

## Culture and Ethnicity in Consumer Decision Making

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One of the most important aspects of doing business with people from various cultures and ethnicities is understanding the differences in their values and the differences in their consumer needs. Since marketing is based upon satisfying the needs of the customers, successful marketers need to become aware of these cultural differences and target their products and services accordingly.

Cultural and ethnic differences can be seen in a variety of circumstances, such as language, religion, food preferences, color, nonverbal communications, and societal manners and customs. People are generally proud of their specific language. Therefore, marketers must take care to avoid blunders in this area.<sup>1</sup> They need to avoid mistranslation, misunderstanding slang or idioms in the native language, and incorrect use of a dialect. For example, Exxon's Japanese brand name, "Esso," means "stalled car" when pronounced phonetically in Japanese. This obviously turned off potential Exxon consumers. And when Budweiser advertisers used the Spanish translation for "the King of Beer" they didn't realize that beer is a feminine noun – so that Budweiser Beer could not be the King, but must be the Queen of Beers. The advertising campaign had to be re-tailored to better fit the Spanish culture.<sup>2</sup>

In contrast, smart marketers can sometimes use cultural differences to their advantage. With regard to religious cultural differences, for example, Polaroid was able to successfully market their instant cameras in Saudi Arabia by emphasizing to Arab male consumers of Islamic traditions that through instant photography they were able to photograph their wives and daughters in the privacy of their homes, without exposing them to strangers working in the processing lab.<sup>3</sup>

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<sup>1</sup> David Ricks, *Blunders in International Business*, Cambridge, MA: Blackwell Publishers, 1983.

<sup>2</sup> Huberto Valencia, "Point of View: Avoiding Hispanic Market Blunders." *Journal of Advertising Research*, 23 (December/January 1984): 19-22.

<sup>3</sup> Paul A. Herbig, *Handbook of Cross-Cultural Marketing*, NY: Haworth Press (1998).

Next to language, food preference is the most culture-sensitive topic. For example, the instant drink, Tang, was difficult to market in France because the French drink little orange juice, and almost none at breakfast. Instead, Tang changed their strategy to market the drink as a refreshment, good at any time. Similarly, when General Foods introduced Jello to Great Britain in the American style, the British were not interested in the powdered form. As a result, General Foods now sells Jello in its jelled form.

Even such a simple factor as color can have different implications for people of different cultures. Blue is considered by Americans to be the most masculine of colors. However, in France and Britain, it is red. While Americans consider pink very feminine, most of the world considers yellow to be the most feminine color. In China and Japan, the color gray is associated with cheap products. In contrast, in the US gray is associated with greater expense, high quality, and dependability. Color is therefore another cultural factor that must be considered by marketers seeking to influence consumer decision-making.<sup>4</sup>

Nonverbal communications include facial expressions, eye contact, gestures, body movements, posture, physical appearance, space, and touch. The meanings of nonverbal communications vary from culture to culture. When advertisers market products, they need to keep in mind the cultural differences. For example, the Japanese often use silence to project a favorable impression. They frequently say little and can even occasionally close their eyes while others are speaking, to help them concentrate. To many Americans, Japanese politeness can come across as phony. However, to the Japanese, an American's directness and loudness can appear as a lack of self-control. So advertisements that portray the main actors as brash and in-your-face can repel Japanese consumers, who will associate American over-aggressiveness with the product or service advertised and decide to turn it down.

Another point for marketers to consider is that people living in different countries have different life experiences. Marketing decisions are based on the priorities they have

set for themselves, according to their individual cultural perspectives. For example, cigarette consumers in wealthy countries such as the US are willing to pay extra money to have their cigarettes filter-tipped. They are more aware of the health risks related to smoking and are willing to pay more for the filter tip. However, in poor countries, where the life expectancy is rarely more than 40 years, threats of cancer may seem less real and can be more easily ignored. For such consumers, the extra cost is not worthwhile.

