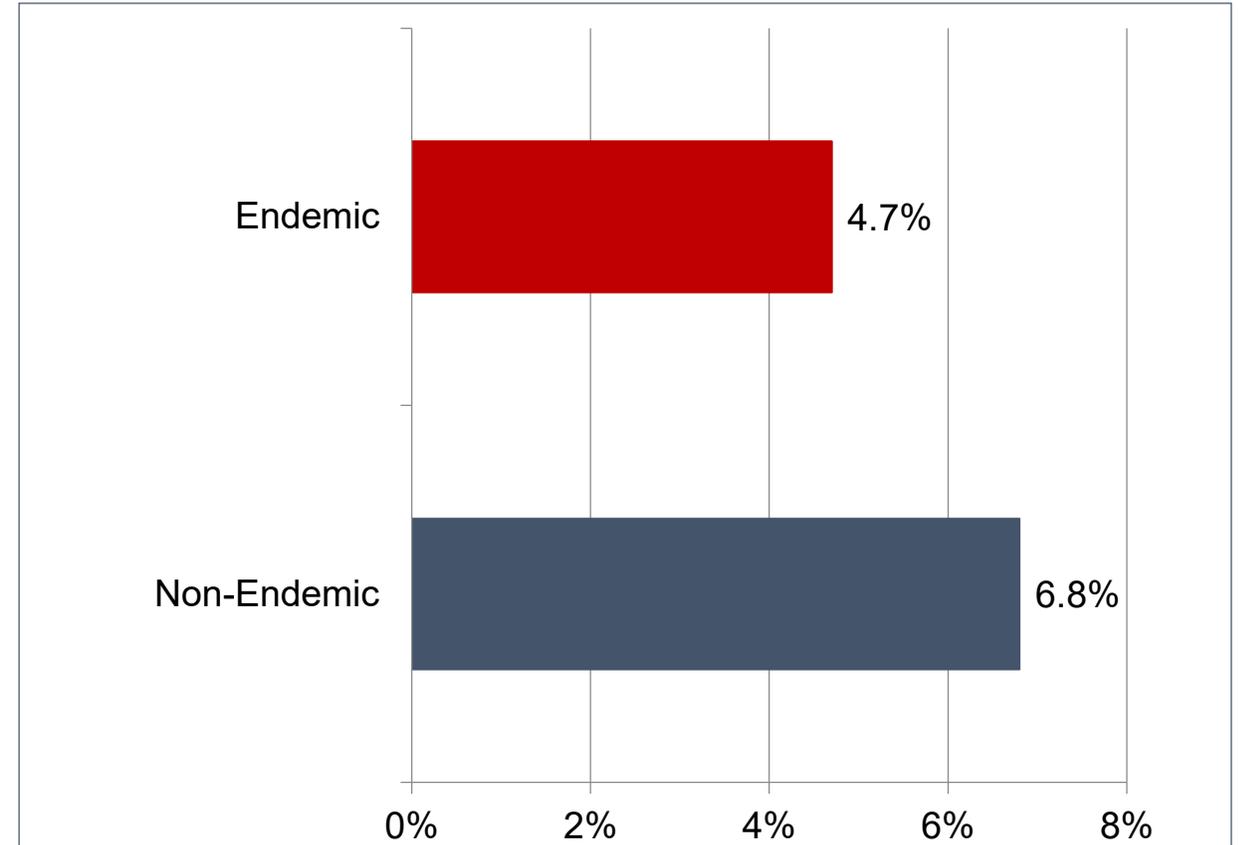
Endemic Was the Larger of the Media Buying Categories in 2018; Non-Endemic Posted the Faster Growth Due to Shifts in Traditional Media Budgets

Multicultural Media Rev/Share by Endemic/Non-Endemic in 2018 (\$B)



Source: PQ Media
See Slide 8 for definitions of non-endemic and endemic

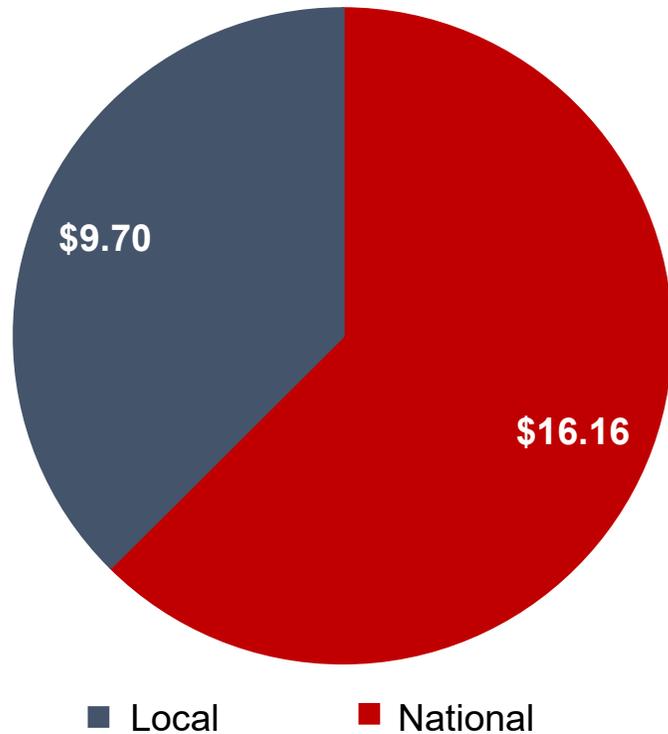
Multicultural Media Growth by Endemic/Non-Endemic in 2018



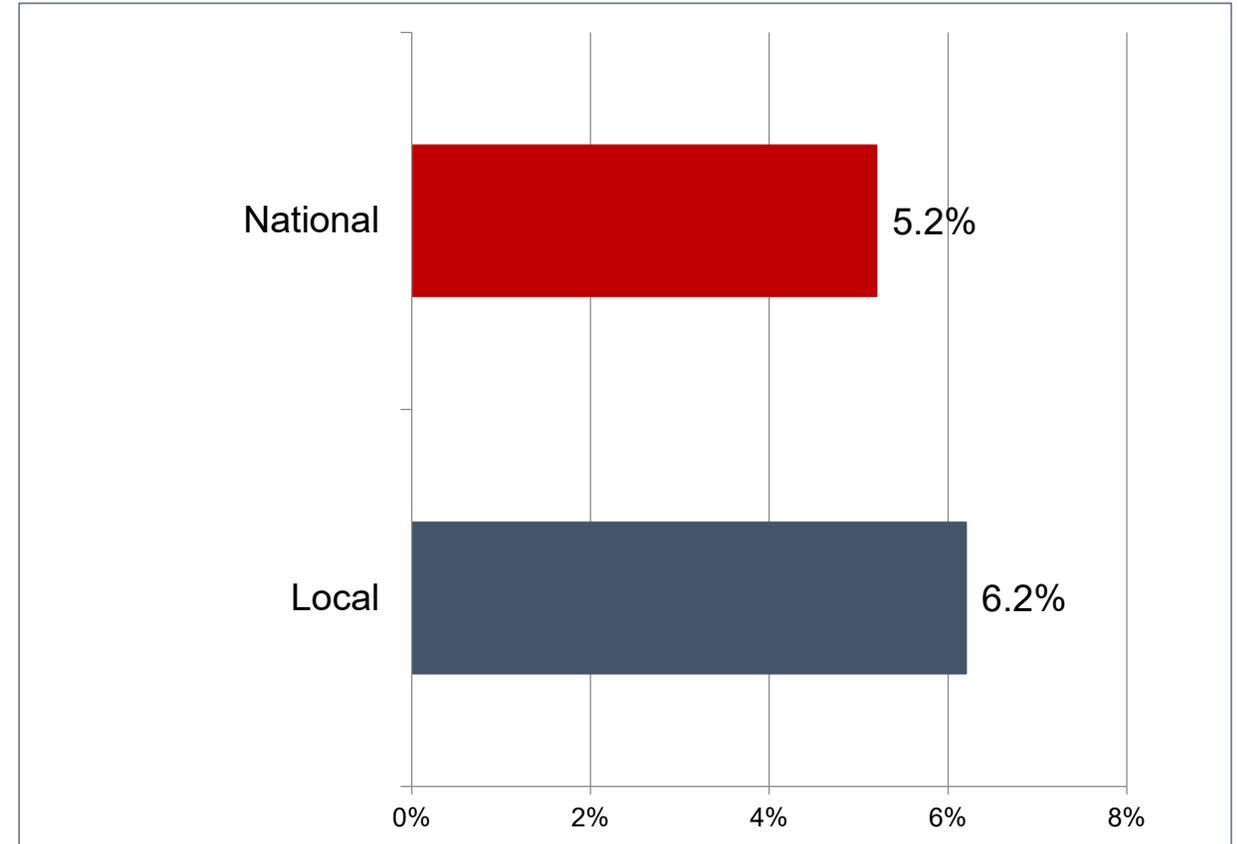
Source: PQ Media

National Was the Larger of the Two Media Buying Categories in 2018; Local Posted Faster Growth as Brands Target 75 Major Multicultural DMAs

Multicultural Media Revenues/Share by National/Local in 2018 (\$B)



