AIMS AND SCOPE

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Editorial

Multicultural Marketing

We are delighted to welcome you to our Special Issue on Multicultural Marketing. Despite recent advances in technology and global communication, the world continues to evolve towards cultural diversity. The USA has reached a demographic tipping point in major cities, where the multicultural population has surpassed those who are ‘white’ or ‘non-multicultural’. By 2043 the USA is projected to become a ‘majority-minority’ on a national basis.

This Special Issue examines the marketing practices around three specific multicultural segments in the USA – Latinos, African-Americans and Asians. The goal is to help corporations maximize their investments in a changing demographic landscape, and understand the strategic implications for their brands.

We begin with Kenneth W. Gronbach’s comment piece which explores what it means to be ‘American’ in a growing multicultural society. Next, an interview with Javier Farfan, Head of Music and Cultural Marketing at PepsiCo, considers the impact of culture on PepsiCo’s strategic direction.

David Burgos’ practice paper describes in detail a concept that many leading US organisations believe is key to driving strategic effectiveness – ‘total market approach’. Orlando Wood’s paper explores how communicating a ‘message’ actually restricts multicultural marketing’s efficiency, and that language is less important than emotion, or pasión.

The empirical research paper by Lorraine Cortés-Vásquez et al examines the cultural differences across Millennials, Gen Xers and Baby Boomers, and challenges the notion that all Hispanics are culturally homogeneous. The paper by Isabel Valdés et al is the first study on the Hispanic population’s economic contribution to the independent retail channel. This paper is significant in that many CPG organisations have been challenged in measuring multicultural sales accurately in this channel. Similarly, the present author’s empirical research paper examines the effects of acculturation on the cognitive structure of foreign-born Hispanics. Contrary to industry belief, this paper suggests that Spanish may not be the optimal language in targeting first-generation Hispanics in the USA. Ricardo Villareal’s paper uses a multivariate approach to redefine ethnicity, allowing marketers and researchers to find relevant sub-segments within the Hispanic population. This approach can help marketers gain strategic insights in a more diverse multicultural landscape, and help track relevant cultural changes within a given consumer segment.

Damon Ragusa’s research paper is about agent-based marketing modeling, a relatively new consumer-data driven approach that helped Valvoline improve sales and return on investment in marketing to the Hispanic population. Finally, Rafael Alcaraz’s paper touches on several important issues relating to the measurement of a company’s financial investments to drive their business.

The publication of this Special Issue has encouraged Henry Stewart Publications to launch the Journal of Multicultural Marketing in 2015. Be on the lookout for this exciting publication, and we look forward to your thoughts and suggestions. We thank you in advance for your support and contribution to this important conversation about growth.

Dr. Jake Beniflah
Co-Founder and Editor
Special Issue: Multicultural Marketing
October, 2014
Practice papers

Total market: Driving strategy in a multicultural nation

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Abstract
The USA is on the verge of becoming a majority-minority nation. Given their growing size and influence on American culture, multicultural segments can no longer be considered niche markets. They have indeed become an integral part of America’s new mainstream, and brands must adapt their business models accordingly if they want to stay relevant and grow. The ‘multicultural versus general market’ paradigm is rapidly becoming obsolete. Instead, marketers are starting to evolve their thinking toward ‘total market’ approaches that leverage similarities and at the same time respect cultural nuances across and within consumer segments, including the non-Hispanic white majority. This journey is not easy. It has implications on virtually every step of the marketing cycle, from early-stage research and product development to the creation of marketing and commercial programmes. It often requires a change in corporate culture, too. Drawing on extensive research and consulting work done by the author, this paper provides several guiding principles to help brand owners navigate this new normal and turn the challenges of marketing to a culturally diverse audience into growth opportunities.

Keywords
multicultural, diversity, total market, Hispanic, African American, marketing

INTRODUCTION
The marketing industry has been debating quite vividly the issue of ‘total market’ in the past several months. In fact, this topic was front and centre in most presentations and panel discussions at the 2013 ANA Multicultural Marketing & Diversity Conference in Los Angeles. As the USA continues to evolve into a majority-minority nation, marketers are eager to understand what total market really means and, more importantly, they want to learn how to manage their brands within this new normal.

So far, there seems to be little agreement on how to define the concept of total market, let alone on how to implement it in marketing or commercial initiatives. There were at least three or four different definitions at the ANA gathering. One thing that has been a very positive step forward is that everybody now seems to recognise that ethnic segments can no longer be ignored or even considered niche markets. Given their growing size and influence on US culture, the industry has finally come to terms with the fact that today’s mainstream is itself multicultural. The question that remains unanswered is how to go about it from a strategic and tactical perspective.
The debate has often been hijacked by business interests on both sides of the issue. On one hand, marketers in more generalist roles (i.e. the so-called general market agencies) seem to be keener to adopt the idea of total market because they feel that marketing or commercial strategies can successfully cross cultural boundaries — something that many are calling ‘cross-cultural marketing’. They are right. While Hispanics, African Americans and Asian Americans are in many ways different from non-Hispanic white consumers, they are not aliens from a distant planet. There are plenty of similarities across groups that can indeed be leveraged to develop a unified message.

