Positive Imagery and Community Development in Ethnic Marketing:
Contemporary Strategies for Success

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Chapter 1: Purchasing Power and the Rising Majority

As minorities collectively become the majority, ethnic marketing is becoming more prevalent and essential to reach expanding markets that control increasing purchasing power. Although ethnic marketing is not new, what is innovative and important are the increased efforts by corporate America to support positive imagery, cultural identity and community development through marketing strategies. These efforts, and related successes and failures, merit examination as to their context and nature: population shifts, buying power, the impact of stereotypes, changes between past and present marketing strategies, the rise of ethnic advertising agencies, the selection procedures used to target specific ethnic groups and decisions about what marketing methods are to be used. An analysis also requires an evaluation of the impact of the advertisements (short and long term), criteria for measuring the effectiveness of those procedures and the decision-making process as to what psychology is employed in the design and selection of the entire advertising campaign to achieve desired results. Finally, to complete the examination, the placement of advertisements and the use of ethnic communities to build brand awareness must be analyzed. Reviewing these many factors will provide valuable, current information pertaining to ethnic advertising and will demonstrate how effective practices need to be implemented now in order to reach the markets of tomorrow.

Ethnic consumers now hold substantial purchasing power and are expected to increase rapidly in number. According to a study conducted in 2000 by the U.S. Department of Commerce, ethnic minorities have expanded their purchasing power by 47 percent over the past 15 years. Between 1990 and 1998, the dollar amount grew from $0.7 trillion to $1 trillion. This growth was twice the amount averaged among the non-minority population,
which showed an increase of only 19 percent during the same period. However, based on the middle series projections of the study (shown below), between 2000 and 2045, minorities are expected to reach 32 percent of U.S. purchasing power.¹

In 2000, ethnic consumers averaged $1.3 trillion in purchasing power. By 2015 that number is projected to surpass $2 trillion and ultimately reach $3 trillion between 2030 and 2045. This significant projected increase is partially due to the tremendous growth rate of these populations. Between 2000 and 2045, the ethnic minority population will grow from 79 million to 178 million. This will constitute 46 percent of the U.S. population and comprise 86 percent of the total population growth during these 45 years.² Ultimately, minorities are projected to represent 50 percent of the population by the year 2050.³

I will review the current and projected purchasing power of the three largest and growing minority groups. African American purchasing power in 2001 constituted $572.1 billion, $688 billion in 2003 and is expected to constitute $921 billion in 2008.⁴ Latinos averaged $452.4 billion in 2001, $653 billion in 2003 and are estimated to average $1 trillion by 2008. Lastly, in 2001 Asian Americans accumulated $253.8 billion in purchasing power, $344 billion in 2003 and are expected to accumulate $526 billion by 2008.⁵

Apart from the increasing level of purchasing power, ethnic consumers can also be reached more easily than mainstream consumers because of their concentrated living patterns. A significant number of ethnic communities are located in key metropolitan areas and are easier to target than other segments of the mass market. For example, 54 percent of the

² Ibid. 1-2.
African American population resides in the South, 19 percent in the Midwest, 18 percent in the northeast and 8.6 percent in the West. The ten states with the largest African American markets are: New York ($67.1 billion), California ($52.3 billion), Texas ($46 billion), Georgia ($40.7 billion), Florida ($36.3 billion), Illinois ($36.2 billion), Maryland ($35.8 billion), North Carolina ($29.1 billion), Georgia ($26.7 billion) and Virginia ($26.6 billion). These numbers allow corporations to concentrate their marketing efforts in key locations and avoid huge expenditures on nationwide campaigns.

Studies also have indicated that advertising efforts to reach ethnic markets are less expensive and more effective than efforts to reach the general population. In 1997, the Michigan Journal of Race & Law indicated that, in an average week, non-ethnic adults listened to the radio 22.5 hours, Latino adults listened to the radio 24.45 hours and African American adults averaged 25.5 hours. For the same year, non-ethnic households averaged 50.24 hours of television per week, as opposed to Latino and African Americans households, which watched approximately 56.17 hours and more than 69 hours per week, respectively. These numbers clearly indicate that ethnic consumers are more exposed to television advertising than the general population. It helps marketers to utilize specific media to reach these markets more effectively. This has become particularly true in the past several decades as mass media outlets have declined and ethnic media outlets have flourished. Ethnic cable and broadcast networks such as Black Entertainment Television (BET), Univision and Telemundo reach millions of ethnic viewers daily. The growth in ethnic radio station groups such as Radio One and Multicultural Radio Broadcasting Inc. (MRBI) have skyrocketed, thus

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6 Yolanda Cuesta and Gail McGovern, *Pre-conference at the OLA/WLA Joint Conference, April 17, 2002: Marketing to Culturally Diverse Communities* (OLA/WLA, 2002).
allowing marketers to reach millions of listeners. Finally, larger numbers of ethnic publications, such as Black Enterprise, Latina Magazine and Asian Fortune are now being published and have acquired a substantial and increasing readership base. These media outlets are proven to be more cost effective for advertisers and to have better reach than mainstream media outlets.\textsuperscript{10}

The above statistics show the substantial growth and projected purchasing power of ethnic communities in the United States. Obtaining their loyalty and earning their dollars will be critical objectives of running a successful and competitive business in the years to come. Failure to initiate strategies to reach these markets will result in lost opportunities and profits. As corporations realize the potential of these markets, they begin to channel more funds to target these communities with niche marketing campaigns.\textsuperscript{11} Further, in order to reach these communities effectively, many companies have also employed the services of ethnic marketing experts. These specialists and their unique type of marketing are still relatively new. Their increasing use is proving to be instrumental and effective for marketers in reaching ethnic communities, substantially increasing profits and gaining long-term stability for many companies.\textsuperscript{12}

Ethnic marketing began to take shape in the late 1940s and 1950s. Researchers started to examine consumer behavior and found that the results warranted further exploration. As the studies evolved, scientists began publishing noteworthy articles on the development of target marketing, demographics and social and cultural segmentation. Research also took place on the psychology of product purchasing and the role of advertising. By the end of the

\textsuperscript{10} Ibid.
1960s, these new studies, along with the Civil Rights Act, enabled African Americans to advance economically and become a potentially lucrative market for corporate America. Although demographic data existed on the sex, age, income and education levels of African American consumers, few comprehensive studies on the subcultures existed. Therefore, marketers commonly ignored existing facts and treated all African Americans as if they had the same backgrounds. It was not until the 1970s that market researchers such as Milton Gordon and Kelvin Wall began to study the intricacies of these subgroups and published works titled “The Subsociety and the Subculture” and “Trying To Reach the Black Market? Beware of Marketing Myopia.” These articles highlighted the importance of recognizing demographic data and paved the way for the emergence of more effective practices.

Also during this time period, another ethnic group began to grow significantly in the United States and catch the eye of corporate America. Thanks in part to the civil rights era, high birth rates, immigration policies and political turmoil in South and Central America, the Latino population began to advance economically during the 1970s. It should also be noted at this point that the term Latino includes many different subcultures. Each country in Latin America has its own holidays, dialects, social, economic and political issues. The Latino community in the United States is very diverse and most individuals will describe themselves not as Latinos, but as members of their country of origin. As of 2002, the Latino population in the United States consisted of Mexican (66.9%), Central and South American (14.3%), Puerto Rican (8.6%), Cuban (3.7%) and other Latinos (6.5%). The use of the term

13 Ibid. 21.
17 America’s Credit Unions <http://www.cuna.org>.
Latino in this paper includes all of these subgroups because general principles need to be implemented in ethnic marketing prior to concentrating on nuances of specific nationalities.

As the Latino population grew and prospered in the 1970s, a strong sense of cultural pride and the open use of the Spanish language became noticeable in mainstream society. These practices had been completely shunned less than a decade prior to their acceptance. As the Latino population flourished, corporate America began to recognize their potential and started researching ways to connect effectively to these consumers who have deep roots in their culture and language.  

