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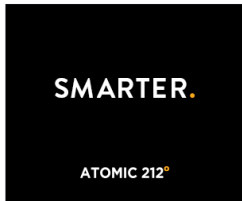


## GroupM boss Aimee Buchanan says holdcos face KPIs on diversity; Trinity P3 says clients already demanding it – diversity is the new 'net zero'

By Danielle Long - Contributing Editor



Without improving diversity, the ad industry is turning out the equivalent of "country music". Changing the record will deliver massive growth opportunities. Pic: iStock



Diversity and inclusion are set to be the new 'net zero' for agencies. Europe and the US are leading the charge on D&I initiatives with brands requesting data and benchmarking from agencies and holdcos poised to include diversity benchmarks and initiatives within agency KPIs. The commercial case for diversity is unavoidable with studies proving it increases creativity, profitability and productivity within companies. But local industry has work to do – just 16 per cent are culturally diverse, despite representing the world's most ethnically diverse country.

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**CFOs are questioning ROI on booming loyalty programs: Here's how to flip your loyalty program from a Capex drain to a money-making machine**

By Jonathan Hopkins - Founding Partner, Sonder | Partner Content



CFOs are starting to question the outlay versus return of loyalty programs. Good loyalty schemes do attract, retain and grow customers although they are costing more to manage as customer expectations continue to rise.

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By Andrew Brain - Director of Audience Intelligence, Seven West Media | Partner Content



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By James Dixon - Chief Digital Officer & Co-

### What you need to know:

- Diversity initiatives are set to be the new net zero for companies.
- Brands in Europe and US are already seeking out D&I benchmarks in pitches.
- Agencies predict holding companies will add D&I initiatives to KPIs.
- But creative and media agencies agree the opportunities presented by driving D&I should be key focus – because diversity of thought delivers better creative effectiveness and sharper business results.
- Western Sydney Ad School aims to bring a much broader range of people and cultures into advertising.
- Looking at the numbers – it's badly needed.

“We are not diverse as an industry at all. Pretty much every area of the industry has work to do... But there is a big opportunity here.”

— Aimee Buchanan

### Holding groups: Prepare for diversity KPIs

“Global holding companies will start to KPI people [on diversity and inclusion]”, according to incoming GroupM CEO Aimee Buchanan. “If it hasn't already happened, it's not far away.”

Buchanan said brands such as Telstra, Suncorp and Qantas are driving the shift – and agencies must quickly catch up in order to meet their benchmarks.

“The US, Europe and global businesses are asking for all of this data now. They're asking “What is your gender makeup? What's your makeup at the C-suite level? Have you done a pay-gap analysis? So you can either get organised or you're going to be forced to get organised,” said Buchanan. “That should not be the reason to do it, but there will be a catalyst for change coming that will force it as well.”

Buchanan said the Media Federation of Australia's 2020 industry census underlined how little progress media has made to date.

“We are not diverse as an industry at all. Pretty much every area of the industry has work to do. On everything other than gender, we're not doing very well,” Buchanan told M3. “The positive is that we were able to break it down, see where we are at and look at how we address those areas. There is good data there, which is the starting point – because if you don't know what you've got, you don't know what to fix. But there's work to be done.”

Technically the broader local ad industry is well placed to embrace diversity, with Australia laying claim to being the most ethnically diverse country in the world, with 300 ethnic groups, 100 religions and half (49 per cent) of the nation either born overseas or have at least one parent born overseas. Yet, just 16 per cent of the industry is culturally diverse, according to Diversity Arts Australia 2019 survey.

Buchanan, however, thinks the industry can turn it around before being forced into action.

“There's an appetite to drive change. The risk in all of this is it becomes a negative story, but there's a big opportunity here,” she said. “We're an industry that speaks to and on the behalf of all cultures and all people so we should be more representative of that to do it well.”

“[Without diversity] there would not be jazz, R&B, pop, hip hop, it would just be country music. And that's where we're at as an industry, we are country music.”

