THE NEW MAJORITY MARKETING TO MINORITIES

With the explosion of ethnic and racial populations across the U.S., smart businesses of all sizes are discovering the buying power of the nation's minorities. Just consider these statistics from the 1990 census. The Asian-American population exploded by 107 percent in the 1980s; Hispanic-Americans, 53 percent; American Indians, 38 percent; and African-Americans by 13 percent. By comparison, non-Hispanic whites increased by only six percent in the last decade. Immigration is a key factor: America continues to take in more immigrants each year than all the rest of the countries in the world combined.

In California particularly, the growth of Hispanic and Asian populations has been enormous. Hispanics increased by 70 percent during the 1980s, to 25.8 percent of the population. Asians doubled in numbers and now represent 9.4 percent of California residents. In San Francisco, this figure is 30 percent. Around the year 2000, half of California's population will be Hispanic, Asian or black.

In addition to their sheer numbers, these ethnic markets are increasingly prosperous. African-Americans earn $262 billion a year, twice the gross national product of Mexico. Hispanic buying power has grown from $54.4 billion in 1980 to $172 billion today. And Asian consumers have the highest average household income of any group, including whites. They earned $36,102 in 1988-89, while whites averaged just $30,400 in comparison.

Many experts say that minority consumers show a high degree of loyalty. As their interests have historically been neglected, when a small business addresses their needs directly, it can have an enormous impact. In fact, the success of many small businesses may well be determined in the coming decades by whether they find ways to attract minority consumers -- especially in California.

Experts agree that businesses do not need to do anything different with minority segments than with majority ones. The basics of any marketing program -- product design, development, distribution, advertising and market analysis -- remain essentially the same. And the foundation of all these is understanding your target group. Here are some issues to consider.

1. Don't make the mistake of thinking that all minorities are alike.

Not only are each of the major ethnic markets vastly different from one another, but there is also a great deal of diversity within a specific ethnic segment based on country of origin, and linguistic and sociocultural adaptation to the United States.

In terms of the Hispanic market, the four major sub-groups are Mexican, Cuban, Puerto Rican and "Other Hispanic" -- a category that mainly includes Spanish-speaking people from Central and South America, the Caribbean and Spain. There's a tremendous difference between the preferences and buying patterns of Puerto Ricans living in New York, Cubans in Miami, and Mexicans and Central and South Americans living in the South-western states.

Within the Asian category, there are more than two dozen ethnic groups, each with a distinctive language, religion, culture and value system. Topping the list numerically nationwide are Chinese (who may speak Mandarin or Cantonese), Filipinos, Japanese, Asian Indians, Koreans and Vietnamese.

And within the African-American segment, French-speaking Haitian-born Americans, for example, may have little in common with American-born blacks.

Equally important are generational differences. The first generation represents a significant segment: 70 percent of today's Asian-Americans
have arrived since 1970. And half of all Hispanic adults in this country spent their formative years in Latin America. Obviously, non-English speaking, newly-arrived immigrants have far different buying behaviors than do third-generation ethnic consumers who have adjusted far more completely to a new culture and language.

Consequently, it is virtually impossible to create generic advertising or promotional tools that appeal to all segments of this diverse ethnic market. The solution is to pick a very specific target -- a particular ethnic group in a particular location -- and tailor your message to that target. If you are trying to attract more than one ethnic group, you may have to create more than one message.

2. Learn as much as you can about your potential customer's traditions and beliefs.

And show respect in your advertising and other promotional efforts for that particular culture's holidays, ceremonies, and the meanings of symbols, numbers and colors. Red, for example, connotes good luck in China, but signifies bad luck to many Koreans. In Western societies, black is the color of mourning, yet Asians traditionally wear white to funerals because it is the color of sadness.

One way to learn about cultural nuances is by making contacts within the target community, and using these contacts as an informal focus group. Most ethnic groups have business organizations and chambers of commerce. In addition, treat your store as a research site. For small business owners, surveying customers is a simple form of research, and the customer's word is often the most effective data available, particularly when trying to understand subtle cultural distinctions.

