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How to Market to Minorities

Racial and ethnic markets are ballooning. But tapping them takes some sophistication.

By ALINA TUGEND

THE NOTION OF marketing to minorities and ethnic groups has an unsavory undertone. Tobacco companies have long used rappers and hip-hop concerts to peddle cigarettes to young African-Americans, and studies have shown more liquor advertising around universities popular among Hispanics. This kind of targeting still occurs as minority groups—mainly Hispanics, blacks, and Asians—keep growing nationwide. But businesses increasingly find it necessary to appeal to them in sophisticated ways that celebrate rather than demean their culture.

“The big change is recognition of the market,” said Raul Lopez, president of Phoenix Multicultural, a marketing research company in Miami. “No one talked about multicultural marketing when I first started doing this 32 years ago.”

But they’re talking now. And eyeing big bucks.

“The Hispanic market alone, at \$1 trillion [in 2010], is larger than the entire economies of all but 14 countries in the world,” said Jeff Humphreys, director of the Selig Center for Economic Growth at the University of Georgia’s business school, which reports annually on minorities’ buying power. Despite the recession, he said, Hispanics’ buying power is expected to grow by 50 percent in the next five years. Asian-Americans’ buying power (now at \$544 billion) is forecast to expand by 42 percent, and African-Americans’ (currently at \$957 billion) by 25 percent.

Which is to say, racial and ethnic markets are out there. The question is how to tap them.

Advertisers have considered these questions before. After the 1980 census

measured Hispanics at 64 percent of the U.S. population, businesses started paying attention, Lopez said. At the same time, Spanish-speaking television networks Univision and Telemundo were expanding coast to coast, offering a vehicle for merchants to reach consumers in their native tongue.

Much has changed in the 30 years since. As the Hispanic population has exploded—to around 16 percent of the U.S. population in 2010—it has also become increasingly segmented.

“About 15 to 20 percent is fairly [Americanized],” Lopez said. “You’re not going to reach them on Univision and Telemundo.” Then there are newer immigrants and others who haven’t learned English and can be reached only in Spanish. Larger than either group, however, are the Hispanics who bestride cultures. “They live both ways,” Lopez said, “like

adopting the Thanksgiving celebration. They may make turkey, but instead of sweet potatoes, they'll do black beans and rice."

Adding to the complexity, each of these segments is divided further by country of origin—Mexican food isn't the same as Venezuelan or Colombian—and by economic class. Companies must connect "with the consumer at the cultural level, at their values and beliefs and way of thinking," advised Felipe Korzenny, who runs the Center for Hispanic Marketing Communication at Florida State University. An example: The importance of family, including the extended variety in Hispanic culture, means advertising should picture the grandparents as well as the parents and kids. Another crucial value, Korzenny noted, is a sense of community and helping others. A truck commercial showed the vehicle coming to a neighborhood's aid instead of depicting a macho driver behind the wheel.

"Most of the advertising that fails tends to be condescending not just with the advertising but with the approach," Korzenny said. He cited a business that never took off: a Hispanic bank. "That was a really bad idea. Hispanics are not stupid—that's telling them that they're second-class citizens," Korzenny explained. "When they have money, they want to go to a bank with a big reputation."

These distinctions can be subtle. When the supermarket chain Publix opened a few stores around Florida called Publix Sabor—Spanish for flavorful—that sold myriad Latin American foods, customers flocked in. What is more appealing, after all, than one's own cuisine? The multicultural marketing company Translation says on its website, "The difference between ethnic stereotyping and cultural accuracy is all in the details."

This is certainly true with blacks, the nation's second-largest minority, with 13 percent of the population. Howard Buford, president and CEO of Prime Access, a multicultural marketing and advertising company in New York City, finds some truth to the stereotype that African-American boys and young men are drawn to expensive brand names. "When coming from a group that has been devalued, they tend to embrace brand names more highly," he said. "The message is: I have money and I do value myself."

Buford recounted a black woman's

story: "Her husband does very well; her kids are in great schools. But she told us: 'When I walk into an upscale department store, the salespeople won't approach me. So I buy a very trendy handbag and then when salespeople come up to me, they treat me like royalty.'"

Respect—for yourself and others—is an important message in the black community, Lopez said. But it's a message best conveyed indirectly, by showing respect rather than by invoking the word. He likens the tactic to the understated American Express ads that "never told you that its product is classy. It's in the art direction, lighting, and portrayal. In marketing to multicultural communities, it's mastering multiple levels of communication and understanding."

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If companies and advertisers hope to understand the nuances of any culture, experts say, they first need to listen. That can involve focus groups, in person or online, or research panels composed of hundreds or thousands of individuals thought to represent a market. Panel members may answer questionnaires about products and services, to guide a company in the right direction, Buford said. For greater depth, researchers may visit the home of people deemed to personify the target consumer—for a few hours or even a few days—to see how they live.

"You can tell a lot just by what's on someone's refrigerator," Buford said. "Are there pictures of the family or children's drawings? What events are they planning to go to?"

Companies may also help themselves by helping the target community, such as by sponsoring or donating to its organizations, said Andrea Hoffman, founder and CEO of Diversity Affluence, a marketing research company that helps manufacturers of luxury goods sell to affluent African-Americans. "You can't just say, 'Hey, come into our store and spend money.' You need to do something back," she said. "Customers say, 'If you want my

money, you have to spend money.' " But taking a table at a fundraiser isn't enough. "The company should be actively involved," she counseled. "It has to be done with trust and authenticity."

Hoffman's advice holds for other minority groups, too, even those that aren't racial or ethnic. Volvo, for example, ran a campaign in 2003-04 in which car buyers could mail in a sticker and the Swedish automaker would donate to the Human Rights Campaign, which lobbies for gay and lesbian rights. The response, Buford said, was far beyond Volvo's expectations.

A vital tool for reaching scattered audiences has been, of course, the Internet. This is especially the case for Asian-Americans, who use YouTube and social-networking sites far more than other groups, according to Nita Song, president of IW Group, a marketing communications company in Los Angeles that specializes in the Asian-Pacific community. Also, advertisers have become much less naïve and patronizing. "Twenty years ago, there had to be a dragon and sword in advertising to Asians," she said. "Today, it's so much more sophisticated."

A major hurdle in tackling the Asian market, Song said, is its multiplicity of subcultures. Wal-Mart, she said, is considered a value brand that is attractive to South Asians, Vietnamese, and Chinese, but less so to Koreans, who are more focused on brand names. The biggest problem Song sees now is that companies are curious "but not operationally ready." She recalled advertising campaigns aimed at Chinese-Americans, "but when they arrive [at the store], no one can help them in their language and the products aren't applicable. And that first experience is critical, because there is huge loyalty with Asians. Once they have a place they trust, they keep going back."

That's the holy grail—customer devotion that is passed down through generations. And the way to do that in the multicultural context, Buford said, is to "really understand the level of conversation. It's like going to a party, and two people are talking. You have to wait and listen and come in when appropriate. It's arrogant for a marketer to come in and say, 'I know what they want.'"

The author writes the ShortCuts column for The New York Times and recently published a book, Better by Mistake. She's at twitter.com/atugend.