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The Multicultural Paradigm

Today, non-Hispanic Caucasian-Americans make up 70 percent of the U.S. population. But by 2050, this group will only make up half of the total population (El Nasser, 2004). And for the first time since the founding of the United States in 1776, the nation will not have a stand-alone ethnic majority. In other words, one out of every two people in the country will be what we consider today an ethnic minority — Hispanic-Americans, African-Americans and/or Asian-Americans.

In a perfect world, marketers would be able to use manufacturers’ purchase data to target consumers, which would eliminate the need to segment customers as we do now, and diminish the need for ethnic segmenting. Until this happens, companies must recognize the purchasing power of multicultural marketing.

Many advertisers recognize the population shift described above, but others do not realize the need to commit company resources to effectively segment and reach minority groups with multicultural marketing efforts. Those companies that do not answer the needs of these powerful customer segments could lose considerably in the next half-century and beyond.

Hispanic-Americans

Hispanic-Americans are the fastest growing segment in the United States. In 1990, demographers predicted the Hispanic-American population would become the largest minority group by 2010. These estimates proved to be far too conservative. Hispanic-Americans edged out African-Americans to become the largest U.S. minority group, numbering 41.3 million in 2004 with a projected buying power of $686.3 billion. The buying power and population of these groups is projected to grow by 44 percent and 19 percent respectively through 2009 (Selig, 2004).

The growth of the Hispanic market has sparked the need for a greater understanding of the cultural differences, not only compared to other markets, but also within this consumer segment. For example, 42 percent of the Hispanic population...
comprises approximately 11 nationalities — besides Mexican — that consider themselves Latino, including Cuban, Puerto Rican, Dominican and other Central and South American nationalities (Cappo, 2003). Marketers must recognize these intra-cultural differences.

**African-Americans**

In 2004 the African-American consumer segment had a projected annual buying power of $723 million and a population of 36.4 million (Selig, 2004). Unlike other ethnic groups, there is no language barrier to overcome when communicating to this demographic. Because of this, the need to tailor marketing efforts to African-Americans is less obvious and therefore often overlooked or taken for granted. This consumer group is usually viewed as largely undifferentiated from Caucasian-Americans, and as having a mostly uniform set of consumer values. However, just like the Caucasian-American majority, African-Americans have various sub-segments regarding their needs. Some companies unfortunately see advertising to African-Americans as an affirmative-action policy — they feel forced to comply rather than strategically realizing the economic benefit of marketing to African-Americans. African-American buying power and population is projected to grow by 33 percent and almost 7 percent respectively by 2009 (Selig, 2004).

**Asian-Americans**

Asian-Americans are an attractive customer population for marketers. As a group, they are generally family-oriented and have a strong desire to achieve middle- or professional-class status. Currently, 60 percent of Asian-Americans have an annual income of $60,000 or higher and 44 percent of Asian-Americans over the age of 25 have college degrees. This all contributes to this segment’s projected 2004 buying power of $363 billion. Some of the sub-groups that make up the Asian-American population are: Chinese-Americans, Indian-Americans, Korean-Americans, Filipino-Americans, Japanese-Americans and Vietnamese-Americans.

Asian-American buying power and population are projected to grow by 45 percent and 16 percent respectively by 2009 (Selig, 2004).

Together these groups make up over $1.7 billion in discretionary income, which is larger than the approximate gross domestic product of the United Kingdom ($1.4 billion) (Australian Politics, 2003). Compare this to the Caucasian-American buying power, which is a substantial $7 billion but will only grow 26 percent in the next five years — a much smaller growth rate than that of the minority populations (Selig, 2004).

One of the key tenets of integrated marketing communications (IMC) is that companies be customer-centric — to understand what motivations drive consumers’ purchase decisions and to build their marketing programs around this insight. IMC is also data-driven to help marketers better understand their most profitable customers in order to attract more like them, cultivate their loyalty toward the brand and ultimately retain customers.

The following five recommendations are discussed using examples of best practices in multicultural marketing. They point to the fact that regardless of race, money is green, increased market share means increased profitability and brand loyalty is priceless.

**Diversity Within Leads to Better Understanding, Smarter Multicultural Marketing**

In order to have marketing communications that effectively
target ethnic groups, we recommend there be a strong minority presence in the marketing department that represents something more than tokenism. Fifty-eight percent of those polled on adage.com on August 16, 2004 stated that marketers should maintain a separate multicultural marketing department within their companies. Multicultural consumers will account for 30 to 40 percent of next year’s business growth. If a company does not have a dedicated and specialized team, someone else will seize the largest share of that growth. Carl Kravetz, chairman and chief strategic officer for Cruz Kravetz: IDEAS in Los Angeles, states that “[Multicultural marketing departments] are a way of creating internal ‘champions’ for multicultural efforts.”