3. Be careful when translating English, especially slogans, into foreign languages.

And don't make the mistake of thinking that one generic pitch will work for all cultural groups. After establishing a general marketing concept, figure out which aspects might attract the particular ethnic group you are targeting. Then hire someone who knows the language (ideally a native speaker when creating advertisements with voice-overs) to express your message properly. In appealing to Hispanics, use informal "spoken" Spanish rather than formal Spanish, and be sure to avoid dialects.

The importance of ensuring that your advertising messages are translated properly is borne out by numerous cases of communication mistakes which even large marketers have made. To give just one example, an ad for an American-brand shirt in a Mexican magazine should have read, "when I wore this shirt, I felt good." Instead, the words translated as "until I wore this shirt, I felt good."

4. Use the native language media of the group you want to attract -- particularly in print media.

Since minority groups tend to be geographically concentrated, narrowly segmented media outlets -- such as foreign-language newspapers or broadcasting shows (which are proliferating nationwide) -- effectively reach high percentages of consumers. Many of these outlets are less expensive and more effective than their mainstream counterparts.

Another way to gain long-lasting impact is to place an ad in the foreign language Yellow Pages available in many urban communities. Paul Sladkus, president of a New York-based ethnic marketing company, claims these publications are "like a Bible to the community."

5. Have staff members who speak the language of the ethnic group or groups
you are targeting, and make sure signs and fliers printed in the appropriate languages are displayed prominently in your establishment.

These simple and logical cultural sensitivities are appreciated, and can help spread positive word of mouth.

6. Reject stereotypes and cliches.

Create positive images (or nonverbal cultural symbols) that are meaningful to the customers you want to serve. For example, Hispanics see themselves as upbeat, colorful and lively, and enjoy being portrayed as such. They appreciate commercials that convey a sense of pride in pleasing and providing the best for their families. In general, they do not identify with overt materialistic displays of success. Themes that appeal to Asian consumers include family togetherness, security and respect for elders. They value education, literacy and musical culture, and have a strong sense of community.

7. In the same vein, sharpen your sensitivity to cultural slurs or taboos.

One widely shown commercial featured a woman who asks television viewers not to hate her because she's beautiful. Because a woman stating that she's beautiful violates Hispanic cultural mores, the ad inadvertently alienated potential Hispanic consumers.

Another example of a cultural gaffe is an ad run several years ago by a large insurance company in a Korean magazine showing a family in traditional dress -- Chinese dress, that is. Or take the full-page newspaper ads once run by Playboy magazine, famous for its rabbit-eared logo, wishing Chinese-American readers a happy "Year of the Rabbit." Unfortunately, the Chinese characters were out of order and made no sense.

Such cultural taboos can be tricky for most non-minorities to grasp. No matter how good your intentions, you run the risk of accidentally offending the group you're trying to reach. That's why successful marketers have their promotional materials reviewed by members of the minority group or groups being targeted.

8. If you can afford to hire a specialty advertising agency or marketing consultant, the money will be well spent.

They will be able to keep tabs on not only the language used, but the customs and traditions with which you may not be familiar. If your budget does not allow this, assistance is generally available from the advertising department of local ethnic newspapers, radio or television stations. Don't forget to also draw on the ethnic expertise of your own staff.

9. Be prepared to "educate" your audience.

Understand that many are extremely skeptical of "official" proclamations and messages. Point out what's "good" or what works about your product or service. Product demonstrations or free samples are particularly effective in this regard, especially for new immigrants who may not be accustomed to selecting from a wide range of choices. If you and your product or service represent the high end of your field, don't be afraid to project an image of quality.

10. Finally, get involved with the minority community.

Sponsor or help promote a cultural event such as an ethnic festival or holiday celebration honoring the consumers you want to reach. This will build name recognition at the grass-roots level and distinguish you from
competitors, while at the same time help to build customer loyalty. This involvement is particularly important because many ethnic groups, especially those who have recently arrived in this country, attach high value to their local community.

Underlying all these points is the fact that marketing will always be marketing. The bottom line to success -- whatever your target group -- is thoroughly knowing these customers and their specific needs. Be patient, for long-term goals have to be approached with long-term strategies. It will take time and a steady stream of communications to establish -- and strengthen -- new business relationships. But the effort is bound to pay off. The economic influence of ethnic groups will increase exponentially in the coming years, as those once considered the "minority" emerge as a new majority. Tapping into this vast potential only makes good business success.

