

**Excerpt from Book Titled – Multicultural Marketing:
Selling to the New America by Alfred L. Schreiber
Afterword: What Will the Business of the Next Century Look Like?
By Victor Edozien of The Asaba Group, Inc.**

We started this book by asking, “What will the New America look like?”

Now that we have shared information and insights that sheds light on that question, it is time to ask a second one:

“What will new American *business* look like?”

How will it operate? What will its priorities be?

We invited Victor Edozien of The Asaba Group to share his views. Victor, a seasoned strategy consultant, is originally from Nigeria. He holds undergraduate and graduate degrees in electrical engineering and geology from Syracuse University. Also, he studied business administration and management at University of Pittsburgh and University of California, Berkeley. He started his career as an engineer at United Technologies, where he was awarded a US patent. He then went to business school and joined the Ford Motor Company. After Ford, he joined a Bain & Company consulting spin-off called The Lucas Group. This was a corporate strategy consulting practice focused on the needs of private equity funds and their portfolio companies.

Here, he led numerous growth strategy engagements, which has led to substantial growth in revenue and profits for private equity investors and Fortune 500 clients. Recently Victor helped launched The Asaba Group, a strategy consulting practice focused on developing pragmatic winning growth strategies in the multicultural environment. The goal of The Asaba Group, located in Boston, is to help corporations, private equity investors and middle market companies enter and prosper in this new market.

Find out more about The Asaba Group by visiting www.asabagroup.com

How should a company find success in America's growing multicultural markets?

That is a disarmingly simple question. Therefore, I will answer in an equally simple way.

A company should think about entering the new markets in essentially the same way it would think about entering a new market abroad. You begin by asking these strategic questions:

1. What are the relevant market segments? (Size and defining attributes)
2. What is your unique value proposition to these segments? How well do your products fit the needs of the target consumers?
3. What are the optimal channels to fulfil the requirements of the target segments?

Let us say you had decided to sell your products in Vietnam. How should you undertake your marketing efforts?

You would not simply go there with your same products, place advertisements in Vietnamese electronic media and magazines, and expect to succeed. You would most likely begin by asking the key strategic questions mentioned earlier. Yet, many American businesses approach ethnic markets without asking these same strategic questions. These businesses proceed by spending money and time placing ads. This is indicative of viewing ethnic markets as only a *downstream tactical initiative*.

Repeatedly, we see mid-level marketing and brand managers who are charged with making decisions about the ethnic markets without clear knowledge on how to approach these markets. These managers have defaulted to hiring ethnic advertising agencies and placing ads in what they have defined as "culturally relevant" media. Creative content is typically an African-American, Asian or Hispanic face in their ad. These, in most instances, maybe the same ads used in the mainstream media. With this done, it assumed that the job is done.

This approach reflects the prevalent attitude that ethnic marketing is really an afterthought - something that comes after your mainstream marketing efforts. The result? A number of non-

strategic and uncoordinated efforts that get very little incremental revenues or build lasting customer loyalty. Non-strategic investments with little or no economic returns.

Let us return for a moment, think again, about how you would go into Vietnam, and try to achieve market success there. (The same questions might be asked about China, Eastern Europe or any emerging market.)

If you followed the current practices - hiring an ethnic-oriented agency, placing some ads - you would sell some product, because there is always latent demand in any market for products, which meet the needs of consumers. However, are these sales the true potential of the product? Would these practices get the sales and ROI you should expect from growing markets?

To achieve success you must find answers to the questions mentioned earlier:

❑ What are my relevant market segments?

Remember that not every Vietnamese will buy your product. It is more likely that a target segment, perhaps two million Vietnamese, will potentially buy what you have to sell. They are your relevant market segment.

Then, taking things further, you can divide the potential two million target consumers. You may determine that there is a segment that will buy your premium product and another segment that will buy your value product.

❑ What is your value proposition? How well do your products match the needs of customers in these segments?

What products will these consumers want? Keeping in mind that the desired products may be somewhat different from those you have in your current portfolio.

Back to our example, in Vietnam, you might identify two unique customer segments to target: Upscale consumers and more general, value-oriented consumers.

It is unrealistic to view the Vietnamese population as monolithic. Yet here in American, some corporations market to African-Americans, Asians or Hispanics through a monolithic lens.

