

Cents and Sensibility: Why Marketing to Multicultural Consumers Requires a Subtle Touch

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In an era of globalization and fluid national borders, advertising that appeals to cultural and ethnic identity has become a vital part of the corporate marketing arsenal. But new research co-developed by Wharton shows how ethnic-oriented marketing can backfire and even turn multicultural consumers against a product or service, as three marketing professors explain in a paper titled, "Bicultural Identity and the Dark Side of Targeting."

Research findings such as theirs will have major implications for marketers around the world focused on consumer globalization and target marketing. Large waves of immigrants -- including Hispanics to the U.S., Asians to the U.K., North Africans to France and Arabs to Germany -- are expected to greatly change the multicultural mix of key consumer markets for generations to come. In the U.S. alone, more than half of all families with children will be multicultural by 2025, according to a 2009 report by information and media group The Nielsen Company. As this population grows, it will gain economic clout. Between 2009 and 2012, the buying power of Hispanic and Asian Americans is predicted to increase 40%, reaching more than \$2 trillion.

That point is not lost on a growing number of companies, including McDonald's: It now does 40% of its U.S. business with ethnic minorities, and half that group is younger than 13. In response, McDonald's runs focus groups with disproportionate numbers of minority participants. The company has also introduced performance standards for its advertising agencies, requiring them to measure how well their work addresses ethnic "insights."

"It's not a secret that the demographics are changing hugely, and what is considered a majority or a minority population is going to be in flux over the next five to 15 years," says Wharton marketing professor [Americus Reed II](#), who teamed up with Stefano Puntoni and Peeter W.J. Verlegh from Erasmus University's Rotterdam School of Management in the Netherlands for the research. "It is incumbent on marketers to address these differences."

To do that, marketers need to get a grip on the complex issues that contribute to people's sense of identity. "This involves trying to understand their culture, their upbringing, and the symbolic cues they identify with and how that relates to their self-esteem," says Reed.

It also involves being able to, as Reed puts it, "drill down and discover what it means to possess this ethnicity" -- which is what the professors set out to help marketers do. Their research -- a three-part study of immigrants living in the Netherlands -- underscored, among other things, how verbal and visual "cues" in advertising that are incongruent with a consumer's ethnic identity can negatively influence buying decisions.

Queen's Day vs. Chinese New Year

In the first study, actors with either Dutch or Turkish ancestry asked university students for donations on behalf of a fictitious charity. Participants were second-generation members of the Turkish ethnic minority (that is, born in the Netherlands of Turkish parents) or monocultural Dutch consumers. The researchers changed the images appearing on backdrops behind the actors, alternating between photos of Rotterdam's modern Erasmus Bridge and the iconic Hagia Sophia, a former Orthodox basilica and mosque that is now a museum in Istanbul. The bicultural participants reacted less favorably to the "mainstream" Dutch actor when he appeared alongside the photo of the Turkish landmark.

The reason? According to the paper, "Bicultural consumers have two cultural models as part of their identity and the relative level of activation of these models can change across situations. Subtle environmental cues may activate one identity or the other."

In the second experiment,, participants were shown ads with both incongruent and congruent cultural cues featuring either Asian or Caucasian spokespeople. The control group comprised first-generation Chinese immigrants -- that is, Chinese who moved to their new country at an age when, according to the paper, they had already developed a firm sense of their ethnic identity. This group was shown the same cultural cues -- for example, photos of Queen's Day in the Netherlands or Chinese New Year in Hong Kong -- as the second-generation participants in a series of ads.

This experiment found that the second-generation Chinese, who were more likely to identify themselves as Dutch-Chinese and have been more exposed to two cultures, reacted more negatively than the first-generation Chinese to incongruous cultural marketing messages, such as when an ad with a Caucasian spokesperson included Chinese cultural cues and vice versa.

Using first- and second-generation respondents helped the research team establish the importance of duality in the minds of multicultural consumers. "The point is that if you don't have the two different cultures, your reaction will be less volatile," Reed says.

The Talking Chihuahua

The third experiment explored the reactions of second-generation bicultural Chinese consumers to a product that has strong cultural associations in different countries -- in this case, rice.

The first step was to prompt the second-generation participants to "think Chinese" when they were shown nine symbols of Chinese culture, such as a pagoda and the Great Wall, for what they thought was a study about culture. They then were asked to participate in a different study for a new rice product, by looking at ads -- some of them "identity congruent" (rice for Chinese dishes), others "identity incongruent" (rice for Italian dishes). The ads elicited more negative reactions when they were perceived to be culturally inconsistent. "Only when respondents had been made to 'think Chinese' by exposure to ethnic ... cues, did their level of Chinese identification influence their disliking toward an identity-incongruent product," according to the paper.

The research results provide several new takeaways for marketers. For one thing, they show that a person from a mixed background can have two reactions to the same message, depending on how it is presented. The results also underscore the importance of avoiding oversimplification in targeting minorities. "In particular, the strategy of targeting a second-generation ethnic minority member with a message tailored to her ethnic identity may backfire when the consumer encounters the message in a situation in which her mainstream identity is especially salient," states the paper.

In the past, Reed says, many advertisers thought of ethnic or cultural background as a "bucket" in which to put individuals. Advertisers would take survey data -- from, say, the U.S. Census -- in which individuals simply checked boxes that best described their cultural or ethnic background. However, he says, "that doesn't get at what that really means in people's heads. What does it mean to possess ethnic identity?"

According to Reed, the latest research is additional proof that assigning individuals to an ethnic bucket can be arbitrary and clumsy approach to target marketing. As advertisers attempt to reach out to a particular ethnic group, they can come on too strong with a message, and alienate the consumers they are aiming to attract.

He cites an advertisement that Taco Bell ran with a talking Chihuahua saying, "I love Taco Bell," in Spanish. The fast-food chain offended some Hispanic consumers, who felt the ad was a derogatory stereotype. "It was too overt," says Reed. "Taco Bell was trying to tap into some ideas that were in line with the cultural milieu, but it was not done in a tasteful way and there was a backlash."

Walking a Fine Line

When a company botches ethnic marketing, the best that can be hoped for is that consumers are indifferent, according to Reed. But an ad campaign "often gets negatively encoded, and the reaction is to reinforce a stereotype or create a backlash that will make the consumer less likely to generate a favorable reaction to the product," he warns.

Companies attempting to design bicultural marketing campaigns walk a fine line, Reed states. "They have to construct persuasive communication in a way that does not trivialize on the basis of ethnic affiliation, but does not become so watered down that it doesn't speak to either dimension."

One company that's working on getting that balance right is Coca-Cola, where multicultural consumers currently account for 33% of its U.S. sales volume -- a figure that is expected to rise to 40% by 2020. With that in mind, the company has switched from promoting one-off events, such as Hispanic heritage month or Cinco de Mayo, to more encompassing campaigns around a 12-month strategy beyond ads. This might involve sponsoring the World Cup to appeal to bi-cultural male consumers or a Spanish-language television soap opera to appeal to female consumers.

The way Reed sees it, in campaigns such as these, a "certain sense of subtlety" is required. As the research suggests, people with dual identities are acutely aware of marketers trying to reach out to them on the basis of cultural identity. If the marketer overdoes it, the message smacks of pandering and can be dismissed as a calculating attempt to profit from cultural values and heritage.

"The challenge to marketers," states Reed, "is to calibrate the ad [in such a way] that the dominant identity is reinforced with more subtlety. The idea is to pick one identity and develop symbolism that is not center stage so it doesn't get on people's radar and trigger an offensive reaction."