Doing Business in Multicultural America

A PRIMER ON PROTOCOL

Doing business in America today means working with a wide cultural range of individuals and companies -- each marked by a distinctive style. There are, of course, some universals: wearing conservative clothing, the code of delivering on promises, business socializing, business lunches, and making new contacts are part of everyone's business life.

Despite these common denominators, however, the styles represented in this increasingly multicultural marketplace reflect different business traditions and social values. And they're differences anyone conducting business across ethnic groups needs to understand to avoid problems that may stand in the way of bottom-line success.

Retail Relations

The byword of customer relations in any culture is always prompt, courteous service. Yet the requirements of courtesy may differ among various ethnic groups. Asian-Americans, for example, place great value on respect for elders, whom salespeople should treat with honor and greet specifically, if not first, when they come to the store with younger generations of their family.

Asian-Americans differ, however, in their behavior as customers. "Chinese-Americans ask many questions," says David Hsu, co-owner of Huan Yuan restaurant in Oakland, California, "and they are very picky." Japanese-Americans also ask many questions -- "a lot more than most Americans," comments Hiroyasu Kitagawa, San Francisco manager of Matsuzakaya department store. And they want informed answers without high-pressure selling, which they find impolite.

Korean- and Filipino-Americans, in contrast, ask few if any questions. "Koreans are very sensitive about loss of face," says Harry Kim, chairman of the San Francisco-Seoul Sister City Committee, so they are uncomfortable showing they don't know. The same is true of Filipinos, according to management consultant Rex Drilon of Fremont, California, who notes that brand-conscious Filipino-Americans, representing a $13 billion market, respond best when allowed to decide on their own.

Latinos also ask few questions and are highly brand-conscious, preferring U.S.-made goods when they first come to this country and, later on, European ones. In addition, Latinos are turned off by sales pressure. "They won't fold," warns Roberto Barragan, executive director of San Francisco's Mission Economic Development Association. "They'll walk away."

Caucasian and African-American customers, on the other hand, may ask numerous questions. Caucasians are "very careful about details," comments John Goldeen, manager of H. John's clothiers in Oakland, California. "They
need to feel sure an item is exactly right."

**Business Etiquette**

"We make a friendship, then do business with friends," emphasizes Kim in describing the Korean style of business. "We respect age, seniority and position," says Kitagawa of the Japanese style. But both could be speaking of Asian-American business etiquette in general, which calls for sincerity, politeness, modesty, tough but quiet strength, and deference to the decisions of the person who is in charge.

Asian-American etiquette also calls for the patience to build a business friendship over time. For no transaction can ever be concluded until this friendship develops sufficiently, through social conversations and activities, to support the business negotiations that are proceeding simultaneously.

In Japanese, Korean- and Filipino-American companies, people are greeted by a handshake (a bow, for Japanese and older Koreans) and addressed by last names and professional titles. Punctuality is important -- more so for Japanese, less so for Filipinos. And giving gifts such as liquor or tasteful logo-imprinted items is an established part of building business rapport.

Chinese-Americans depart from this style in that they may wrap up a transaction in a single meeting ("There's no time to 'develop a relationship,'" explains Hsu). More Americanized Chinese often use first names, except for elders, while traditional Chinese are not only more formal, but may speak little or no English. This is why non-Chinese companies should have a Chinese associate from a good family as their representative.

Similarly, Spanish is the preferred or only language in many Hispanic businesses, making Latino associates advisable for non-Hispanic firms. Respect for age and authority is extremely important, and deals may require that a top officer or sales supervisor from the firm that's selling pay a courtesy call on the decision-maker of the firm that's buying.

Socializing is also part of Hispanic business relationships, and politeness toward all is essential because the decision-maker -- the only one whose approval counts -- may be a less-than-obvious person, such as the president's father. As for etiquette, last names and handshakes or abrazos (hugs) are used. And punctuality is required not of the buyer but of the seller -- who should allow leeway for late-starting meetings.

In predominantly African-American and Caucasian companies, first names are most often used, handshakes (firm ones) are the gesture of greeting, and punctuality is appreciated. Decisions can be finalized in a first meeting. Participants in meetings are admired for the ability to expedite decisions through quick understanding, persuasiveness and articulate statements of opinion.