As marketers attempted to reach African American and Latino consumers, corporate America identified yet another ethnic group advancing both economically and in size. The Asian American community thrived during the 1980s and grew approximately 42 percent between 1970 and 1980. This number tripled to 165 percent between 1990 and 2000. Like the Latino community, Asian Americans are another ethnic group comprised of numerous subcultures. Current statistics indicate that the Asian American population consists of: Chinese (23.8%), Filipino (20.4%), Japanese (12.3%), Asian Indian (11.8%), Korean (11.6%), Vietnamese (8.9%) and other Asian Americans (11.2%). From this point forward, the term Asian American will include all of the aforementioned subgroups because of the general principles that apply to all. Compared to their ethnic counterparts during the 1980s, the Asian American community was relatively small in size but strong in affluence. These statistics stress future profitability and challenge marketers to find alternative ways to speak to this community.

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During the 1980s, the use of niche marketing became increasingly important in the effort to reach ethnic groups, along with specialized agencies, which were highly knowledgeable in specific marketing tactics. In the 1990s, corporations began establishing permanent budgets to reach these consumers. Funding for ethnic marketing was rapidly becoming a priority and was no longer granted on a temporary basis. New corporate positions were even being created to oversee efforts to reach this emerging clientele.22 These investments increased once the U.S. Census Bureau released its statistics in 2000. The 2000 census, along with several other studies, provided detailed data on the size, age structure, educational attainment, labor statistics and socio-economic characteristics of the U.S. population. It further proved that ethnic minorities were advancing economically and increasing their share of the gross domestic product. One study even predicted that ethnic Americans would achieve proportional economic parity with non-ethnic Americans by the year 2007.23 That statement was based on facts indicating that minorities held more than 2 million (16%) of all home mortgages issued between 1993 and 1996. Growth rates for mortgages continued until parity occurred in 1999.

The number of minorities obtaining mortgages far exceeds those of the Caucasian population.24 In addition to mortgages, minorities owned almost 3 million small businesses in 1996. This number has increased significantly and is projected to reach 23 percent of all U.S. small businesses by 2007. Finally, ethnic minorities were also beginning to excel academically and obtain higher degrees. In 1996, minority students accounted for 19 percent of more than 400,000 higher learning degree recipients nationwide.25 These economic and

24 Ibid. 4-5.
25 Ibid.
educational achievements have increased and are contributing to the rise of progressive changes that are occurring on multiple levels in America.26

As previously mentioned, many corporations are finally realizing the potential of these markets and allocating budgets for ethnic marketing. However, of the more than $200 billion spent annually on domestic paid media, a mere 1 to 2 percent is dedicated to ethnic markets.27 According to a recent study conducted by the Association of Hispanic Advertising Agencies (AHAA), many businesses have increased their advertising budgets, allocating 3.2 percent to reach Latino consumers. To reach this group effectively, however, companies need to expand that limit and invest 8 percent.28 A minimal expenditure in targeting this large population will produce poor results. Ten companies have realized the potential of this group and made *Hispanic Business Magazine’s* 2003 “Top 10 Brand Marketers In the Hispanic Market” list. These companies are: General Motors Corporation ($55.29 million), McDonald’s ($48.15 million), Sears, Roebuck & Company ($42.53 million), Toyota Motors Company ($40.00 million), Coca-Cola ($34.88 million), 10-10-123 (Americatel) ($33.20 million), J.C. Penney ($32.52 million), Bally Total Fitness ($32.05 million), Miller Lite Beer ($26.94 million) and Ford Motor Company ($25.64 million). The total spent on brand media expenses was $371.20 million. Media expenditures spent by parent companies to target this market equaled $377.06 million.29 As the Latino population is growing 53 percent faster than the total U.S. population, and it is projected that one in every four school-aged children will be Latino by 2025, it is essential to establish ethnic marketing budgets now to reach this

26 Ibid. ix.
27 Ibid.
dominant market of tomorrow.\textsuperscript{30} With the above statistics firmly in mind, one can see the importance of looking closely at what advertising agencies are doing to adjust strategies to reach these emerging markets.

Chapter 2:  
Ineffective Ethnic Advertising Strategies: What Went Wrong the First Time?

Corporate America is desperately trying to reach African American, Asian American and Latino markets that now control over $1 trillion worth of purchasing power. However, reaching these specific markets has been a long and difficult process of trial and error. Although target marketing began at the end of the 1960s,\textsuperscript{31} it was not until the 1980s that many corporate marketers began to experiment with various techniques, in addition to advertising, that were necessary to engage the ethnic consumer with their products.\textsuperscript{32} The learning process started nearly 40 years ago, yet many of these tactics were not successfully employed or publicly mastered. The most common error of advertisers trying to reach an ethnic market was failing to conduct the appropriate research essential for an effective campaign. This failure to do necessary background work and subsequent lack of knowledge about the ethnic market can seriously backfire on the advertising efforts by severely offending the culture and ultimately losing the interest and loyalty of the target market. Further, ignorance can contribute to popular misconceptions or stereotypes that are socially and professionally harmful. These types of problems are deeply rooted and can potentially damage the company’s reputation nationwide. Lastly, ineffective research and the resulting advertisements are just some of the problems that many advertisers face. Many ethnic consumers rely on word of mouth and statistics that show companies are positively contributing to their communities through equal employment opportunities and corporate responsibility programs.\textsuperscript{33} However, when these practices are ignored it can create damaging


effects publicly and financially. The following subchapters will describe key ineffective advertising and marketing techniques used in recent corporate campaigns.

**Not Doing Your Homework**

One of the largest obstacles many advertisers encounter is how to approach a specific ethnic community while working with a limited advertising budget. Many advertisers have still neglected to allocate a significant portion of their marketing budgets for ethnic advertising. Therefore many corporations have run into numerous obstacles and long-term problems that could have been prevented. A result of the lack of funding can clearly be seen when mainstream advertisements are simply converted into specific languages to target certain markets. Often times these messages do not translate with the same meaning from one language to another and can be misinterpreted.

In 1998, Ameritech, formerly one of the country’s top communications service providers, attempted to launch a marketing campaign to sell caller I.D. to the Latino population. Ameritech simply took its advertisements written in English and converted them into Spanish. The original pitch the company used to solicit in mainstream media displayed how Caller I.D. worked, by enabling the consumer to screen and block unwanted telephone calls. Due to lack of research and failure to conduct focus groups prior to launching the advertisements, Ameritech suffered negative feedback and disappointing financial results. This was simply due to the fact that an overwhelming number of Latino consumers found the advertisements to be “rude.” They were unable to comprehend why they should block out

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35 America’s Credit Unions, “How to Serve This Market,” Credit Union National Association Feb 18, 2004, &lt;http://www.cuna.org&gt;.
family, friends or people trying to contact them. In order to correct the damage the initial ads created, Ameritech employed the services of The San Jose Group. The San Jose Group is a consortium of marketing communications companies, which specialize in reaching Hispanic audiences. After carefully reviewing the existing campaign, The San Jose Group was able to revamp the marketing message to appeal to the Latino market. This task was accomplished by completely replacing the actual message with themes prominent in the Latino community such as family and personalized communication. The new ads now featured family members who used Caller I.D. by picking up the telephone and greeting their relatives and loved ones by first name. George San Jose, President and COO of The San Jose Group, used this approach based on his expertise and familiarity with this community. “Language is half the battle. Cultural communication is the key … Messages must be in Spanish, but also must fit into Hispanic people’s lives. Nothing compares in terms of effectiveness.” The San Jose Group also converted the campaign to utilize an integrated ethnic marketing approach by including bilingual customer service and spokespeople. It also incorporated Spanish brochures, press releases, Web sites and promotions at family oriented events. According to George San Jose, the new campaign outperformed the non-Hispanic campaign four to one.

