Chapter 1

Separate but Equal

The World's Worst Marketing Challenge

Here's a business and marketing challenge for you: You have a product that's intangible and expensive. It requires monthly payments. If things go well, the money your customer spends on it will be wasted. Both the purchase process and every single payment moment require that your customer confront some of the most uncomfortable truths a person can face. There is no possibility that your customer will ever see any personal, direct benefit from your product.

Sounds a lot harder than selling soda, right?

If you haven't already guessed, the product is term life insurance—the stuff that has no cash value and evaporates once the term is over. Its benefits, however, are significant. It can provide a safety net to your beneficiaries in the event of your death—a safety net that is much larger than you'd be able to afford via a whole life policy (the kind with a defined cash value).

But tens of millions of people in the United States have term life—so it can't be that hard to sell. Although this is true, those existing customers have a culturally mediated understanding of term life insurance and the disposable income needed to make it accessible. For them, it's a plus, not a trade-off.

Naturally, the life insurance industry has long targeted this segment. They're affluent and, for the most part, white. They're a great market, except for one major problem: Because they're already well served, the market isn't growing much now or in the future. This poses a problem for the growth-oriented, publically traded life insurance industry.

There is a woefully underserved market out there, one that has a real need for life insurance and is on a demographic growth spurt. But, naturally, there's a problem there, too. This market has little resemblance to the old stalwarts the industry has long relied on. It is less affluent, more ethnically diverse, and often unfamiliar with—even intimidated by—the concept of life insurance. Reaching this audience means staring that marketing challenge right in the face.

The costs of ignoring this audience are high and growing every day. The challenges in reaching them are vast—and expensive to solve. What's an insurer to do?

The answer is simple. To continue to thrive, life insurance companies must reframe their view of the market for their products, going from a narrow focus on the general market to a broad approach to the Total Market. One company, MetLife, did exactly that, and enjoyed extraordinary results. During the course of a one-year campaign, MetLife saw a *60 percent increase* in premiums, fully 40 percent more than its already ambitious goal.

Impressive? Yes.

Easy? No.

Essential? Absolutely.

From the middle of the last century until now, advertising and marketing has divided itself into two big groupings: the general market and the multicultural market. Or, to be blunt, we split ourselves into white and nonwhite agencies. Sound familiar?

The white, general-market agencies (GMA) spoke to the mass market—which was and still is predominantly white. The nonwhite, multicultural agencies focused on individual ethnic groups. Hispanic agencies spoke to the Hispanic population, black agencies spoke to the black population, Asian agencies spoke to the Asian population . . . you get the picture. Given that advertising and marketing is a business of emotional and rational understanding and persuasion, this approach made sense. If you imbue your advertising with a deep cultural understanding, you're likely to connect better to your audience.

For decades, the system worked to a certain extent. The multicultural agencies really did do a better job of selling to their target consumers than GMAs would have done. The whole system might have continued to thrive were it not for human nature. As you've probably noticed by now, this industry division was just another instance of the infamous separate but equal philosophy—only applied to commercial enterprise instead of education. Predictably, GMAs worked with huge marketing budgets, while multicultural agencies divided up a small ethnic advertising pool. When they needed extra funds, they came out of another multicultural segment, not the overpowering general market. Distasteful though it may be, even that system made a certain degree of commercial (if not moral) sense when the white population really was equivalent to the mass market.

That's not going to be true for much longer. In fact, the era of the majority white population has already faded into history in many parts of the United States. Continuing with a fragmented general market/multicultural approach isn't just shortsighted; it's suicidal. The only way to see, appreciate, and sell to the full panoply of America's diverse new mass market is to do for advertising what we did for education five decades ago.

It's time to integrate. It's time to stop carving up our target markets into ethnic slices and time to start looking at the Total Market. When you do, the math changes—dramatically.

Consider the life insurance industry once more. It's known all along that everyone in the United States is a potential customer. After all, none of us gets out of here alive. But knowing that is one thing; learning how to act on it is something entirely different.

