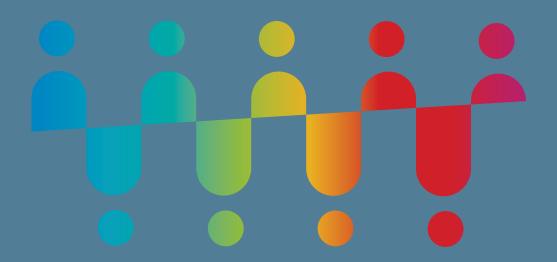






Guidelines for Diverse Media Suppliers

When Doing Business with Buyers (Agencies and Marketers)



OVERVIEW

Over the past year there has been an increased impetus from marketers and agencies to support diverse suppliers — those businesses owned by groups historically left out of or under-represented in their supply chain.

Diverse suppliers in the advertising/marketing industry are in categories including agencies, media companies, production companies, and research suppliers. Given that the biggest marketing expense for most organizations is media, there has been a particular emphasis on supporting diverse media suppliers.

Supplier diversity is a proactive business practice which encourages the use of women-owned, ethnic/minority-owned, veteran-owned, LGBTQ-owned, disability-owned, and small businesses as suppliers. There are multiple benefits in supporting diverse suppliers overall and diverse media suppliers in particular¹:

- More authentic connections, as suppliers reflect the consumer base
- New channels and diverse perspectives for ideas, goods, and services
- Access to a broader audience to improve brand awareness and attract new customers
- Greater customer loyalty
- Positive economic impact for the community in which suppliers are located
- To be a force against racial inequality and inequity and to eliminate systemic investment inequalities in the media and creative supply chain

Supplier diversity simply follows the consumer. The latest Census results disclose that the United States is more diverse and multiracial than ever. The multicultural population increased from 36.3 percent in 2010 to 42.2 percent in 2020 and will be the majority in the not-too-distant future.²

The purpose of this document is to provide guidance to help buyers (agencies and marketers) and diverse media suppliers improve their ways of working together. It builds upon the work of the CMO Growth Council, which was established by the ANA and Cannes Lions to focus on driving enterprise growth. The CMO Growth Council has identified four global growth priorities and a 12-point industry growth agenda. Diversity, Equity, and Inclusion is a key area of focus for the ANA Growth Agenda, under the Society and Sustainability growth priority. An important mandate for this group is to "Eliminate systemic investment inequalities in the media and creative supply chain."



¹The Growth of Supplier Diversity

²United States Census Bureau

OVERVIEW

While this guidance has been developed with diverse media suppliers specifically in mind, much of it is also relevant for diverse suppliers in marketing/advertising overall.

This guidance has been created by a cross-industry collaboration. The 4A's, the ANA, and AIMM, with input from our respective members, drafted the initial guidelines. We then reached out to diverse suppliers for input and improvement. This final document is now being shared with all.

There are now two complementary sets of guidelines:

- For Buyers (agencies and marketers) when doing business with diverse media suppliers, which was released in May
- For Diverse Media Suppliers when doing business with buyers (agencies and marketers), which is now being released

We are deeply appreciative for the many individuals and organizations who contributed to this work.

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BACKGROUND

Guidelines for Buyers (Agencies and Marketers) When Doing Business with Diverse Media Suppliers was <u>published</u> in May 2022. As a follow-up, we have now developed a companion set of guidelines: Guidelines for Diverse Media Suppliers When Doing Business with Buyers (Agencies and Marketers).