— Pia Chaudhuri, Executive Creative Director, BMF



Extensive research conducted by Byron Sharp and partners at the Ehrenberg Bass Institute finds brands that pull ad spending watch sales dramatically decay. For marketers, it offers all the proof they need to defend ad budgets against cost cutting – in language the CFO will understand.

## More diversity, bigger growth

BMF executive creative director Pia Chaudhuri agrees diversity delivers significant commercial and creative benefits.

"The most compelling argument for bringing diversity into the industry is that it makes commercial sense," says Chaudhuri. "The Australian population is extremely multicultural and when we are talking to a population that diverse, and we don't have any of those people represented among the people who are making the work, that's a huge problem. There's just a lack of representation."

She also agrees with Buchanan that the current lack of diversity should be seen as an opportunity as much as a challenge.

"It's really easy to talk negatively about this, but I think we need to think about the potential, what are we missing out on as an industry by not having that diverse thinking in our ranks in terms of creativity. And, also from a commercial perspective, what are our businesses missing out on by not even reaching the very communities that we're trying to talk to," says Chaudhuri. "There is so much untapped potential."

Taking steps to unleash that potential will result in greater ad effectiveness and stronger business growth, Chaudhuri suggests.

"There's a lot of research around how diverse communities just don't connect with advertising that doesn't feature people that look like them. And in the reverse, there's evidence that they will connect more with a brand or a client if its advertising features diverse people."

Chaudhuri quotes an anecdote about comparing advertising with the music industry and what would happen if music had only ever been created by Caucasian people. "There would not be jazz, R&B, pop, hip hop, it would just be country music. And that's where we're at as an industry, we are country music."

"The kind of connections that happen in creativity, when you bring diverse brains together, cannot possibly happen when the brains are very similar. It's logical, as well as scientific."

Chaudhuri is a founder of an industry inclusion group **Only One In The Room** along with M&C Saatchi, ECD, Avish Gordhan and Coffee Cocoa Gunpowder creative partner Ant Medler. The organisation aims to create a more open, equitable and representative ad industry.

“Every study, every person that looks at creativity and innovation says that it is driven by a diversity of thinking. What better way of getting diverse thinking than employing people that have had different experiences in life?”

— Darren Woolley, CEO, Trinity P3

## Diversity benchmarks incoming

Only One In The Room is working with pitch consultants Trinity P3 to help build out diversity benchmarks that the consultancy's founder and CEO Darren Woolley says brands are increasingly requesting ahead of pitching for new agencies, though those requests are more commonplace in other markets.

While both brands such as Telstra and agency groups such as GroupM are talking about factoring environmental and social governance metrics when determining where to allocate marketing budgets, Woolley says it has yet to hit home locally.

"In Australia, diversity, like climate change, is way off," says Woolley.

"I've already had conversations with big companies in America, asking do I have benchmarks for diversity? Do I have agencies that have net zero [policies], benchmarks for carbon footprints? The US is driving this, and it's a result of the #metoo movement and Black Lives Matter movements and it's big."

Woolley says the aim of the benchmarks P3 is trying to build out is to provide a snapshot of the population that agencies can measure against rather than mandating representation or tokenism.

"It's not a benchmark that says 'this is what everyone should have'. It's about saying 'this is a benchmark for the population, how do you compare to that? Where are the gaps and how are you filling them?'"

"In a world where people are talking about the importance of diversity to represent, benchmarks are a better path than just saying, 'have we got representatives that make us diverse?', which is the direction the conversation seems to be going. Because let's be honest, I've worked in and around advertising for 40 years, and it's primarily full of men that went to private schools, and they come from white Anglo Saxon backgrounds."

Woolley thinks brands and agencies that make a concerted push for inclusivity may find a clearer path out of the current talent crunch, and in turn, deliver better work.

"Diversity should be embraced for its own sake, but also because every study, every person that looks at creativity and innovation says that it is driven by a diversity of thinking. What better way of getting diverse thinking than employing people that have had different experiences in life, that are not all white boys from Knox or Shore?"

