

REFRAME

THE MARKETPLACE

**THE TOTAL MARKET APPROACH
TO REACHING THE NEW MAJORITY**

A GUIDE FOR BRANDS AND BUSINESSES

JEFFREY L. BOWMAN
WITH JEREMY KATZ

WILEY

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A Guide for Brands and Businesses**

Jeffrey L. Bowman

with Jeremy Katz

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DEDICATION

To my wife, Shewonia, and two daughters, Alston-Simone and Alex-Simone—you made this book possible. You gave up Daddy time and sacrificed moments that should have been yours. And you've done so over the long journey that has brought this work to publication. You've given me more than I could ever have imagined. I hope this book makes you proud of your husband and father.

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And finally, to all of my teachers from the village who gave me the tools to thrive in what we now call the New Marketplace.

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Three books changed my professional life: *Why Should White Guys Have All the Fun?* by Reginald Lewis, *Managing Brand Equity* by David A. Aaker, and *Competitive Strategy* by Michael E. Porter. Each has inspired this book.

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continue to show up every day and work in an industry that reflects the past.

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Our mission at REFRAME: The Brand is “To be the global resource for preparing brands and businesses for the new marketplace through Total Market Enterprise training, education, certification, and advisory services for executives and their teams.” As you read this book, I hope you take away solutions for addressing critical gaps within your business.

If you have a burning question about how we can help your brand or business prepare for the New Majority in the United States and globally, please do not hesitate to contact us at www.reframethebrand.com or www.jeffreybowman.com.

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.