Multicultural Media Growth by National/Local in 2018

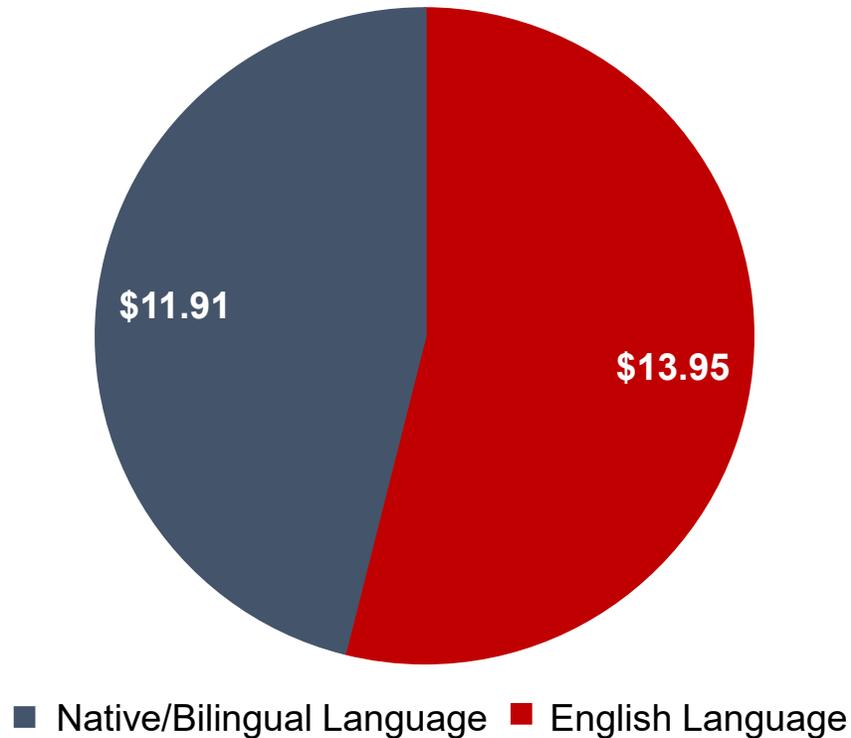


Source: PQ Media

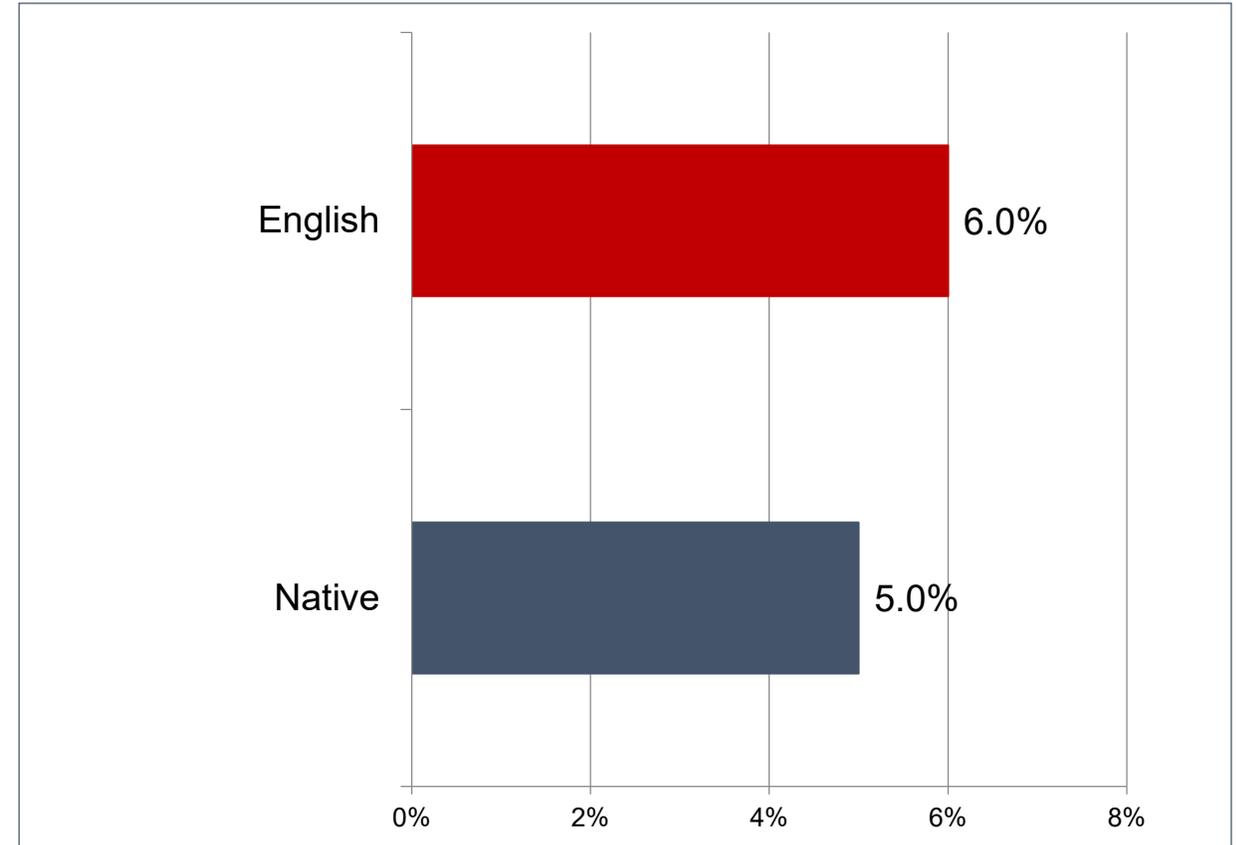
Source: PQ Media

English Language Media Was Larger than Native Language Media in 2018; English Also Posted Faster Growth as Brands Targeted Younger Demos

Multicultural Media Revenues/Share by English/Native in 2018 (\$B)



Multicultural Media Growth by English/Native in 2018

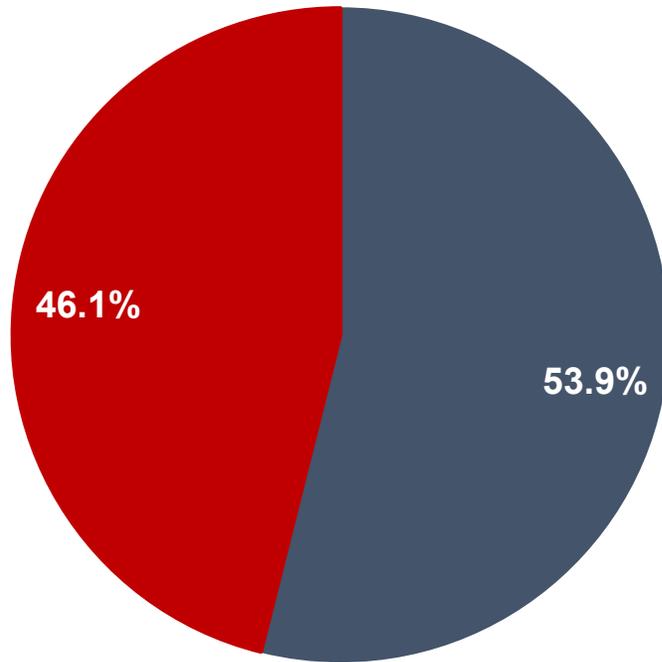


Source: PQ Media

Source: PQ Media

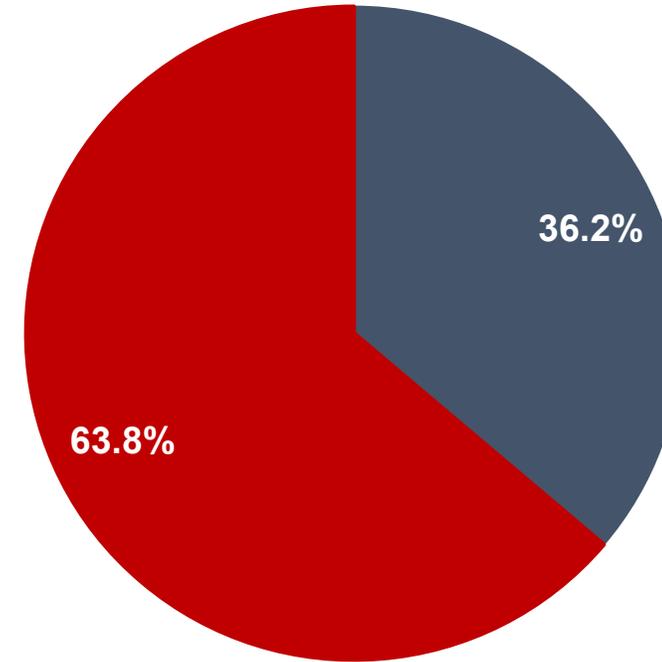
Multicultural Media Language Skewed by Almost All-English African American Demo; When African Americans Excluded, Native Language Accounted for 63.8% of Multicultural

Share of Multicultural Media by Language in 2018



■ Native/Bilingual Language ■ English Language

Share of Multicultural Media by Language EXCLUDING African American in 2018



■ Native/Bilingual Language ■ English Language

Source: PQ Media

Source: PQ Media

United States Multicultural Media Forecast 2019

Key Highlights: Hispanic American Media

Hispanic American Media: 2018 Results & 2019-20 Forecast

2018

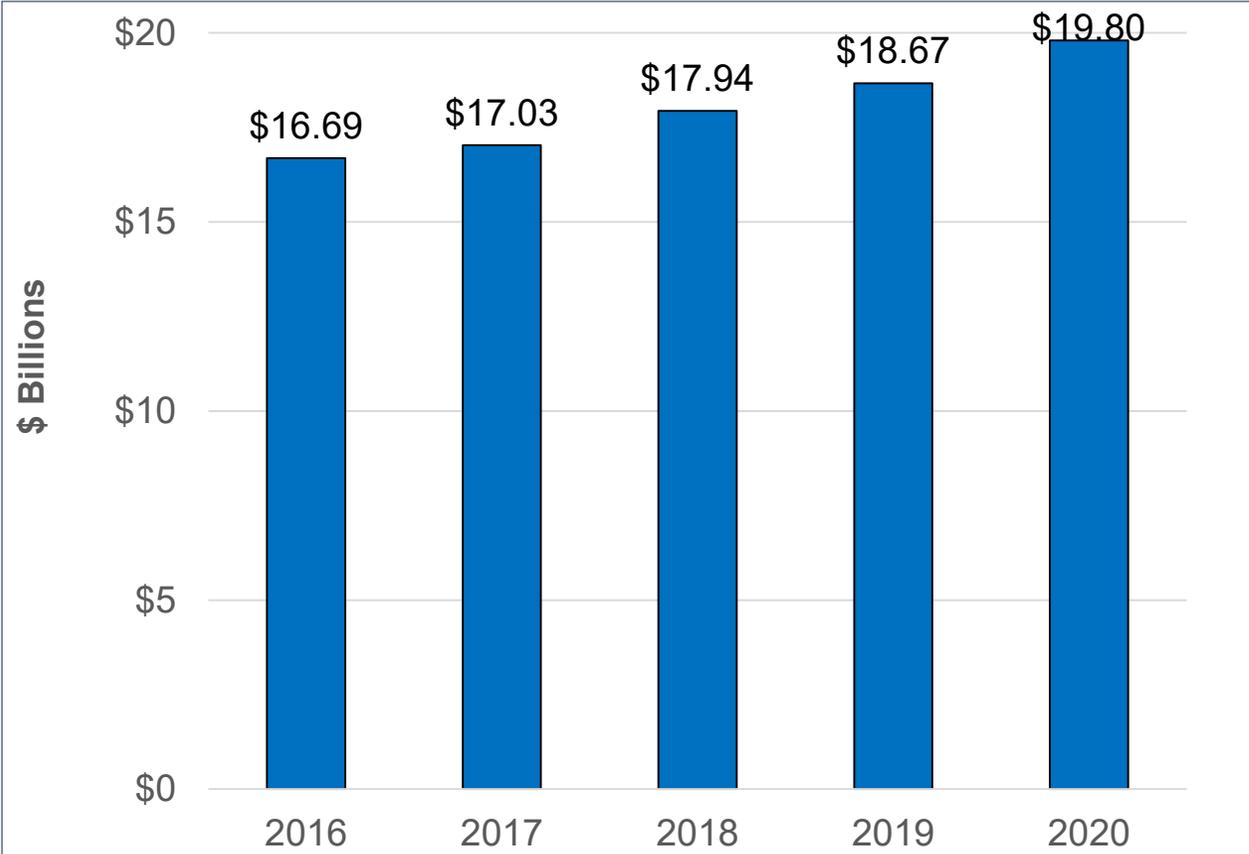
- U.S. total Hispanic American Media revenues rose 5.3% to \$17.94 billion, representing 3.6% of total advertising & marketing
 - Hispanic American Media was largest of the three demographic categories, but it was the slowest growing
 - Hispanic American Media increased by \$905 million in realized revenue compared with 2017
 - 2018 was buoyed by advertising & marketing associated with the elections, particularly in Florida and the Southwest
 - Advertising rose 5.5% to \$8.56 billion; Brand Activation Marketing increased 5.2% to \$9.38 billion
 - Hispanic American brand activation larger than advertising, similar to the overall advertising & marketing ecosystem
 - Television was largest media platform at \$5.43 billion and Branded & Content Marketing the fastest growing, rising 11.5%
 - Endemic media buying accounted for 71.4% of revenues, but non-endemic grew faster, up 6.6%
 - National media buying accounted for 65.2% of revenues, but local grew faster, rising 5.8%
 - Hispanic language accounted for 63.5% of revenues, but English language grew faster, up 5.9%

2019 & 2020

- U.S. Hispanic Media is pacing to rise 4.1% in 2019 to \$18.67 billion
- 2019 growth will decelerate primarily due to no federal elections
- U.S. Hispanic American Media is projected to increase 6.1% in 2020 to \$19.80 billion
- 2020 growth will be driven by the elections once again, as well as the FIFA World Cup, similar to 2016

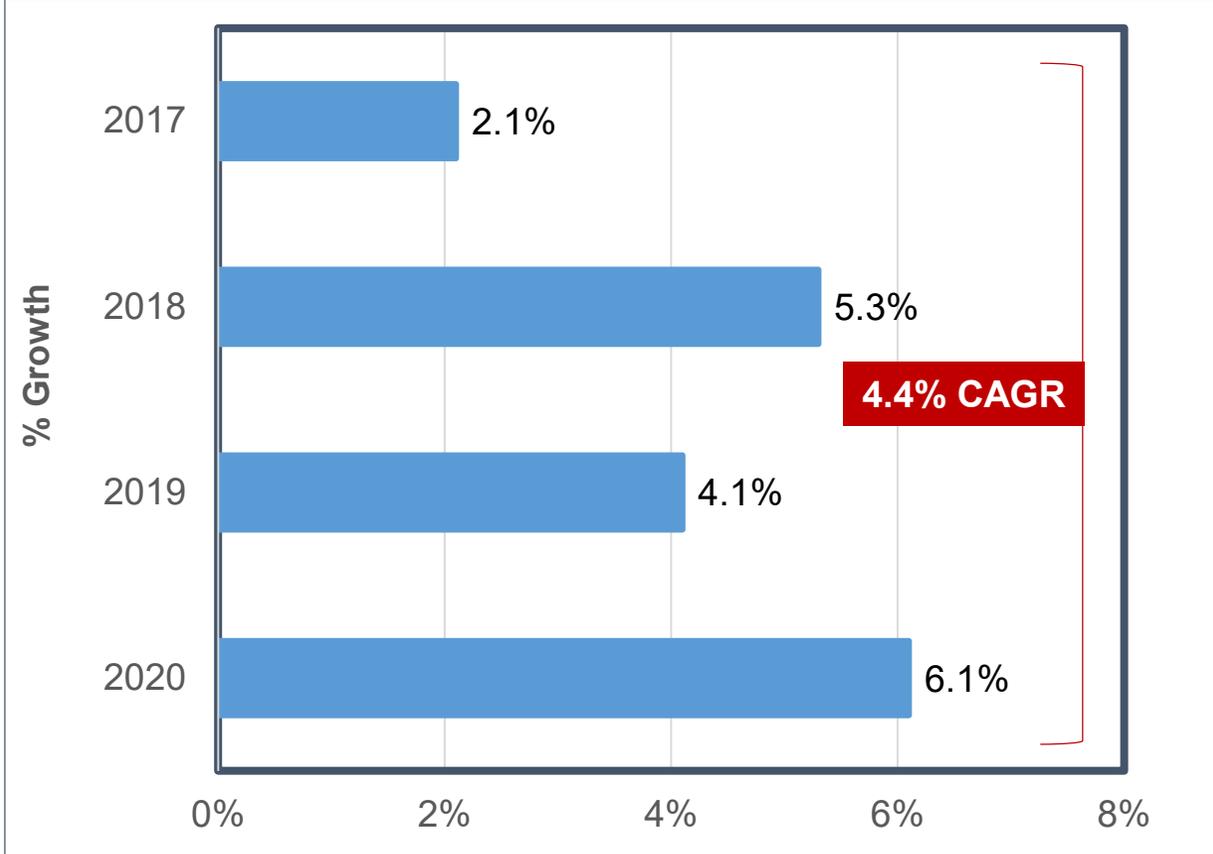
Hispanic American Media Revenues Rose 5.3% in 2018 to \$17.94 Billion; Projected to Post a 4.1% Gain in 2019; and 6.1% Increase in 2020 to \$19.80 Billion