MetLife wanted to try. It knew that over the past seven decades, the U.S. population has doubled to more than 300 million people—and that the number of life insurance policies purchased has dropped by 50 percent in that same time. The industry made up for the volume shortfall by selling ever-larger policies to more affluent customers—a strategy that can work only for so long. Rather than watch the industry grow even more elitist, MetLife wanted to see if it could serve a broader market. To do that, it sought out global advertising agency Ogilvy & Mather, where I led the Cross-Cultural Practice. The MetLife executives already knew the demographic realities. Metlife's core consumers were part of a slow-growing segment of the U.S. population. However, there were many people outside of that traditional segment who would benefit from life insurance. They just didn't have a history of purchasing life insurance or any companies marketing to them.

It seems obvious in this case; sell your product to anyone. Everyone dies, so why discriminate with life insurance? But the reality is more complex than that. Educating a new customer base about your product is a major task. It's expensive and time-consuming, but it is a walk in the park compared with educating that new customer base about your *whole product category.* And that's what MetLife had to do. When it looked at the size of the Asian, Hispanic, or black markets in isolation and through the lens of its current product offerings, that kind of investment didn't seem to pay off.

But we helped MetLife reframe how it looked at its market by showing it just how large its market could be. First we urged it to stop looking at the minority segments in isolation. They seem small when viewed on their own, but they become quite a powerhouse when you look at them all together. Now you're looking at a huge and growing demographic.

Second, we added another piece: There is no intrinsic reason why life insurance is affordable only for those who earn more than $100,000 a year. In fact, innovative life insurance policies are affordable even by those with household incomes less than $35,000 a year.

Once MetLife reframed the market that way, the true scope of the opportunity came into focus. There are more than 24 million uninsured or underserved minority households in the United States. That represents a *$15 billion* market opportunity.

Suddenly, a major investment in tapping that market seems worthwhile. But the old ways would not work. MetLife had sized the market as a whole. Now it had to sell to it that way, too.

We knew that selling life insurance had always been what we call a *rational sell.* Imagine your friendly life insurance salesperson saying to you, "And all this protection for your children is only $14 a month. Why, that's less than what you spend on coffee!" There's an emotional component there, too—an appeal to family—but that part was an afterthought. The real meat of the message is the amount of the protection and the price it costs you. Moreover, most life insurance companies depicted white, nuclear families in their advertising.

Rational selling approaches work only when your market is already sold on the need for your product. Appeals to family work only when the family is relatable. Fourteen dollars a month for something vague, uncomfortable, and poorly understood to benefit a family that looks nothing like yours. No wonder life insurance hadn't connected.

If MetLife wanted to sell to today's families, it needed to understand how family looks and acts today. Norman Rockwell's famous illustrations will always be lovely, but they're no longer representative. Today's family is often multigenerational, multiethnic, and gay or straight. It's focused on strongly held traditions and radically new ideas, and it's reflective of culture. Hispanics may find that family obligations transcend generations and borders while blacks are often in female-led, multigenerational groupings of mutual support. Asians have held a firm grip on traditional marriage, the veneration of elders, and broad family interest.

As different as all those family traditions are, one thing unites them: a notion that family isn't some idealized, Norman Rockwell–like concept. It is instead a broad circle of concern. The narrow circle of concern that defined the white, nuclear family has been replaced by an explosion of diversity. As Brian Powell, professor of sociology at Indiana University, has said, "Americans are focusing less on the structure of family per se and instead . . . focusing on the *functions* of family. Families take care of each other. Families help each other. They love each other. As long as Americans have a signal out there that a living arrangement is doing that, then they accept it as a family."[1]

The life insurance category hasn't caught up to this reality, though. The vast majority of life insurance advertising imagery still looks more like *Father Knows Best* than *Modern Family*. MetLife stepped out of that constraint, and like the family of today, it broadened its own circle of concern, speaking to all kind of families—all races, all incomes, and all sexual orientations—at once. It focused most of its attention on the areas of greatest opportunity—the middle market of households earning less than $75,000 a year and the multicultural market—and set ambitious goals. And as stated previously—it blew those goals away.

The Total Market approach and industry has arrived. Unfortunately, most folks haven't gotten the memo.