By way of example, let us say I am a manufacturer of fine dinnerware and I am going into the Vietnamese marketplace. There may exist a consumer segment, which will desire high-end, premium dinnerware.

Now when you look at your product portfolio and say, “What product do I have in my portfolio that is high-end fine china?”

You might say, “Okay, I have some elegant gold-encrusted patterns which might meet the needs of the consumer.” Alternatively, you might do even better and say, “The patterns that will sell best must be unique and culturally relevant to that population - I can’t position something in my existing lineup as what they want.”

Therefore, you can take the product and make incremental changes so it is relevant to the high-end Vietnamese customer segment. This is all about ensuring optimum fit between your products and the target customer.

❑ What is the relevant channel for selling your product?

In order to sell product, you must have it available where the target customer will most likely seek it. In our example, high-end Vietnamese consumer will seek the product in the higher-end channels e.g. department stores etc. While the value product at the mass-market retailers. This same principle applies to ethnic markets.

So the key point for corporations, is a need to understand that multicultural marketing is not simply taking existing products and advertising it to your target consumers through appropriate media, but its determining the appropriate products and placing it in the relevant channels and markets.

Bringing it Back Home

Three Questions to Ask

- ✓ How big is the relevant business opportunity?
- ✓ What are the relative consumers segments?
- ✓ How do those segments overlap with my product portfolio?

Therefore, it is critical to take a strategic approach, and not simply spending money advertising in appropriate media.

This is one reason many marketers find themselves in the unfortunate position of saying, **“I’m spending all this money in the ethnic segment, but I have no idea whether I am making any sales.”**

When marketers express this concern, it is because fundamental marketplace questions have not been asked and answered - the fundamental questions we have discussed above, which must be asked before going into any market.

In addition, questions that are more logical follow.

Is Your Infrastructure Up to the Job?

What portions of your existing infrastructure can you leverage in going after the new multicultural market opportunity?

If you are going after an ethnic segment within the U.S., there are certain elements of your existing infrastructure that you can leverage and some that you cannot utilize in its present form.

You might use the same distribution channel and maybe the same sales force. Nevertheless, you have to ask, is that the right way to proceed? Alternatively, is some new kind of thinking required?

As an example, let us consider a marketing problem that can be quite revealing.

Let us say you are a skin-care company and that you have products with a high potential usage with African-Americans, e.g. a lotion that can be an effective remedy for razor bumps. African-American men have a very high incidence of razor bumps and ingrown hairs on their skin after shaving.

Now, if your company already has a product that addresses this problem, the next question is how well are you reaching African-American consumers? Do they have to go to Macy's or another department store to purchase it? If so, is that the optimal channel to sell your products? I say no. I say the sales you are getting through such general distribution channels are just general-market sales. If you are going to tap the real potential of the African-American market, you have to repackage your product, so that it becomes culturally relevant to African-American consumers.

This can be an African-American cultural image on the packaging - or some other relevant message on the packaging. (Interesting to note, it can be the same product that is already in your product lineup.)

The next question is; how do you distribute the product? The best way is going to be through barbershops and beauty shops that cater to African-Americans.

Because African-Americans, in general, do not get their hair cut or get shaves at typical mainstream salons and boutiques. They have

their own hair care channel, which is unique and different from going to your typical saloon.

Therefore, if you are the skin-care company and you have an appropriately packaged product,

How many African-American men have razor bumps? If you are able to get 50% share of that market with a focused product . . . well it more than pays for the investment in packaging and distribution. Because it is the same product, you are selling.

you now sell it through all those beauty locations that are used by African-Americans.

Then you begin to advertise it through African-American dominated media (print and electronic). Marketing investments are promotional fees for free samples rather than listing fees, coop dollars or floor space investments, which characterizes the department stores channel. In addition, you have a unique SKU that allows tracking of product sales and profit contribution in your targeted market segment. You are no longer in the position of saying, "I'm running some ads, but I don't know how effective they are or if these ads are generating sales.

Because African-Americans are brand-loyal, you are also building strong customer franchise and loyalty. Once the African-American consumer knows you have a product, which works, and it is sold at the point of need: barbing saloons, then you have achieved lifetime value in that customer. The consumer knows that you have a product he needs and it is conveniently available at the time of need.

With lifetime value, you can extend your "share of wallet". African-Americans, like all Americans, have a variety of needs for skin-care products: for body cream, deodorants, and astringents. Once you are underway, you can grow your presence and "own" that customer in a particular product/commodity category.