- 1. GET THE CONVERSATION STARTED: Start conversations with the relevant stakeholders at agencies and marketers to be sure your organization is known and meets any requirements to be included in the consideration set. In the marketer's organization, the relevant stakeholder initially is usually supplier diversity, which is most often part of the procurement team. Ultimately, the brand/media stakeholder at the marketer's organization will usually have the decision-making authority. On the agency side, the media/investment team is usually the relevant stakeholder, but some agencies also have a procurement department, and in those cases they may have a role. Diverse suppliers should work through the entire chain of decision-makers, from the marketer to the agency and back again. A single-page capabilities overview should be created as a leave-behind.
- 2. REGISTER YOUR BUSINESS ON MARKETER SUPPLIER PORTALS: Most marketers have their own portals that serve as a database for diverse suppliers. Diverse suppliers should register their businesses on these portals. Be aware that your registration here can create a first impression, so be sure to review it for accuracy before submission. Some marketers use registration (or lack thereof) on their portals as an indicator of whether a company really wants to do business with them. Also, some marketers use this as a database for events and/or training sessions with diverse suppliers, so register to be included in such events. There is the perspective from some diverse suppliers that there are a growing number of portals, which creates both an opportunity for suppliers and the challenge to keep up. Also, some suppliers have voiced the concern that there can be limited visibility on what happens after they register on portals. Supplier portals should be just one step in building a relationship with the marketer, and diverse suppliers are encouraged to stay in regular touch (e.g., quarterly) with the marketer and/or its agency.
- 3. MAKE SURE YOU ARE ON INDUSTRY RESOURCE LISTS: Finding diverse suppliers can be a challenge for buyers. In the past couple of years there have been industry resources developed by the 4A's, the ANA, and AIMM:
 - The 4A's Diverse Owned Media Companies Resource List
 - The ANA/AIMM list of Certified Diverse Suppliers
 - The MAVEN MC&I Media Ownership for Marketers Report from AIMM and Media Framework (This is a database of over 3,200 certified and classified multicultural and inclusive-owned media vendors.)

In addition, many holding companies, individual agencies, and other industry associations have developed their own databases of diverse suppliers.

Diverse media suppliers should make it their business to be aware of the various resources and be part of them, if appropriate.

- **CONSIDER CERTIFICATION:** Diverse-owned media suppliers which are not certified should consider getting their certification from the relevant organization(s). The December 2021 ANA report And Now a Word from the Diverse Suppliers: The Supplier Perspective on Certification surveyed suppliers on the ANA/AIMM list of certified diverse suppliers. The focus was on certification, to understand its importance, benefits, and challenges, and the ease/difficulty of the process. Key findings:
 - A starting hypothesis was that suppliers would feel that the certification process was difficult, but that wasn't the case. While 31 percent characterized the process as difficult, 35 percent felt it was easy, and 34 percent were neutral — almost exactly evenly distributed.
 - There are multiple benefits of obtaining certification. Businesses are included in more RFPs, which provides additional exposure to corporate marketing departments, which leads to increased sales.
 - Forty-six percent of respondents rate the importance of obtaining certification for their business as very important.

There are some marketers who have said certification "doesn't matter" to be considered for their business. Yet there are others who feel it's very important, and still others who say that it's mandatory. Certification therefore maximizes the opportunity for suppliers to be considered and hired. Some marketers even help suppliers with their certification by providing financial and other support.

In addition, certification organizations provide a suite of support services to diverse businesses. They include offerings such as development programs, benchmarking/best practices sharing, forums, and match-making to connect diverse businesses with potential customers and other services.

Major certification organizations are:

- Disability:IN
- NaVOBA: National Veteran-Owned Business Association
- NGLCC: National LGBT Chamber of Commerce
- NMSDC: National Minority Supplier Development Council
- NVBDC: National Veterans Business Development Council
- WBENC: Women's Business Enterprise National Council

Some diverse suppliers have commented that they have found value by tapping into local chapters of the certification organizations.



UNDERSTAND THE PROCUREMENT PERSPECTIVE ON SPEND: There is a clear procurement 5. perspective on what "counts" as diverse spend. Some larger marketers are part of the Billion Dollar Roundtable, which has declared Disability: IN, NGLCC, NMSDC, NVBDC, and WBENC as the acceptable certifications required to count toward the \$1 billion annual Tier 1 spend to qualify for membership.

There are procurement teams at companies which are not part of the Billion Dollar Roundtable which also only count spending with certified suppliers as diverse spend.

The definitions around tiering are very much rooted in traditional media. Tier 1³ and Tier 2⁴ historically encapsulated a high percentage of overall investment, but this is changing. Digital media buying has introduced technology platforms which shift what would have been classified as Tier 2 into a Tier 35 or 4. The tiering model creates incentives to avoid using these technology platforms to classify the investment as a higher tier. For example, an agency placing a buy with a minority-owned publisher through a demand-side platform and a supply-side platform would not be counted as Tier 1 or Tier 2 investment. Likewise, if an agency is investing in a diverse creator through an influencer activation platform, it too would not be counted as diverse supplier investment.