Offending the Culture

Oftentimes advertisers seek new and unique ways to appeal to minority markets by using cultural icons or historical representations to appeal to a specific ethnic group through their heritage. Numerous campaigns have focused on ethnic pride and nationalism by using

39 Ibid.
holidays, traditions and popular imagery like the Mexican flag, African American celebrities and even Native American tribal chiefs to represent products. Many cultural artifacts or ethnic icons are not properly researched, are used out of context or are used to sell a questionable product to an ethnic market. In these circumstances, the use of this imagery is considered offensive and creates considerable backlash from the targeted community. This is clearly the case in the controversial campaign of Hornell Brewing Company’s decision to promote Crazy Horse malt liquor.\(^4^0\)

In 1992, the Hornell Brewing Company claimed they wanted to produce a malt liquor that would elicit sentiments of the “Old West.” The company quickly reviewed its history books and decided to market their product by using the famous Native American, Oglala Sioux chief, Tasunke Witko, also known as Crazy Horse.\(^4^1\) In the 1870s, Crazy Horse was a passionate leader who was known notably for keeping the U.S. government from invading the sacred birthplace of the Lakota people in its search for gold. He also vehemently spoke out against the use of alcohol and its negative effects.\(^4^2\) Considering this fact, it was in extremely poor taste that the Hornell Brewing Company marketed Crazy Horse malt liquor that showcased Plains beadwork and religious designs on the labels.\(^4^3\)

The Oglala Sioux tribe was outraged and offended by the improper use of their sacred spiritual leader. In 1992, the Oglala Sioux people along with other Native Americans and supporters boycotted the malt liquor and took the issue further by presenting it to Congress.

The protestors enlisted the support of South Dakota Senator Tom Daschle and Surgeon

\(^4^3\) Maria Alaniz and Chris Wilkes, Pro-Drinking Messages and Message Environment For Young Adults: The Case Of Alcohol Industry Advertising In African American, Mexican American, And Native American Communities (Berkeley: Prevention Research Center, 1996) 8-9.
General Antonia Novello. In April of 1992, an amendment to House of Representatives bill 5488 was introduced, banning the use of names or imagery of prominent deceased leaders in a degrading fashion on beer labels. By September, the bill was passed and made it illegal for liquor companies to allocate funds towards using the name Crazy Horse to sell their products.\(^{44}\) However in 1993, a Brooklyn federal judge, who claimed the ban was unconstitutional, overturned the decision.\(^{45}\) In response to this verdict, multiple boycotts of Crazy Horse liquor occurred nationwide. Seth Big Crow, a descendant of Crazy Horse, took additional measures to punish Hornell Brewing Company. He filed summons and complaints in Rosebud Sioux Tribal Court on August of 1993.\(^{46}\) Needless to say, the results of the inappropriate and offensive use of Crazy Horse served to show the advertising industry that more precautions and sensitivity must be taken in implementing creative strategies aimed at ethnic consumers.

**Playing Into Stereotypes**

Another way advertisers attempt to reach ethnic markets is by utilizing popular misconceptions or stereotypes that are commonly portrayed in mainstream society and the media.\(^{47}\) Although misconceptions may have limited truth to some individuals or groups in particular locations, they rarely apply to an entire race or subculture. For example, the majority of the African American population does not speak Ebonics or listen to gangster rap. These are popular misconceptions that are frequently seen in American culture, particularly

\(^{44}\) Ibid. 8.  
\(^{46}\) Maria Alaniz and Chris Wilkes, *Pro-Drinking Messages and Message Environment For Young Adults: The Case Of Alcohol Industry Advertising In African American, Mexican American, And Native American Communities* (Berkeley: Prevention Research Center, 1996) 8-9.  
through advertising to gain interest and acceptance from these groups. However, these practices are often perceived as offensive and can potentially lose the interest of the customer. According to Chris Rooney, a former Kuczmarski & Associates consultant, advertisers that engage in these practices are walking a fine line and can potentially evoke sentiments of the painful past. Examples of the use of misrepresentations can clearly be seen in fast food advertising that heavily target minorities.

Many stereotypes of the past have reincarnated in new contemporary images in the present. One instance can be seen in Toyota’s 2001 advertisement for the new RAV4 vehicle. Similar to 19th century “advertising cards,” these ads were placed on free postcards and heavily distributed in youthful and hip nightclubs and coffeehouses. The image depicted on the postcards was a close-up of a dark-skinned, African American male with a gold RAV4 on one tooth. Toyota officials stated that the postcards represented the popular and emerging trend of “tooth art.” However, the African American community felt the historical connection to this type of imagery was offensive and it evoked sentiments of outrage and protest by civil rights leader Reverend Jesse Jackson. Jackson told reporters that the only thing missing from the ad was “the watermelon.” In addition to racist advertising, Jackson accused Toyota of excluding African Americans on its sales force, board of directors and advertising teams. He felt that if more African Americans were included in these positions, stereotypical postcards of African Americans would not exist. In order to avoid additional bad press and boycotts, Jackson arranged to have the advertising cards pulled and to have Toyota allocate a

49 Ibid.
significant portion of its $470 million dollar advertising budget to minority-owned advertising agencies.

Toyota’s advertising blunder could easily have been avoided had the company conducted the proper research and not relied exclusively on stereotypical imagery. Instead, Toyota managed to offend an ethnic group that is documented for purchasing new cars 12 times faster than any other subculture in the United States.\textsuperscript{52} This mistake cost Toyota millions if not billions in damage control, bad press and customer loyalty.

**Biting the Hand That Pays You**

Introducing a product as well as a company to new markets involves more than advertising. Ethnic consumers, specifically African Americans and Latinos often support those companies, which participate and contribute to practices that benefit their communities:

Corporate commitment and understanding is communicated to the market most directly at the grassroots/community level. Research shows that 76 percent of Hispanics are more likely to purchase products or services from companies that contribute to the Hispanic community than from those that do not. Creating and cultivating a presence in the daily lives of U.S. Hispanics, and reaching them where they work and socialize, is a critical element of any campaign.\textsuperscript{53}

These practices can be manifested in the form of equal employment opportunities, professional advancement, sponsoring community and family related events, supporting relevant political causes and the use of bilingual media.\textsuperscript{54}

In some cases however, corporations have utilized specific advertising strategies soliciting ethnic consumers to buy their product and support their companies. At the same time, they have engaged in questionable practices or supported offensive causes behind

closed doors. These conflicting messages never remain silent for long and are eventually communicated within the community and the public. Two notable cases are worth mentioning to illustrate this point.

As mentioned in the Crazy Horse case study, the alcohol industry is well known for its advertising to minority consumers.\(^{55}\) This fact is true for the Coors Brewing Company, which also has a longstanding history of niche marketing to ethnic communities. Its real history begins in questionable labor practices, violation of personal rights and discriminatory statements aimed at minorities.\(^{56}\) Questionable statements and endorsements by the Coors family can be dated back to the early 20th century. Actions that caught the attention of minority consumers began when the company was cited for unlawful employment discrimination in 1970. In the fall of 1975, the Coors Brewing Company faced multiple complaints of race and sex discrimination by the Equal Employment Opportunity Commission and was later found guilty of discrimination against black employees by the Colorado Civil Rights Commission.\(^{57}\) In 1977, Coors denied local AFL-CIO chapters the right to unionize employees. This began a ten-year nationwide boycott that was heavily endorsed by the AFL-CIO, the National Education Association (NEA) and the National Organization for Women (NOW).\(^{58}\)

To add fuel to the fire, the popular television news show “60 Minutes” ran an eye-catching segment about the unlawful practices of Coors towards minorities in 1982. The piece revealed a former Coors employee who confirmed, through a signed affidavit that, “Coors harasses its employees with polygraph witch hunts and ‘unconstitutional searches’ of


\(^{58}\) Ibid.
employee lockers, purses and cars.”

Although Coors Brewing Company denied the allegations against them, it was hard to rectify the damage and insensitivity directed toward African Americans and Latinos.

In a speech given to African American and Mexican American businessmen in 1984, William Coors, Chairman of Coors enterprises, publicly revealed his own racism by stating that “if (African Americans and Latinos) thought it was ‘unfair’ that their ancestors were dragged here in chains against their will … I would urge those of you who feel that way to go back to where your ancestors came from, and you will find out that probably the greatest favor that anybody ever did you was to drag your ancestors in chains, and I mean it.” Coors later went on to criticize economics in Africa and claimed “(Africans) lack the intellectual capacity to succeed, and it’s taking them down the tubes.”

After much public outrage, numerous lawsuits (particularly from African Americans and Latinos) and plummeting sales, the Coors Brewing Company enlisted help to repair its image and settle ongoing protests. The company began by trying to regain the respect of some of their most important African American and Latino customers. In late 1984, the company ended disputes with these communities by signing controversial agreements with the National Association of the Advancement of Colored People (NAACP) and five national Latino groups that committed the brewery to increase its financial support of the activities of those organizations. Next, Coors developed a new marketing campaign, named the 1980s as the “Decade of the Hispanics” and also began advertising in Spanish.

