

## The Multicultural Curve

ANA and Market Segment Research teamed to develop a pioneering benchmarking analysis of corporate America, providing insight into topics including: internal buy-in of multicultural marketing programs, organizational structures to manage such programs, spending allocation, ROI metric, and more.

Gary Berman of Market Segment Research presented results of this research at the ANA Multicultural Marketing Conference held November 7, 2004, and provided an overview of findings in this Q&A exclusive interview.

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### verbatim

#### **How do you define best-practices in Multicultural marketing?**

We've begun a five-year process to define best practices using a tool we've built called "The Multicultural Experience Curve." Along this continuum, there are four different locations where a sector of the economy, or a company, can reside. The first one is called, "checking it out," followed by "trial and error," third is "almost there" and the fourth is called, "getting it right."

What we're beginning to do is describe behaviors -- things that companies are, or are not doing -- that we know from looking at 87 different companies that seem to be the most effective in accomplishing their business objectives.

Those business objectives fall into two buckets. Usually they are softer measures, which could be issues such as awareness of the company that you'd find maybe in tracking studies. They also include more concrete measures, which would be metrics like return-on-investment and the like. At this point, we are only at the very beginnings of this analysis, which was begun about four months ago and will be done over a period of five years.

In short, we are looking at internal organizational structure; processes that are used to determine whether or not you should market to a particular multicultural group; how much money you would spend versus what the business potential is; and the optimal strategies that a sector could follow to develop their business.

**In the ANA study you highlighted the automotive industry. What did you find?**



We actually are looking at a number of different categories: automotive, dining, entertainment and leisure, healthcare/pharmaceuticals, financial services, retail, packaged goods, technology, telecommunications and "other."

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The automotive industry, as an example, has companies located all along the continuum. The reason it's not as clustered as perhaps some other categories is that there are a couple of companies that, in our estimation, are "getting it right." They've been marketing to multicultural customers, certainly to the Hispanic market, for 15 to 20 years.

These "getting it right" companies have a fully integrated approach to surround the multicultural customers. In addition to doing communications, they have a real aggressive "license" to market in the automotive category. That means they've spent a lot of time and resources to develop the requisite relationships on a local basis, because they're terrific local marketers.

One of the things that keeps some companies down is the customer experience. When a Multicultural customer goes to a local dealer, I'm putting it mildly by saying the experience is not optimal. It's always been a bit of a paradox that a marketer spends so much money on Multicultural marketing, but when a Multicultural customer goes to a local car dealer, they are kept waiting 27 percent longer than an Anglo customer for the first point of contact. If you think about that, it's counterintuitive.

### **How about other categories?**

The financial services sector, overall, is in the "checking it out" phase. But, again, having said that, there are some financial services providers who have been doing a great job for a long time, but not many. The majority of the financial services sector is in more of the "checking it out" phase, because there has been a long-held corporate view that Multicultural customers didn't have money, and that they weren't sophisticated with it.

A lot of that conventional wisdom was really blown away during the 2000 decennial Census, which showed significant increases among Multicultural customers with regard to financial services. Now, they do lag behind, but these financial institutions are looking for opportunities of growth. So they are exploring the home ownership area, access to mortgages, and access to business capital to start businesses, for example. They are also looking into credit card, checking account, stock-brokers, and financial advisors.

Wire transfer businesses have always known that Hispanics send a lot of money back to their countries of origin. It wasn't real hard -- the very first companies in that category were Western Union, American Express, Moneygram -- but now there's a slew of others that are competing. And now you have all of these mergers, global banks getting into wire transfer, as well. For the most part it's still pretty nascent, but rapidly improving.

### **How is the telecommunications sector faring?**

The top of the telecommunications sector is "getting it right." The reason is that they

were sort of lucky, early on, in that they were able to deduce return on investment right away. They just looked at calling patterns and it didn't take a rocket scientist to figure out that it was probably Mexicans who resided in this country who were calling home to Mexico.

So, they were right away able to establish best practices. And then of course, because they were able to establish these metrics, they went a little overboard and started to target, 15, 20, sometimes even 30 segments. Now there are massive changes in the industry, but every telco is looking at Hispanic and Asian.