Try to understand how individual procurement departments count diverse spend, and then how your company could fit in.

- DO YOUR PREP WORK: Come to meetings with an understanding of the client's business that you are pitching and use your meeting time to probe deeper to unearth insights that can help differentiate and enhance your proposal and make it stand out. Gain clarity on issues such as objectives and evaluation criteria. Don't use valuable meeting time with buyers to ask questions that can be answered via publicly available resources.
- 7. BE CLEAR ON EVALUATION CRITERIA: Performance and scale are two commonly referenced challenges buyers have when doing business with diverse media suppliers. Make sure the RFI is very clear about the evaluation criteria that you will be measured against to be sure buyers are setting realistic goals. Diverse media suppliers should seek to understand how success will be measured to deliver against campaign goals and/or level-set expectations on gaps in measurement that should be highlighted from the outset. If there is not clarity, ask, as other suppliers will likely have the same questions.



³Tier 1 suppliers work directly with corporations to provide goods and services; agencies are Tier 1 suppliers to marketers in most cases.

⁴Tier 2 suppliers work through the Tier 1 supplier to provide goods and services to a corporation. As an example, an agency can buy media or production services from Tier 2 suppliers on behalf of a marketer, with costs passed through the agency and ultimately paid for by the marketer.

⁵Tier 3 suppliers work through a Tier 2 supplier to provide goods and services to a corporation. As an example, a production company hired by an agency would be a Tier 2 supplier. The production company could then hire photographers or musicians, who would be Tier 3 suppliers.

- 8. DON'T JUST HAVE SOMETHING TO SELL; HAVE SOMETHING TO GIVE: Position your offering as a resource and a solution. Provide an added value beyond a media buy. Tell the buyer "what's in it for them." Customize your proposal to the needs of the specific buyer/situation. That could include perspective/insights on talking to a specific audience and could be especially important if the marketer does not have a dedicated diverse agency partner.
- 9. HAVE YOUR INVENTORY ACCESSIBLE THROUGH KEY BUYING CHANNELS: Make sure that your inventory is accessible through key buying channels. For example, make sure your inventory is accessible programmatically via all the primary exchanges. If you are an influencer, this could be influencer platforms as well. Also make sure that your organization is identified as being diverse-owned or targeted by that platform.
- 10. BE AWARE OF TECHNICAL REQUIREMENTS: Find out if there are requirements such as allowing third-party tagging and/or ad verification vendors, as well as IT and/or cyber-security certifications. Are there assessments that can be done with preferred partners to determine if there will be any content flags? Some agencies have mentioned that the ad verification partners often exclude legitimate publishers because of specific keywords (LGBQTAI+, religious, etc.).
- 11. PUSH BACK ON EXTENDED PAYMENT TERMS: Payment terms, particularly extended payment terms, have been an area of debate in the industry. Many marketers have extended payment terms for various marketing services (and the key reason for doing so is to have a better cash flow). Diverse suppliers should push back when extended payment terms are requested. The business models and livelihoods of smaller players in the marketing supply chain, like diverse suppliers, can be threatened by extended terms. Such companies are not banks. They require a predictable cash flow, often don't have access to large lines of credit, and have pricing models that do not reflect the costs to their business resulting from extended terms. If extended terms are suggested (or required) by a marketer or agency, diverse-owned media suppliers should share this document as well as Guidelines for Buyers (Agencies and Marketers) When Doing Business with Diverse Media Suppliers. Some diverse suppliers have noted that certain small and mid-size marketers are now using payment management suppliers as intermediaries between them and the marketer. They then lose the opportunity to negotiate directly with the marketers who buy their services. Finally, it's been noted by some diverse suppliers that some marketers insist on certain payment terms as a condition for being hired, and more relaxed terms from those marketers simply is not an option. In those cases, the diverse suppliers need to make the decision on whether to pursue a relationship with such marketers.