Hispanic American Media Revenues, 2016-2020



Source: PQ Media

Hispanic American Media Revenue Growth, 2017-2020

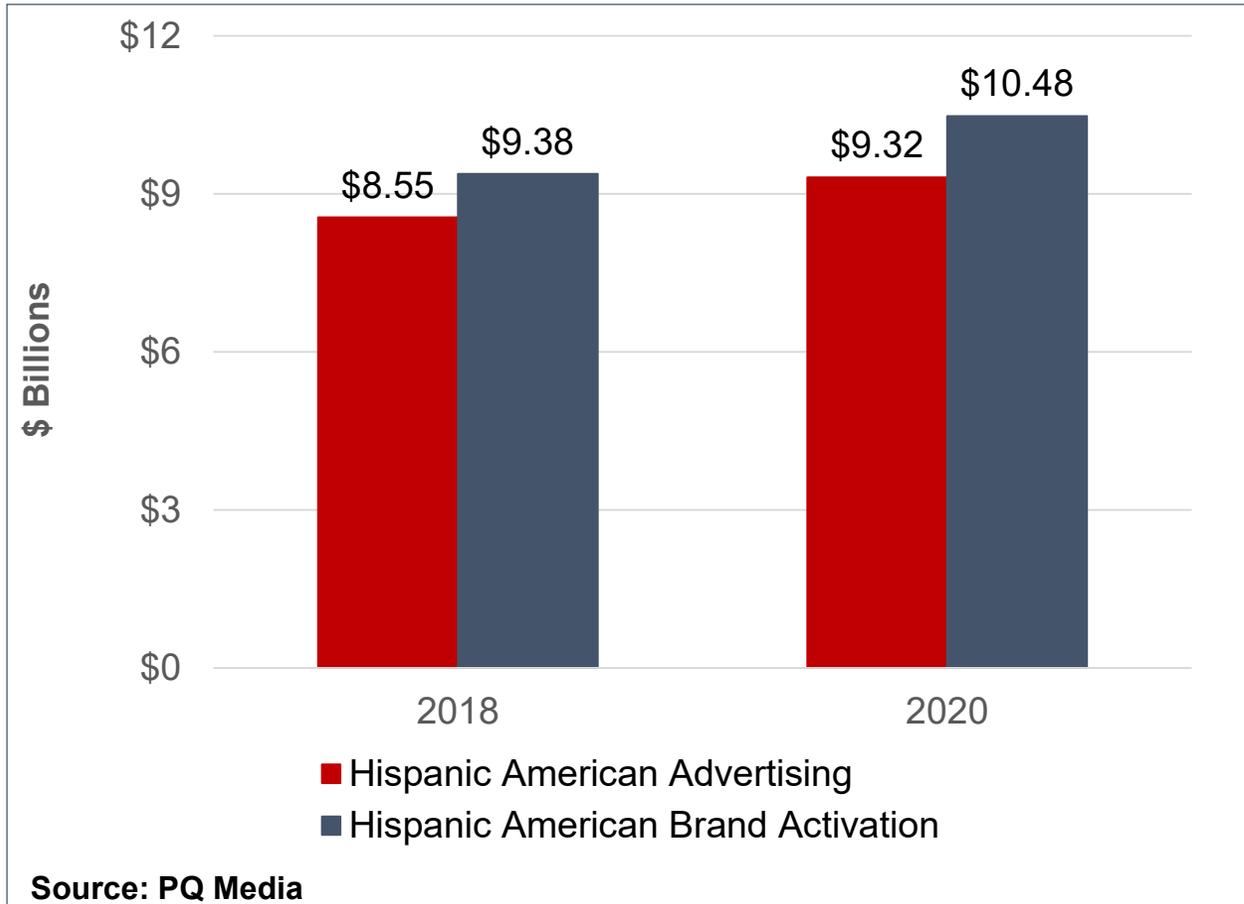


Source: PQ Media

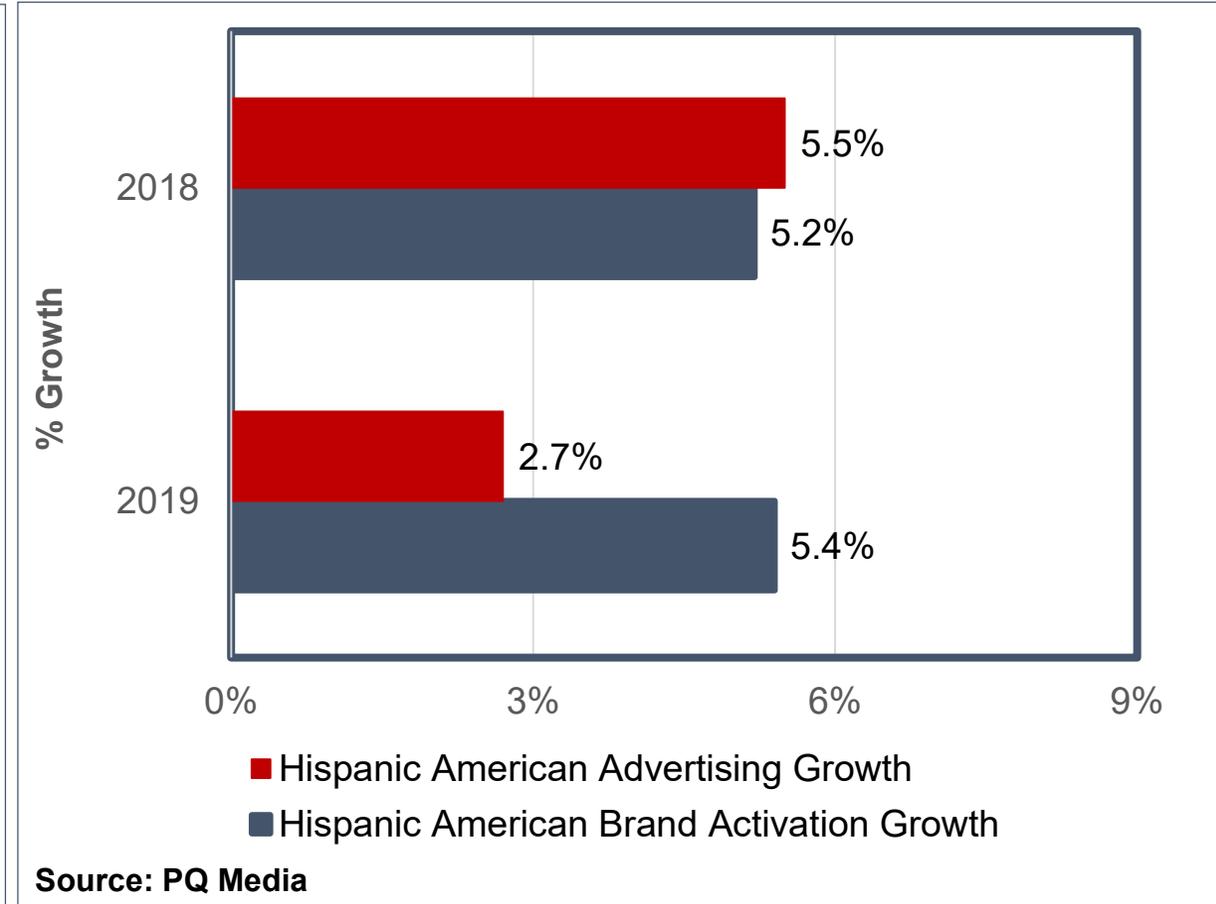
CAGR – Compound Annual Growth Rate (4-Year Average)

Hispanic Amer Ad Rose 5.5% in 2018 to \$8.55B, to Rise 2.7% in 19 & Reach \$\$9.32B in 20; Brand Activation Increased 5.2% in 18 to \$9.38B, Up 5.4% in 19 & Reach \$10.48B in 2020

Hispanic American Advertising & Brand Activation Revenues



Hispanic American Advertising & Brand Activation Growth



TV Largest of 12 Hispanic American Media Platforms, Over 30% of Revenues in 2018; Branded & Content Marketing Fastest Growing, Up 11.5%, Driven by TV Product Placement

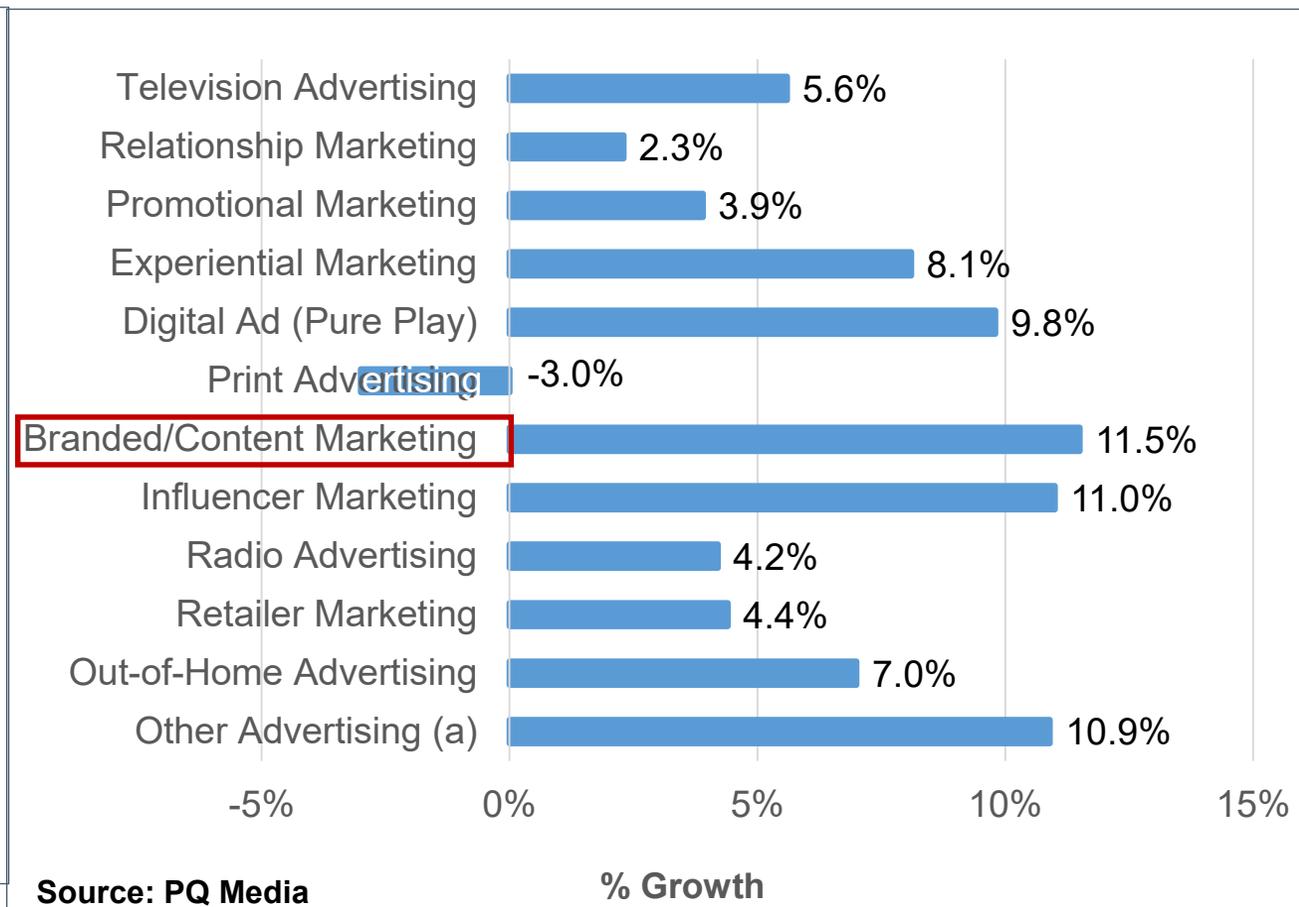
Hispanic American Media Revenues by Media Platforms in 2018