Like any industry, advertising has its share of conferences and associations. The largest and most influential of all of these is the Association of National Advertisers (ANA), established in 1910.

The ANA is composed of more than 640 companies owning among themselves some 10,000 brands. Together, those companies spend more than $250 billion in advertising and marketing. As you can imagine, when this trade organization makes a pronouncement on something, it carries some weight for our industry.

It has.

In 2014, the ANA joined forces with the Association of Hispanic Advertising Agencies and Asian American Advertising Federation to bring the whole advertising and marketing industry together around a definition of the Total Market approach. They came up with the following rallying cry:

> *A marketing approach followed by corporations with their trusted internal and external partners which proactively integrates diverse segment considerations. This is done from inception, through the entire strategic process and execution, with the goal of enhancing value and growth effectiveness.*
>
> *In marketing communications this could lead to either one fully integrated cross-cultural approach, individual segment approaches, or both in many cases, but always aligned under one overarching strategy.*[2]

Inspiring, right?

Plenty of very smart people contributed to this definition. Not only did three major advertising associations link up, but they also worked with some iconic global brands, such as Clorox, Dunkin' Donuts, and Kellogg's.

Setting aside the grammatical error (did you spot it?), this definition is just a fresh coat of paint on an old idea. This vision of the Total Market approach as the ANA defined it is still invested in the old general market/multicultural divide. It begins and ends with marketing. It cements the sanctity of cultural fragmentation, albeit under a single strategy, and it resembles the feel-good-but-do-nothing diversity programs still metastasizing around the business world.

This definition doesn't end the de facto quota system for advertising. This definition doesn't achieve the Total Market thinking or Total Market success that powered MetLife to such heights.

How did this esteemed group get this so wrong? The answer lies in incumbent structures. The brands that comprise these associations' membership have invested billions of dollars and decades of time into a procurement and go-to-market system that segments and then speaks to consumers in either general-market or multicultural silos. Business has been working that way since the end of World War II.

It's a system I know well.

Separate but Equal

"Do you want to build a business? Or, do you want to feel good?"

I was a little surprised at myself. I hadn't intended to be so challenging in this interview. Still, if Ogilvy & Mather was asking me to come on board to help it and its clients make a major business transformation, I needed to know from the outset that this was a real assignment and not another corporate fig leaf. I was tired of helping clothe naked foolishness.

John, Ogilvy's North American chief executive officer (CEO), glanced at Donna, the chief diversity officer, and paused just long enough to add emphasis to the words he said next: "Jeffrey, we *must* build a business and prepare brands for the New Majority."

I'm a sucker for a good business imperative. I went all-in.

And in the five years that followed, I've been privileged to be at the center of a remarkable new movement in business: the shift to the Total Market approach and industry vertical.

The Total Market approach is a new way of growing brands and businesses for the New Majority. Instead of breaking the nation down into a series of niche markets—black, Hispanic, Asian, lesbian, gay, bisexual, and transgender (LGBT), and so on—Total Market thinking asks us to integrate all of these segments into a meaningful message that appeals to all while appreciating cultural nuances. In other words, it's a new way of engaging with the whole population—not just white people—in mind.

MetLife did that by developing its understanding of the new, diverse family. It found that these broad circles of concern had a family hero at the center—a person who sacrifices for the greater good of the whole. Family heroes caring for others in this way don't expect reward or recognition. They do it out of love for family.

They send money back home, work two jobs, save for college, and wake up in the predawn dark, and they are of every race, gender, sexual orientation, belief, and religion. MetLife wanted to make life a little easier for all these family heroes to build more secure futures for their families. The advertising MetLife developed drew inspiration from the diversity of families and spoke to them through a shared, emotionally grounded ideal of today's functional (not fixed) family.

This is the Total Market approach in action.

On the face of it, this seems a little foolish. Anyone who has paid attention to business and marketing history over the past few decades knows that companies have been working harder and harder to hone their messages for individual market segments. Every culture is unique and valuable, and businesses have made great strides—and great profits—in recognizing that.

But something has changed. The old approach (called general market and multicultural) made sense when the United States had a demographically and culturally dominant white population. Those days are drawing to a close.