To illustrate, Coors Brewing Co. recently produced a spot that sparked some controversy. In the spot, which is running on both English-speaking and Spanish-speaking television programs, young male beer drinkers in a bar toss around the word “guey,” similar to Budweiser’s “Whassup” commercials. Coors has received complaints, pointing out the word’s negative connotations. The literal translation of “guey” means castrated bull and can be an insult implying stupidity, yet many Hispanic males use the word as a greeting. The way “guey” is interpreted all depends on inflection when delivered. Paul Mendieta, Coors’ director of multicultural marketing had the concept qualitatively tested to see if it was offensive. When tested among Mexican American males ages 21 to 24, the reaction was “You got me; this is me and my friends.” The advertising tapped into their specific psychographic” (Wentz, 2004).

The example of Coors’ use of the word “guey” in its Hispanic advertising was accepted because the multicultural marketing director was Hispanic and understood the cultural nuance of the word.

An alternative to hiring minorities for the marketing department is to culturally immerse the ethnic majority into the Asian-American, African-American or Hispanic-American cultures. Being a multicultural marketing expert is impossible unless marketers learn to embrace the notion of the cultural experience. After awarding a multicultural marketing communications company with a new piece of business, marketers who are Caucasian-American should request to be culturally immersed before making any marketing decisions for this new account. This exercise will provide key insights and break down any preconceived stereotypes that Caucasian-American marketers have about a particular ethnic group.

The exercise can consist of experts on each respective ethnic group fielding questions about what it means to be African-American, Asian-American or Hispanic-American or it could include a member of the ethnic majority either living in or shopping in ethnic enclaves. However, the greatest insights into multiculturalism do not have to be this sophisticated. When learning about an ethnic market, the best thing a marketer can do is to observe the differences firsthand by doing something as simple as going to an ethnic neighborhood for lunch or a haircut. Observe how consumers in the neighborhood, who are unlike yourself, interact with your brand and your competitors.

Rethinking Research Methodologies for Multiculturalism

More advertisers should take the time to enhance their research efforts to better understand and reach minority groups. The ultimate brand measure is the strength of sales. In aggregate, marketers do measure sales. However, measurement of sales to minority markets is often inaccurately reported or not done at all, thus putting the ultimate measure of multicultural marketing success in question. Many times multicultural marketing communication agencies are held accountable to increase brand/product awareness, which does not correlate directly to sales. Taking a deep dive to genuinely understand the nuances of the ethnic consumer will be to any marketer’s advantage, versus relying on mass consumer research about a particular minority group. The growth in numbers of Hispanic-American consumers has started to encourage marketers to take this step to create and develop new products tailored specifically for them.

SC Johnson expanded its Glade line of air fresheners to include home-cleaning products for Hispanic-American
GLBT Market

The multicultural paradigm not only includes growth in U.S. ethnicity, but a change in lifestyle. On May 17, 2004 the U.S. Supreme Court declared that it is unconstitutional to deny marriage licenses to same-sex couples in Massachusetts. This landmark decision brought the issue of same-sex marriage/households into the mainstream media and allowed marketers and media companies to notice, for the first time, the potential of how this cultural shift could affect the marketplace.

Volvo Cars of North America is one of the few advertisers that has taken steps to target GLBT (Gay Lesbian Bisexual Transgender) customers by researching their buying preferences. Volvo executed an online poll of 2,000 consumers — 1,000 GLBT consumers and 1,000 heterosexual consumers — to ask about their vehicle preferences. Next, online bulletin boards were hosted for GLBT people who were looking to buy a Volvo in the next two years to get additional feedback on buying preferences. This information was then used to develop creative strategies.

GLBT consumers ultimately preferred a campaign called “Starting a Family,” which highlighted the safety, versatility and style that Volvo offers in its XC90 SUV and C70 convertible and showed images of GLBT families and couples. The headline reads, “Whether you are starting a family or creating one as you go.” The overall campaign also included a sponsorship and affinity program with the Human Rights Campaign — a GLBT rights organization. The marketing communications measurement scored well on attributes such as “increased purchase consideration,” “persuasiveness” and “brand image” among GLBT consumers. Due to the use of statistically significant research methodologies, this campaign received the Advertising Research Foundation’s (ARF) David Ogilvy Award for a campaign targeting GLBT consumers. Volvo was the first company to receive this award (Johnson, 2002). This example appropriately ties together the concepts of target marketing tailored to a specific population with a strong customer-centric and data-driven IMC approach.