On the other side of the aisle, those who specialise in multicultural or ethnic marketing (i.e. the so-called multicultural agencies) seem to be against the whole idea of total market because they feel that it will eventually dissolve away the role and value of ethnic consumers within a brand’s broader strategy. Guess what? They are right, too. Some marketers are indeed misunderstanding the total market concept and are — intentionally or not — returning to the old-fashioned marketing practices of 20 or 30 years ago, when all that mattered was to be relevant to the non-Hispanic white consumer.

Those who favour the use of culturally inclusive approaches and those who tend to rely more on culturally targeted initiatives are both right. Why? Because culturally inclusive and culturally targeted are not mutually exclusive practices (see Figure 1). In fact, the research that TNS has done in this area strongly suggests that success in today’s culturally diverse marketplace often requires a combined

**Figure 1** Total market at work
approach at every stage of the marketing cycle.

This proposition might sound oversimplistic to some. But the truth is that the total market concept is indeed — or should be — pretty simple. Total market marketing is just marketing. The same principles that have guided the profession for years (ie listen to consumers to understand their needs and then develop products and services that address those needs) are still valid. Yet one major difference between the past and today is that the demographic landscape is now more diverse. Therefore, everyone should broaden their listening skills to understand better how the needs of different consumer segments might be different, or not.

Because everyone is human in the end, it is very likely that lots of similarities will be found across segments that can be leveraged in the development of culturally inclusive programmes. But because this is also a diverse population, it should not surprise anyone if important cultural nuances were uncovered that would require or would be better handled with a culturally targeted approach. Coca-Cola’s Lauventria Robinson said it quite clearly in her presentation at the ANA: ‘It is not a question of either/or, but an and’. The real challenge most marketers face though, is to find the right balance between both. If they go too far in the direction of culturally targeted, all efficiencies are lost. If they go too far in the other direction and try to use the same message for all segments, all the time, they will be relevant to no one in the end.

THE ROLE OF RESEARCH IN THE TOTAL MARKET APPROACH

Leading companies are gradually finding where this balance is for their specific product categories and brands. Many seem to be doing it in a trial-and-error fashion. In fact, some of the good total market case studies that people talk about at industry events almost seem to have hit the nail on the head by accident, rather than as a result of a well-considered research process. To be clear, this does not mean that they are not doing research. They are. The issue is more with the timing of the research that they do and, more specifically, with the point at which they incorporate the ethnic perspective into the research.

What is still happening most frequently in the industry is that brands do all their foundational research focused on the so-called general market, which in reality means the non-Hispanic white consumer. Based on the insights that they uncover in this research, they develop a new product or service, put together a robust marketing programme and decide on main commercial strategies. It is only at the end of that process that they call their multicultural agency partners and ask them to adapt everything to specific ethnic segments, most likely Hispanics, and occasionally African Americans. This approach is not only inefficient, but also likely to lead to less than optimal results.

What TNS has found to be most effective and efficient is to incorporate the ethnic perspective early on in a brand’s foundational research. Doing so allows marketers to: (a) understand the real role of race or ethnicity within the context of all other human dimensions, like life stage, gender, sexual orientation, religion, socio-economic status, etc; (b) identify insights that are relevant across segments; and (c) uncover nuances that are unique to specific groups. This knowledge becomes vital not only in the development of a brand’s core strategy, but also in the implementation of tactical consumer and shopper initiatives down the road.
Adopting a total market research approach can be somewhat more expensive because it often requires larger samples and additional analyses. Yet the cost of making a marketing mistake or missing an opportunity due to not having the right information is certain to be much higher than the actual investment needed for the research. There are several examples of brands shifting their so-called general market strategy after finding ethnic-inspired insights that resonated well with non-Hispanic white consumers — an ethnic idea gone mainstream, as many refer to it. This happening is obviously a good thing, but the argument herein is that if those brands had incorporated the ethnic perspective early on in the process, they would have gone mainstream with that ethnic-inspired insight in the first place and not with the general market or white-led idea from which they eventually had to move away.

**Evolving from General to Total Market Marketing**

When people think of total market marketing as being just marketing, it can be somewhat easy for them to mix it up with the traditional idea of general market marketing. In the end, the latter is (or was) just marketing, too. Yet, whereas the basic marketing principles remain unchanged, how brands actually do marketing on the ground is significantly changing as the industry evolves from general to total market. Some of the key differences are shown in Table 1.

The idea of balancing culturally inclusive and culturally targeted approaches is at the core of every change that is being seen in the evolution from general to total market. Therefore, it is important to emphasise and be crystal clear about certain details that have generated the fiercest discussions among industry pundits.

