



# INSIGHTS

## Learnings and Implications for Marketers

### The ABCs of Marketing to Asian Americans

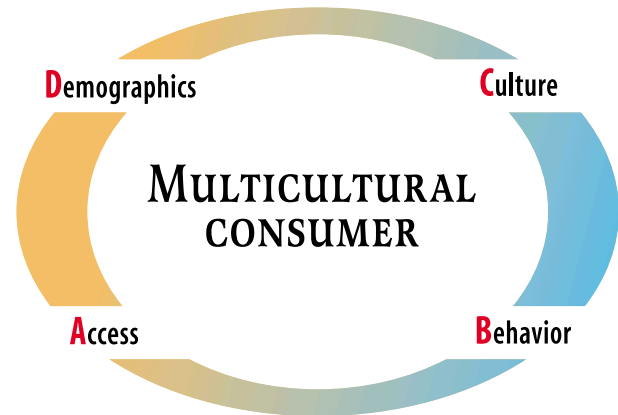
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The U.S. population is experiencing significant transformation as it becomes more and more multicultural. Asian Americans are a key driver of this transformation. Over 13 million consumers strong, this group is experiencing significant growth and receiving significant attention as marketers realize the importance of targeting a group that has the highest median income, the highest purchasing power per capita, and the highest educational levels of any ethnic group!

Many marketers are tempted to slow down or even steer clear of this market because of the myriad languages, religions, cultures, and values within the Asian-American marketplace. However, targeting can be done effectively with a little homework.

For starters, Cultural Access Group's "A/B/C/D Model" provides a strategic way to dimensionalize the Asian-American consumer, helping marketers understand the various facets of this segment.

- The **demographics** portion summarizes *why* Asian Americans are an important target market. Upon further investigation and depending upon your product or service, it can also provide a framework for *whom* to target (quantifying chosen segments such as by characteristics such as county of origin, level of acculturation, age and generation).



- The **cultural** portion uncovers clues about *why* Asian Americans act the way they do and gives ideas about cultural relevance.
- The **behavioral** portion features ideas about *what* Asian Americans purchase and whether efforts should be focused on developing category awareness for low-incidence products or on brand development and loyalty for high-incidence products.
- The **access** portion reveals information about *how* to communicate and offers data on appropriate media options.

All chart data is derived from the 2005 Cultural Access Group/Interviewing Service of America Asian-American Market Report.

### Demographic Dimensions

Asian Americans still represent an untapped market in which "first movers" clearly have a competitive advantage.

#### Key Learnings

One of the fastest-growing segments of the population

Larger households

Highest incomes; highest per capita buying power

Highest educational attainment

Highest percentage in management and professional ranks

Regionally concentrated

#### Implications & Recommendations for Marketers

Opportunities to grow abound as the target market grows. Word of mouth is very important and marketers will certainly reap rewards if they can successfully connect with this market now.

Potential for selling higher-volume, bulk products; opportunities for selling through warehouse and club-store formats.

Greater disposable income; opportunity to sell upscale, premium products.

Sophisticated consumers; educate through labels and messaging.

Sophisticated consumers; reach through news and trade publications.

Greater efficiency; effectively allocate dollars through more-targeted advertising and distribution.

Source: 2005 CAG/ISA Asian-American Market Report



### Cultural Dimensions

Cultural factors can affect Asian Americans' preferences and behavior. By understanding issues surrounding acculturation, identity, values, heritage and other cultural nuances, marketers can be sensitive to their target markets. Below are some key learnings and implications.

#### Key Learnings

#### Implications & Recommendations for Marketers

Asian Americans tend to acculturate faster than Hispanics.

Marketers need to keep in mind that although 62% of Asians are foreign-born, many come to this country with a knowledge of English. Marketers must be sensitive to their cultural nuances but also keep in mind the segment's acculturation level.

In general, Asian Americans tend to identify with their own country of origin first (i.e., Chinese Americans with the Chinese culture, etc.).

