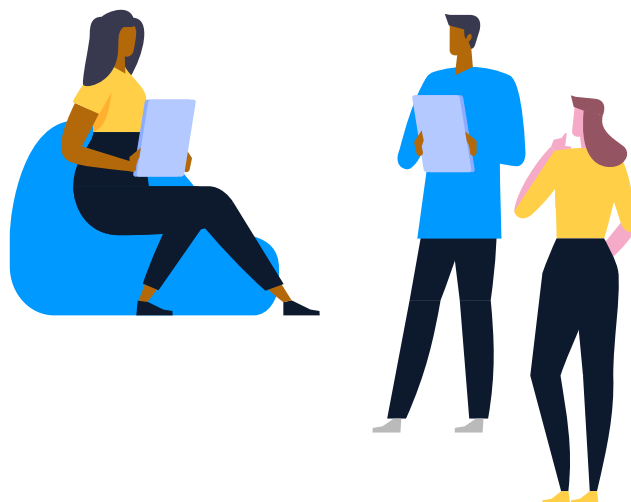



DIGIDAY |  Connatix

The State of Media Diversity

How advertiser spend and strategy are powering DE&I





In 2020 and 2021, the advertising industry renewed its focus on the need for better representation regarding diversity in ad creative and team staffing, and the initiatives needed to actualize transformative change.

To achieve what industry leaders set out to do would not only require budget, but would also require prioritization and an industry-wide commitment to diversity, equity and inclusion. Advertisers would have to invest their time and resources to identify and partner with publishers, media companies, vendors and partners owned and operated by diverse leadership in order to create ads that better represent all audiences.

In this report, Digiday and Connatix ask the questions:

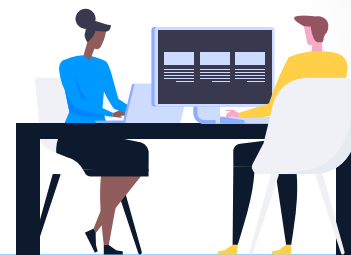
- **How** have brands and agencies worked to move the needle on diversity, equity and inclusion?
- **What** have they achieved since the summer of 2020, when a critical moment of attention to DE&I in the workplace — and beyond — dominated news cycles?
- **In what ways** have budget allocation, hiring and ad creative transformed to create the change people have called for, especially across the preceding two years?

"Over the last two years, the advertising industry has made strides toward creating a more equitable world," said Jenn Chen, Chief Revenue Officer at Connatix. "From launching internal DE&I programs focused on hiring and retaining diverse talent to allocating media dollars to diverse partners and prioritizing better representation in creative campaigns, we've taken many steps in the right direction.

"However, the industry still has a ways to go," Chen continued. "At Connatix, we've been committed to contributing to this necessary change, helping buyers allocate spend toward diverse-led publishers via targeted lists. Along the way, we realized that the process needs more standardization, and in some cases, to scale, there needs to be more public information about the diversity breakdown of publisher leadership teams.

"In this report, our goal is to create a level-setting moment heading into 2022 — taking time to celebrate the progress that the industry has made so far while shining a light on the roadblocks brands and agencies face along the way. The more we collaborate and support each other together to overcome these challenges and accomplish our DE&I goals, the closer we will be to creating a more inclusive advertising ecosystem."

Based on a survey of nearly 90 brands and agencies, this new report highlights how teams are evaluating diversity efforts within media companies and various partners, in which channels they are pursuing more diverse representation, along with what's worked (and what hasn't) in their DE&I pursuits to date.



Marketers on the definition of diverse teams

To help frame how brands and agencies define diversity, our survey asked about the factors they consider when evaluating the relative diversity of publishers', media partners' and vendors' teams.

Our respondents highlighted the composition of leadership and editorial teams as essential considerations and the presence of outward-facing DE&I initiatives — ones with quantifiable outcomes — as critical to winning their attention and spend in 2021 and beyond.



“

Over the last two years, the advertising industry has made strides toward creating a more equitable world ...

Along the way, we realized that the process needs more standardization, and in some cases, to scale, there needs to be more public information about the diversity breakdown of publisher leadership teams ...

The more we collaborate and support each other together to overcome these challenges and accomplish our DE&I goals, the closer we will be to creating a more inclusive advertising ecosystem.

– **Jenn Chen, Chief Revenue Officer, Connatix**

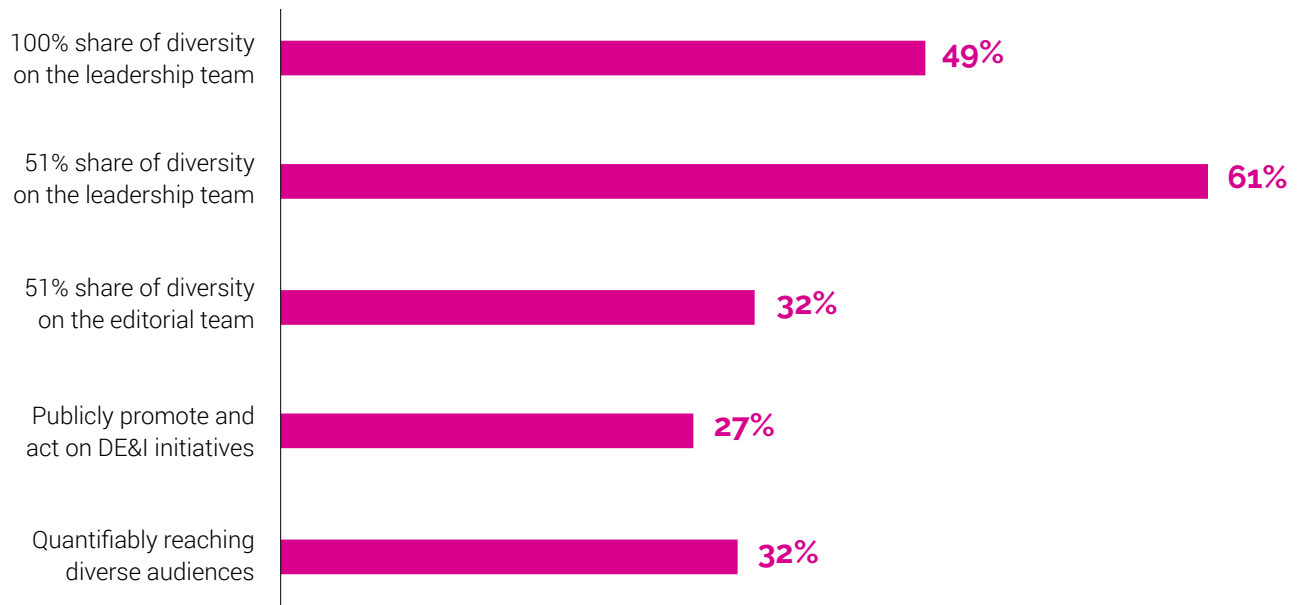
”