In 1987 Coors came to an

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agreement on unionization, with the AFL-CIO, which ended its ten-year boycott.\textsuperscript{63} Due to aggressive damage control, Coors was able to recapture some of its original market share and currently claims to be the third largest brewer in the United States.\textsuperscript{64} However, many minority consumers remain skeptical about the past and present practices of the Coors Brewing Company and are cautious of their fairly new and improved image.\textsuperscript{65}

In 2002, similar criticisms were made against the trendy, yet controversial clothing store Abercrombie & Fitch. The company is noted for being the hip clothier of young adults and has more than 650 stores in major metropolitan cities with diverse populations.\textsuperscript{66} Between 2002 and 2003, Abercrombie & Fitch developed a reputation for engaging in unlawful and discriminatory practices towards minorities. This trend was apparent in the serious lack of minority representation in their advertisements as well in their staff. Many claimed that the only minorities that worked for the company were in the stock room or on cleaning crews, meaning they were only in areas where customers could not see them in order to avoid blemishing the Abercrombie image.\textsuperscript{67} The few minorities that did work on the sales floor claimed they were let go or had their hours decreased once corporate officials visited the store. Many were told that their “look was not consistent with the Abercrombie look.” Even former managers claimed that corporate officials would instruct them to find more sales people similar to their advertisements. Based on dozens of complaints and testimony by former ethnic employees, the company is currently being sued for unethical hiring practices and potentially other charges of institutionalized racism.\textsuperscript{68}

\textsuperscript{64} Ibid.
\textsuperscript{68} Ibid.
In addition to discriminatory practices during this time period, the clothing company made headlines for selling a series of five offensive T-shirts that depicted cartoon images of Asians with buckteeth, conical hats, runty size, slanted eyes and dressed in ethnic garb. The T-shirts depicted these characters in historical roles of servitude accompanied by offensive taglines. For example, one design illustrated two jolly Asian men smiling next to the header “Wong Brothers Laundry Service.” The tagline at the bottom of the shirt read “Two Wongs Can Make It White.” Another questionable T-shirt depicted a smiling Buddhist man serving pizza at the “Pizza Dojo” while the accompanying tagline read “Eat In Or Wok Out” in Asian-like text. The T-shirts created outrage and inspired protest within the Asian American community.

Nationwide boycotts against the store occurred along with extensive press coverage. As one protestor stated, “Is this what Abercrombie sees when they see Asian Americans? Do they see a mass of consumers full of self-hate and self-loathing that will latch onto any negative stereotype of themselves and parade it around town like a yellow minstrel” These sentiments fueled protestors who called for the following concessions from the clothier: removal of the offending T-shirts, increased diversity in its advertising and workforce, a new consulting team to ensure company-wide sensitivity to minority issues and increased philanthropy to non-profit organizations that promote racial awareness and diversity training for all employees. Abercrombie & Fitch has succeeded in stopping the boycotts, but as of May 2004, it is unclear whether or not they will fulfill all of the demands.

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70 Ibid.
71 Ibid.
The clothier has again raised numerous eyebrows for their lack of promotion and possible funding of corporate social responsibility programs. Most major clothing manufacturers utilize these programs; they enable consumers to be aware that the company is not engaging in sweatshop practices and they also allow investors and consumers to know that the company supports beneficial causes and gives back to the community. These practices are particularly important to many ethnic consumers who tend to support companies that contribute to the community. These programs are not mentioned on the corporate Web site or in publicly distributed publications.

These offensive practices will likely force Abercrombie & Fitch to pay a higher price in lawyer fees, bad publicity and potential loss of customer loyalty from the Asian American population as well as other minorities. As ethnic purchasing power continues to grow and their role in urban trend setting flourishes, these practices will overwhelmingly damage the projected profits and hip image of the clothier.

In conclusion, corporate strategies aimed at African American, Asian American and Latino consumers have undergone a process of trial and error. As illustrated by the case studies, poor research, cultural misrepresentations, stereotypes and corporate hypocrisy will not be tolerated when attempting to reach ethnic consumers. By observing the outcome of these ineffective strategies, advertisers are able to reposition their efforts toward less offensive practices, which, in the end, are more lucrative. Although ethnic marketing is not a new phenomenon, appropriate practices to effectively reach ethnic markets are still in their infancy. Only recently have a significant number of corporations

started to allocate funds as well as employ ethnic advertising agencies to create campaigns that will better reach these growing and expanding markets.
Chapter 3: 
Contemporary Strategies for Success

The art of ethnic marketing is a highly specialized skill that has yet to be perfected. Agencies, concentrated media and new technology all heavily contribute to the success of numerous campaigns. The advertisers must demonstrate sensitivity, immerse themselves in the culture, traditions, history, heritage, community, language and people of these emerging ethnic markets in order to see positive results. Studying these intricacies alone is only half the work needed to run a successful campaign. To reach these new and emerging markets, three successful strategies must be implemented in order to obtain positive and profitable results. These strategies are: utilizing positive imagery, displaying cultural identity and supporting the community.

The most successful ethnic marketing campaigns today have implemented these strategies to gain the allegiance, respect and long-term investment from ethnic groups. The reason for their success is they contribute to positive affirmation and inclusion, valuing people who were excluded as well as misrepresented in mainstream culture. These techniques demonstrate compassion and respect for consumers in multicultural America. Further, they set a new standard for defining mainstream marketing and create a precedent that is culturally inclusive rather than exclusive. Corporations that do not engage in these practices today will find it increasingly difficult to solicit these markets and secure their investments, as the minority becomes the majority tomorrow. The following chapter will illustrate the three critical components needed to engage a successful ethnic marketing campaign in contemporary society.
Presenting Positive Imagery

One of the clearest ways a company can express its gratitude and respect towards ethnic consumers is by presenting them through positive and realistic imagery. These types of images create an unparalleled understanding between the company and consumer. They demonstrate that the company is upholding a level of social responsibility to these consumers by doing their homework and creating realistic images that positively reflect the targeted community. Ethnic consumers prefer to see realistic images of themselves and tend to respond more favorably toward the companies that engage in these practices.

Although today there is no doubt that there is more minority representation in advertising, the issue of how they are portrayed and what they contribute to the product’s image remain controversial. Marketing communications research has demonstrated the effectiveness of source credibility on the persuasive influence over the message receiver … Credibility is enhanced when the message receiver holds a favorable attitude toward the source, when the receiver perceives similarity between the source and himself or herself, and when the source is likable.75

Marketers today have a rare opportunity to redefine marketing to ethnic consumers. As older generations pass on, immigration increases, and younger consumers enlarge their spending habits, marketers are able to utilize positive techniques to counteract stereotypes that previously existed.76 Younger consumers and immigrants are not totally familiar with previous stereotypes. Therefore, marketers are now able to reintroduce positive current practices. Using positive imagery is a relatively easy concept and can oftentimes reflect beliefs that are prevalent in most ethnic communities that share common experiences in America. For example, the importance of family and community remain vital concepts.

that speak to African American, Asian American and Latino populations. These concepts represent unity, support and identity to cultures that have been largely ignored or mistreated in mainstream America.77 These types of images will positively reflect an ethnic group and define common themes that resonate with consumers. This tactic is yet another distinct way in which advertisers are able to demonstrate their commitment to minority communities and engage in effective ethnic advertising practices.