Source: PQ Media

a) Other Advertising includes: Business-to-Business (B2B) Magazines, Local Directories, and Entertainment Media (e.g. In-Video game ads, e-Sports sponsorships, ads on music, film & book sites)

Growth of Hispanic American Media by Media Platforms in 2018



Source: PQ Media

United States Multicultural Media Forecast 2019

Key Highlights: African American Media

African American Media: 2018 Results & 2019-20 Forecast

2018

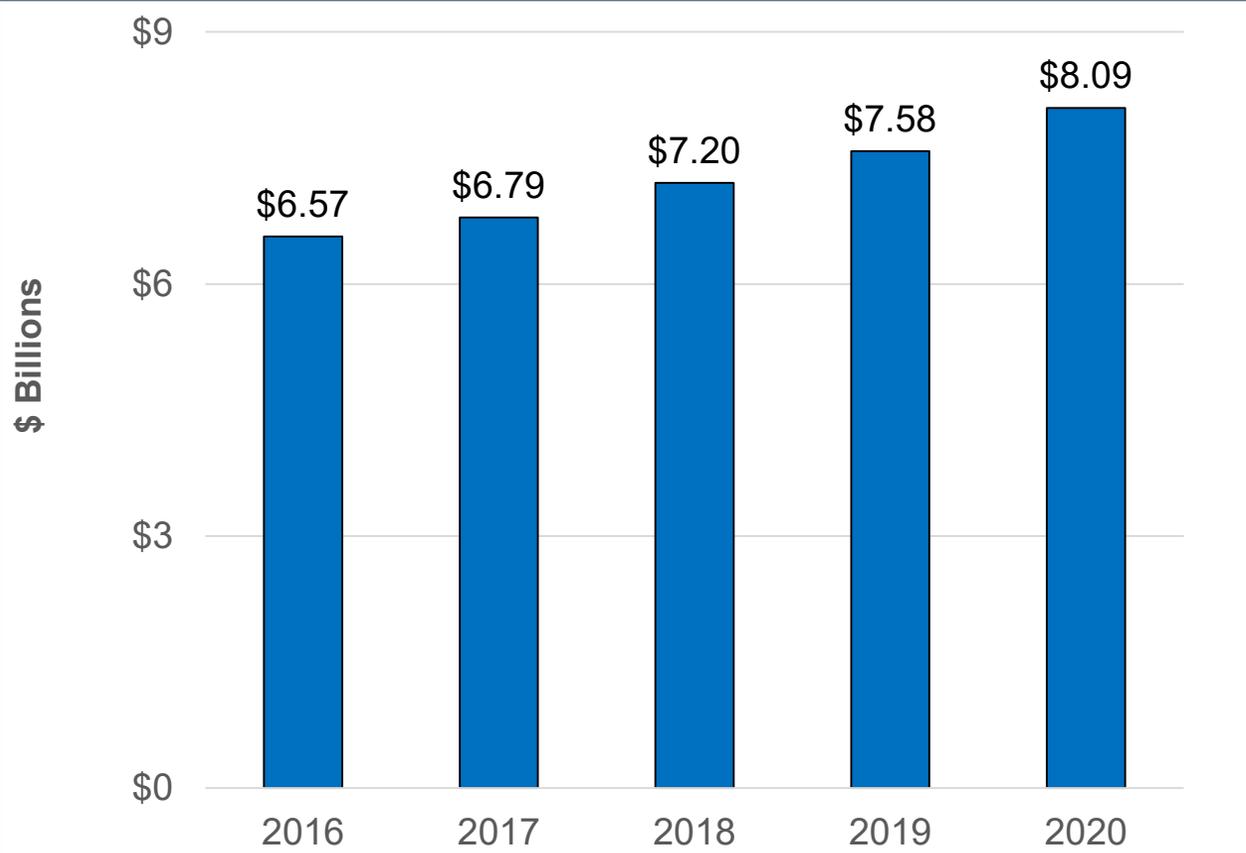
- U.S. total African American Media revenues rose 6.1% to \$7.20 billion, representing 1.4% of total advertising & marketing
 - African American Media ranked second in both size and growth among the demographic categories
 - African American Media increased by \$411 million in realized revenue compared with 2017
 - 2018 was buoyed by advertising & marketing associated with the political elections
 - Advertising rose 5.5% to \$4.08 billion; Brand Activation Marketing increased 6.8% to \$3.12 billion
 - African American advertising larger than brand activation, opposite the overall advertising & marketing ecosystem
 - Television was the largest media platform at \$2.01 billion and influencer Marketing the fastest growing, rising 13.5%
 - Endemic media buying accounted for 64.3% of revenues, but non-endemic grew faster, up 7%
 - National media buying accounted for 57.5% of revenues, but local grew faster, rising 6.8%
 - Almost all African American media is English language, although there is a rise in media aimed at African immigrants

2019 & 2020

- U.S. African American Media is pacing to rise 5.3% in 2019 to \$7.58 billion
- 2019 growth will decelerate due primarily to no federal elections
- U.S. African American Media is projected to increase 6.8% in 2020 to \$8.09 billion
- 2020 growth will be driven by the elections once again, as well as the Summer Olympics

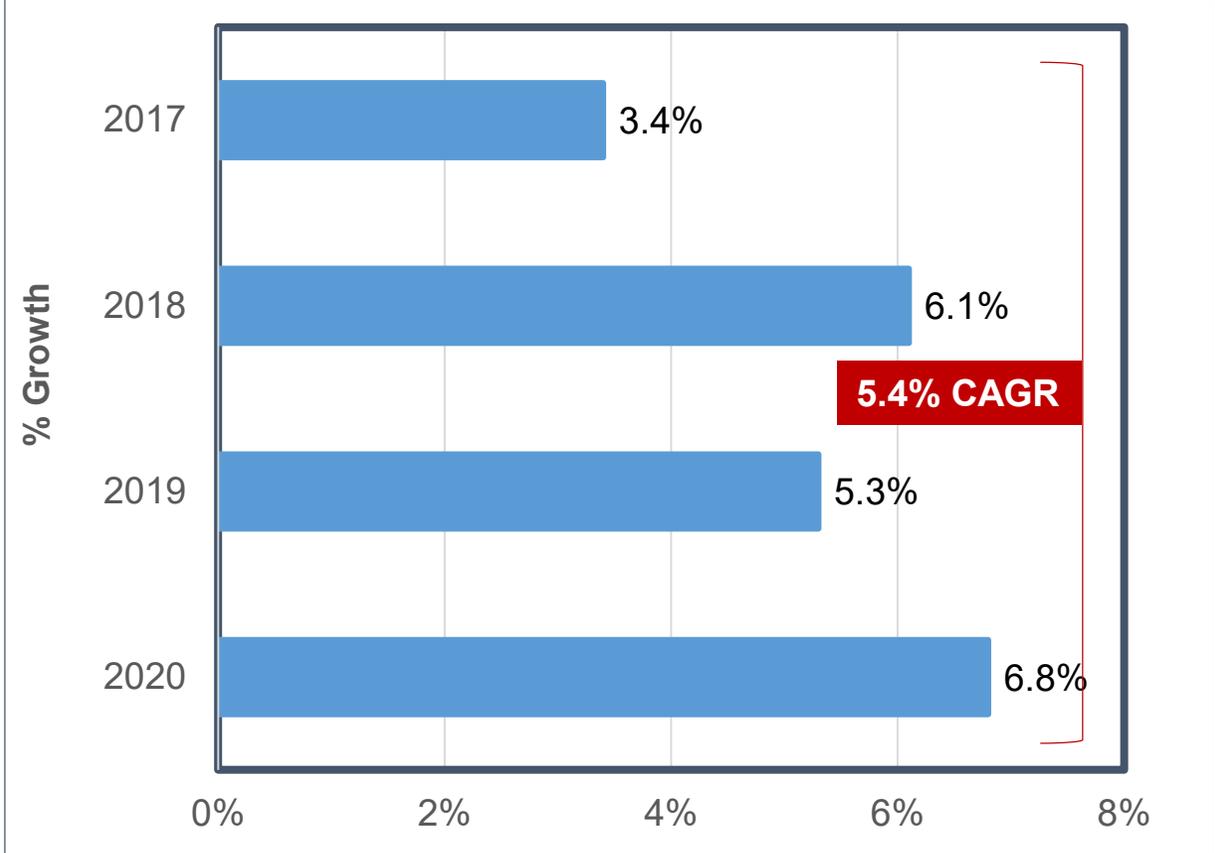
African American Media Revenues Rose 6.1% in 2018 to \$7.02 Billion; Projected to Post a 5.3% Gain in 2019; and 6.8% Increase in 2020 to \$8.09 Billion