Leadership is a defining factor for diverse teams

Which of the following factors are part of how you define a diverse publisher, media partner and/or vendor?

When it comes to team inclusivity, the defining criteria for our respondents is that at least half of the leadership layer represents diverse hires and, if there's an editorial team, they're looking for nearly one-third of those team members to come from diverse backgrounds.



Goals: How marketing teams are strategizing and spending for diverse representation

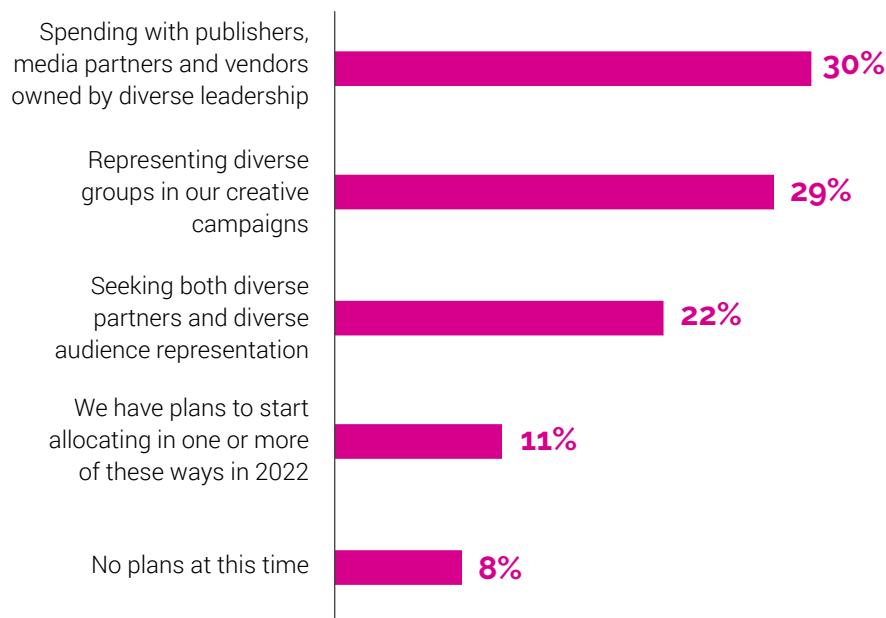


Overall, in our survey, 30% of respondents said they were chiefly allocating spend toward publishers and vendors owned and operated by diverse leadership, with 29% primarily focusing on spending budget to represent diverse groups in their creative campaigns. In a split between the two, one-fifth (22%) of the respondents identified both goals as a combined focus in 2021.

As such, 81% of respondents are actively pursuing DE&I goals, leaving 19% just starting to allocate budget to their efforts or not yet investing in diversity initiatives. Notably, most of those respondents said they were planning to start working on DE&I goals in 2022.

Partners and audiences are a diversity dual focus

In terms of strategies for representing diversity across marketing campaigns, what is your team's primary goal?

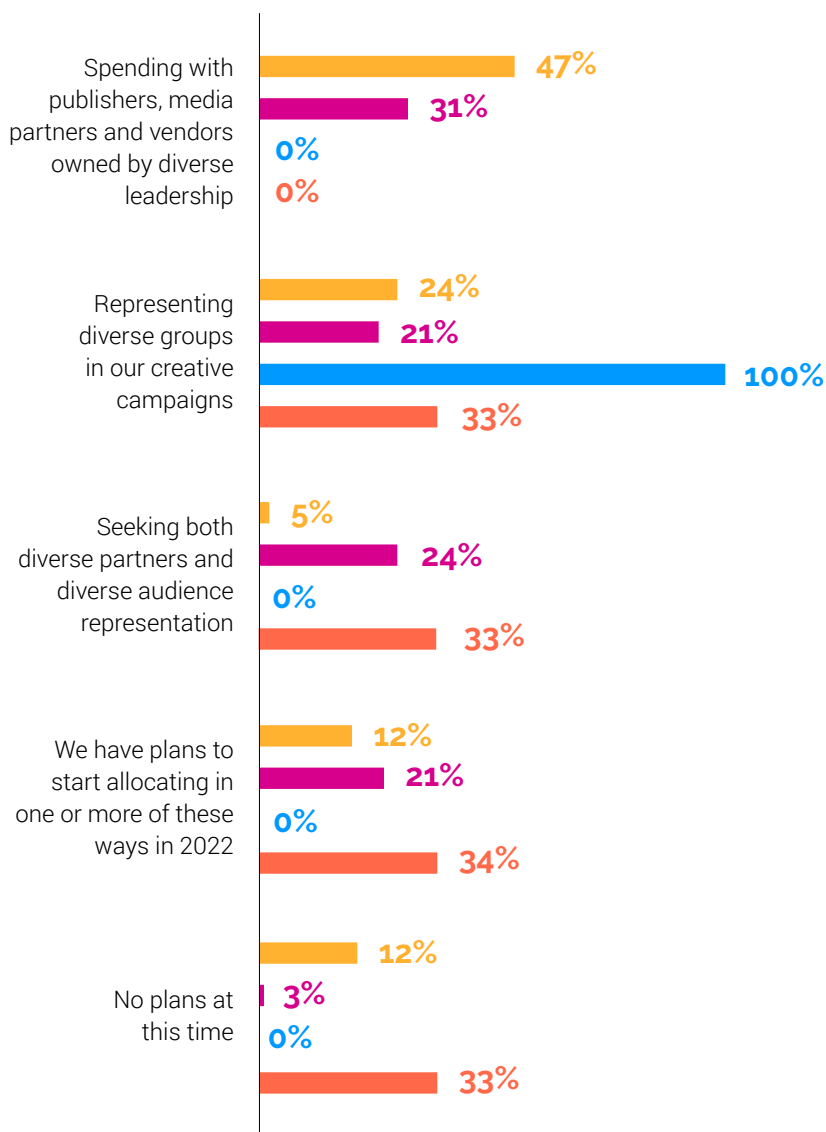
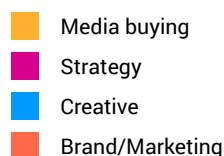