A recent campaign that demonstrated realistic and positive imagery to effectively reach Latino consumers is the California Milk Processor Board’s (CMPB) “Familia, Amor y Leche” (Family, Love and Milk) campaign. Over the past few decades, the milk industry has undergone a series of obstacles in order to make a name for itself and regain its market share. Prior to the 1970s, milk largely dominated the beverage industry. However, by the 70s and early 80s, consumers began viewing milk as a generic commodity that lacked the ability to establish itself as a national brand. By the late 80s and early 90s, the milk industry began to see a significant decrease in sales. As more families began eating at restaurants and less around the dinner table, soft drinks, iced tea and bottled water began to replace milk. Companies such as Coca-Cola, Pepsi, Snapple and Gatorade began dominating the beverage industry. These companies maintained their advantage by advertising heavily, creating new products and selling their beverages in vending machines to accommodate faster-paced lifestyles.78

In 1993, the California Milk Processors Board was created in order to establish milk as a competitive brand and devise an advertising strategy that would create consumer awareness and increase sales. The CMPB began by noticing that milk sales in

California were particularly low when compared to the national average. Californians were consuming an average of 2.3 to 2.5 gallons a month per household compared to 2.4 to 2.6 gallons nationwide. The CMPB enlisted the help of the Goodby, Silverstein & Partners advertising agency, which concentrated its efforts in creating a new marketing campaign targeted to California consumers. The advertisers utilized a strategy to make shoppers aware that certain foods are not complete without milk. This tactic is known as a “deprivation strategy.”\textsuperscript{79} The campaign was called “Got Milk,” and became so successful with most California residents that it was later expanded nationwide.\textsuperscript{80}

Latinos are California’s fastest growing demographic group and consume more milk than the rest of the population.\textsuperscript{81} In 1994, Jeff Manning, Executive Director of CMPB, recognized that his product played a traditional role amongst Latinos and decided to launch a separate campaign to effectively reach this market. In order to accurately display the importance of milk in the lives of this community, the CMPB enlisted the creative services of Anita Santiago, president and creative director of the well-known Latino agency, Anita Santiago Advertising.\textsuperscript{82}

The CMPB board’s first question was whether they should transfer their English based marketing campaign into Spanish. Santiago knew that the direct translation of the tagline would not transfer successfully, since “Got Milk” in Spanish literally means “Are you lactating.” In addition to poor translation, the mainstream ads did not properly recognize or effectively target the correct shoppers in Latino households. Traditionally, mothers and grandmothers are the buyers of milk and are responsible for maintaining the

house and providing nutrition to the family. Therefore, the concept of a “deprivation strategy” to reach Latino consumers would have been considered offensive, because it implies that a mother is unable to perform her duties as caretaker by neglecting to have milk in the house.\(^{83}\)

Instead, Santiago and Manning devised a marketing plan that involved a far more traditional approach. They utilized a generational strategy by involving mothers and/or grandmothers passing on family recipes that involved milk as the main ingredient in dishes such as *tres leches*, *flan* and bread pudding.\(^{84}\) This concept illustrated the emotional and cultural bonds of Latinos to milk and carried the tagline “*Y Usted, Les Dio Suficiente Leche Hoy?*” (“And You, Did You Give Them Enough Milk Today?”). In 1994, this strategy was converted into advertisements that ran on television and billboards throughout California.\(^{85}\)

However, as the campaign grew, several adjustments were made in order to clearly define the concept of milk and family to all members of the Latino community. The current tagline was restructured to “*Familia Amor Y Leche*” (Family, Love and Milk) to incorporate the loving bonds between milk and family. Next, the use of milk was revised to incorporate out-of-the-glass drinking situations to demonstrate its influence beyond traditional means.\(^{86}\) Lastly, they broadened the target audience to include more members of the family. The initial strategy had targeted mothers and grandmothers, the gatekeepers of nutrition and passers of traditional recipes. However, the new focus now


shifted to the students of those teachers and included teenagers and kids. Teenagers and kids are avid milk drinkers as well as the next generation of influential milk purchasers.\(^{87}\)

To solicit this new audience further as well as promote milk, the CMPB employed the services of RL Public Relations (RLPR). In 1999, the two worked together to actively devise strategies to engage teenagers in their marketing campaign. The team created a contest that encouraged Latino teenagers to produce their own milk commercials. The contest was promoted at high schools and other locations within the community. The contest received more than 100 entries and the winning prize included airing the winning entry on gotmilk.com.\(^{88}\) In 2000, another contest ran in California to engage the interest of Latino children ages 5-7, as well as their parents. The contest required the kids to interpret the theme “\textit{Familia, Amor y Leche},” and implement that expression into an artistic drawing.\(^{89}\)

In addition to this effort, RLPR developed a media tour that was also aimed at mothers and kids to coincide with the celebration of \textit{Cinco de Mayo}, a popular Mexican holiday. The tour featured a prominent Latino chef who engaged in cooking demonstrations featuring popular Latin recipes containing milk. The tour proved so successful that the chef was featured on local television, radio morning news, food pages from major magazines and Spanish-language food sections. Additionally, RLPR’s marketing efforts were so successful that each campaign received widespread television coverage from the major Spanish networks, Univision and Telemundo. According to the

\(^{88}\) Ibid.
company, print placement coverage surpassed 15 million impressions in leading Spanish-language media outlets including La Opinion and other Latin publications.\textsuperscript{90}

The last group included in the revised marketing plan for the “Familia, Amor y Leche” campaign were fathers. Research indicated that Latinos view food, particularly milk, as an expression of love and fathers actively have used it when raising their children.\textsuperscript{91} In 2000, the campaign unveiled a $4 million Spanish advertising effort on television, billboards and the Internet to target women, kids and, for the first time, males. Advertisements that targeted this new focus group associated milk with the warmth of family life, in which Latino men are active participants. Anita Santiago Advertising helped to create the ads, which included a 30-second commercial of a father comforting his son by using milk to combat a sleepless night.\textsuperscript{92} Another image used in 2001, displayed a father and daughter buying milk at the grocery store to make the traditional tres leches.\textsuperscript{93} These ads appeared in California’s major media markets and in the San Francisco-Bay Area’s Spanish television networks.\textsuperscript{94}

In addition to the clever revisions in marketing strategies, part of the ongoing success of the “Familia, Amor y Leche” campaign is the ability to appropriately market milk with contemporary themes in the Latino community. For example, in 2002 the CMPB released two new television commercials, which explored the issues of nutrition with working Latina women. The ads cleverly depicted women in business attire.

\textsuperscript{92} Ibid.
\textsuperscript{93} Santos, Cilmara. Interview by Stefannie Bernstein Account Supervisor, Anita Santiago Advertising, 19 March 2004.
drinking milk while on the go. The ads aired on Telemundo and Univision. In 2003, the campaign released five new television advertisements, which addressed relevant issues in the lives of California Latinos. These ads depicted a working mother still making time to practice the traditional values of cooking, an older soccer player who still values milk, the enjoyment of eating fresh food at home, nutrition that does not come in a pill and the loving bonds of a big family. These advertisements appropriately play on relevant cultural themes and therefore reflect well on the product.

The CMPB has spent approximately $24 million from 1994 to 2001 on Spanish-language advertising alone to ensure quality imagery that will positively affect Latino consumers. The dynamic research and creative marketing endeavors to incorporate the product into the daily lives and traditions of these consumers has reflected well in the community. Customers were able to relate to the product and find relevance in its use in their daily lives. This identification became extremely important when targeting this community because Latinos are frequently bombarded with mass marketing messages, which contain little relevance or can be considered offensive. Therefore, the positive identification with milk and appropriate use of media effectively reached the Latino population in California.

Ultimately, the success of the “Familia, Amor y Leche” campaign can be seen through the end results. Studies indicate that since the release of the Spanish campaign, Latino milk consumption rose from four to more than five times per day. Consumers of all ages were able to positively reflect on the campaign and recall taglines. The combined efforts of both marketing campaigns resulted in increased milk sales in its first year alone.

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helped the product to regain market share and become competitive in the beverage industry.  

Embracing Cultural Identity

Oftentimes in mainstream advertising campaigns, the inclusion of ethnic minorities or their unique contributions to society are overlooked. They are often clumped into homogeneous advertisements and are rarely distinguished by anything other than skin color. Although ethnic groups can appreciate and better identify with someone of their own background, minorities are not effectively solicited when they are simply thrown into the general marketing mix.

Advertising to an African American audience requires new thinking and new approaches. Mainly because of the language similarities, mainstream marketers seem to think that slipping African-American or other ethnic faces into what are otherwise traditional ad campaigns will do the trick and court African-American consumers. Such advertisers may be in for a rude awakening.

However, due to significant population shifts and undeniable purchasing power, corporate advertisers must now identify more effective ways to appeal to these growing groups of consumers and engage them through successful ethnic marketing campaigns.