### **How can a category company that's lagging catch up?**

We have a process that we're using now that we're just building that will get a lot better over time. But essentially, we need to understand where a company is -- a benchmark at any point in time. The things that would be important vary by sector of the economy, and always by company -- and then oftentimes by brand, within a company.

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#### **Within a company, one brand might be nailing it, but other brands can be just horrible.**

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Within a company, one brand might be nailing it, but other brands can be just horrible. We have a five-step approach. The first one is an introductory, one-hour conference call with a couple of the key stakeholders. Then we take that information, flush it into a questionnaire which

we then send out through all the relevant people within the company through an internet survey. Then we collect that -- what we're trying to assess is where are you as it relates to hiring, organizational structure, asset allocation. Do you plan to increase or decrease your budgets in the next year? Are you doing an integrated campaign or is it just one market, one method test? Do you have metrics in place? Do you have a way to share learning across the organization?

And so it deals with mostly internal issues. Do you use agencies? Are they specialized agencies? Those kinds of things. Then we just find out what's keeping them up at night. And then we'll develop a curriculum for a half-day, in-person training session with key management. And so we'll come in and we'll sit with them, based on what their issues are. Again, this is not an exact science. It is as much qualitative as it is quantitative at this point. This has never been done before.

### **Were there any key best practices differences between marketing to Hispanics, African-Americans, Asians and Gays?**

Yes. Let's just stay with the automotive sector and look at the customer experience in the Gay market. Great, you market through different GLBT channels. You put up the appropriate signs of relevance and respect. So, let's say two guys come walking into a local car dealer. You wouldn't as a salesperson say, so where's your wife? Just that small acknowledgement shows a tremendous sensitivity towards the fact that they might be gay. Another way of saying it might be -- so, will you be deciding on this purchase alone, or with others?

Whereas with Hispanics, it's very different in the sense that you're going to know right away you're selling to a family, because Hispanics tend to shop in large families, oftentimes multigenerational and sometimes even with friends. So, the sales cycle is going to be longer. You're going to have to find a comfortable place where people can sit or wait or play. You're going to have to, in many cases, have

multilingual salespeople. You're going to have to have multilingual communications -- especially in the finance and insurance area.

In the case of African-Americans -- and this is a very sad fact -- a lot of times sales people will make a judgment just looking at someone about what they can and cannot afford. And so they're leaving a lot of money on the table by not trying to upsell other makes and models, just because someone is black. The thing about Asians is that there's no such thing. Japanese are very different than are Koreans than are Southeast Asians -- when it comes to makes and models they want to acquire and the process they go through.

**Were you particularly surprised, pleased or disappointed by any of the findings?**

What surprised me most is a very, very serious issue. That is, the vast majority of multicultural knowledge goes home and has dinner every night at six o'clock. In other words, the knowledge lies within one, or a small group, of people. It's not institutionalized.

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So, if that person leaves to go to another brand -- and the brand system is designed to do that -- the companies have to start over and over and over again, to acquire that learning. Worse yet, if that person leaves the company, they lose it completely. That was one of the biggest things.

Another thing that's surprising to me is how many different definitions there are to describe this topic -- even within a company. One person may say, "we call it multicultural." Someone else will say, "no it's diversity." Someone else says "emerging markets," "niche," "special" -- all these different words to describe this. I'm hypothesizing at this point that if an organization can't agree on a word, how then could they possibly agree on strategies and tactics and the complexities of that beneath the word?

I was pleased that everyone was so forthright, that people are aware of the strengths and limitations to a pretty high degree. These are only the practitioners -- I don't know what the rest of the organization thinks about.

What I'm trying to do in this work is to create a language for this profession, so that practitioners can get on the same page and elevate their companies and move them up the curve.■

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**Gary Berman** is Chief Executive Officer for **Market Segment Research (MSR)**. Founded in 1988 by Gary and his wife Valerie Shalom Berman, MSR became the first U.S. market research organization dedicated to researching multiple multicultural and specialized segments. Over the course of years, Gary has invented the MSR Multicultural Market Reports, the Multicultural Experience Curve, The Multicultural Think Tanks and Portrait of the New America.

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