Just like there are cultural differences between countries, the American society as well cannot be treated as one whole. It is really made up of many ethnic subcultures, each with its own distinct set of values and norms. Culture is defined as “the values, ideas, artifacts, and other meaningful symbols that help individuals communicate, interpret, and evaluate as members of society.”<sup>5</sup> Ethnicity is similarly defined as “pertaining to a social group within a cultural and social system that claims or is accorded special status on the basis of complex, often variable traits, including religion linguistics, ancestral or physical characteristics.”<sup>6</sup> Both these factors are important in considering consumer decision-making.

Marketers are learning that they cannot treat Hispanics, Asians, and African-Americans as one large cultural melting pot, for their cultural backgrounds are not the same. These three populations have a combined buying power of over a trillion dollars. In addition, the number of different ethnic populations is rapidly growing, because of the continuing stream of immigrants from Russia, Poland, and the Middle East.

In the past, ethnic marketing was practiced by a handful of black and Hispanic-owned companies, focusing on the fields of health and beauty aids and food. But more recently, companies such as Soft Sheen Products and Goya Foods have been joined by others, such as Procter and Gamble and Sara Lee. The reason is that recent US Census reports have shown the growing number of minorities. Lafayette Jones, executive vice president of Segmented Marketing Services Inc., a consulting firm that specializes in

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<sup>4</sup> Lawrence Jacobs, Charlie Keown, Reginald Worthley, and Kyung-Il Ghymn, “Cross-cultural Colour Comparisons: Global Marketers Beware.” *International Marketing Review*, 8/3 (1991):21-30.

<sup>5</sup> James F. Engel, Martin R. Warshaw, and Thomas C. Kinnear, Promotional Strategy: Managing the marketing communications process.

ethnic marketing, calls the data from the US census, “a wake-up call for marketers.” Gary Berman, president of Market Segment Research, a firm specializing in ethnic market research, said, “it should come as no surprise that at least half of all Fortune 500 companies have launched some ethnic marketing initiatives.”<sup>7</sup> For example, leading retailers, including J. C. Penny, Montgomery Ward, and Sears, Roebuck and Company have announced plans to sell merchandise specifically targeted to black and Hispanic consumers.

An example of these recent advances can be found in the field of telecommunications. New immigrants spend a large proportion of their funds on international long distance calls. In some cases, they spend as much as 50% of their income calling their country of origin. Because of this, AT&T, MCI, Sprint, and GTE have found an opportunity for ethnic marketing. A new player in the field, Telefonos de Mexico (Telmex), teamed up with Sprint to form Telmex-Sprint Communications. They are targeting the Mexican-American or Latino and Hispanic communities throughout the US.

The Hispanic market now totals nearly 30 million people in the United States, comprising more than 11% of the total population. By 2050, Hispanics are expected to make up almost a quarter of the population. The Hispanic segment is already larger than the entire population of Canada, with the spending power of over \$350 billion, making it a worthwhile community for marketers to consider.

The Hispanic market is the easiest segment of the population to define, because of the common Spanish language. Even though Asian-Americans share the same race, they do not all share the same language. Chinese, Japanese, and Koreans do not speak the same language. Even within the Chinese-American market, the language spoken will vary according to the individual’s place of origin (e.g., Mainland China, Hong Kong, or Taiwan).

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<sup>6</sup> “Telecom Marketing Opportunities to Ethnic Groups: Segmenting Consumer Markets by Ethnicity, Age, Income and Household Buying Patterns.” The Insight Research Corporation. (1999).

<sup>7</sup> Michal J. McDermott, “The Ethnic Market Offers Many Opportunities.” (2001).

Jose Pina, manager of the Hispanic Division of Acosta Sales and Marketing noted, “Hispanics want to feel ‘culturally welcomed’ in your store.” He explained that this can be accomplished by using cultural icons and symbols, bright colors, bilingual signs, and hiring Hispanic employees. He added, “Retailers who want to reach foreign-born Hispanics should emphasize branded items from the homeland and de-emphasize US brands, emphasize bulk foods, recognize traditional religious holidays, and offer bilingual point-of-sale materials.”<sup>8</sup>

The Asian-American consumer population is fast-growing as well, with a market of 10.5 million. On a yearly basis, Asian-Americans constitute the largest group of immigrants to the United States, with an annual purchasing power of \$101 billion. With an average age of 30.1 years, this market is younger than the general market and has the highest average household income in the country. Because of the Asian preference for multi-general households, they also have a larger than average household size. Asians are known to adapt easily to new technology and to be willing to spend their above-average income on this technology. AT&T has made use of this information and geared promotional advertising for high-tech services to the Asian community.