First, culturally inclusive does not mean going back to the traditional general

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<td><strong>Total market marketing</strong></td>
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<td>Multicultural segments…</td>
<td>are an afterthought</td>
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<td>Primary source of insights…</td>
<td>are non-Hispanic whites</td>
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<tr>
<td>Innovation and product development initiatives…</td>
<td>intend to satisfy the needs of the ‘average’ American (aka non-Hispanic white consumer)</td>
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<td>Brand and communication campaigns…</td>
<td>are developed with the non-Hispanic white consumer in mind and then adapted to reach ethnic segments — budget permitting</td>
</tr>
<tr>
<td>Retail and shopper strategies…</td>
<td>assume that non-Hispanic whites are the ‘general market’ everywhere</td>
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<tr>
<td>In the relationship with agency partners…</td>
<td>the general market agencies lead, while the ethnic agencies follow</td>
</tr>
<tr>
<td>Budgets…</td>
<td>are siloed and multicultural budget is always a small fraction of the general market budget</td>
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market practices of the past. In today’s landscape, the big idea for a culturally inclusive marketing or commercial initiative can come from any consumer segment, not just non-Hispanic whites. P&G’s ‘Proud Sponsor of Moms’ initiative is perhaps one of the best examples of this. A Hispanic-driven insight that had the power to cross cultural (and even country) boundaries. By the way, note that the Hispanic insight there did not have any of the over-used and frankly stereotypical cultural elements, like soccer or mariachis.

One of the key benefits of this type of culturally inclusive insights is that while being relevant across cultures, they can be particularly more relevant to specific segments. Many in the industry are reluctant to use ethnic elements or insights in broader initiatives because they believe that they can alienate their non-Hispanic white consumers. According to research, the risk of that happening is low. Why? Because non-Hispanic whites are also part of multicultural America and therefore value and expect to see the diversity of the world they live in reflected in their interaction with brands. In fact, brands that fail to adopt a more culturally inclusive approach in their mainstream efforts will not simply be ignored by ethnic segments. They run the risk of becoming less and less relevant to non-Hispanic whites as well.

Secondly, embracing culturally inclusive approaches does not mean that brands should do less of the culturally targeted ones. It is a common-sense fact (supported by data) that, when done right, culturally relevant marketing or commercial initiatives resonate better among ethnic consumers. Depending on where the growth opportunities lay for a brand, it may make economic sense to make an extra effort to win a particular segment or segments. It should be kept in mind that according to the latest US Census numbers, almost 100 per cent of the country’s population growth in the coming years will come from ethnic segments, especially Hispanics. Brands must understand the implications of this and act accordingly.

While there is no magic recipe to find the right balance between culturally inclusive and culturally targeted initiatives, a general rule of thumb is to lean toward cultural inclusiveness for broader audiences and more targeted approaches for narrower audiences. Fortunately, today’s media landscape offers brands plenty of options to play with and savvy marketers are particularly leveraging mobile, digital and social media to develop effective and efficient targeted initiatives to engage ethnic consumers culturally and beyond.

**BECOMING A TOTAL MARKET ORGANISATION**

Becoming a total market brand is easier said than done. Even global brands with big budgets are facing serious challenges and setbacks as they evolve their practices. Like most major transformations, the best place to start is at home: it is very hard to have a total market brand if at first there is no total market organisation.

In the author’s book ‘Marketing to the new majority: Strategies for a Diverse World’², a thorough analysis is conducted of what organisations that are ahead in the total market journey have in common.

**Total market organisations...**

- understand that diversity is here to stay;
- embed the total market vision in the organisation’s DNA, championed by the CEO/CMO;
- are breaking down multicultural organisational silos as total market is everybody’s responsibility;
are able to uncover and leverage insights across all ethnic segments, including non-Hispanic whites;

partner with companies that share the total market vision; and

understand that total market marketing is just marketing . . . as it has been defined: recognising that a combination of culturally inclusive and culturally targeted practices is needed to succeed in today's evolving and diverse marketplace.

Getting to the above stage does not happen overnight. It is a process that in many ways represents a shift in corporate culture. It cannot be mandated by decree that all employees become total market experts. This is why timing and having a strong team or person championing the total market vision within the organisation is important. But keeping in mind that, as Diageo's Marc Strachan suggested at the ANA event last year, this role should not be eternal.

A factor that will play a crucial role in accelerating the process is the level of diversity within organisations. But to be clear: when the term 'diversity within organisations' is used, it is meant — real diversity, at every level, backed by real actions. A nice expression of this hands-on diversity is the so-called employee resource groups (ERGs). While in the past many started as social initiatives to bring together employees who shared a common interest or background, smart organisations are leveraging their ethnic-centred ERGs to nurture their overall business strategies. This is a win–win situation that not only benefits a company's business, but also contributes to increasing diversity at higher levels by giving advancement opportunities to minority employees.

There is a lot of work to do. It is hoped that the comments herein help bring some clarity to the interminable debate over what terms to use — total market, general market, multicultural, cross-cultural — and everybody starts focusing on how they actually do it. One thing is certain: change. The marketplace continues to evolve and companies must be open to adapt their business models to capitalise fully on the growth opportunities of the total market.

References