In terms of specific differences among their responses, for the most part, the variations proved intuitive based on the tasks a team pursued. For example, 100% of the creative teams in our survey said representing diverse groups in creative campaigns was their focus — not surprising given that it's (presumably) their primary job.

Also, perhaps unsurprisingly given the nature of their jobs, 47% of media buyers said identifying and spending with diverse publisher and partner teams was their primary way of powering diverse representation in 2021. About half as many (24%) said diverse representation in ad creative was their focus. Strategic teams covered the spread more evenly, with 31% focused on publishers and 21% on campaigns and another 24% working on both.

Mapping team types to diversity initiatives

In terms of strategies for representing diversity across marketing campaigns, what is your team's primary goal?



Neither media buyers nor strategy teams showed a greater propensity (both were at 25%) for being at an early-stage or not having started on DE&I goals.

The takeaway, then, is that a sizable majority of brands and agencies have gone to work on the DE&I commitments they made in 2020 and 2021. For the one-fifth (approximately) that have yet to start but plan to do so, or that haven't put any plan in place, the reasons for the gap in some examples have been tied to process — and perhaps bandwidth.

"The most difficult part is actually finding these all the while making sure we are choosing partners that can deliver and perform as each campaign needs them to," said Adam Muscott, senior vice president at the agency BAM Media, who was one of the respondents in our survey.

He also noted that doing the work at the beginning is difficult if clear indicators of diverse teams are not immediately obvious. "Unless it is blatantly promoted, we don't necessarily know the diversity of these partners," Muscott said. "As of yet, it's really just been about asking the questions when we do meet with or get introduced to the partners and being on the lookout as we research or add partners to our 'reach out' list."

The bandwidth and lift associated with meaningful change can also be a challenging factor, according to members of the advocacy group Three's a Crowd (TAC). TAC promotes a three-year promise to increase the percentage of Black leaders on advertising teams to 13% — since 2020, the organization noted in a [recent report](#) that 71 agencies taking that pledge in 2020 had dropped to 22. According to Reonna Johnson, co-founder at TAC, the transparency and steps required proved unsustainable as the initial energy around anti-racist sentiment faded in the months after summer 2020 — and the mandate to focus on clients intensified.

And yet, she said in the article, when it comes to examples such as the half of TAC's pledge-takers, or, similarly, the approximate 20% still lagging on DE&I initiatives in our survey, Johnson is hopeful that what work has started, or ideas that were absorbed in 2020 and 2021, will be part of plans in the future.



Putting budget and time toward diverse leadership



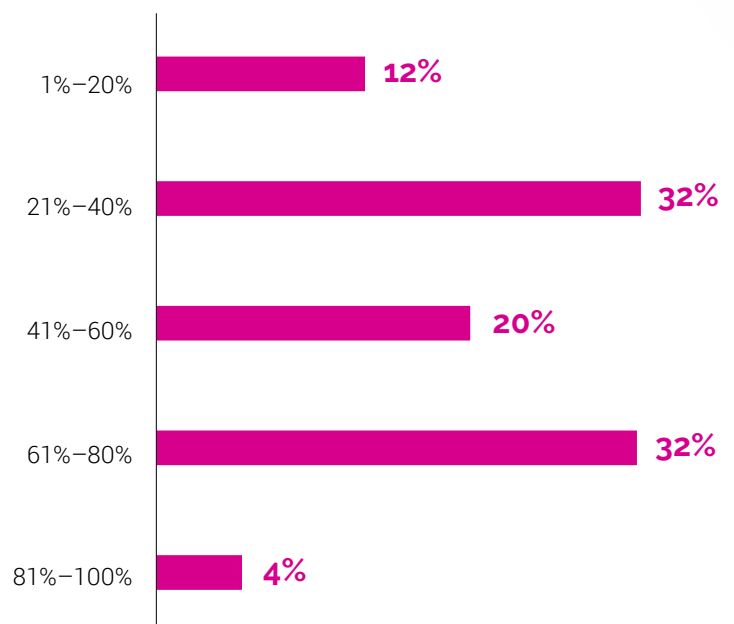
Slightly more than half (52%) of the brands and agencies in our survey are either primarily focusing (30%) on allocating business to publishers owned and operated by diverse leadership, or they're doing so in tandem with seeking diverse representation in their campaigns (22%).

The amount of that allocation is significant, according to what they told us in the poll.

More than one-third (37%) earmarked 61% or more of their marketing budgets to publishers owned and operated by diverse leadership in 2021 — and more than half (57%) said they allocated 41% or more of their marketing budget in the past year.