Networks, ethnic media companies, respected researchers
and demographers should collaborate to develop an audience-measurement tool that puts ethnic media on a level playing field with the general market media. With this tool in place, marketers would see that smart business decisions and multicultural marketing are not mutually exclusive.

Creative Messaging Must Resonate with the Target

Many marketers assume that the African-American segment perceives brands as Caucasian-Americans do. Thus, fewer dollars are spent on research to better understand the cultural nuances of this audience, and many times perceived stereotypes are reinforced. For example, while qualitative research shows that African-Americans notice and appreciate seeing other African-Americans in commercials, many marketers think that marketing to African-Americans means showing images of superstars like Michael Jordan and Shaquille O’Neal.

Another example is the use of hip hop culture. Hip hop’s urban influence is evident in American pop culture and hip hop terminology has become mainstream, evident in the fact that one of the Oxford English Dictionary’s newest words is “bling-bling,” a reference to elaborate jewelry and clothing. African-American hip hop influence is also prevalent in the music industry, as evidenced by the 2004 Grammy Awards, where almost all of the on-stage performers were African-Americans. Although this is an example of a trend that started in the African-American community, the African-American consumer is not automatically all about hip hop.

In the same way, the African-American consumer market cannot be communicated in a one-dimensional manner, using only sports superstars or hip hop culture. Much like the Caucasian-American and the Hispanic-American markets, African-American consumers can be segmented by income and education, as well as psychographics. An example of a company that has recognized this is DaimlerChrysler with its recent launch of the 2004 Dodge Durango.

Having admired the work that Cadillac Escalade had done to reach affluent African-American consumers, Dodge wanted to court the same group with its Durango. Facing a smaller advertising budget than the Escalade, it wanted to break through the clutter in less than 30 seconds. The result was a television spot called “Poster.”

The commercial shows two men, one African-American the other Caucasian-American, in a public restroom looking at a poster ad of the new 2004 Dodge Durango over the urinal. A third African-American man is using the bathroom stall. The two men, looking at the poster, make reference to the fact that the new Durango is seven inches longer, commands respect and that one man will be waxing it tomorrow. The man in the stall, overhearing the two men, thinks they are talking about a more taboo subject. The double entendre technique is used to break through the clutter, but the relevance to African-Americans comes through in the commercial’s copy, “My girlfriend loves it,” “People admire me” and “They are envious of me.” The history of African-Americans in the United States has been one of second-class citizenship. The overarching theme of respectability towards African-Americans comes across in the advertising and is successful when these copy points like these are recalled by African-Americans. The commercial positions Durango as aspirational in the eyes of how others will see this African-

“Poster” Dodge Durango Advertisement

American buyer. The spot was pre-tested and the results confirmed that it was engaging without being offensive. On the “awareness index,” a measure of brand appeal, “Poster” rated more than twice as high among African-Americans compared with the average commercial scores (Stein, 2003).

The traditional way of targeting African-American consumers is to run general market creative in African-American media. Yes, the advertisers are reaching African-Americans, but does the message resonate with the audience? Professionals who specialize in marketing to this segment would say no. According to a Yankelovich study, a majority of African-Americans believe advertising is aimed at Caucasians and does not speak to them (Yankelovich, 2004). Dodge’s spot was strategically placed during late-night television to ensure the audience was in the appropriate mindset to receive the messaging.

Dodge Durango’s success is more the exception than the norm, for none of these recommendations would have manifested had it not been for Julie Roehm, Dodge’s director of marketing, who served as an advocate for advertising to this target market within the Dodge division of Chrysler. Although she is Caucasian, she advocated that Dodge had to understand how to reach affluent African-Americans in a way that was not stereotypical, but real.

Ethnic Media Spending Should be Proportionate to Ethnic Buying Potential

Hispanic-Americans, currently the largest minority ethnic group in the United States, represent 14 percent of the U.S. population. Moreover, this group’s buying power is projected to grow to 45 percent by 2009 (Selig, 2004). Despite this information, there is still no parity to media and marketing resources spent on this consumer group. Overall, marketers spend on average only 3 percent of their ad budgets on Hispanics — far too small an amount to effectively reach a market that comprises 14 percent of the population. These numbers become smaller and more disproportionate with African-Americans and Asian-Americans. Contrasting this to general market advertising expenditures to reach Caucasian-Americans, marketers spend over 90 percent of their marketing dollars to reach a group that makes up approximately 70 percent of the U.S. population (Donaton, 2004).