African American Media Revenues, 2016-2020



Source: PQ Media

African American Media Revenue Growth, 2017-2020

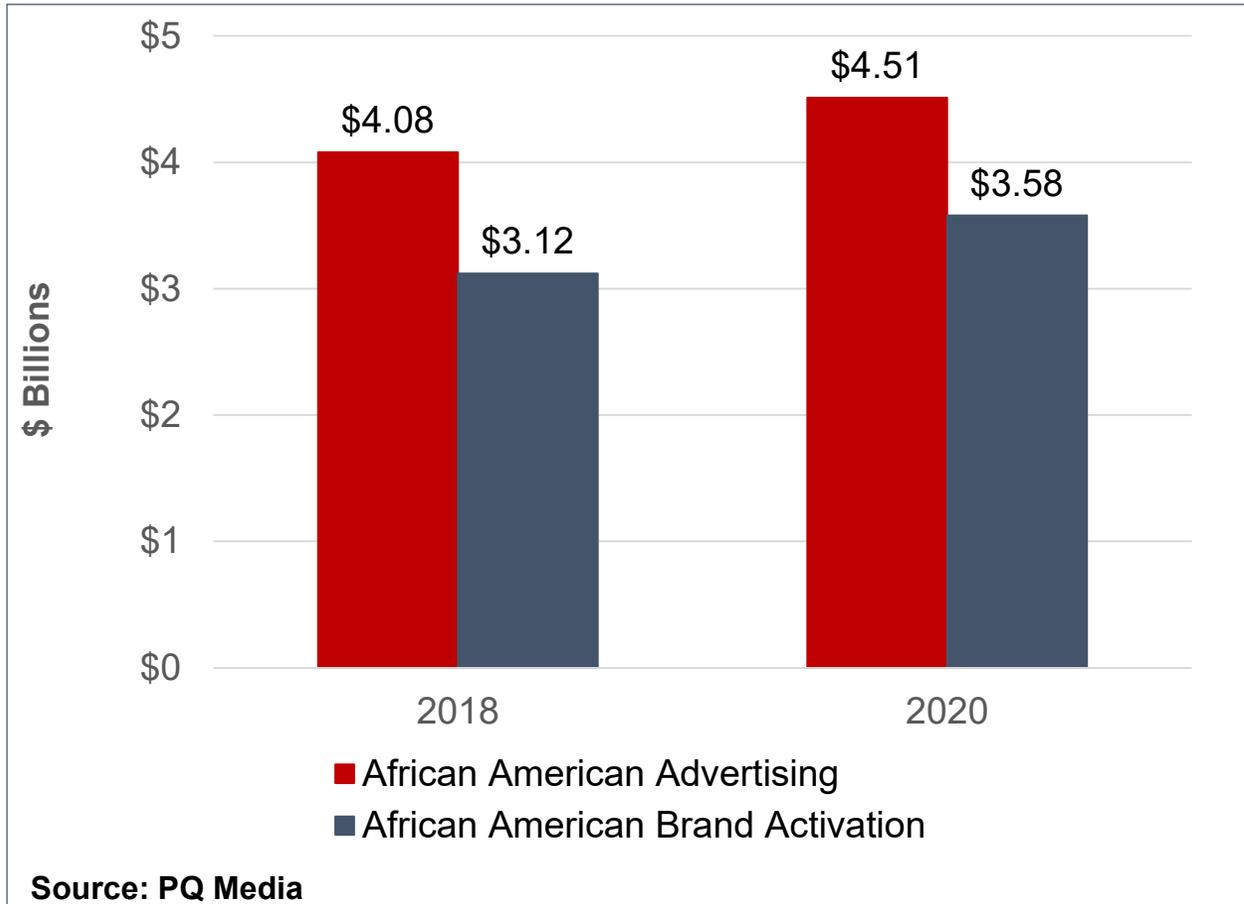


Source: PQ Media

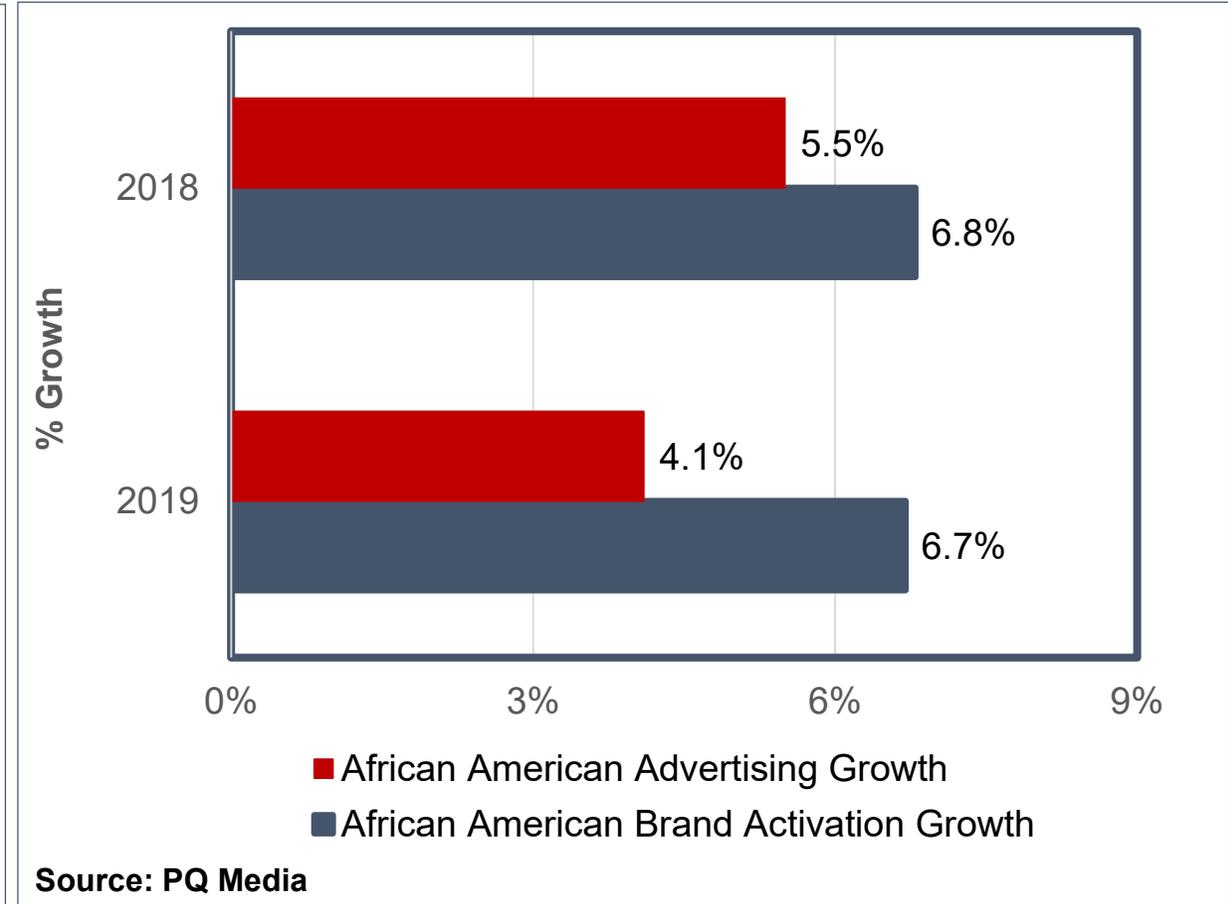
CAGR – Compound Annual Growth Rate (4-Year Average)

African Amer Ad Rose 5.5% in 2018 to \$4.08B, to Rise 4.1% in 19 & Reach \$4.51B in 20; Brand Activation Increased 6.8% in 18 to \$3.12B, Up 6.7% in 19 & Reach \$3.58B in 2020

African American Advertising & Brand Activation Revenues

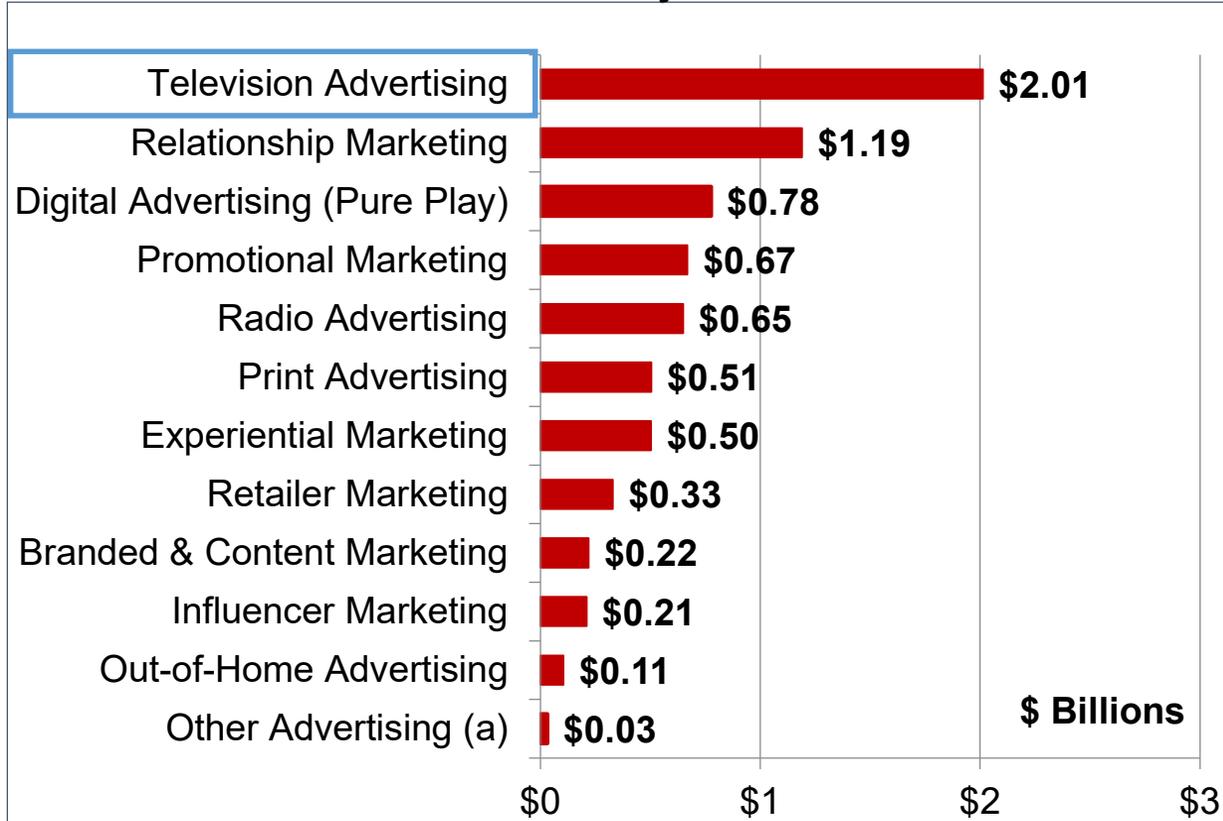


African American Advertising & Brand Activation Growth



Television Largest of the 12 African American Media Platforms, Almost 28% of Revenues; Influencer Marketing Fastest Growing, Up 13.5% in 2018, Driven by Word of Mouth

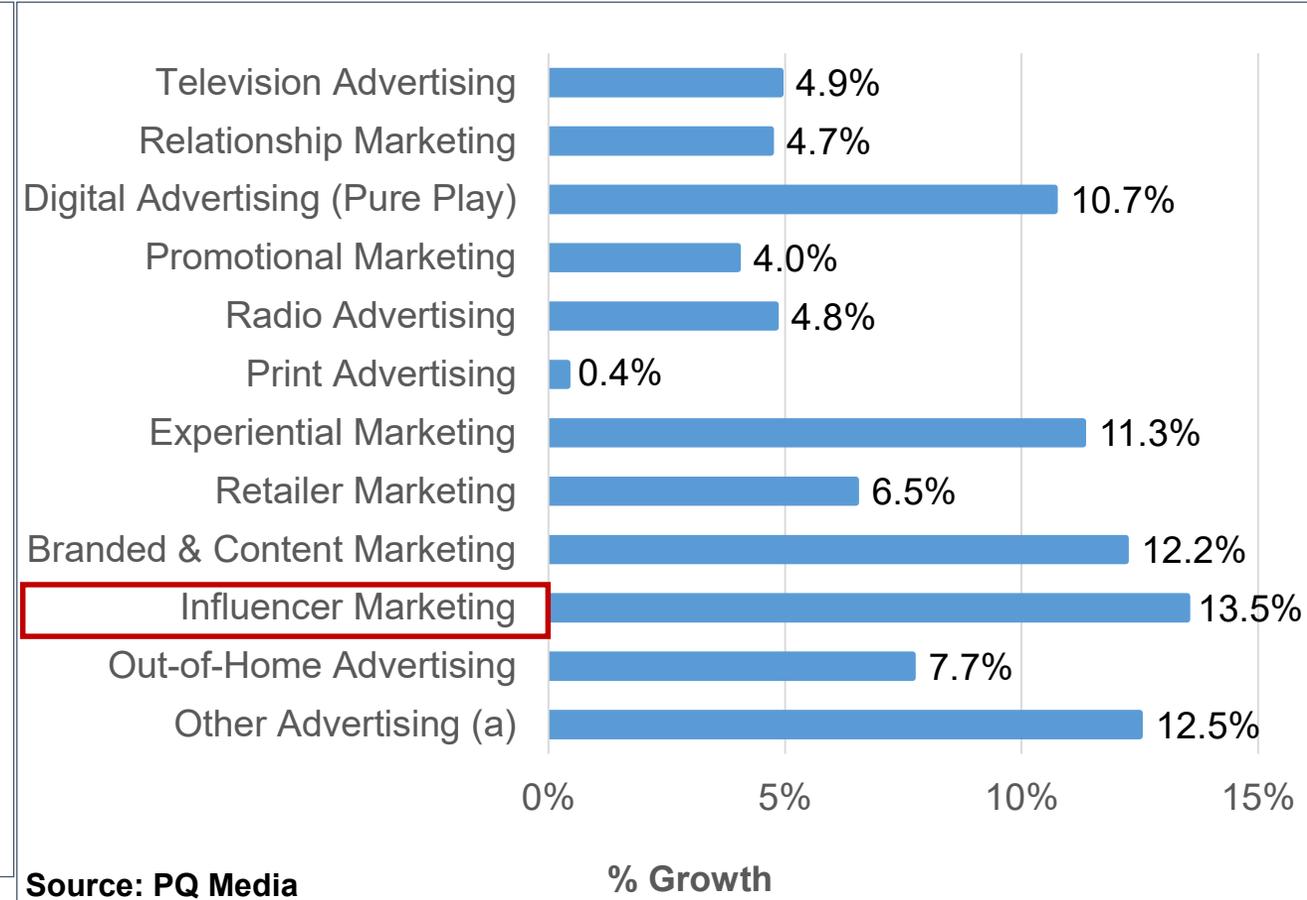
African American Media Revenues by Media Platforms in 2018



Source: PQ Media

a) Other Advertising includes: Business-to-Business (B2B) Magazines, Local Directories, and Entertainment Media (e.g. In-Video game ads, e-Sports sponsorships, ads on music, film & book sites)