Brand and agency spend on diverse partnerships in 2021

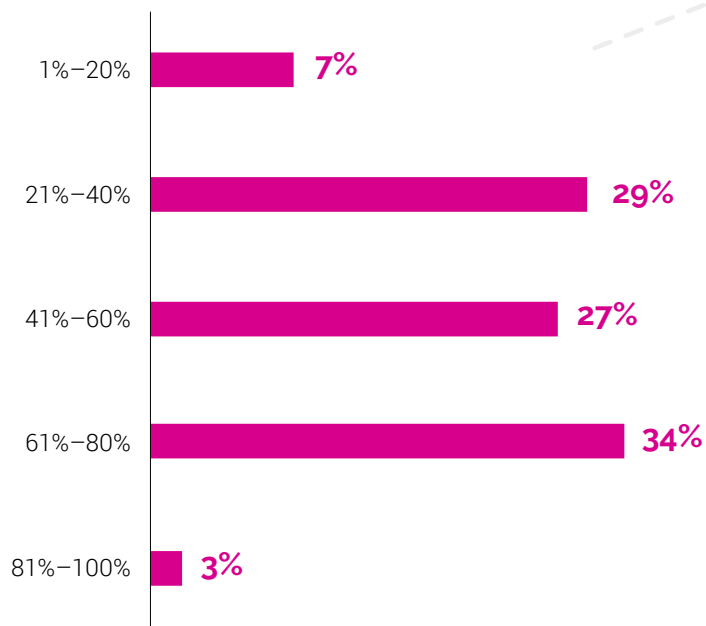
When it comes to seeking publishers owned and operated by diverse leadership, how much of your marketing budget is allocated to those companies?



The near future, our respondents told us, will bring a continued focus on allocating their middle and upper-middle ranges to diverse publishers and partners.

Brand and agency spend on diverse partnerships in 2022

When it comes to seeking publishers owned and operated by diverse leadership, how much of your marketing budget do you expect to allocate by the end of next year?



These percentages align with a range of pledges and reports that suggested brands and agencies — those active in DE&I initiatives, in particular — have been putting dollars against promises. From GroupM to Dentsu, from Coca-Cola to General Motors, industry analysts [tracked the incoming commitments](#) in reports over the past year.

The news, however, came with the caveat that, overall, there is still ground to make up.

For example, Impremedia, which publishes two of the longest-standing Spanish-language dailies in the U.S., [recently told Digiday](#) that it's only seen incremental upticks in advertiser spend around certain times of year in the past 12 months, such as Hispanic Heritage Month — “but not crazy. It's not 2-X from the previous month,” said Iván Adaime, CEO at the company.

Knowing the trends around spend, who are the brands and agencies in our survey striving to reach, to work with and to give the budgets they highlighted in the previous section?

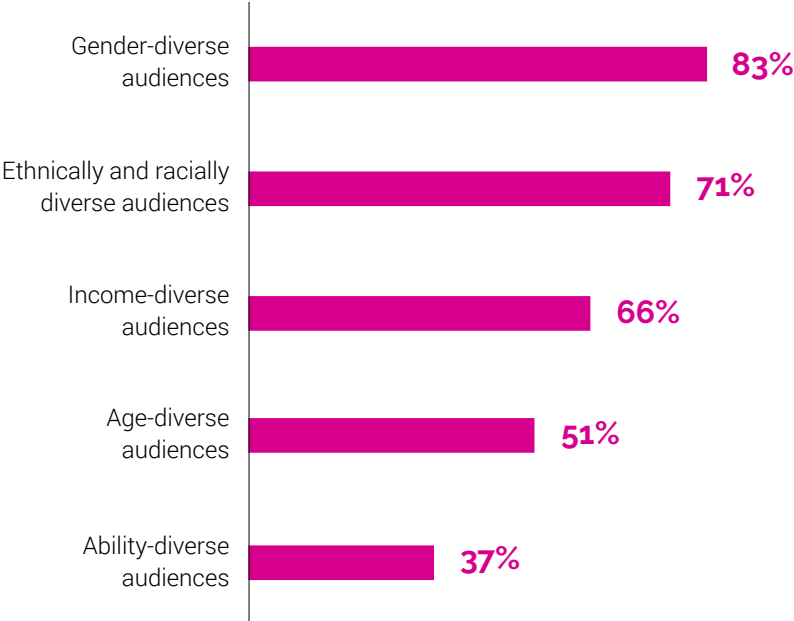
The answer includes a range of demographics, with an emphasis on gender diversity (83%) and ethnic/racial diversity (71%) of publishers', media partners' and vendors' teams.

Who are the brands and agencies in our survey striving to reach, work with and give the budgets they highlighted in the previous section to?

The answer includes a range of demographics, with an emphasis on gender diversity (83%) and ethnic/racial diversity (71%) on publishers', media partners' and vendors' teams.

How brands and agencies are approaching partners and diversity

When it comes to diverse publishers, media partners and vendors, which demographics has your marketing team worked to better reach?



The avenues advertisers and agencies are taking to connect with diverse teams often center on building or rebuilding their vendor lists to identify and empower the relationships they want to initiate.

“One of the things that we’ve been doing, and challenging some of our clients to do, too, is look at your vendor list. If you’re going to go out with a bid, make sure that vendors have ownership in different diverse groups,” said Kenny Mac, diverse audience marketing lead, vice president and strategy director at Giant Spoon, in a [recent Digiday interview](#).

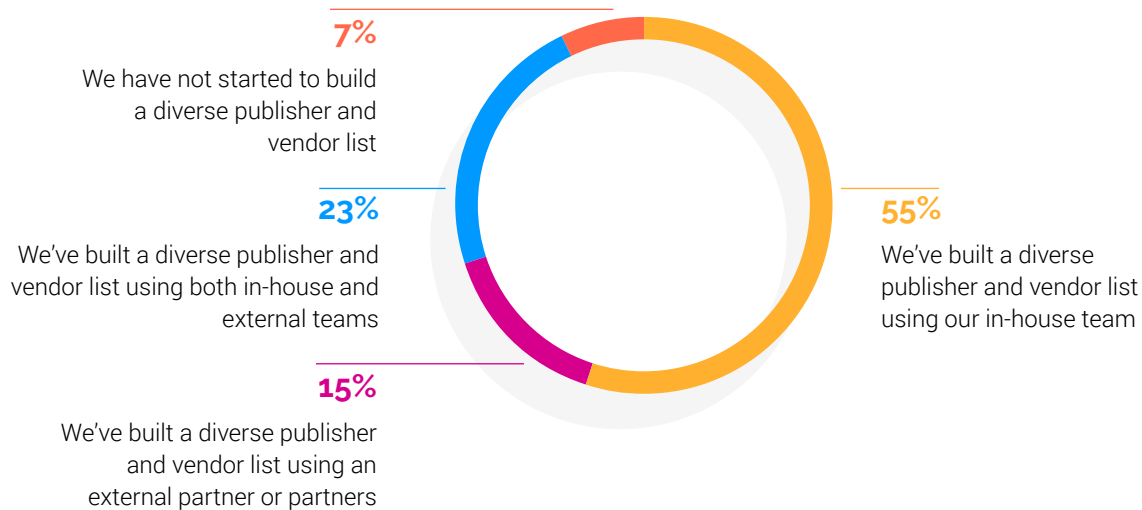
“[Let’s say you’re working with five vendors] and three of them are going to be new vendors that you’ve never used before that come from different backgrounds,” Mac continued. “Those are ways where you can start to get that inclusion starting to happen. It should be ingrained [in] everything you do.”