Marketers need to understand their target markets at a country level and limit the use of the term "Asian American."

Saving money is considered an obligation for the future

Marketers should emphasize value; cost savings, special promotions; financial products should help maximize financial resources via efficient planning and investments.

Family is a focal point.

Larger/bulk sizes may be appealing; messaging should be family-friendly and appealing to multiple generations living under one roof.

Education is a family affair.

Products and literature should "inform"; products that promote learning (especially for kids) would do well.

Emphasis on the group rather than the individual

Products should emphasize multiple benefits for multiple users rather than a single benefit for a single user.

Asian Americans tend to identify with their own communities.

Local, grassroots marketing works well; word-of-mouth advertising can take off within these communities.

The elderly are revered.

Company/brand heritage may be more effective than novelty/new products; focus on "tried and true" products for this market.

*Source: 2005 CAG/ISA Asian American Market Report*

### Behavioral Dimensions

The CAG/ISA survey, investigated a cross-section of categories for product incidence. One key finding: *Cable television incidence is 64% for Asian Americans compared to 70% for African Americans and 57% for Hispanics. Within the Asian segment, Filipinos are the largest cable TV subscriber group.* Other key learnings are as follows:

#### Key Learnings

#### Implications & Recommendations for Marketers

Asian Americans tend to frequent fast food Chinese and Asian restaurants more than other fast-food (based upon past seven-day usage)

Fast-food marketers may want to keep in mind the key Asian food staple – rice – and offer this product regardless of the type of restaurant. This may be one reason Asians frequent these types of restaurants.

Coupon use is not widespread among Asians.

Marketers should consider methods other than couponing to induce trial for a new product or repeat usage for an existing product.

Asians are heavy users of financial services – ownership of checking and savings accounts is and credit cards higher for Asians than for all other groups.

Financial institutions need to upsell these consumers into more sophisticated products.

Asians tend to rely on loans less than Whites however, incidence of mortgage loans to Asians is higher than Hispanics and African Americans

Financial institutions need to educate Asian Americans on loan options.



## **Behavioral Dimensions** *(continued)*

### **Key Learnings**

### **Implications & Recommendations for Marketers**

Higher-income Asian Americans who have lived in the U.S. longer tend to transfer more money overseas.

Financial institutions and money-transfer providers should target the higher-income, more acculturated Asians for these types of services.

Computer ownership among Asians is significantly higher than Hispanics and African Americans.

Computer and related companies should market add-on products and other technologically savvy products to this consumer group. Additionally, advertising in technology or computing magazines may be a good way to reach this market.

Asians tend to own more consumer electronics than the other groups, including digital cameras, MP3 players, DVDs, and digital camcorders

Asian Americans are early adopters for high-tech products, so consumer electronics companies should target this group first.

Asian Americans have higher rates of Internet access and tend to access the Internet via cable modem.

Strong technology familiarity, online activity, and high-speed connections make this group a strong potential for online shopping, banking, ticketing, and more.

Asians are more likely than other groups to use pre-paid phone cards.

Asians are big long distance communicators and companies may want to tap into this with added or alternative services.

Asians are more likely than other groups to have a cell phone.

Asians will embrace new features and functions of cell phones as they are early adopters of technology. Keep in mind text messaging as a potential advertising channel.

Asians have a fewer number of cars per household than Hispanics or Whites.

Lower rates of car ownership could be a function of living in more densely populated, urban areas, so car manufacturers should focus on the sales cycle or selling more luxury cars.

Asians under-index on cruises compared to Whites and African Americans.

Cruise lines should educate Asians on the benefits of taking a cruise and should also research destinations Asians would want to cruise to.

Asians are less likely than Whites and African Americans to consult their doctor about prescription drugs they have seen advertised.

Pharmaceutical companies should consider creating separate advertisements for Asian Americans, keeping in mind the linguistic and cultural needs of their target audience.

Asians are more likely than other groups to have taken alternative medications.