Growth of African American Media by Media Platforms in 2018



Source: PQ Media

United States Multicultural Media Forecast 2019

Key Highlights: Asian American Media

Asian American Media: 2018 Results & 2019-20 Forecast

2018

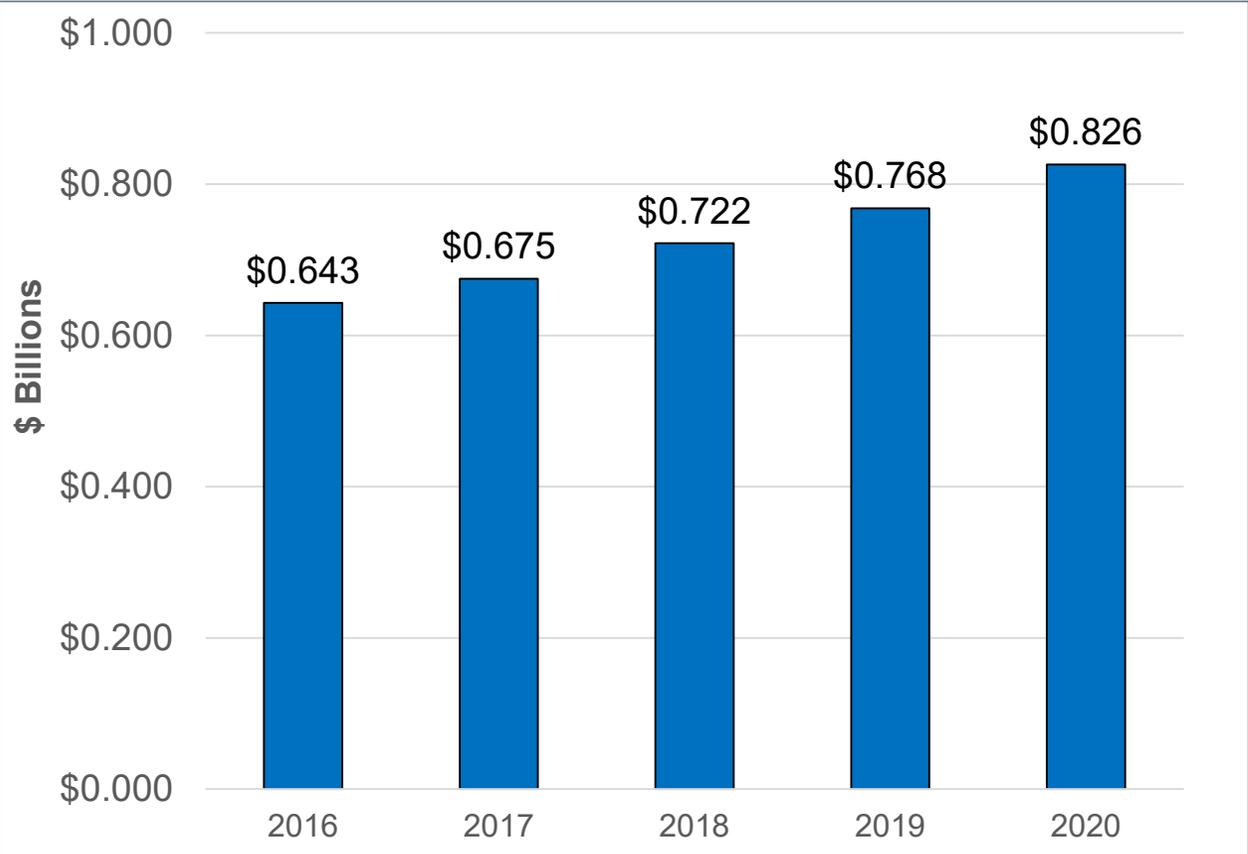
- Total U.S. Asian American Media revenues rose 7% to \$722 million, representing 0.1% of total advertising & marketing
 - Asian American Media is by far the smallest of the three demographic categories, but it is the fastest growing category
 - Asian American Media increased by \$47 million in realized revenue compared with 2017
 - 2018 was buoyed by advertising & marketing associated with the Winter Olympics in South Korea
 - Advertising rose 7.5% to \$419 million; Brand Activation Marketing increased 6.3% to \$303 million
 - Asian American advertising larger than brand activation, opposite the overall advertising & marketing ecosystem
 - Television was the largest media platform at \$146 million, Other Advertising was the fastest growing, rising 37.5%
 - Endemic media buying accounted for 56.4% of revenues, but non-endemic grew faster, up 8.5%
 - Local media buying accounted for 54.6% of revenues, and it grew faster than national, rising 7.6%
 - Native language accounted for 71.8% of revenues, but English language grew faster, up 7.8%
 - Chinese American were the largest of six cultural breakouts at \$186M, Korean American grew the fastest, rising 12.8%

2019 & 2020

- U.S. Asian American Media is pacing to rise 6.4% in 2019 to \$768 million
- 2019 growth will decelerate due to no international sporting events, only regional Asian sports championships
- U.S. Asian American Media is projected to increase 7.5% in 2020 to \$826 million
- 2020 growth will be driven by the Winter Olympics in Japan and the federal elections

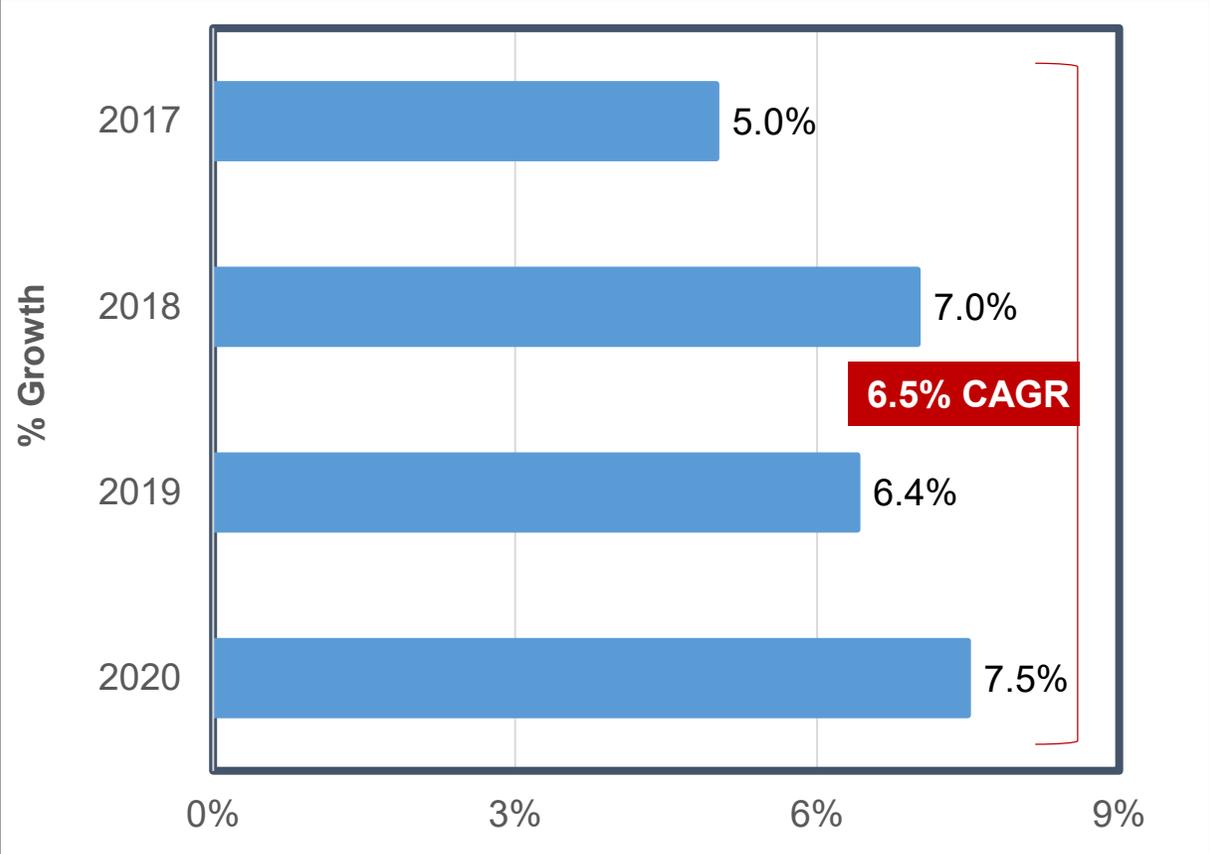
Asian American Media Revenues Rose 7% in 2018 to \$722 Million; Projected to Post a 6.4% Gain in 2019; and 7.5% Increase in 2020 to \$826 Million