As our respondents pointed out, building pathways to the future Mac spoke about is typically an in-house project for the marketing team.

Diverse vendor lists have been an in-house project

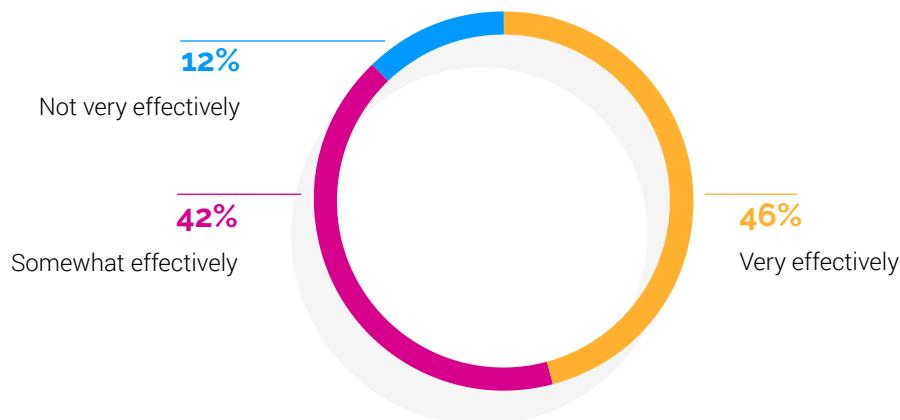
What steps have you taken to build a diverse publisher, media partner and vendor list?

From one perspective, it has also been an effective process, our respondents said. A vast majority of respondents, 88%, said their work on building vendor lists to reach diverse partners had been somewhat (42%) to very effective (46%).



For brands and agencies, 2021 was a year of diverse partnership progress

How effectively have you identified and built business relationships with diverse publishers, media partners and vendors?

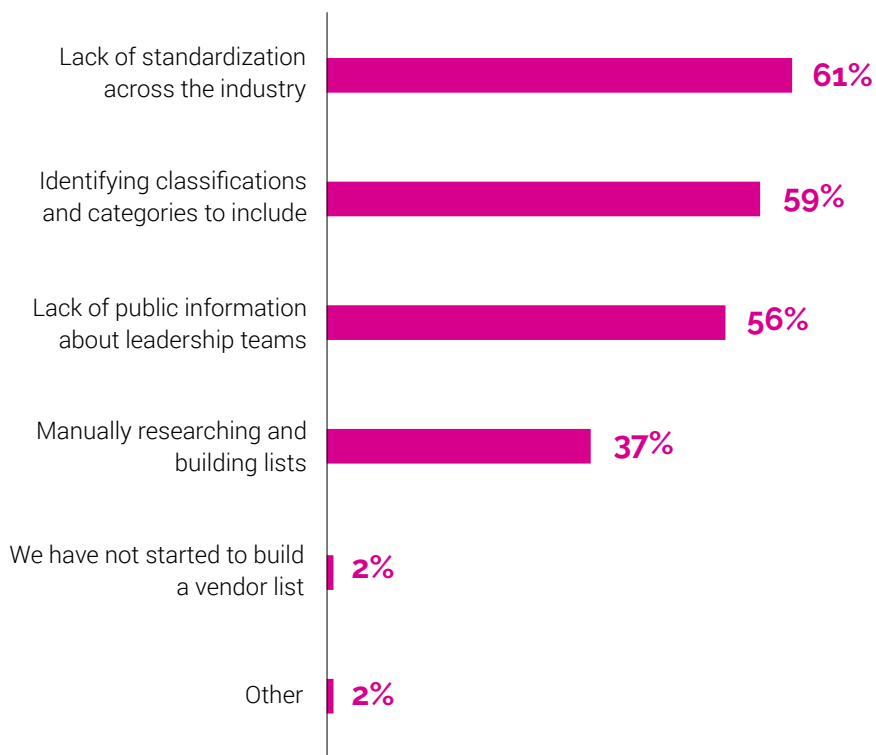


And yet, the same survey questions also revealed that challenges remain. From a different perspective, more than half of our respondents, 54%, said they're not getting to the very-effective stage (42%) of vendor-list construction, or they are genuinely struggling with the effort (12%).

The challenges in play, it turns out, are primarily a lack of vendor-list standardization, clarity around classifications and categories to include on vendor lists and gaps around needed information about the makeup of a given leadership team's diversity.

Standardization, classifications and categories top the challenge list

What have been the primary challenges around building a diverse publisher and vendor list?



"The question is really how to build a dynamic approach to this," said Muscott at BAM Media. "I think [diverse leadership] should be another data point that gets considered and added to the databases that exist or from where partners are resourced. [Publishers] can play a large role in helping to highlight these types of partners but organizations such as the IAB or ANA can also serve pivotal roles."

There has been industry-wide work underway to help advertisers overcome these challenges. In 2020, for example, the ANA, AIMM and the 4A's created and publicized [lists and resources](#) for finding diversity-certified suppliers for marketers, including BIPOC-owned media lists and several reports. Updates have followed.



