

From afterthought to forethought

Ethnic diversity touches our lives daily. President Bush and the Democrats fight for the Hispanic vote. Rap, reggaetone and Shakira play at The Gap and at Macy's. Doctors argue about the health of ethnic consumers. Spanish flows at Starbucks, The Home Depot and Nordstrom.

Dazzling figures emanate from the Census and the Selig Center. Minority consumer buying power reaches \$1.9 trillion in 2005. The African-American and Hispanic markets are larger than the entire economies of all but nine countries. One of every two people added to the nation's population is Hispanic. Growth is slow in the general market. Anglos are aging, even more demanding, and it is difficult to get them to change their brand preferences.

Despite these trends, multicultural marketers fight hard for every advertising dollar. In the boardroom, a multicultural strategy as the engine of future growth is the exception, not the rule. Multicultural marketing is more often afterthought rather than forethought.

Making multicultural marketing forethought is hard work. It requires a change in mindset, conducting insightful research and segmentation, and designing a multicultural customer experience that supports the business initiative.

Launching a multicultural marketing program

Big fish: it's all about ROI

Corporate multicultural marketing programs have historically been laden with emotion. Undertaken by a staff that sincerely believes in the effort and feels it is the right thing to do for ethnic consumers, multicultural efforts were launched with dedication and passion. More recently, to address senior managements' priorities of

profits and shareholder value, multicultural marketers have adopted an ROI mentality.

How does one build a robust ethnic ROI mentality? First, and foremost build a fact-base. Create a set of case studies that clearly demonstrate business success in the multicultural space. Conduct in-depth research and analysis to clearly quantify and define short- and long-term multicultural opportunities. Focus on multicultural customers' lifetime value. Use metrics and develop a set of tracking



By Al Barraza

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measures to demonstrate success. Capture data/information from multicultural operations. Use research to justify the business drivers. Report widely on progress. The end result is a bigger multicultural marketing budget with multicultural marketers invited to all the right meetings. The big, multicultural fish is ROI.

Back to the future

In recent times, marketers compared the Hispanic market to the Anglo market of the 1950s. Just a few short years ago it was believed ethnic consumers could be told what to buy, where to buy it and from whom. It was a seller's market. Companies with multicultural initiatives faced limited competition. Advertising on an ethnic show such as *Sabado Gigante* or on the local Asian television station guaranteed high brand recognition. Companies easily generated positive word-of-mouth referrals through community activity. cursory understanding of ethnic consumer needs was sufficient. Few companies created the infrastructure to support the new ethnic customers they acquired.

That train has left the station. Multicultural marketing is maturing. Ethnic consumers are becoming more enlightened and understandably more demanding. Many ethnic consumers expect companies to develop products and services that meet their needs. Technology has empowered all consumers, including multicultural consumers. More companies are targeting ethnic markets. Ethnic consumers realize this and expect better treatment.

Segmentation within a market

Smart multicultural marketers obtain a comprehensive understanding of their target consumer. Research for clients in different industries clearly shows that culture, language, degree of acculturation, etc., help shape multicultural

consumers' interest in various products and services.

A recent immigrant with limited knowledge of the complex U.S. financial services category is likely to have distinctly different needs than an immigrant who has already been here for many years. Face-to-face explanation of the various products available is very important to someone who has lived here only a short time. These consumers will appreciate company representatives who walk them through the purchase process and are likely to solicit advice about other financial issues. In contrast, an immigrant who has already made the U.S. their home for many years is savvy with regard to local financial services and is probably more comfortable making their own financial decisions. They will have different expectations when it comes to customer service.

This consumption pattern holds true in other product and service categories. Findings from secondary research and surveys by beverage companies such as Coca-Cola show that recent Hispanic immigrants more often purchase and buy greater quantities of soft drinks than a Hispanic who has lived here for 10 or more years. Leading soda drink companies have marketed internationally for years. Consequently, recent Hispanic immigrants are very familiar with colas, but are not very informed about related health issues.

Segmentation within a market segment is a must. Segmentation must go beyond cultural and linguistic factors. Product demand, brand preference and (re)purchase decisions are affected by the same factors that affect all consumers, regardless of race/ethnicity. Psychographic (attitudes, values, lifestyle), behavioral (product usage, loyalty, pricing, benefits) and demographic and geographic variables drive purchase decisions. In a recent large study for a leading distributor of specialty foods, we

found distinctly different subsegments within the Anglo, African-American and Hispanic markets. Each sub-segment's brand preferences and interest in new products were driven by their attitudes toward health and taste, cooking patterns and convenience.