Take it One Step Further

The next question is what is your operating model?

The operating model is all about People, Systems and Business processes.

This is where the multicultural market strategies and approaches need to mesh with corporate diversity initiatives. In corporate America, diversity initiatives are implemented independently with no links to the realities of the multicultural marketplace.

Companies talk about diversity. And they talk about multicultural marketing on another track

entirely. Corporate executives are thinking, “Corporate diversity is a good thing . . . the right thing to do.” But these same executives also wonder, “Does diversity make sense from a business point of view?”

Well, the more important questions that needs to be asked:

❑ How can we get the most ROI from the economic potential in the multicultural markets?

And next,

❑ How can we link our recruitment, hiring and retention of ethnic minorities to that multicultural market opportunity?

Let me loop back to the skin-care company example. If a company can develop and package a skin-care product for African-American men and sell it through appropriate distribution channels, it should logically go on to ask, “Who should be our marketing and sales manager for this skin care product?” If the multicultural market represents a significant share of sales, the company should then define the competencies for that position through a multicultural lens.

The competency definition might be someone who understands the issues of skin problems that are unique to African-Americans; someone who can go to the salons and barber shops and build the required trade/channel relationships.

What emerges is a competency definition that consists of the required marketing and sales capabilities. But in addition, it defines an individual who understands African-American culture and can relate to African-Americans merchants. In filling this position, it is very likely that the individual will be an African-American.

So, the candidate profile stops being a race-based definition and becomes a competency-based definition. And nine out of ten times, that competency definition defines an African American individual, even though there is nothing about race in the profile.

But the company might well end up with a Caucasian who can do the job. But the point is, looking for someone who understands the market space - who can relate.

The Benefit to Your Company

So now that you are entering into the multicultural marketplace, and hiring for needed competencies, it becomes much more likely that you will be interviewing and recruiting appropriate diversity candidates.

In just a short time, the need to search for appropriate minority candidates becomes less. You are attracting a strong set of multicultural oriented candidates, because you have defined competency profiles for jobs that fit their profiles

Over time, this kind of thinking comes to permeate the organization. It defines competencies everywhere in the business process. Another example is, if a customer (skin-care company) have a problem with a particular product, and there is a toll-free number on the bottle for customer service issues - well, when they call into the customer service call center, who will they reach? Will the people who answer the phones understand African American skin-care needs? Well, the representatives at the call center need to understand. So if you define the competencies for those positions, chances are you will no longer have all Anglo-Americans answering the phones. You are going to have some African-Americans, Hispanics - or other employees who match your market.

And with sophisticated phone systems now available, when a call comes in you can have a message that says, "If you are calling about such-and-such a product, press 1 now . . .". You can route that call straight to an African-American representative who will understand the cultural nuances of the customer.

Defining human resources needs based on competencies, you get beyond the kind of thinking

that dictates, “I need ten blacks, three Hispanics, four women.”

And you can use this approach at a higher level in the organization. Who will be your Vice-President of customer service? Or the Manager for call-centers? Increasingly, to address your markets, you will need people at all levels that understand the cultural nuances of the consumer. Your entire organization may well begin to have a multicultural flavor.

If you have a sizeable and growing African-American market, for example, you can go to your R&D department and say, “We need four new products for our evolving African-American market.”

You soon need to have R&D employees who understand the marketplace and African-Americans. So soon, you are hiring biochemists that are African-Americans. This is how corporate diversity recruitment initiatives are linked with multicultural market opportunities - and with your business processes and competencies.

You are moving from race-based definitions to competency-based definitions. It is so much more effective and needs based than saying, “We have quotas.” Incidentally, if your company is ever questioned about its minority hiring, you can point to the competencies you are hiring for, and how you are filling them. No one will ever question your activities.

On a grander scale, America is increasingly becoming a multiethnic majority country. By 2010, population experts forecast ethnic minorities at 40% or more of the general population. Some early population statistics forecast California to become the first state to have an ethnic majority population by 2001. If you think about it, the more multicultural and flexible an organization is, the more adaptive and better it will perform in the future.

Linking corporate diversity to the market opportunity makes business sense. It becomes a holistic system. Everything is linked together. The linkage between how you deploy your

resources with the market opportunity. And it all makes sense.