**Business Meetings**

Business meetings vary among ethnic groups in the way they channel conflict and accord power to the person in charge. For example, Latino companies operate on the word of one person, often the owner, whose decisions -- sealed with a handshake -- are not disputed. But, claims Daly City, California, business owner Alejandro Anaya, conflict is fully aired in lower-level meetings to "discuss alternatives for the person in charge to consider."

Caucasian firms may "tolerate and even encourage conflict," notes Rosemary Muller, owner of Muller & Associates in Oakland, California. "The person running the meeting usually doesn't control who speaks, and there's a lot of give-and-take." The same is true in African-American companies. As Aurea Luis-Carnes of the Northern California Black Business Association
points out, "We're all majority-trained from the cradle to the grave."
Among Asian-Americans, who strive for "consensus and harmony," as Drillon puts it, decisions are made at the top, respected for their origin, and never publicly questioned. Among Chinese-Americans, however, strong disagreements are acceptable. "It's business," remarks Josephine Hui of the Oakland (California) Chinatown Chamber of Commerce, "and the bottom line is making money."

A Woman's Way Driving Offers Patience and Understanding

"We really care about you. We're here to help." These words, part of the recorded phone message at A Woman's Way Driving School in Valley Stream, New York, sum up the philosophy of owner Lynn Fuchs, a certified driver education and traffic safety specialist since 1979. Fuchs, whose copyrighted methods are being incorporated into the state drivers manual, offers very individualized instruction so students can proceed at their own pace. "We work as a team," she stresses. To accommodate increasing ethnic diversity, Fuchs hired a female office manager born in South America who teaches and tutors Spanish-speaking students on how to interpret the drivers manual. Fuchs, who has also taught non-English speaking students by diagram and nonverbal communication, finds that foreign-born men are more comfortable having their wives taught by a woman. "And women tend to prefer female teachers as well because they find them more patient and understanding." Fuchs' hard work and dedication in her field, together with efforts to reach out to minorities, brought her the recognition of being named 1988 Business Woman of the Year by the American Business Women's Association.

Kim Hunter Urges Sensitivity to Cultural Nuance

"If you're going to play in the African-American market, you must be sensitive to its nuances," emphasizes Kim Hunter, president and chief executive officer of LAGRANT Communications. This full service advertising and public relations firm in Los Angeles specializes in social marketing issues such as HIV/AIDS, infant mortality, teenage pregnancy, recycling and transportation, as well as health care, public affairs and banking. "While African-Americans are not separated from the mainstream by linguistic differences, as is the case with Hispanics or Asians, cultural differences definitely exist in how we communicate, dress and family values. Businesses interested in reaching African-Americans need to get in tune with that audience to get them to respond." Hunter suggests contacting a local black chamber of commerce to obtain the right "sense of direction," and also strongly advocates radio as the most effective advertising avenue.

"Whether rich or poor, African-Americans are brought up listening to radio, and are historically and culturally adaptable to that medium." Hunter warns against making stereotypical assumptions such as "all African-Americans play sports," and further advises that "people want to be treated with respect and portrayed in a positive light."

Appliance Sales & Service Targets Ethnically Diverse Communities

"Our staff is like the United Nations," explains Mike Hanika, vice president of Appliance Sales & Service Co. in San Francisco. "Together, our employees speak 16 languages -- including Arabic, Armenian and Cantonese." The company, which specializes in small electric housewares and personal care items, carries 80 product lines and stocks 14,000 parts. "Our database gives us access to one million parts in all to handle our
wholesale, retail and mail order business, and we have three 800 lines to take care of long-distance requests. We also have four technicians on site who repair 1,000 units per month, both in and out of warranty." Hanika, who advertises statewide in the Yellow Pages, says that he targets market areas according to specific needs not being met by local competition. "In ethnically diverse communities such as San Francisco, we are able to provide shavers and clippers for African Americans, pressure cooker parts for Filipinos and Latinos, and ricers for Asians. And no matter what language customers speak, we can handle it." The firm currently has 17 employees, including Hanika's wife Carol, who serves as president.