“

I think [diverse leadership] should be another data point that gets considered and added to the databases that exist or from where partners are resourced. [Publishers] can play a large role in helping to highlight these types of partners but organizations such as the IAB or ANA can also serve pivotal roles.

– **Adam Muscott, senior vice president, BAM Media**

”

How advertisers and agencies are pursuing change in ad creative

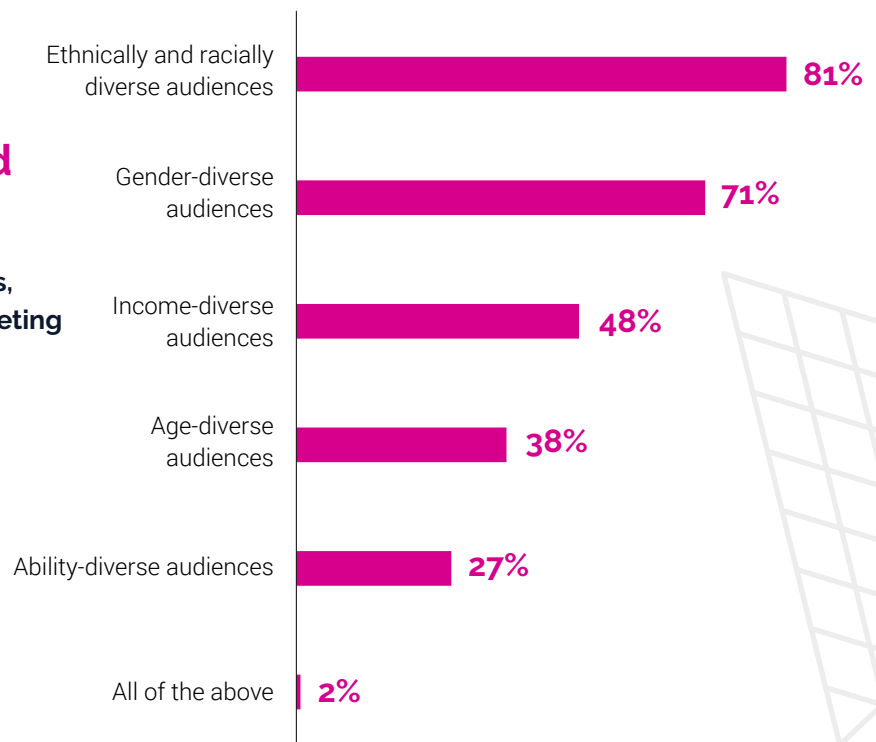


In our survey, 29% of the respondents are putting their focus on audiences — building and sustaining more diverse representation in the ad creative they design and serve. Another 22% combine that effort with the spend on diverse publishers and other partners they're looking to expand.

Audience, then, is a serious consideration for 51% of the brands and agencies we polled. In the past year, these respondents have emphasized representation in areas of ethnicity, race and gender — giving significantly more attention in those categories than any other about which we asked.

Ethnicity, race and gender top the list of marketer outreach and representation

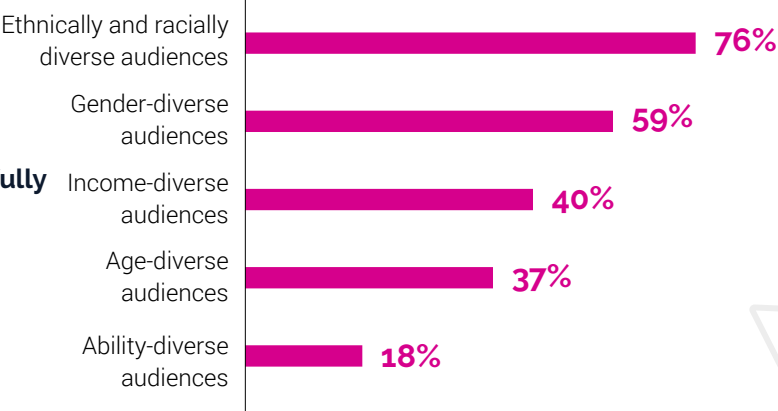
When it comes to diverse audiences, which demographics has your marketing team worked to better reach?



Conforming with what the percentages tell us are the main points of focus, our respondents pointed to those three categories as ones in which their efforts have been more successful in 2021.

Representation outcomes in 2021

When it comes to diverse audiences, in which demographics have you successfully expanded representation in your ad creative in the past year?

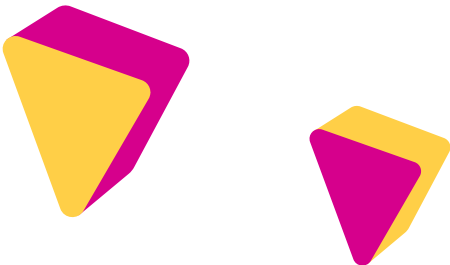
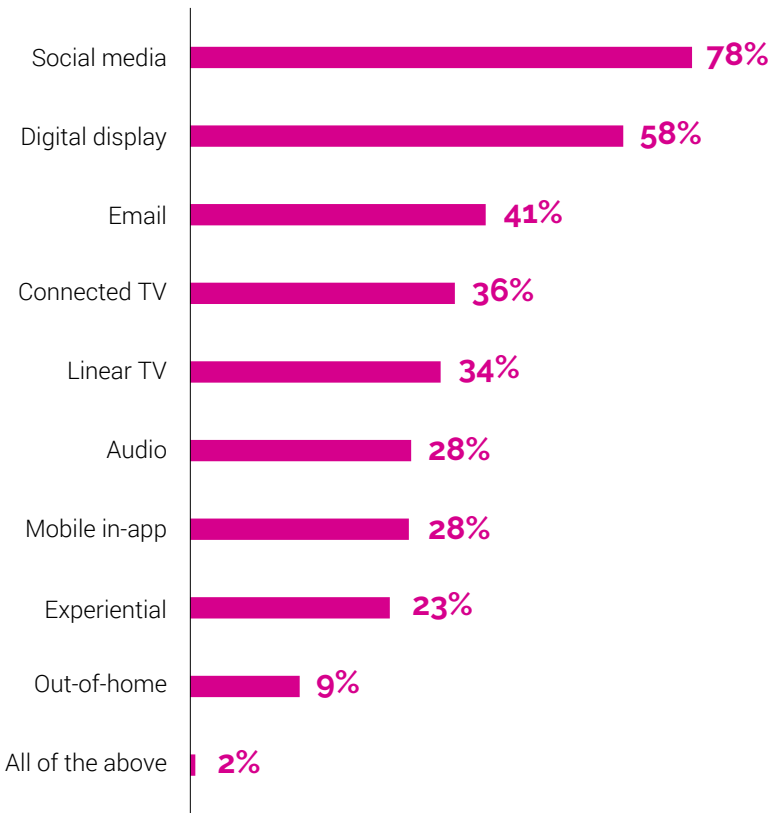