Thanks in part to specialized agencies and media that are culturally attuned to and familiar with the needs of these communities, it is now easier to identify the strategies needed to reach African Americans, Asian Americans and Latinos. A relatively simple concept that has now become essential to employ is the inclusion of an appropriate use of culture in the marketing mix. To do this requires learning about the history, traditions,  

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heritage and language that these communities embrace. It also involves understanding the issues, obstacles and nuances that are frequented in these communities. Learning these intricacies as well as conducting proper demographic research is necessary to appropriately embrace different cultures in a successful ethnic marketing campaign.

Minority consumers seek and value corporations that distinguish them as appreciated customers and recognize their culture as an integral part of their marketing strategy. According to research cited by ethnic marketer Alfred Schreiber, nearly 70 percent of African Americans surveyed felt the need to sustain ethnic traditions and symbols, as opposed to 46 percent of all other respondents.¹⁰¹ A brilliant example of utilizing this imagery and establishing cultural identity through a creative marketing plan is illustrated in Hallmark’s Mahogany card line.

Hallmark noticed a growing demand for a card line that spoke solely to African-Americans. These consumers wanted to purchase cards that could be used exclusively for their holidays and cater to their culture, traditions and heritage. As a result of fulfilling the demand for such a product, this growing ethnic group contributes significantly to Hallmark’s profits and helps maintain the company’s dominance in the greeting card industry. In 1987, Hallmark launched a 16-card African American promotion to test the market.¹⁰² Due to its success, the company began to implement a larger creative team to research demographics, psychographics, history, culture and artistry to launch one of the first major African American card lines across America. In 1991, Hallmark introduced the Mahogany card line, which became a year-round brand offering both everyday and seasonal cards.¹⁰³

¹⁰¹ Ibid. 47.
One of the most valuable assets of the Mahogany marketing plan is the desire to create culturally relevant products that embrace the needs of African Americans. This strategy specifically caters to these beliefs by employing creative and talented African American professionals to design the line. Many of these professionals are well-known artists and writers in the African American art community, such as designer Alston Green, poet Judith Boswell-Grifflle, painter Brenda Joysmith and quilt makers Michael Cummings and Yvonne Wells. Their cultural knowledge and artistry are reflected on each card with the magnificent use of traditional and non-traditional colors, textures, symbols, messages, images, text and craftsmanship.

For example, one card in the Mahogany line congratulates the success of a recent accomplishment in an individual’s life. The image on the card depicts a group of African American men and women embracing and rejoicing along the sides of the cards. Each person was sketched to have distinct characteristics that resemble a community or family member. This representation was accomplished by utilizing unique traits that identify age and diversity amongst African American individuals, families and communities through hair colors, hairstyles and multiple shades of skin tones. It is also notable that these individuals are dressed in bold, rich colors and set amongst fruitful trees. In between the two unions is a pair of African American hands, one a darker shade than the other holding a flower bud about to bloom. The two hands are joined in a background of heavenly blue sky accompanied by a rainbow. The text on the front of the card reads “A Success Like Yours Reflects Proudly On All Our People.” The unique craftsmanship and cultural themes of family, community, spirituality, religion and success are combined effectively

with traditional bold colors and important themes amongst the African American community.

The Mahogany line also remains connected to the community and popular with the target market because it solicits the unique wisdom of influential African American authors and spiritual leaders. These individuals endorse particular card lines that speak loudly to the community by sending culturally relevant messages. For example, best-selling author, motivational speaker and televangelist Bishop T.D. Jakes is well known for his compelling messages of “hope, inspiration and personal empowerment.”\(^\text{105}\) His spiritual messages have touched thousands of African American listeners through his sermons, records and books. Jakes was able to further extend these messages of faith and empowerment by endorsing Mahogany’s “Loose Your Spirit” card line, which is based on his best-selling book, “Woman Thou Art Loosed.” The card line expresses an important concept found in the book. Turning over life’s worries to God allows a person to free or “loose” the spirit from burden. Powerful messages like “A woman who fears the Lord is to be praised. Give her the reward she has earned, and let her works bring her praise (Proverbs 31:30-31)” are written on each card.\(^\text{106}\) Further accompanying the divine scripture, the cards display colorful and spiritual symbols such as: flowers blooming, stars shining, doves flying and the rising sun. The 48-card collection was first introduced in 2001 and became so popular that it returned the following year.\(^\text{107}\) The return of the product shows the popularity and reach of Bishop T.D. Jakes. These messages resonate


with African American consumers who desire to have culturally relevant cards available for purchase.

The ability to reach African American consumers through well-known artists, relevant imagery and motivational figureheads is only half of the reason that the card line has proven so successful. In order to bring culturally relevant and appropriate products to the market, extensive research is conducted to design messages that accurately depict African American lifestyles. Research shows that the Mahogany team is well educated on the growing demands and challenges that face their consumers. First, the Mahogany staff tracked the enormous growth rate of their target market. They found that African Americans now include over 34.7 million people and represent 12.3 percent of the U.S. population. To further identify and research the core base of their target market, the Mahogany team found that 20 percent of the African American population lives in the following metropolitan areas: New York, Chicago, Detroit, Philadelphia, Houston, Baltimore, Los Angeles, Memphis, Washington, D.C. and New Orleans. Then, they determined the top five markets for Mahogany card sales. Those markets are: Chicago, New York, Washington D.C., Philadelphia and Los Angeles.108

This information was vital for team members like Melissa Bolden who is the creative product designer for the Mahogany line. Her job requires her to stay in touch with the community in order to develop products that accurately depict the people who buy them. Bolden accomplishes this task by utilizing the aforementioned statistics and immersing herself in African American publications, television programs and retail catalogues in the cities which target her customers. Bolden claims that this type of research enables her to go beyond her own experiences and identify the wide range of

African American styles, forms of language and attitudes that mainstream America often overlooks.\textsuperscript{109} In addition to Bolden’s research, focus groups and questionnaires are designed and used to allow consumers to voice their needs to the company.\textsuperscript{110} This type of information has helped the Mahogany line extend their consumer base by offering Mahogany e-greeting cards as well as identifying more specific occasions to utilize cards in the African American community. For example, the Mahogany line catered to birthdays, weddings, anniversaries, illnesses, sympathy, Valentine’s Day, Easter, Mother’s/ Father’s Day, Christmas, Black history, Kwanzaa and other religious observances.\textsuperscript{111} It also led them to create two types of graduation cards. One type is for African American students graduating from mainstream universities and the other from historically black colleges.\textsuperscript{112} After reviewing consumer requests, the 2003 Mahogany collection added more cards to their product line with themes such as role model/mentor thanks, second wedding, expectant parents, sister-in-Christ and apology.\textsuperscript{113}

The Mahogany brand is recognized as the top card line for African American consumers.\textsuperscript{114} Mahogany offers more than 800 cards to allow African Americans to choose from a wide selection of culturally relevant expressions. The cards are affordable and range in price from $1.99 to $2.99. Hallmark cards are sold in more than 42,000 retail outlets nationwide. Approximately 5,700 are specialty stores, 4,300 are certified Hallmark Gold Crown stores and another 30,000 are mass merchandisers that include national grocery and drug stores.\textsuperscript{115} Prominent drug stores like CVS sell the Mahogany

card line and are located in top metropolitan cities where Mahogany consumers live.\textsuperscript{116} Hallmark usually occupies a significant portion of the greeting card aisles. Of that portion, Mahogany is usually given its own space or can be intermixed with other greeting cards but given appropriate Mahogany signage. Hallmark will not disclose the total revenues earned from the card line. However, they do reveal that it contributed to their 2003 earnings of $4.3 billion in consolidated net revenues. That figure is 2 percent higher than the previous year’s earnings. According to Hallmark, Mahogany also contributed to the statistic that one out of every two greeting cards sold in the U.S. is a Hallmark card. They also helped Hallmark control over 50 percent of the greeting card market.\textsuperscript{117}

Hallmark’s Mahogany line has been able to successfully market culturally relevant products to the African American community. By 1997 alone, Hallmark had established more than 800 card styles to an 80 percent African American base.\textsuperscript{118} This mainstream card distributor was able to enlist the expertise of African American professionals and renowned artists to capture the true spirit and traditions of African American culture. Their creativity, knowledge and research enable Mahogany to stay fresh and develop new products that resonate well within the community. According to a Hallmark representative, little advertising is needed to promote the Mahogany line and increase sales.\textsuperscript{119} However, an occasional ad can be seen in African American media.\textsuperscript{120} The ads appropriately depict the cultural imagery and bonds that the card line reflects such as sisterhood. The card line is a prime example of how a large corporation enabled

\textsuperscript{118} Alfred Schreiber, Multicultural Marketing (Chicago: NTC Business Books, 2001) 47.  
\textsuperscript{120} Alfred Schreiber, Multicultural Marketing (Chicago: NTC Business Books, 2001) 47.
African Americans to be culturally recognized and personally valued through ethnic marketing. These tactics are essential to earning credibility with the community and securing brand loyalty in the future.

