Ethnic Marketing

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Agenda

1) Introduction
2) Short definition
3) Reasons for Ethnic Marketing
4) Ethnic Marketing Techniques
5) Heineken: an Illustration
6) Conclusion
Ethnic Marketing: Definition

“Ethnic marketing comprises all Marketing efforts and instruments used to target specific ethnic groups within a society and to satisfy their particular needs.”
Reasons for Ethnic Marketing: New opportunities in competitive markets?

- Competitive pressure has increased in most industries
- Companies seek for novel ways to become profitable and build customer loyalty
- Ethnic Marketing represents an opportunity to differentiate a company’s offering in saturated market places and to develop new products
Reasons for Ethnic Marketing:

Size and buying power

- Ethnic minorities are 30% of the U.S. population.
- In the next 20 years: African Americans will increase by 20%; Asian Americans by 68% and Hispanic Americans by 64%.
- The combined buying power of African Americans, Asian Americans and Native Americans exceeds $1.5 trillion, a gain of 231% from 1990.

Ethnic groups are a sizeable segment that has the ability to buy!
Reasons for Ethnic Marketing: Breakdown and Concentration

- March 2002:
  37.4 million Hispanics (13.3% of US population)
  36 million Black-Americans (13% of US population)
  12.5 million Asians (4.4% of US population)

- Ethnic groups tend to live in more tightly-knit communities, where referrals carry even more weight than in the general population.
- In the top 10 U.S. Hispanic markets, you can reach about 45% of the Hispanic population.
- The top 10 African Americans markets contain about 39% of the population.
- The top 10 Asians markets contain about 64.6% of the population

Ethnic marketing segments are actionable and identifiable!
Reasons for Ethnic Marketing:

Other characteristics

- Research has found that 70 percent of Hispanics do read their direct mail, and 35 percent want more.
- People of some ethnic cultures - including Americans of Hispanic, Japanese, and Korean descent - are highly brand-loyal.
- Ethnic Minorities outspend Caucasian shoppers in some product ranges:
  - African Americans spend 51 percent more on boys' clothing
  - Latinos outspend the general market by 67 percent on apparel for children 2 and younger

There is willingness to buy within ethnic segments!
Ethnic Marketing Techniques: Targeting

- Psychographics are key.

- Respect, relevance and recognition- the three R’s

- Contacting ethnic groups for marketing purposes

- Cultural cues in advertising

- Word of mouth and grassroots marketing
Ethnic Marketing Techniques: Use of Media

- Newspaper ads, billboards and bus boards:
  The same message is used as in the direct mail campaign, but without a call to action.

- Radio:
  Useful support tool in markets where there are ethnic stations, especially when trying to reach a younger crowd.

- Visibility:
  Getting involved in community events in areas with high concentrations of the ethnic markets you're targeting.

- Contact with Associations:
  Each nationality has unique differences, even among speakers of same language.
Heineken
Background

- Heineken’s market share trend
  - Early 1990’s largest import by 2 times
  - By 2002 Corona selling 50% more than Heineken

- Info from Heineken Senior VP Marketing

  Demographics for beer market are changing
  - Hispanics and African Americans will be bigger in size than Caucasians in 2030
  - Focusing on these very targetable groups
Heineken
What have they done?

• Launched ad campaign featuring Jay-Z
  - Jay-Z is a trend setter and opinion leader
  - Fashion as well as music
  - Authentic consumer insight critical

• Want to target “urban” lifestyle
  - Heineken has a brand manager for “urban” segment
  - “Urban” not demographic, but psychographic
    • Fusion of African American, Caucasian and Hispanic culture
    • 21-34 year olds
    • 30~50 million – about 50% not in cities - $300B buying power
Heineken
Why is Ethnic Marketing important?

• African-Americans were an under-penetrated market for Heineken

• African-Americans are a driver of the “urban” mindset
  – “Urban” becoming mainstream

• Conclusion
  – Builds market share among African Americans
  – Ancillary benefit of targeting mainstream consumers
Conclusions

• Some failures in the past pointed out the importance of Ethnic Marketing (Kmart)

• BUT: Ethnic Marketing is just the latest trend in market segmentation and Targeting

• Identifying your customers and satisfying their needs remains the key to a successful Marketing strategy