Today all babies born as well as the top 10 U.S. cities are considered *majority minority.* The demographics of today's youth tell us all we need to know. The combined minority percentage of the under-18 U.S. population is projected to become the numeric majority by 2018. In other words, in three years, the youth of the United States will be more than 50 percent minority—hence the term *majority minority.* Although the majority of American babies are still non-Hispanic white (by just a whisker), minorities already account for a majority of births in Arizona, California, the District of Columbia, Florida, Georgia, Hawaii, Maryland, New Mexico, New York, Puerto Rico, and Texas.

Businesses need to adapt to this trend, and they need to do so fast. The old general market and multicultural structure is ill suited to the new reality, and I, for one, am not sorry to see it go.

I didn't get into marketing and advertising to make change. My first exposure to it came when I was just a raw kid knocking around South Carolina State University, one of the historically black colleges and universities (HBCU). I grew up in South Carolina. I attended schools that my parents and grandparents had fought to integrate. I heard the stories of the civil rights struggle and the battle for integrated schooling firsthand from the people who were there. Although the state-funded separate but equal system was anything but that, for the HBCUs, separate often meant *better.*

One of the perks of being at South Carolina State University was its professional recruitment program. Every spring, big companies would send recruiters to our campus to compete for the diverse talent they needed to stay relevant and competitive.

They didn't just look for seniors about to graduate. These companies wanted to get talented kids into the pipeline early—sometimes very early. I was only a sophomore when PepsiCo recruited me into its talent development program.

PepsiCo had an urgent, unmet need. The global beverage giant was converting its franchise-owned bottling companies to corporate ownership. Diversity and inclusion programs were a low priority for these local bottling and distribution franchises. They tended to hire friends and family, all of whom were usually white. Not only was that not going to fly under corporate ownership, but it also was a dumb way of doing business. Coca-Cola had brought its franchise operations under corporate control, and it already had a diverse workforce. That made a difference in the marketplace.

When PepsiCo hired me into its internship program, it paired me with a district sales manager and threw me the keys to one of those big trucks with blue roller shade slides. It wasn't a cushy office job. I was delivering cases of Pepsi off the truck in Knoxville, Tennessee. Plenty of people buy their soda at the grocery store. Some drink it only when they're out to eat or at the movies. But in urban areas, you go to the convenience store to pick up the newspaper, maybe a bottle of Tylenol, a bag of chips, and, yes, a can of soda. The convenience stores and other small businesses were serviced and sold by an individual representative driving a beverage truck. The Pepsi representative would roll up in his blue truck, service the account, take the new order, and bring in the product. It's an efficient system, and a great training ground for young interns.

Now in Knoxville—and throughout the South—the ethnic areas with the largest number of convenience stores had majority black and Hispanic populations. When those coveted delivery jobs were handed from one white bottling company employee to another, cultural representation didn't make much difference. Everybody was equally nonrepresentative. However, when Coca-Cola took over the franchises and ushered in diverse hiring, it gained an immediate advantage over Pepsi. Coke hired talent that reflected the communities they were selling in. Pepsi was slow off the blocks there, but I was part of its catchup plan.

That was my first experience being part of a diversity initiative, and I was delighted that the company's efforts to be more inclusive had a real, measureable effect on sales. I spent several years with Pepsi, and assumed that representative business practices were such good business that every company would soon be lining up behind the idea.

I was wrong.

After college, I got my master of business administration from Clark Atlanta University—another HBCU—and was promptly recruited to work at Procter & Gamble (P&G) as an intern, where I was part of a diversity initiative. This was the golden age of the multicultural and GMAs (which I'll discuss in more detail later)—and while I was at P&G, I saw much attention being paid to different ethnic affinity groups.

Well, *attention* isn't the right word.

At that time, P&G was paying lip service (and little else) to diversity and inclusive commercial programs—and it wasn't the only one. I worked at a number of big brands—Miller, Whirlpool, Dell, and Sears—in various marketing leadership positions, and I saw the same patterns repeated everywhere I went. Companies expressed interest in reaching and selling to every ethnicity. They worked to build a diverse talent pool internally. But when it came time to *spend money*—to invest in distribution or marketing—the commitment evaporated.