Asian American Media Revenues, 2016-2020



Source: PQ Media

Asian American Media Revenue Growth, 2017-2020

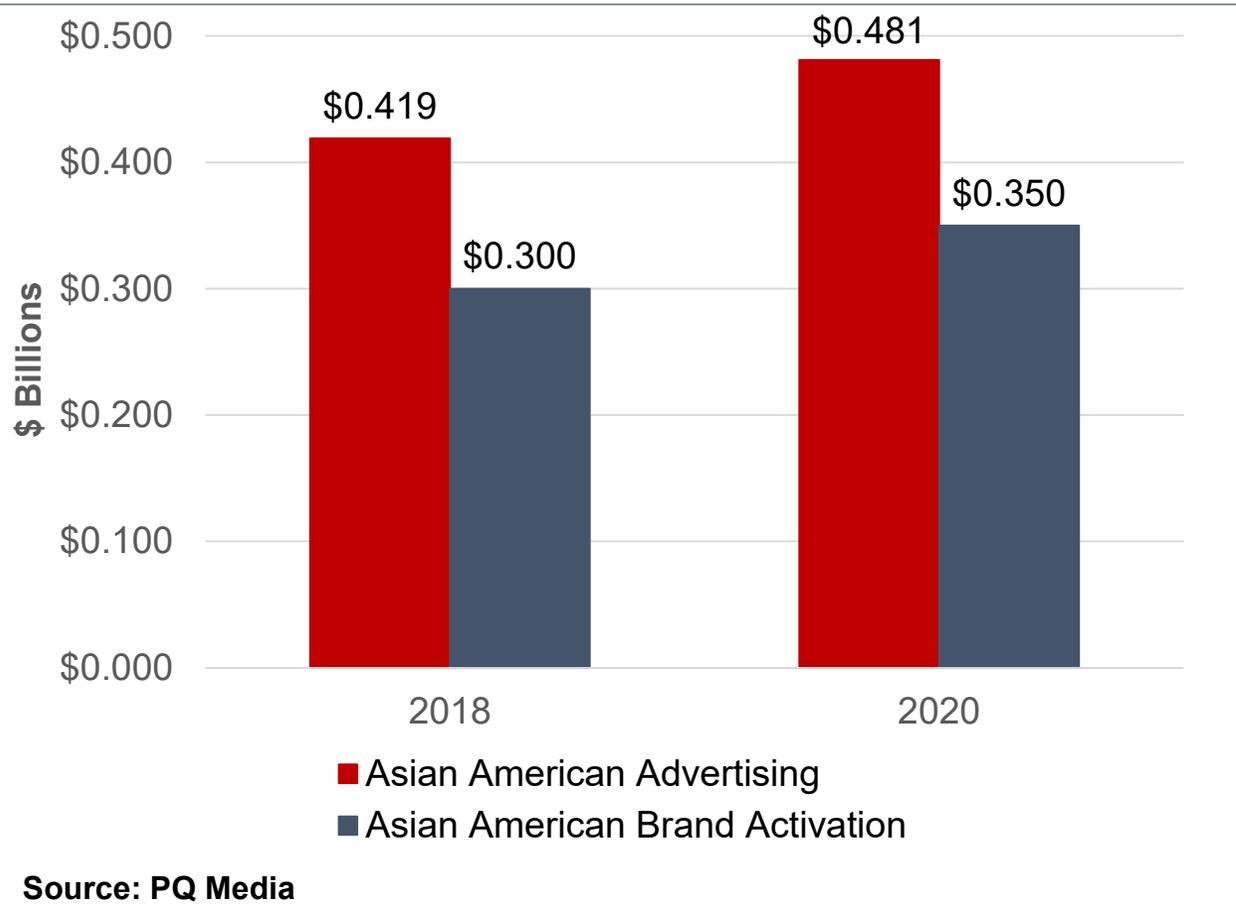


Source: PQ Media

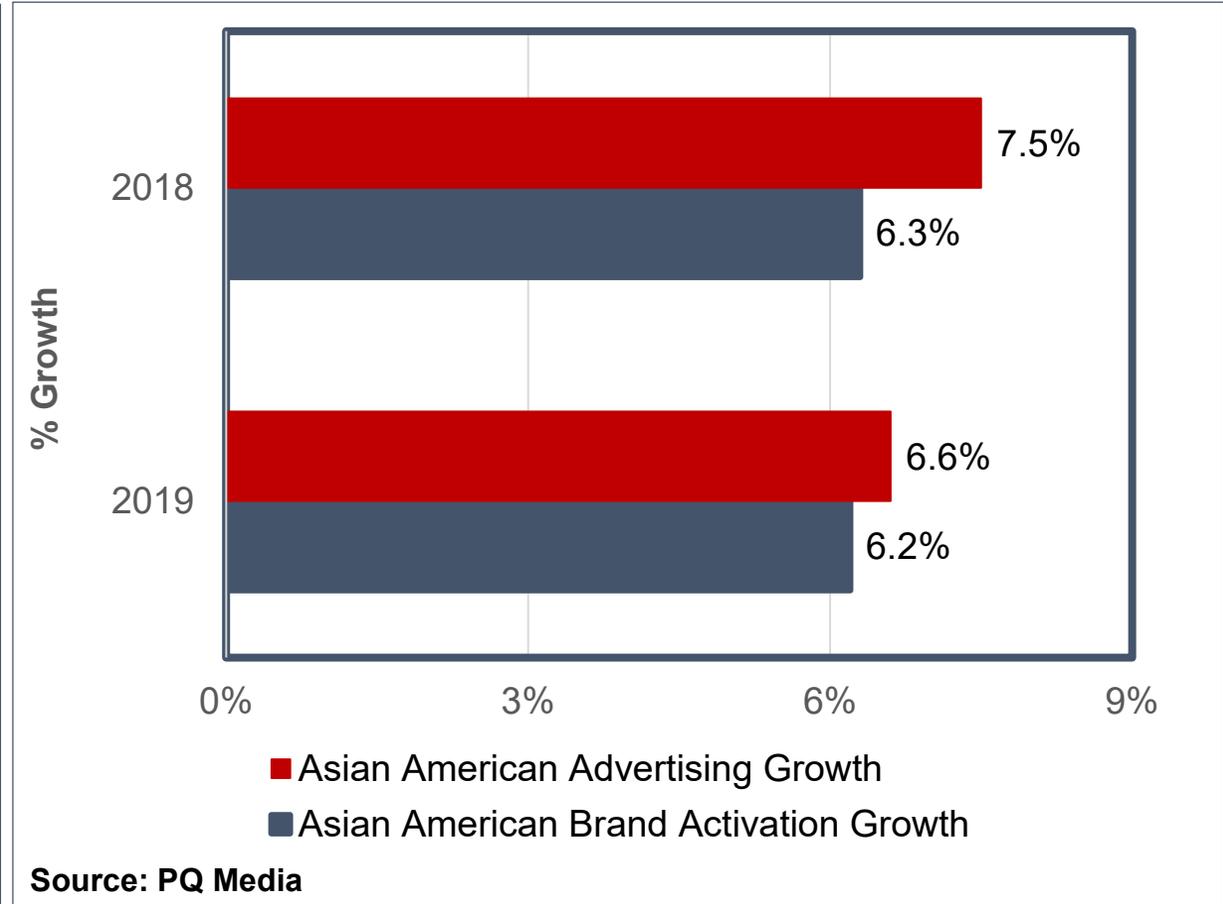
CAGR – Compound Annual Growth Rate (4-Year Average)

Asian American Ad Rose 7.5% in 2018 to \$419M, to Rise 6.6% in 19 & Reach \$481M in 20; Brand Activation Increased 6.3% in 18 to \$300M, Up 6.2% in 19 & Reach \$350M in 2020

Asian American Advertising & Brand Activation Revenues

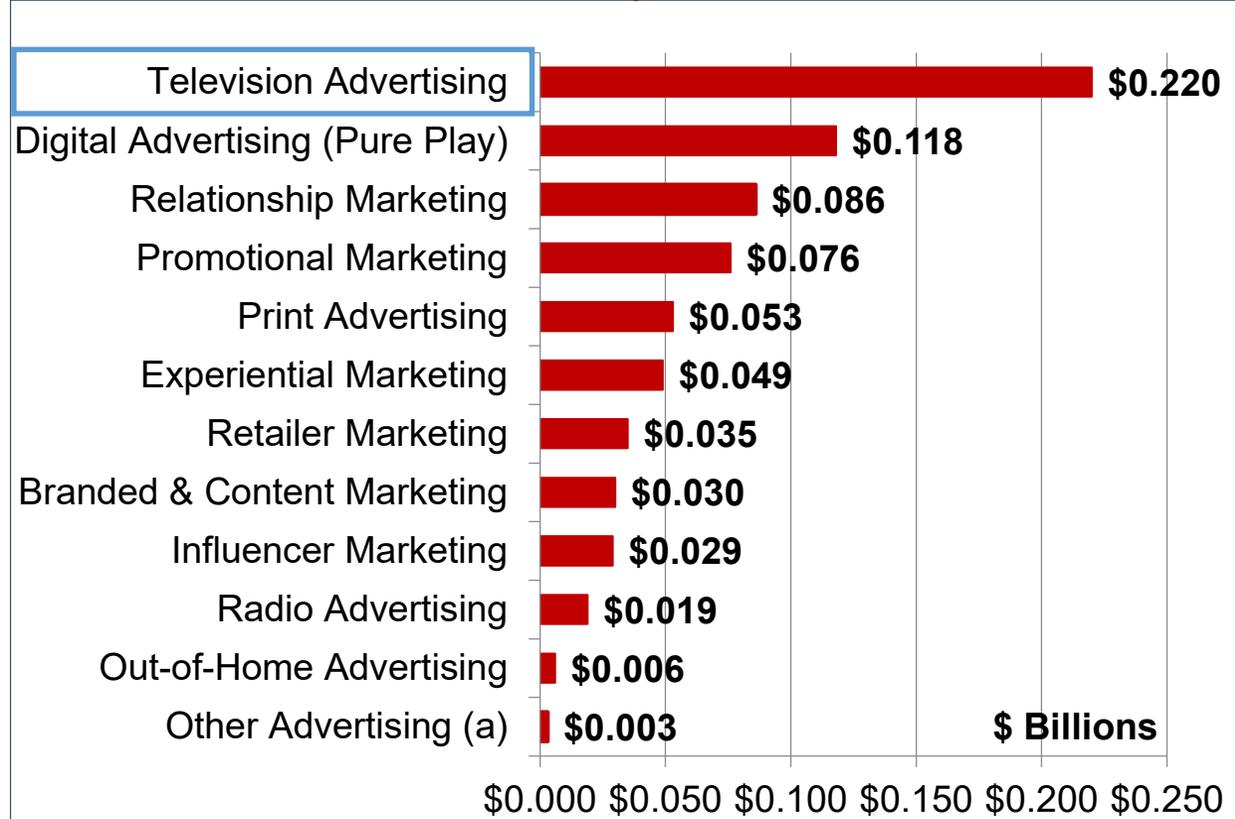


Asian American Advertising & Brand Activation Growth



Television Largest of the 12 Asian American Media Platforms, Over 30% of Revenues; Other Advertising Fastest Growing, Up 37.5% in 2018, Driven by e-Sports Sponsorships

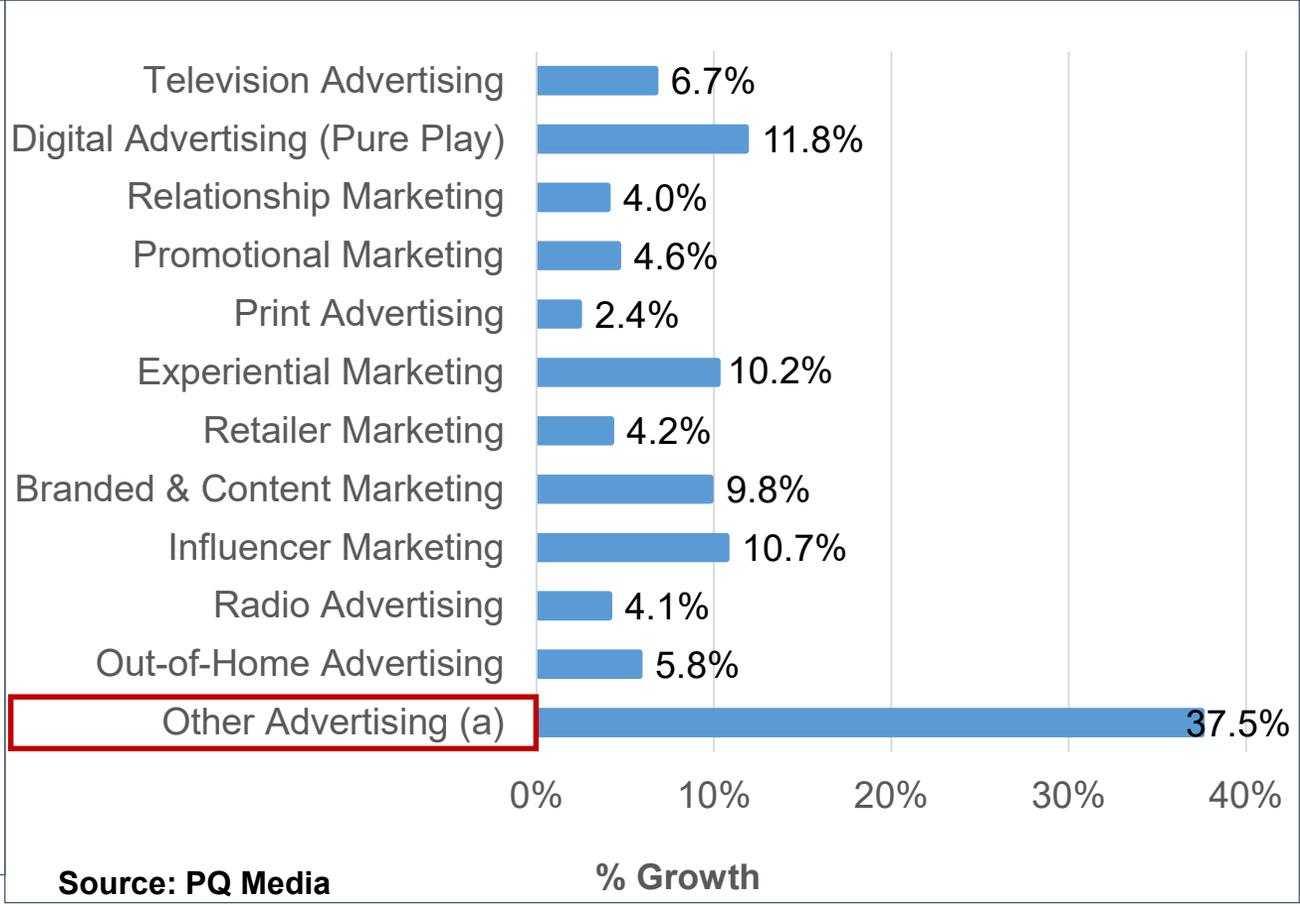
Asian American Media Revenues by Media Platforms in 2018



Source: PQ Media

a) Other Advertising includes: Business-to-Business (B2B) Magazines, Local Directories, and Entertainment Media (e.g. In-Videogame ads, e-Sports sponsorships, ads on music, film & book sites)

Growth of Asian American Media by Media Platforms in 2018



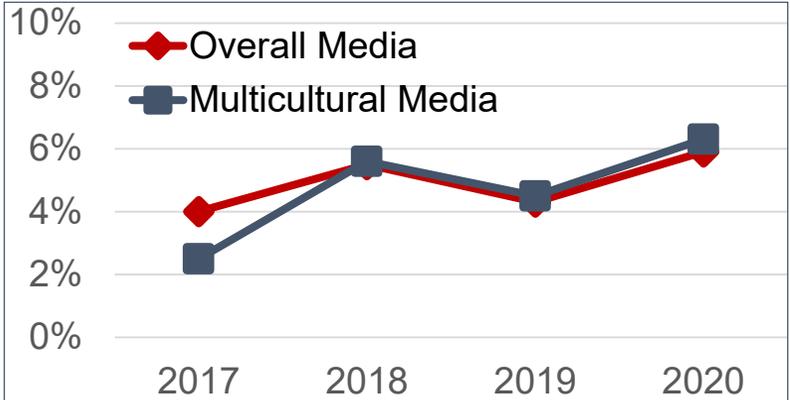
Source: PQ Media

United States Multicultural Media Forecast 2019

Select Opportunities & Challenges

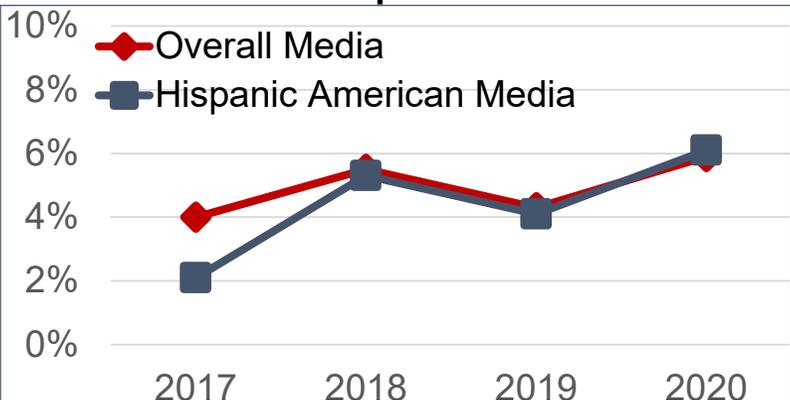
Multicultural & Hispanic American Media Are Growing at Similar Rates to Overall Media; African American Media & Asian American Media Outpacing Overall Media