The multicultural marketers' goal must be to find the profitable ethnic consumer sweet spot, which is at the intersection of culture/language/acculturation and consumer needs, lifestyle, and behavior. It is the area of the matrix where marketers' products and services meet the specific needs of a core group of target ethnic consumers, at a profitable price.

What was that commercial about?

Ethnic consumers unquestionably have the attention of advertisers. Companies, often in the same industry, bombard them with messages from multiple brands. Like general-market consumers, confident ethnic consumers use technology to avoid advertising. More access to the Internet means ethnic consumers will, most likely, spend less time watching television. How can advertisers get through to ethnic consumers?

During the mid 1990s, Allstate employed a first-to-market Hispanic strategy. Its marketing toolkit included a unique Spanish-language ad campaign that depicted insurance agents interacting with customers in familial situations. Brand recognition, preference and imagery metrics skyrocketed. Not to be outdone, competitors started advertising. Brand recall dropped and brand preference measures became flat.

Allstate's response was smart. A comprehensive research process was instituted. Focus groups alone were deemed insufficient. Competitive intelligence illuminated competitors' strategies. Insurance agents countrywide provided critical feedback and direction about a pro-

posed campaign. Specific advertising goals were set. Surveys identified motivating “reasons to consider” the client’s brand and products. Quantitative copy testing confirmed unique message points. Tracking studies measured progress, and were used to adjust media weight, and fine-tune the new ad campaign. Over time, the company regained its substantial lead over its competitors. Sales from ethnic markets significantly increased, at a rate appreciably greater than growth of the ethnic population. This effort demonstrated a positive ROI from Allstate’s multicultural marketing efforts.

In today’s increasingly competitive environment, rigorous, quantitative customer insight is required to ensure ethnic advertising that achieves its business goals.

Identify needs, design the experience

When you invite a new friend to your home, you don’t just open the door. You invite them in, engage in pleasant conversation and serve great food! You want them to have a positive experience so they come again and/or reciprocate the invitation.

Not many companies think this way. Only a few do a great job of designing an outstanding, welcoming experience for their customers. Starbucks is an exception. It has crafted such a desirable environment that customers pay \$3.40 for a cup of coffee to experience it!

In the multicultural marketing realm, even fewer companies take the time to identify multicultural customer needs, design the experience to meet the need and continuously build the infrastructure to support the experience – as my client Allstate did.

In the insurance business, the

critical moment of truth is the claim process. We all know the car accident claim process very well: You exchange insurance information. You call your agent. An insurance adjuster asks detailed questions about the accident. You read a lot of legal mumbo jumbo in your insurance policy. The car is taken to the repair shop. You pay the deductible, pick up the car, and hope your insurance rates don’t go up. If they do go up, you start shopping around.

Now imagine going through that process for the first time. Imagine the process if you speak only Spanish. Imagine that process if your own unique needs have been disregarded. That’s the experience of some Asian, Hispanic and African-American consumers.

Allstate understood this. When it embarked upon a multicultural initiative, it flowcharted the full multicultural customer experience. At each customer touch point, ethnic customer needs were examined. Interviews and focus groups were completed with claims staff, insurance agents and, of course, customers. Ethnic customers wanted the agent involved in the claims process – to a greater extent than general-market consumers. Claims staff received in-language material with appropriate claims/legal terminology. Brochures explained the claims process for customers. Staffing analysis determined the appropriate number of bilingual claims adjusters in Hispanic markets. Improvements to the claim service process were dealt with and turned around.

Allstate designed the experience and built the infrastructure to meet the needs of the multicultural customer. By meeting – if not exceeding – customer expectations, it

improved retention and drove positive word-of-mouth in the ethnic community. This insurance provider delivered a Starbucks-like experience to its multicultural customers.

Snag the big one

My clients are typically peppered with tough questions and scrutiny from internal parties when it comes to their return on the multicultural marketing investment. Some tips: Be pro-active. Design a comprehensive multicultural measurement process that leaves no stone unturned. Be thorough. Be objective. Don’t spin the story. Be prepared. Make sure you can answer whether your ROI exceeds what would have been obtained from normal demographic growth. Integrate and align your measurement process with other marketing functions and non-marketing functions.

Make the finance people and the controllers your best friends. Develop simple, easy-to-follow multicultural marketing scorecards. Compare and contrast multicultural return to returns obtained from general-market initiatives. The results will amaze you. If necessary, adjust your strategy to enhance your ethnic ROI. Consider finding an objective third-party to facilitate, analyze and manage the measurement process. If you’ve correctly developed and executed a well-thought out multicultural marketing strategy, then ROI metrics can only help you.

Stock the tackle box, buy heavy-weight line, and oil your reel. If you employ an ROI mentality, conduct insightful research and segmentation and design a Starbucks-type multicultural customer experience, you are likely to snag the big one. | Q