The African American population has a purchasing power of \$450 billion and continues to spend more than their white counterparts on luxury items such as cars, clothing, and home furnishings. Many marketers have come to realize that they can target this market over the Internet. So such websites as [www.netnoir.com](http://www.netnoir.com) and [www.afro.net](http://www.afro.net) are at the forefront of attracting hundreds of thousands of African Americans.<sup>9</sup>

It is not that simple to correctly target ethnic markets. Special attention must be paid to make sure that the products or services being promoted are true to the culture they mean to attract. For example, Mattel Inc. produced black Barbie dolls that, except for their skin color, were identical to their white Barbie dolls. But consumers were dissatisfied with this half-hearted measure. This prompted Olmec Corporation, a New

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<sup>8</sup> “Produce Marketing Associates Fresh Summit 2000 Workshop Summary: Reaching Ethnic Consumers. [Produce Marketing Association](#).”

York-based black-owned company, to introduce Imani, a Barbie-type doll with authentic African-American feature. This product was an instant hit with black consumers.

Major cultural festivals and holidays present unique opportunities for marketers to target consumers. During this time of year, wise marketers welcome the chance to approach consumers at cultural events in their own communities and demonstrate that their patronage is appreciated. As Saul Gitlin, director of Strategic Marketing Services of Kang & Lee Advertising Inc. said, “Acknowledging cultural events and holidays is a way to build a bond, a way to show commitment and a way to recognize their diverse lifestyles.”

The important holidays in the Asian market include Asian Lunar New Year, which is celebrated by the Chinese, Korean, and Vietnamese communities, and the Moon festival, celebrated by Chinese and Koreans. Christmas and January 6, Los Tres Reyes, are important holidays that unite all the Hispanic communities. For African-Americans, Kwanzaa, the period of time between Christmas and New Years is especially important. Important also is Martin Luther Kings’ birthday in January and the month of February, Black History Month.

Howard Buford, the president of Prime Access Inc., multicultural marketing firm specializing in advertising and direct marketing suggests that during February, “if a retailer is selling clothes, now is the time to bring out the prints with the African influence.” He explained that many minority consumers feel as though they are members of “out groups.” They do not feel included in mainstream advertising. Therefore, when a marketer does something that is clearly aimed for them, it strengthens the consumer-marketer relationship. “It tells them you’re thinking about them, that they’re important. It’s not just a matter of including them in ads.”

Indeed, with regard to advertising, marketers must take care not to seem as though they are exploiting cultural differences just to make money. They have to be cautious not to reinforce the idea of segregation and market segmentation in a negative way. Cynical consumers may see targeted marketing as bids to win them over for the financial profit

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<sup>9</sup> Lisa Skriloff and Dawn Cornitcher, “Multicultural Marketing: A Marketing Imperative.” Multicultural

alone. As AT&T spokesman Burke Stinson observed, “When you’re advertising to special markets, the only way it works is if the company does not appear to be paying lip service.”<sup>10</sup>

Research had pointed to the importance of targeted advertising. It has indicated, for example, that advertising in Spanish is more effective in Hispanic audiences. According to a study by the Roslow Research Group, bilingual Hispanics found English-language ads 38% less effective than Spanish-language ads in terms of ad recall. In addition, they found English-language ads 70% less persuasive and 27% less effective than Spanish-language ads in giving over their main message. So it is worthwhile to figure out advertising strategies that will both be sensitive to the community and effective in its message.

The trick is also to figure out a way to fit in with the consumers’ lifestyle. For example, Verizon recognized that African-Americans frequently use the Internet and therefore teamed up with BET.com, the Internet arm of Viacom’s BET Holdings, to offer financial incentives to African-American Internet users who also use Verizon services.

In conclusion, culture and ethnicity play a major role in consumer decision-making and the concepts discussed above must be included in all marketing strategies.

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<sup>10</sup> Rachel King, “Don’t Call it Segregation.” The Net Economy. (2001).

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