

Target's diversity-focused media fund comes as consumers increasingly care about DEI in advertising

Article

The news: Target has launched the Roundel Media Fund, which will be granting more than **\$25 million** in paid media to diverse-owned/founded firms by 2025, per the retailer's corporate blog.

- The fund, managed through Target's in-house media network, Roundel, is aimed to offset marketing expenses by allowing Black, Indigenous, and people of color (BIPOC) businesses to purchase paid media at a lower cost.
- The retailer has pledged to invest more than **\$2 billion** in Black-owned businesses by the year 2025.
- While a typical Target advertising campaign costs more than \$50,000, Roundel Media Fund members would enjoy the same reach for only \$5,000. The financing could assist BIPOC companies in paying for Target marketing campaigns, which could be crucial to the success of these brands that have historically been able to source less startup capital.

Brands take note: Target isn't the only major player supporting racial equity through its approach to advertising and media spend.

- **General Motors** pledged to increase its ad spend on Black-owned media to 4% by this year and double that by 2025, while also offering better payment terms to diverse media firms. The move came after the company was criticized for not placing enough ads in Black-owned media.
- **Coca-Cola** said last year it would double its spend with minority-owned businesses by 2024, spending at least 8% of its ad dollars with Black, Hispanic and Asian -owned entities.
- **Verizon** has pledged to spend a minimum of 2% of its ad budget with Black-owned media.
- **Burt's Bees** became the first brand to launch a campaign via Omnicom's Diverse Creators Network.

Zoom out: Diversity is important to consumers, but it's not everything. At least **7.7% of US black adults** cite a retailer's corporate social responsibility initiatives as an impetus for purchasing from them, lagging far behind more pressing criteria like deals/promotions (48.6%) and everyday pricing (40.5%).

- 16% of US internet users (12%) expect ads to promote diversity and inclusivity—important but still far behind things like giving product information (50%) and providing discounts/special offers (40%), **per** Team Lewis and GWI.

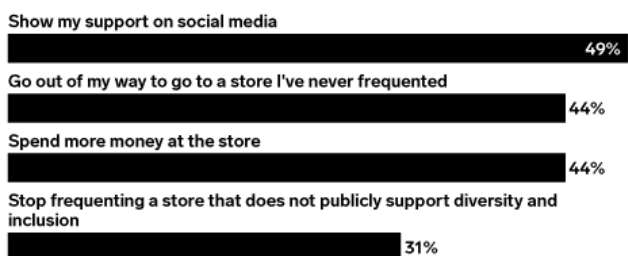
- But while consumers on the whole may value price and promotion most, lack of DEI consistently ranks as one of the top reasons Black consumers are dissatisfied with purchases, [per](#) McKinsey. That ranks far higher than measures like quality and value.

Why it matters: Over 20 diverse-owned firms that participated in a test of Target’s fund during Black History Month averaged a 40% surge in revenue.

- More than half (51%) of US adults are much more/more likely to support a company that makes public commitments to diversity and equality—outnumbering those who don’t like these pronouncements more than three to one, [per](#) ThinkNow. Companies like Target know this, and besides doing what they feel is the right thing, they’re investing in a strategy that makes sense financially.

How US Adults Show Their Support for a Company that Makes a Commitment to Diversity and Equality Initiatives, April 2021

% of respondents



Note: ages 18-64; among respondents who are more likely to support a company that makes a commitment to diversity and equality initiatives

Source: ThinkNow, "Diversity & Inclusion: Brands and Consumer Purchase Intent," June 8, 2021

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Go further: Listen to our *Brand Anatomy* podcast conversation with Sephora on how the retailer saw 96.8% positive feedback on its recent DEI campaign [here](#).