During my time in marketing, I worked with both general-market agencies (those appealing to the mass market, which at that time excluded most ethnicities) and multicultural shops (those whose remit extended to black, Hispanic, or Asian consumers). It didn't take a fancy background in demography to figure out where the growth was going to be coming from. Minority populations were already on the rise; the demographic shift we're living through now was evident. And yet when it came time to allot budgets, the balance went the other way. The marketing spend I would direct to GMAs was often 10 times greater than the money directed to their multicultural counterparts. When the chief marketing officer and his team connected with the agency leadership, we'd all head out to a group dinner with the GMA whereas the multicultural agency rated only a hurried breakfast.

The marketing team at one of the companies I worked for had to grapple with a budget shortfall. This brand counted black consumers among its most loyal. But the hard truth was that we needed to increase our marketing expenditure in Texas, California, and Florida. The Hispanic population there was booming, and we were losing out to a competitor. If we solidified our position there, it would have major impacts on our profitability and national standing. Rather than short the already outsized general-market budgets, my bosses elected to divert nearly every dollar of spending from the black market to the Hispanic market. We could, it seemed, market either to our loyal black consumers or to attract new Hispanic ones—but not to both.

I'd have been the first to applaud the decision if it had made business sense, but it was financially counterproductive. Our diversity initiative made the company feel good, but it had no bearing on our behavior in the market.

I saw other companies repeat that same faulty decision. The budget for reaching ethnic minorities was—there's no getting around the term—a quota. All the initiatives in the world couldn't make that number grow, even if it made good business sense.

Diversity and business outcomes seemed happily married when I worked at Pepsi, but by the time I made it higher in the marketing organization of other brands, it became clearer that I had seen a rare exception to the rule.

As the years wore on, nothing appeared to change inside of big companies. They still maintained diversity initiatives and sought out diverse talent but maintained a separate but equal marketing policy—one that was just as separate and every bit as equal as the one in the Jim Crow South my folks had fought against.

But something was changing outside of these big businesses: the external society. The demographic trends were going from noticeable to unavoidable. Hispanic, black, Asian, and LGBT markets were growing—fast. In fact, they were projected to be the major sources of economic growth for the whole nation for decades to come.

When I left Dell, still frustrated by the persistent undervaluing of the marketplace I knew best, I decided that I had to find a way to turn internal company policy into market-facing action.

I was driven to change the market for personal reasons, of course. But I was just as motivated by the untapped potential I saw. It's easy to stick to the old way. It is, after all, what seems to make logical sense: Target your advertising to your customer with the utmost precision. But we're not the same nation we once were. As MetLife found out, society is gradually effacing the sharp-edged boundaries we've lived with for generations. As minority populations become the majority, our culture is becoming one of inclusion. This is playing out right now in the gay rights movement. The push for marriage equality started just 10 years before this writing. Now, it's become an almost-unstoppable social force. Marriage equality is the fastest-moving social justice movement in our nation's history. It epitomizes our national march from exclusion, to tolerance, to inclusion.

As with prior developments, a general market/multicultural structure is unsuited to this new reality. Nor is it suited to the demographic changes that have, in part, brought it apart.

In 1980, the census found the U.S. population looked one way (see Figure 1.1).

By 2010, it had changed (see Figure 1.2).

In 30 years, the white population dropped by more than 15 percent while the black population grew by just less than