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- 12. TAKE ADVANTAGE OF MARKETERS' SUPPLIER DEVELOPMENT PLANS: It's not enough for marketers to simply spend money with diverse suppliers. Many marketers are investing resources to help develop those suppliers. Some have supplier development plans, which are growth and/or improvement plans specific to a diverse supplier supporting a business. Plans may include financial, time, and/or mentoring investment by a company. Some marketers are even stepping up to help diverse suppliers become certified. When marketers make diverse suppliers successful, they help make marketers successful. Diverse suppliers should be aware that marketers have supplier development plans and ask if there is an opportunity for inclusion.
- **13. PROVIDE REASONABLE LEAD TIMES:** Be extremely mindful of lead times everyone is busy, with full calendars booked many weeks in advance. Some general guidelines:
 - For a Zoom meeting that you are requesting, provide two weeks' lead time (and offer multiple options).
 - For a webinar that you are hosting, provide four weeks' notice.
 - For a multiple-day event that you are hosting requiring travel, provide two to three months' notice.
 - If you are invited to present a session at an event, make sure your content is on the event agenda page in a timely fashion.
- 14. THE VALUE OF CASE STUDIES: Diverse media suppliers are encouraged to curate case studies displaying work they have done with national advertisers. Buyers appreciate learning via case studies. They can be fairly simple and include areas such as the business challenge, the solution from the diverse supplier, and the results. The results can be kept high-level and directional without providing confidential information. Ideally, case studies should also include perspective from the marketer. To the extent possible, make your case studies relatable to the business being pitched.
- 15. BE IN IT FOR THE LONG HAUL: Understand that you have to make a long-term commitment to get business from marketers and agencies. Relationships take time to develop. Companies could have existing suppliers in place and may not be ready for new suppliers right now, but could be at some point in the future. Have patience and focus on areas of high potential (high-probability customers) rather than a scattershot approach. Stay in touch with marketers and their agencies.
- 16. IF YOU DON'T GET THE BUSINESS, REQUEST FEEDBACK: Ask for a 15-minute call for feed-back and suggestions for improvement. Do your best to make this easy for the marketer and/or agency. Consider providing a few questions for them to answer, ideally via a call but otherwise via email.

ABOUT THE 4A'S

The <u>4A's</u> was established in 1917 to promote, advance, and defend the interests of our member agencies, employees and the advertising and marketing industries overall. We empower our members to drive commerce, spark connections, and shape culture through infinite creativity. With a focus on advocacy, talent and the value of creativity and technology to drive business growth and cultural change, the organization serves 600+ member agencies across 1,200 offices, which help direct more than 85% of total U.S. advertising spend. The 4A's includes the 4A's Benefits division, which insures more than 160,000 employees; the government relations team, who advocate for policies to support the industry; and the 4A's Foundation, which advocates for and connects multicultural talent to the marketing industry by fostering a culture of curiosity, creativity and craft to fuel a more equitable future for the industry.

ABOUT THE ANA

The mission of the ANA (Association of National Advertisers) is to drive growth for marketing professionals, brands and businesses, the industry, and humanity. The ANA serves the marketing needs of 20,000 brands by leveraging the 12-point ANA Growth Agenda, which has been endorsed by the Global CMO Growth Council. The ANA's membership consists of U.S. and international companies, including client-side marketers, nonprofits, fundraisers, and marketing solutions providers (data science and technology companies, ad agencies, publishers, media companies, suppliers, and vendors). The ANA creates Marketing Growth Champions by serving, educating, and advocating for more than 50,000 industry members that collectively invest more than \$400 billion in marketing and advertising annually.

ABOUT AIMM

The mission of ANA's <u>Alliance for Inclusive and Multicultural Marketing (AIMM)</u> is to be a powerful force prioritizing diverse consumers and advancing Inclusive and Multicultural marketing to achieve business growth and equity in the marketplace. Established in 2016, AIMM brings together over 190 advertisers, ad agencies, media, data/research companies, non-profits and trade associations, representing over 2,000 brands. AIMM members invest more than \$7 billion in multicultural marketing and advertising annually. As a collective power, AIMM tackles industry-wide barriers, solutions and growth opportunities in Multicultural and Inclusive marketing through its 7-point DEI Pledge, #SeeALL movement (a call to action to genuinely reflect consumers' cultures, races, identities, and abilities) and the Cultural Insights Impact Measure™ (CIIM™) tool, the industry's gold standard testing tool for gauging ads' and shows' cultural relevance and their impact on brands' growth.

PROJECT TEAM

The project team was led by Kevin Freemore (4'As), Bill Duggan (ANA), and Lisette Arsuaga (AIMM).