"The commercial reality is diverse agencies, diverse groups of people are more innovative and more creative than groups of homogeneous people."

Which is exactly the challenge Rocky Ranallo and Matt Smith are working to overcome with the Western Sydney Ad School (WSAS).

“When Award School first started, there were lots of talented people – like George Betsis and Dave Droga – that did it when it was free. And the diversity that those people brought to the industry really helped it ... whereas now it's people who can afford to pay the \$2,000-plus cost."

— Rocky Ranallo, Western Sydney Ad School

## Western Sydney Ad School: Driving change

Based in Parramatta, Western Sydney Ad School aims to give aspiring creatives who live outside of the usual advertising catchment areas of the eastern suburbs, inner west and lower north shore, a shot at honing their craft.

"Matt and I have been in the business for a very long time and we've seen it change quite dramatically over the years. It's now at a point where everyone is employing people who are like-minded, so you are effectively talking to yourself," says Ranallo.

"When we started [in the industry] there was a lot more diversity than there is now. When Award School first started it was free and that gave you a more diverse group of people, whereas now it's people who can afford to pay the \$2,000-plus cost, which is excluding people from the western suburbs that just can't afford it," he adds.

"Award school does a really good job, but they're restricted a little. The cost, the fact it's once a year and there is an entry criteria. It's also based in Sydney – it's not based in the fastest growing region in Australia, which is Parramatta and Western Sydney."

Smith says the balancing up of gender within the ad industry shows that progress can be made relatively quickly if employers genuinely want to drive change.

"Now is the perfect time to start getting diversity into creative departments and start getting unique and diverse opinions that will help create better ideas. It's been so privileged, white and male for a long time. When Award School first started, there were lots of talented people – like George Betsis and Dave Droga – that did it when it was free," says Smith. "And the diversity that those people brought to the industry really helped it."

## Industry bodies: building diversity frameworks

The ad industry recognises the truths in Ranallo and Smith's work, and has thrown its support behind the WSAS, offering internships, scholarships and mentoring programs to students. The WSAS has also helped shine a light on the social mobility issues that compound the industry's lack of diversity, says Hannah Sturrock, national head of engagement at Ad Council Australia (ACA).

Sturrock, who joined the ACA in June, is tasked with driving the body's diversity strategy and programme, which is set to be unveiled later this month.

"We need to look at all of it, backgrounds, gender, ethnicity, disability, age, neurodiversity – it all comes into the makeup of the industry, and how we're doing, what we're benchmarking ourselves against in other industries or even other markets," says Sturrock.

"There is a need for an overarching strategy based on data. But that takes an intersectional approach. We need to draw all these strands together to ensure that we're seeing diversity and inclusion as a holistic challenge for advertising to tackle. You can't just divide it into little bubbles and then tackle each one; we need to bring all of that together."

The MFA recognises the challenges faced by agencies – and is trying to help them address diversity before it becomes a KPI mandate.

In July, the MFA launched a dedicated sub-group, the MFA DE&I Advisory Council, comprising 13 individuals with diverse backgrounds (age, cultural and religious backgrounds, disability, sexual orientation and gender identity) who each have different levels of authority and come from various departments within media agencies.

"Their role is to ensure the strategy we arrive at as an industry is genuinely inclusive and not tokenistic," says Linda Wong, Director, People at the MFA.

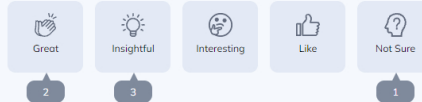
"The primary goal of the MFA DE&I strategy is education and training to provide agency teams with the knowledge and resources needed to accelerate the introduction of DE&I initiatives – and to ensure they succeed."

"We introduced industry DE&I measurement via the annual Media i survey last year to track our ongoing progress, to aid in determining what is working and to provide strategic direction," says Wong. "Measuring what matters is a critical element to driving change and improvement."

Wong says the body will reveal more about the initiatives at the MFA EX conference next February.



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