Pharmaceutical companies should consider more education in this area to offset the behavior of using alternative medications as substitute products.

Asians are the least likely to agree that generic drugs are just as effective as brand-name drugs.

Asians are more brand-conscious in this area, so pharmaceutical companies should leverage the strength of their brand among consumers.

*Source: 2005 CAG/ISA Asian American Market Report*



**Accessing Asian Americans**

Asian Americans are eager for information and recognition from marketers and the media. However, it is important to note that consumption of in-language media among Asian Americans is still affected by the number of outlets and vehicles available in the market. The experience in the U.S. Hispanic market has shown that as the number of media outlets grew, the use of in-language media also grew.

**Asian-American Media Habits**

	Prefer native language	Prefer English and native language equally	Prefer English
Television	26%	39%	34%
Radio	26%	25%	41%
Print	34%	28%	36%

**Media Consumption by Nationality**

Mean number of hours of:	Chinese C	Filipino F	Indian I	Japanese J	Korean K	Vietnamese V
TV	17	25CIKV	17	22CIKV	18	17
Radio	13I	16CIK	10	15	11	14IK
Print	12V	13IV	10	11	12	10

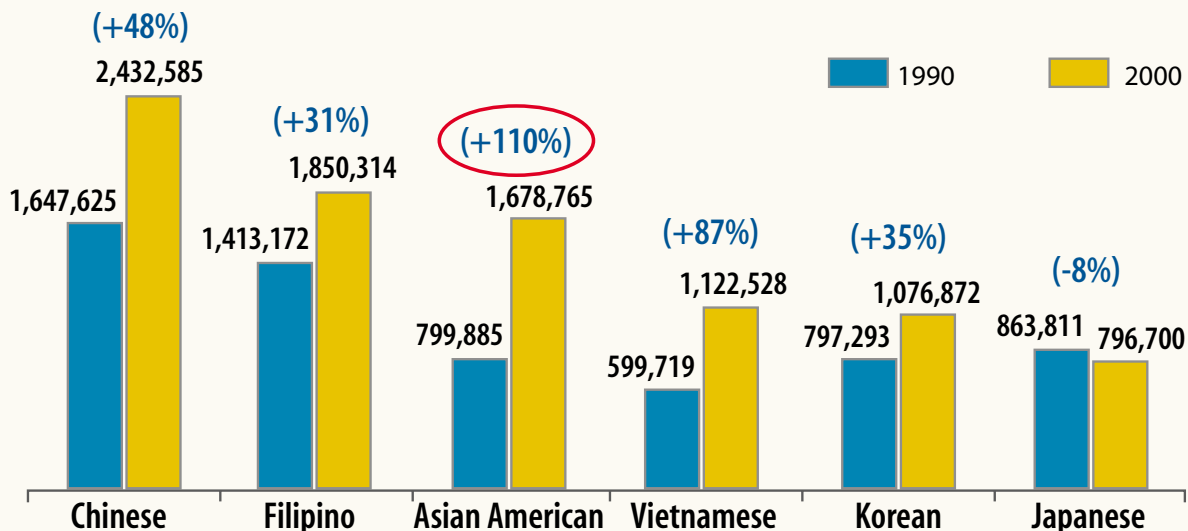
NOTE: Total media consumption includes print, TV, and radio (excluding Internet) in English and in-language. Weekly consumption was calculated based on daily numbers. Base = Asians

Source: 2005 CAG/ISA Asian American Market Report

This information will provide you with a jumpstart as you turn the key and head towards targeting Asian Americans. However, the key to targeting this group is to “divide and conquer.”— that is, divide this group into manageable segments based upon your own strategic and business goals and dimensionalize this segment based upon the A/B/C/D Model®. Then, utilize these findings to develop a strategy to “conquer” the most attractive segment.

**DID YOU KNOW?**

**Sub-segment Population Growth Patterns Shifted in the Last Decade**



Source: U.S. 1990, 2000

Provided by IW Group