Overall Media vs. Multicultural Media



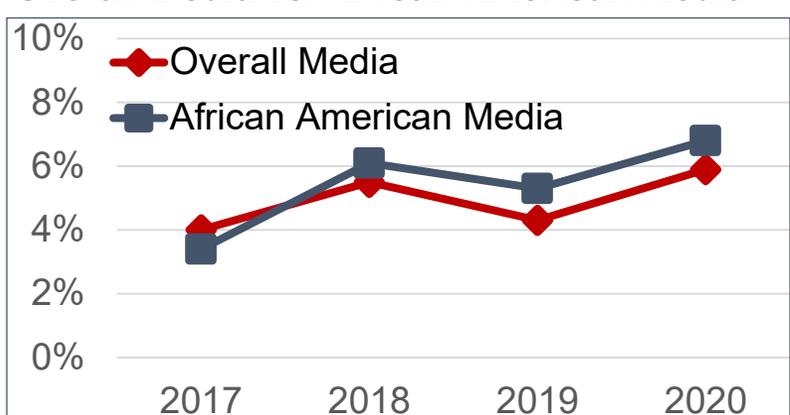
Source: PQ Media

Overall Media vs. Hispanic American Media



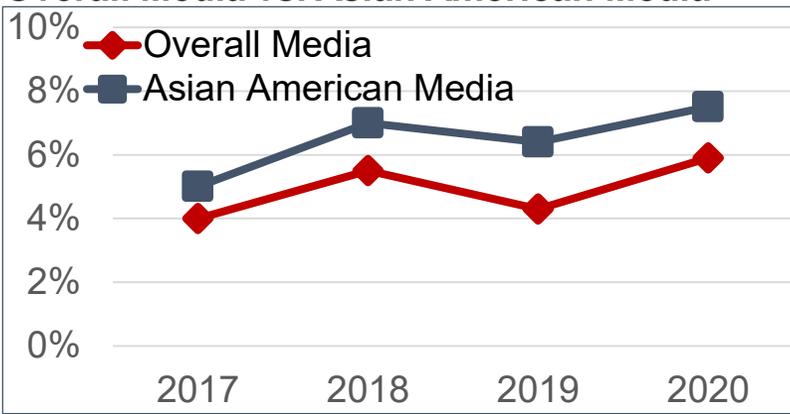
Source: PQ Media

Overall Media vs. African American Media



Source: PQ Media

Overall Media vs. Asian American Media



Source: PQ Media

Select Multicultural Media Trends

- 1. Shift Away from Total Market Approach in Media Buying Strategy Benefiting Multicultural Media**
- 2. Multicultural Media Growth Could Be Stronger If Not for Endemic Traditional Media Growth Weakening**
- 3. Traditional Multicultural Media Not Being Abandoned Because of Scale, High Media Usage and ROI**
- 4. Non-Endemic Gaining Traction as Content Publishers Increasing Use of Multicultural Professionals**
- 5. English & Bilingual Campaigns Being Employed More than Native Language Outreach**
- 6. Multicultural Retail Faring Better than Overall Retail Market, Aiding Brand Activation like Retailer Marketing**

United States Multicultural Media Forecast 2019

AIMM Recommendations

Report Implications

- 1. There is a clear opportunity for more marketers to engage Multicultural consumers to drive business growth. In what is perhaps the most significant finding in this study, Multicultural Media revenue – meaning total advertising & brand activation revenues (for both above- and below-the-line media) – significantly under-indexes the general population. This is especially notable for the many advertisers who are still on the sidelines, only reaching diverse segments through general market efforts and/or investing minimally compared to the size of the population and opportunity.**
 - Multicultural consumers now comprise almost 40% of the total population, yet Multicultural Media investments comprise only 5.2% of total advertising & marketing revenues according to the PQ Media study. (See Slide 8 for definition of advertising & marketing operator revenues.)
- 2. Although 100% of the total population growth comes from Multicultural segments, marketers are significantly underspending to reach these consumers, and conversely, decidedly overspending to reach non-Multicultural consumers.**
 - 95% of the media revenues are concentrated in non-Multicultural media when only 63% of the population base is non-Multicultural. More importantly, the non-Multicultural base is already in decline, and the decline is projected to continue to accelerate, putting brands at a greater growth risk than in the past.
 - The current allocation of resources of 5.2% of media revenues against almost 40% of the population base under-delivers the full growth potential of Multicultural consumers to brands. Although it is hard to say that marketers should be spending nearly 40% of media revenues against almost 40% of the consumer base, it is implausible that a 5.2% allocation could maximize brand growth.

Report Implications (cont.)

3. Marketer media allocation should reflect the fact that Multicultural consumers are not concentrated in great numbers in general media, with some exceptions (notably, African Americans).

- Not enough marketers are investing in endemic media with messaging in languages and/or in culture. For the most part those who do invest in endemic media spend too little there (see Slide 9 for definitions of endemic and non-endemic).
- Reaching out directly to Multicultural consumers in endemic media is critical to maximize growth. Examples of endemic media include Univision and NBCU Telemundo for Hispanic Americans; BET and *Essence* for African Americans; and *AsianWeek* and , and *AsAmNews* for Asian Americans.

4. Marketers should better leverage digital advertising to reach Multicultural consumers.

- Currently, digital advertising represents only 10% of Multicultural Media revenues, but 18% of overall media revenues, per PQ Media's analysis. Yet, Multicultural audiences use digital media more than the average population, over-indexing on messaging, digital video and streaming audio. Multicultural populations skew younger than the overall population and tend to be more tech-savvy, digitally focused and have a higher engagement.
- Among the challenges marketers face in digital advertising is ensuring their ads are relevant to the user. Yet, AIMM research indicates that the digital data accuracy and coverage for Multicultural consumers is considerably lower than for other segments. That makes it harder to ensure the right message gets in front of the right consumer. Until digital online data quality is transparent, marketers will continue to face tough challenges understanding who they are targeting and which consumer segments are responding. Many Multicultural digital consumers are incorrectly identified as White Non-Hispanic, artificially inflating views, exposure, engagement and ROI. It's important that marketers invest with care and demand more quality transparency from data providers.

Report Implications (cont.)

- 5. Brand activation should play a greater role in reaching Multicultural consumers. Brand activation platforms consist of branded & content marketing, experiential marketing, influencer marketing, promotional marketing, relationship marketing, and retailer marketing.**
 - Brand activation revenue is lower than advertising revenue in Multicultural – about a 49/51 skew – versus 64/36 share in the general market.
 - Brand activation is important at the point of decision and provides a better opportunity for one-on-one engagement between the brand and the Multicultural consumers.

- 6. There is an opportunity to have Multicultural communication specialists work more in non-endemic media (i.e., general market media) to help craft communications to appeal to both general market and Multicultural audiences.**
 - While endemic media buying accounts for 69% of Multicultural Media revenue, non-endemic is growing faster – 6.8% versus 4.7%. Non-endemic accounts for 29% of revenues in Hispanic American Media, 36% in African American Media and 44% in Asian American Media. This suggests an opportunity for Multicultural communications specialists to not only work in endemic media, but also non-endemic platforms and programs that have a high concentration of Multicultural audiences in order to craft communications that would appeal to both general market and Multicultural audiences.

United States Multicultural Media Forecast 2019

Methodology

PQ Media Research Methodology

PQ Media's proven research methodology and proprietary mapping system – PQ Medianomics™ – utilizes proprietary data collection techniques, algorithmic models and analytical approaches to track, analyze and forecast spending, consumption and trends in all major media, platforms and channels of the media and entertainment industries. PQ Media's system, driven by our SpendTrac, UsageTrac and InfoTrac databases, as well as our exclusive Global Opinion Leader Panel (GOLP), layers the impact of key data and variables, including economic, demographic, behavioral, technological and regulatory.

In defining, structuring, sizing and forecasting global industries and markets, such as multicultural media, PQ Media seeks input from our exclusive Global Opinion Leader Panel™, which includes more than a thousand executives at media and entertainment companies, financial institutions, consulting firms, media agencies and brands regarding various data and information driving key trends and growth in campaign media spending. We also examine thousands of public and private documents from more than 1,000 sources pertaining to regional and market-specific trends and data in multicultural media, the advertising & marketing ecosystem; economic sectors and demographic profiles; and any other factors, such as technology penetration rates, that might affect the multicultural media industry, overall advertising & marketing environment, the economy and consumer media usage behavior and spending patterns.

PQ Media's proven econometric methodology is set apart from other media research sources in a number of important ways. For example, PQ Media doesn't use standard rate card data and estimated impressions as the methodological foundation of our spending and growth algorithms. Our consistent, comprehensive and in-depth mapping of the entire media and entertainment landscape provides industry stakeholders with a complete picture of how the spending and usage patterns of consumers, businesses, brands and agencies are changing at an increasingly rapid pace, driven by technology innovation and emerging digital media.



PQ Media Research Methodology (cont.)

Specific to the *U.S. Multicultural Media Forecast 2019*, PQ Media interviewed over 100 GOLP members in confidence. We were fortunate to be introduced to many new national multicultural media GOLP stakeholders by executives at AIMM. Other GOLP members were contacted after PQ Media analysts uncovered interesting information relating to a specific multicultural demographic category; for example, among the African-American community, diabetes and heart disease are concerns that led us to reach out to a health care GOLP member on marketing techniques used to reach this demographic.

In a separate document accompanying the full report (see below), PQ Media lists over 40,000 primary and secondary sources. There were various methods used to collect data and information from these sources. To identify multicultural brands and products, we started with a content analysis of media operators' content to ascertain which brands were associated with endemic and non-endemic multicultural content, such as ads on endemic television programs and radio formats, in ethnic newspapers and magazines, and retail outlets like bodegas, with point-of-purchase displays, product sampling, and loyalty programs. Content analysis was also employed to identify multicultural brands and products through agency case studies, advertising & marketing award ceremonies, and sponsorships of multicultural events. To identify multicultural media operators and content, PQ Media analysts used a myriad of methods. They examined hundreds of directories that listed operators specific to a culture, such as media aimed at Ethiopian Americans. They found lists that ranked multicultural content by revenues, usage and/or popularity, such as Michael Jackson's estate ranking first among dead celebrities in annual brand licensing revenues. We identified leading influencers by recommendations from multicultural media providers, such as "must-read" blogs on Filipino-American cuisine, and their inclusion in award ceremonies, such as the Hispanic Heritage Awards, and important national institutions, like the MLB Hall of Fame.

Supplementary document to full report: “Primary & Secondary Sources” (list of 41,652 sources)
(Available only to AIMM and ANA members when downloading the full report)



U.S. Multicultural Media Forecast 2019

Advertising & Brand Activation Marketing by Demographic, Platform, and Media Buying Strategies

3 Demographics

- African American
- Asian American
- Hispanic American

12 Advertising & Brand Activation Platforms

- | <u>Advertising</u> | <u>Brand Activation</u> |
|--------------------|-------------------------|
| ▪ Digital Media | ▪ Branded & Content |
| ▪ Out-of-Home | ▪ Experiential |
| ▪ Print | ▪ Influencer |
| ▪ Radio | ▪ Promotions |
| ▪ Television | ▪ Relationship |
| ▪ Other | ▪ Retailer |

3 Media Buying Categories

- Endemic vs. Non-Endemic
- National vs. Local
- English vs. Native Language

2016-18 Historical; 2019-20 Forecast



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