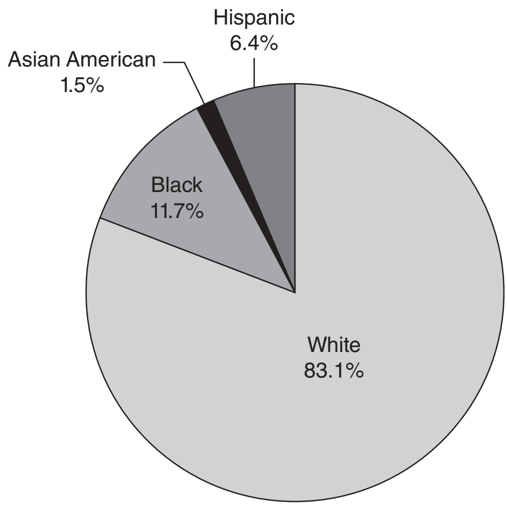

Figure 1.1 1980 U.S. population demographics

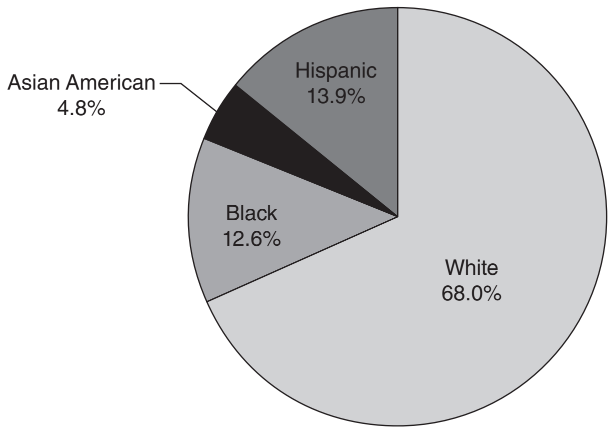

Figure 1.2 2010 U.S. population demographics

1 percent. Asians jumped by 3.3 percent, and Hispanics, the powerhouse minority demographic, increased by 7.4 percent.

The current marketing communications ecosystem isn't flexible enough to reflect this new population structure. In theory, GMAs speak to nearly 70 percent of the marketplace, and multicultural ones cover the remaining 30 percent. But my experience isn't an anomaly. In practice, the overall media spend for the United States is tilted steeply toward the general market: The media buy for that segment chews up 93 percent of a $117 billion industry. So, not only is the system clunky and frustrating for clients, but it's also increasingly ill suited to the task at hand. In a multihued nation, the advertising business looks alarmingly monochrome. As it's presently structured, everybody loses: Clients reach only part of their audience. Advertisers and marketers fall short of their benchmarks.

There are good reasons for this system's longevity. General-market agencies aren't comfortable marketing to minority segments, and multicultural agencies are protective of their turf. But when the minority population—blacks, Hispanics, Asians, and LGBT individuals—makes up more than 40 percent of the market, you can't even claim to *have* a general market anymore. There's a desperate need for a new paradigm. The choice businesses face isn't between general market and multicultural. It's a choice between selling to 60 percent of the population (and shrinking!) or selling to *everyone.*

Fortunately for me, I hit peak frustration just about the same time that Ogilvy & Mather started thinking about how it could start selling to everyone, not just the 60 percent.

Ogilvy & Mather was founded by David Ogilvy, one of the sharpest ad guys the world has ever produced. While he earned fame as a copywriter and creative, he achieved legendary status by writing some of the best-selling advertising books of all time: *Confessions of an Advertising Man* and *Ogilvy on Advertising.*

Both books are still required reading for anyone serious about advertising and marketing. As a result of that founder's DNA, Ogilvy & Mather has a long-standing tradition of not just doing advertising but *thinking* about it as well. That's exactly what John Seifert, then CEO of Ogilvy & Mather's North American division, and Donna Pedro, chief diversity officer (CDO), were doing when they asked me to come in. After we chatted for a bit, John asked me a pointed and prescient question: "How can we prepare Ogilvy & Mather for the next 50 years?"

You've already read the question I shot back in answer that day: "Do you want to build a business? Or, do you want to feel good?"

If your answer is the same as John's—if you want to transform your brand and build a business—then this book is your road map. This book tells you how you can prepare your business for the next 50 years.

You may feel frustrated by stagnating growth. Maybe you recognize that minority segments have increasing consumer power but don't know how to reach them. Perhaps your own family looks different from the one you see in advertising. If you're a small- or medium-sized business owner, you know your audience is both more fragmented and more unified than ever. Like MetLife, you know that there is a larger potential market out there for you to reach. You know it is the secret to growth. But how to you cater to it without ignoring the rest of your customer base?

How can you grow in concert with America? Broaden your reach while deepening your engagement? Become more targeted even as you outspread your arms to all?

This book will tell you how.