**Supporting the Community**

The third and final strategy to effectively reach African American, Asian American and Latino consumers is to embrace their community. To these minorities, community represents unity, culture and pride. For decades, these groups have formed collectivities to share the warmth of an extended family and embrace their traditions. These traditions include speaking a common language, practicing religion, eating traditional food, wearing cultural garments, reciting historical verse, respecting the arts and celebrating holidays. However, the power of an ethnic community goes beyond traditional practices. It is also a catalyst for economic power and progress, providing resources such as ethnic publications and media to keep the community informed and connected. The community also provides financial assistance enabling members to grow and opening opportunities previously closed to them. Ultimately, these communities strive for educational growth, professional advancement, financial security, home ownership and other factors, which contribute to achieving the American dream.

To date, these aspirations have enabled minority communities to control more than $1 trillion in purchasing power and contributed to acquiring more than 400,000 or 19 percent of higher learning degrees, 3,000,000 small businesses and more than 2,000,000 mortgages (16%) nationally in 1996 alone.121 Since then, these numbers have significantly increased and will, within the next decade, achieve parity with Caucasian Americans. In addition to increased economic status, these groups will represent 50 percent of the U.S.

121 Ibid. ix, 4-5.
population and attain more than $4.3 trillion worth of purchasing power between 2040 and 2050. Corporate America is slowly starting to recognize that these ethnic groups are becoming increasingly powerful and that stronger, more effective tactics are needed to capture the loyalty of these communities.

One of the strongest and most compelling ways marketers can show their support and appreciation of ethnic consumers is by contributing to their community. This type of outreach secures brand loyalty and name recognition within the community. On this subject, Schreiber says:

All immigrant groups since the founding of America have bonded together into communities that offer support systems and resources. When you align your company with these communities, in their economic progress, businesses, organizations, and so on, you speak to ethnic consumers with a compelling and believable voice.

It has been established statistically that ethnic consumers will pay higher prices for products from companies that support their community. Therefore, it is in the best interest of companies to engage in efforts that benefit these communities. Some of these practices include: sponsoring a cultural/community event or athletic team, providing scholarships, donating relevant resources, utilizing ethnic businesses, employing ethnic staff members, encouraging professional advancement, incorporating appropriate languages into the workplace, establishing diversity training, connecting with relevant organizations and community leaders and creating opportunities for these communities to excel economically. These are just a few tactics that have been successful with corporations that are seeking to establish trust with ethnic markets. One company that has truly worked

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hard to embrace the communities of their ethnic consumers is the McDonald’s Corporation.

For decades, McDonald’s has successfully dominated the fast food industry. Their convenient locations and low prices have enabled millions of Americans to enjoy classic hamburgers and crispy French fries nationwide. A significant portion of McDonald’s success can be attributed to their diverse clientele. African Americans and Latinos comprise more than 30 percent of the company’s consumer base.124 These ethnic customers continue to increase and proudly support the corporation for numerous reasons. First and foremost, McDonald’s has spent millions of dollars to appropriately speak to these communities. They employ the services of top ethnic advertising giants such as Burrell Communications, an African American agency and Del Rivero Messianu, a Latino agency.125 These ethnic-owned agencies have created socially responsible and culturally relevant ads that speak to these consumers in their languages.

Utilizing appropriate imagery and language is just one strategy used by McDonald’s to embrace their consumers. The corporation is also known for their dynamic efforts to support communities and contribute to the economic advancement of their clientele. McDonald’s began by restructuring their own environment in order to enable members of these communities to professionally excel and personally flourish through their own company. First, the company prides itself on the fact that ethnic minorities and women own 37 percent of all U.S. McDonald’s franchises. Additionally, 70 percent of those being trained to own franchises are minorities and women.126

McDonald’s offers their franchisees extensive training sessions as well as local and national support in the areas of operations, real estate, purchasing, equipment, construction, marketing and advertising. As a result of these efforts more minorities are learning the skills to run a business and become successful operators. As ethnic ownership has continued to flourish within the company, McDonald’s has established the National Black McDonald’s Operators Association, the McDonald’s Hispanic Operators Association and the Asian McDonald’s Operators Association. These networks were created to give ethnic franchisees additional support and address issues specific to their respective groups. They also provide feedback on ways to improve relations with diverse clientele.

In addition to contributing to the growth of minority franchises, McDonald’s also believes in hiring a diverse workforce. Currently, minorities and women constitute more than 50 percent of the U.S. McDonald’s staff. More than 22 percent of company officers and 24 percent of middle-management employees are from minority groups. This number is significant because it is considerably higher than other companies. In order to instill sensitivity and awareness as well as build skills to manage a diverse workforce, diversity education classes are offered for management staff. Two types of seminars are given. The first deals with the changing workforce as well as diversity education. The last seminar concentrates on Asian, African American and Latino career development. In addition to classes, McDonald’s also offers cultural networks to employees, such as the Home Office Asian Network, McDonald’s Black Employee Network and the Hispanic

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129 Ibid.
Steering Committee. These educational programs and networks provide employees with career development, advocacy, support, recruitment and retention assistance. The networks and their related activities also provide the company with feedback and assistance in improving relations with their ethnic clientele.130

Further, McDonald’s helps to benefit the businesses and communities of ethnic consumers by utilizing the services of their companies. McDonald’s purchases more than $3.2 billion a year in food and paper products from businesses owned by minorities and women. Some of these suppliers include Andersen-DuBose, Bama Pies, Inc., Best Harvest, Lopez Foods, Reyes Holding Co. and LJ Distributors.131 Also, to build brand value and create meaningful relationships within the communities where they do business, McDonald’s has developed external partnerships with national organizations that benefit these groups. These organizations include the Asian Pacific American Leadership Institute, the Organization of Chinese Americans, the National Association of Asian American Professionals, the Congressional Black Caucus, the National Association for the Advancement of Colored People, the National Urban League, Hispanic Association on Corporate Responsibility, the National Council of La Raza and the United States Hispanic Chamber of Commerce.132 These partnerships and practices to support ethnic communities have been recognized through awards and achievements. These activities are important because they make ethnic consumers aware of the company’s positive contributions to their community and establish trust. For example, in 2001, DiversityInc.com placed McDonald’s on their “Top 50 Companies for Diversity List” and

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Working Mother magazine recognized them as one of the “Top 10 Diversity Champions.”

Professional development and partnership opportunities are just a few of the many ways that McDonald’s has demonstrated its commitment to supporting these communities. McDonald’s has also enlisted the services of multicultural communication specialists like Fleishman-Hillard and The Solis Group to develop marketing campaigns that demonstrate commitment to honoring the culture and traditions of these communities. These endeavors have taken place at both the state and national level. For example, in 1997-1998 minority owners of McDonald’s restaurants in Denver enlisted the services of The Solis Group to implement programs that demonstrated company support in the African American and Latino communities. According to Scarborough Research, nearly 70 percent of African Americans and 71 percent of Latinos in Denver visit a McDonald’s every month. Therefore, McDonald’s wants to create a presence that supports events and issues important to these groups on a local level.

To begin the campaign, The Solis Group created local ads that spoke to these consumers in English and Spanish and ran in local ethnic papers such as La Voz and Urban Spectrum. One of the goals of the ads and the campaign was to instill cultural pride and demonstrate commitment to the community. One way this was done was by pointing out that three African Americans and six Latinos owned franchises in the Denver area. Next, the campaign sponsored events that coordinated with specific holidays and traditions. In 1997, McDonald’s threw a Día de las Brujas (Day of the Witches) party for

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136 Ibid.
Latino children to coordinate with the celebration of Halloween. The event drew large
crowds of parents and children and was covered by a local Spanish language station. In
January 1998, McDonald’s honored Martin Luther King, Jr. Day by sponsoring a booth
that distributed free juice and coffee at the honorary parade. In February of that year,
McDonald’s hosted “Gospel Fest” and arranged for artists to participate. Its purpose was
to honor the role of gospel music in African American culture and to celebrate Black
History Month. McDonald’s again made its presence known by celebrating Cinco de
Mayo and sponsoring a booth at the local festivities. Finally, McDonald’s contributed
financially to the “Men Who Cook” benefit, sponsored by the Spiral Education
Foundation, which awards college scholarships to African Americans. The community-
based organization provides financial and academic assistance to disadvantaged youth.