Given those results, the survey also asked respondents which campaign types they found to be most effective in achieving them.

The answer was that social media (78%), digital display (58%) and email (41%) were the most cited channels, with connected and linear TV coming in close behind and at virtually the same place on our respondents' list.

Social media and digital display lead in channel effectiveness

With which of the following creative campaign types have you most effectively represented diversity in the past year?



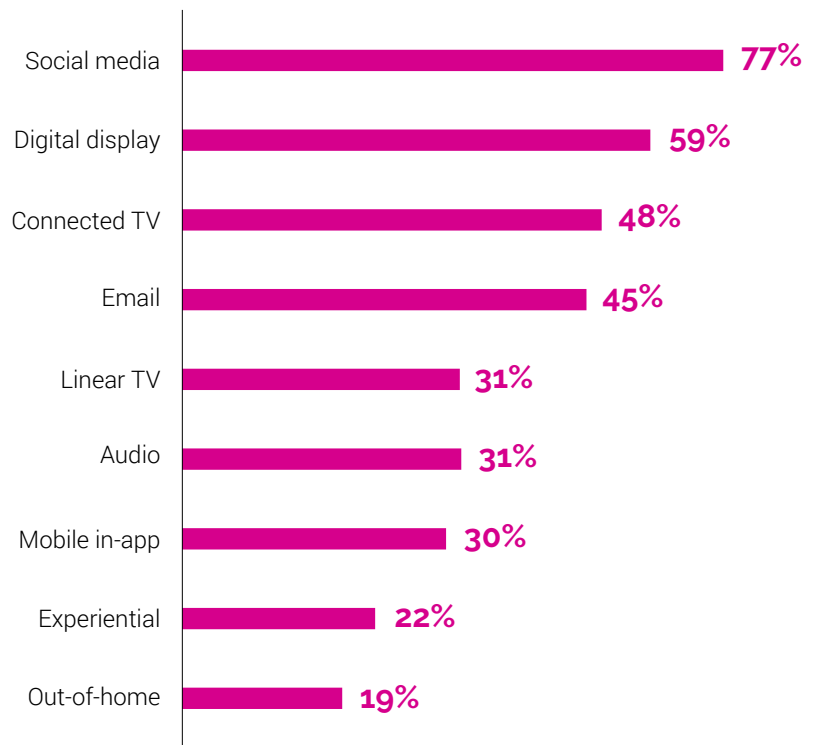
"For us, the most effective channels have been with walled-garden partners (e.g. social) and in some cases site direct buys," said Muscott at BAM Media. "Layering in first-party data has helped in specific circumstances with specific brands as well."

Reaching audiences in this way takes careful consideration, Muscott added: "It's a touchy issue and an approach that we need to be highly sensitive about as we do not want to offend anyone or provide an undesired customer experience."

One other detail to note in the statistics that emerged — the effects of the pandemic and quarantine clearly suppressed the use of out-of-home in our respondent's campaign mix. Out-of-home advertising returns, however, in the respondents' 2022 mix — the focus on it more than doubled to 19%.

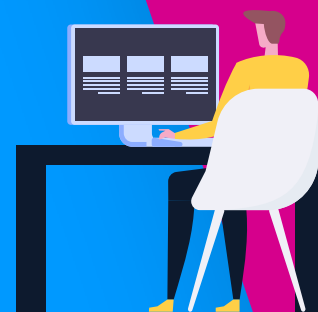
Connected TV to join the top three channels for diverse representation

In the year to come, which campaign types will be your focus for increasing diverse representation?



Also, in the follow-up question, another sign of the times appears: **As our respondents have planned their campaign focus for increasing diverse representation in 2022, the rising channel of connected TV edges ahead in the mix.**

Lens on 2022: The path to diversity, equity and inclusion in the year to come

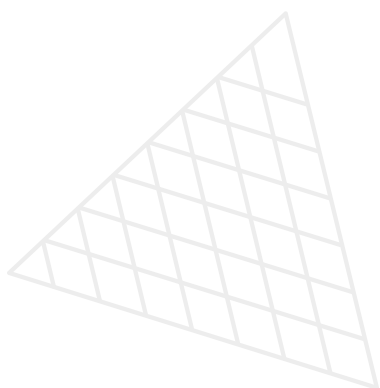
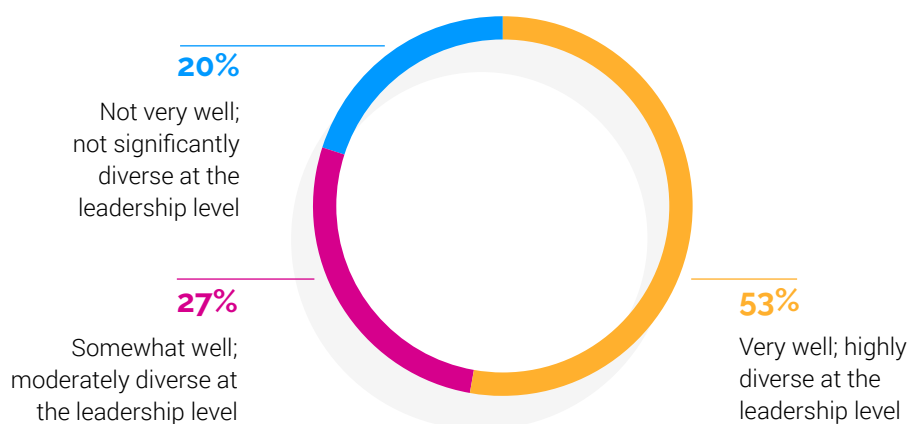


For marketing teams in our survey, diverse representation is an increasingly central consideration. Brands and agencies are putting their time and resources into reaching publishers, media companies and vendors they define as owned and operated by diverse teams. The respondents in this report have done so in 2021, and they intend to continue their allocations and efforts in 2022.