A marketer’s multicultural advertising budget should be proportionate to the ethnic buying potential they are trying to reach. With 14 percent of the U.S. population being Hispanic, a marketer serious about reaching this audience theoretically should spend closer to 14 percent of their marketing dollars to reach this group. Sears, Roebuck & Co. is very much the exception to the rule; they spend just over 21 percent of their advertising budget to effectively reach Hispanics (Wentz, 2004).

The general media landscape is fragmented and Asian-American media is even more fragmented with the different intra-racial languages that exist. Kmart Corp. has incorporated marketing initiatives to reach this fragmented group. In 2003, Kmart created an entertainment and lifestyle publication called Tea Leaf, which was initially launched in select cities in California, where Asian-Americans represent 10 percent of the state’s population. The initial distribution of 300,000 copies of Tea Leaf were inserted in Chinese, Vietnamese and Korean language newspapers in the California cities of Fresno, Los Angeles, Sacramento, San Bernardino, San Diego, San Francisco, Santa Barbara, Santa Cruz and Ventura. This publication, which is a supplement to Kmart’s weekly advertising circular, contains Kmart select product offerings and editorial content, including exclusive interviews. Because Kmart knew that Asian-Americans respond favorably to seeing other Asian-Americans in advertising, CBS’s “The Morning Show” anchor and “Big Brother” reality TV host Julie Chen, a Chinese American, was featured on the first cover of Tea Leaf. (Irwin, 2003).

Brand Experience at the Retail Level

Retailers are gaining marketing power and are beginning to be viewed by many as another vital “media vehicle.” Manufacturers should partner with their retailers to bring the brand experience to the ethnic consumer through point-of-purchase.

An IMC approach, for example, may involve an
automotive manufacturer developing a national branding campaign that targets African-Americans. This advertising will create brand awareness with the consumer. To continue this communication, regional advertising that has synergies with the African-American national campaign could feature a call to action. Next, a dealership in a primary market area consisting primarily of African-American zip codes can run retail advertising for its store in African-American newspapers. Lastly, the African-American customer comes into the dealership where there is point-of-purchase display tying back to the campaign’s other brand contact points. This model follows the consumer all the way down the marketing purchase funnel from awareness to consideration to intent and, finally, to purchase.

This same model can be used for a packaged good. However, the manufacturer will have to strongly partner with retailers in specific ethnic areas to reach the consumer through in-store point-of-purchase displays or promotions, product samples or Premier Retail Networks (PRN). PRN is the only media network that reaches and engages consumers while they are shopping in the world’s largest retailers. Manufacturers and retailers can partner together to run ethnic advertising on PRN while this consumer is shopping in stores in ethnic areas determined by zip code.

The Chevrolet division of General Motors is also reaching the Asian-American consumer in unconventional, yet effective ways. Advertising for Chevrolet will be placed in Asian grocery stores in the form of point-of-purchase aisle separators and grocery cart dividers. Chevrolet vehicle displays for Malibu Maxx and/or Aveo will be in the store’s parking lots. Lastly, commercials were produced for rental videos that are available at Asian grocery stores. Largely for these efforts, the Asian-American Advertising Federation named GM Marketer of the Year. This is a clever and recommended tactic to engage the ethnic customer (GM Overdrive, 2004).

**Conclusion**

In a recent study by the Association of National Advertisers’ Multicultural Marketing Committee, only 70 percent of respondents market to Hispanic-Americans, 59 percent market to African-Americans and 27 percent market to Asian-Americans. With the new census and buying power numbers for each ethnic group, 100 percent of all marketers should be reaching out to multicultural markets. With the population growth and the buying power of minorities reaching over $1 trillion, savvy marketers must think about how to answer the needs of these groups with an IMC approach to ultimately remain relevant in years to come. Marketers must view ethnic minority consumers as a “consumer segment within a segment” of the general population and should invest the time and money to understand these groups both qualitatively and quantitatively. Otherwise, marketers will miss out on the very lucrative multicultural dollar. Taking the IMC approach is critical. Speaking to multicultural consumers with relevant messaging will generate a positive brand image, and thus a brand-loyal customer. Obtaining research on ethnic consumers will also help retain these customers and acquire new ones.

Companies that do not notice the entire multicultural paradigm will lose their relevance in the decades to come. This is where a brand’s employees, its retailers and the media must understand the implications of the new multicultural American customer. As a marketer, one must see that regardless of race, money is green. Market share means profitability and brand loyalty is priceless. These are the realities of the multicultural paradigm.

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