On the national level, McDonald’s spends extensive amounts of time and money
creating culturally relevant campaigns. In 2000, McDonald’s undertook a yearlong
endeavor to salute and support the African American community. In January,
McDonald’s celebrated Martin Luther King Day by recognizing him as a key figure in
American history. The company initiated a nationwide salute in his honor. The following
month, McDonald’s began a “Passport to Kenya” sweepstakes in honor of Black History
Month. The contest enabled four families to win a trip to Kenya. Advertisements and
entry forms began to appear in African American media outlets such as Black
Entertainment Television (BET), BET Weekend magazine and BET.com. In June,
McDonald’s endeavored to pay tribute to the musical contributions of African Americans
by establishing a “Black Music Month” celebrating the musical talents of African

137 Ibid.
138 Ibid.
Mary Tharp, Marketing and Consumer Identity In Multicultural America (Thousand Oaks: Sage Publications, 2001) 65.} These activities enabled consumers to be a part of American history and feel appreciated as individuals.

The McDonald’s Corporation has successfully contributed to the communities of their ethnic consumers. They have incorporated beneficial practices that create a diverse and professionally rewarding atmosphere.\footnote{QSR, “Top Chains by System Wide Sales,” QSR Magazine Mar 24, 2004, <http://www.qsrmagazine.com>.
} In addition to these established practices, McDonald’s spares little expense in creating new marketing strategies that successfully embrace the heritage of their patrons. They strive to celebrate the culture, traditions and achievements of these groups and make them an integral part of greater society. This effort has helped to secure McDonald’s as the country’s favorite hamburger chain and has helped it grow to more than 13,000 U.S. restaurants\footnote{QSR, “Top Chains by System Wide Sales,” QSR Magazine Mar 24, 2004, <http://www.qsrmagazine.com>.
} Their current investment in these markets is ultimately working to secure their market share as well as maintain brand loyalty and financial security with the future majority of America.
Chapter 4: Conclusion

Companies are finally recognizing that ethnic minorities are economically advancing and currently hold more than $1.3 trillion in purchasing power. As their communities continue to grow and approach 50 percent of the U.S. population in the next few decades, it is crucial to employ marketing tactics now to gain the brand loyalty and the security this will provide from these communities tomorrow.¹⁴⁴ Today, it takes more than placing a person of color into an advertisement to solicit an entire ethnic community. These groups need messages that speak solely to them and make them feel that their culture is part of American society. The best way to effectively reach these markets is by initiating campaigns that utilize positive imagery, embrace cultural identity and invest in community development. Significant portions of ethnic communities support companies that recognize them and show interest in their neighborhoods and economic well-being.¹⁴⁵ Implementing these tactics now will enable businesses to secure their profits, market share and brand loyalty as the population shifts in the next several decades. These conclusions are nicely summarized in the following statement:

Over the next 50 years, the Diversity megatrend will make a dynamic impact on companies and the way they conduct business. Not only will a company’s revenue streams be affected, but changes will also occur in its recruiting practices, pools of talent, marketing and the way it interacts/negotiates with clients/decision makers. For the shrewd, now is the time to heed the Boy Scout motto … ‘Be prepared.’¹⁴⁶

If companies choose not to incorporate ethnic marketing campaigns or employ any tactics to reach growing ethnic communities today, it will be increasingly difficult to rival

or surpass competitors, increase revenue and maintain long-term stability in the future. These companies will not earn the credibility and trust needed to create a viable relationship with these groups. Waiting until they reach full economic parity and are 50 percent of the population will be too late to capitalize on these practices. Numerous competitors will have already established credibility in these communities and gained a strong foothold there. The lead time for establishing a desirable image within an ethnic community takes time and sustained effort. It is a unique opportunity for many advertisers to redefine the role of marketing and create campaigns that embrace the many subcultures of America. Also, it is the first time that marketers can reach more individuals and communities through a wider variety of media that is available than ever before. These diverse avenues have also proven to be more cost effective than those previously used, which simply catered to a mainstream audience.147

What happens after 2050 when ethnic minorities are collectively expected to become the majority and companies have adopted ethnic marketing practices? There is no certainty as to how ethnic marketing practices will evolve over the next few decades. An appreciation of macro and micro forces beyond those analyzed in this paper will have a direct and material effect on the marketing marketplace over the next 50 years. The historically strong and pervasive desire to acculturate into the mainstream and increasing intermarriage among people of different ethnic backgrounds will have a large impact. Substantial waves of legal and illegal immigration will continue to play a large role. Also, not all ethnic groups are likely to acculturate at the same pace.

Based upon the experience and existing research to date, we have strong reason to believe that if companies continue to invest more funds and allocate more resources at a

steady rate, they will have secured their investments well with the future majority prior to this time period. As the year 2050 approaches, marketing to ethnic communities will need to be redefined. Ethnic minorities will outnumber Caucasian Americans and will be collectively called the new majority. This terminology and population shift alone will redefine the history of the United States.

Marketing agencies will be among the first to recognize shifts in the composition of the population as it occurs. Marketing is one of the largest avenues of informing the public of popular trends and practices in the country. Advertising plays a large role in helping to set the tone of mainstream culture as well as in reinforcing existing ideas and practices about specific groups.\(^{(148)}\) Therefore, reaching the future majority will require redefining mainstream culture and popular icons such as apple pie, baseball and the all-American Cleaver family (from the 1950’s hit television sitcom *Leave it to Beaver*). The upcoming majority citizens bring with them new traditions and culture that will redefine the past to make it more indicative of the present. The definition of mainstream will be more inclusive of things that represent a diverse, multicultural heritage, such as rice pudding, soccer and families that resemble the new majority such as the Cosbys. The elements properly reflecting these ethnic groups will become essential for marketers to incorporate in order to reach the greatest numbers of Americans.

As ethnic groups become the collective majority and achieve economic parity with Caucasians, it would be logical to assume that they would gradually become a more dominant force in the facilities that help to define mainstream culture, such as marketing agencies and corporations. Therefore, it is reasonable to deduce that the concept of catering to a mainstream audience will not have the same value in 50 years. Will ethnic

marketing be needed to reach these groups if they are the majority 50 years from now?
Yes. Although the latest research studies indicate that Latinos in particular are becoming increasingly bilingual and able to function in English and Spanish both in the workplace and at home, it does not wipe out the culture as a whole. As each generation passes, their language proficiency in English strengthens. However, cultural identity is still distinct and pride in heritage and traditions remains strong presently. This will continue in the future. Despite the fact that assimilation and acculturation are slowly occurring, failure to acknowledge unique traditions, including language, the subtle nuances of meaning, holidays and sense of community will alienate this group as it has African Americans, Asian Americans, Native Americans and others.

By the year 2050, it is projected that there will be 106 million Latinos in the United States. This will be one-quarter of the population. Research on Latino teens indicates that they do not want to lose their Latin culture or identity and that more than half identify themselves as “Hispanic only” or “more Hispanic than American.”

Steven Dawson, Executive Vice President and Chief Financial Officer of Radio Unica, believes that Latino families are reinforcing their cultural heritage and raising their children to be bilingual. Children are now enrolled in multilingual programs, both inside and outside of public education, which are designed to maintain complete fluency in

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151 Ibid.
152 Ibid.
153 Ibid.
English and their native languages and also focus on cultural traditions.\textsuperscript{154} It is safe to predict that companies who hope to market successfully to the majority of the U.S. population in the coming years had better continue developing multicultural strategies and utilizing languages other than English to reach these groups. Therefore, the practice of ethnic marketing will certainly be needed to reach these communities that represent unique segments of American society.

\textsuperscript{154} Ibid.
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