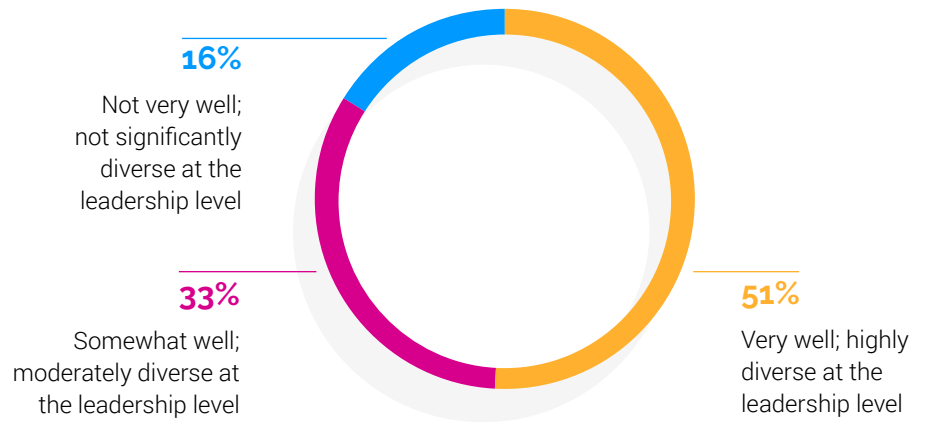
They have also done the work internally, based on the answers they supplied. When it comes to their creative leadership and production teams, most of them said their staffing and hiring were creating increasingly diverse workplaces.

The state of diverse staffing and hiring in 2021

When it comes to hiring and staffing, how well does your creative leadership/management team represent diversity?



When it comes to hiring and staffing, how well does your creative production team represent diversity?

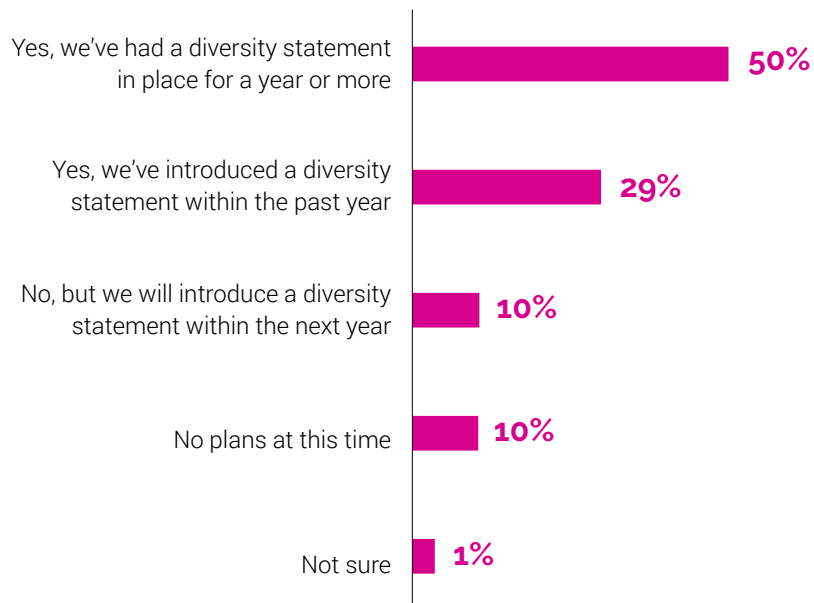


In all, 80% said their leadership and management were moderately to highly diverse, and 84% indicated their production teams met that criteria as well. As [Gartner reports](#), that bodes well for these marketers going forward — 75% of organizations with frontline decision-making teams reflecting a diverse and inclusive culture will exceed their financial targets; gender-diverse and inclusive teams outperformed gender-homogeneous, less-inclusive teams by 50%, on average.

Another factor that characterizes our respondents and aligns with the progress they've highlighted across 2021 is that they've created material statements that are now underpinning their DE&I efforts. In the form of a clearly defined diversity statement, most brands and agencies in the survey (79%) are working with a written mission in hand.

These statements guide them in terms of policies and approaches to diverse partners and consumer demographics. Diversity statements include these elements and set out companies' promises and actions regarding hiring, coverage, events, training, and education.

Does your organization have a clearly defined diversity statement?



At BAM Media, Muscott said his organization is hard at work on just this effort.

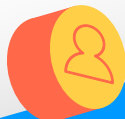
“Our HR and operations team has spent quite a bit of time looking at what is happening in the industry, in government and surveying employees to try to capture needs, wants and desires and address any areas where we may be falling short,” he said of their work on a diversity statement. “Having an inclusive environment is of utmost importance to BAM; our leadership team as a whole spends quite a bit of time discussing and implementing strategies to address this.”

Efforts like those, as evidenced in this report, are promising.

From a cohort of brands and agencies reporting a dedicated focus on DE&I initiatives, the story is one of partnerships and audiences becoming increasingly representative of people across demographics.

It is inarguable that the advertising and marketing industry has more road to travel when it comes to diversifying its ranks and making permanent the powerful changes underway. However, it is also evident that when money and resources are deployed in that direction, DE&I outcomes improve, become a reality, and stand as the manifestation of the intent with which this most recent chapter began in 2020.

The journey is not over, but brands and agencies that commit to the promise are quantifiably on the path to diversity, equity and inclusion.





DIGIDAY



Connatix