

# THE NEW BUSINESS IMPERATIVE

## The U.S. Asian Market

### The U.S. Asian Market Opportunity

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Only a small fraction of Fortune 500 companies target Asian-American consumers. For those who have ventured into the U.S. Asian market, their investments have largely produced very strong dividends. Nowadays, being engaged in the U.S. Asian market doesn't just make business sense; it is quickly becoming a business imperative.

#### *But why should an American corporation target Asian Americans?*

One major reason is the need for corporations to grow incremental market share of their products and services. Let's face it: White Americans are growing older and are having fewer and fewer children. Today, roughly 12 percent of the U.S. population is over the age of 65. By 2050, that number will grow to 21 percent, according to *USA Today*. A vast majority of these older adults will be white, while the Asian-American, African-American, and Hispanic populations will continue to have large and growing numbers of younger consumers.

#### *What is the upside for corporations?*

When corporations consider targeting Asian-American consumers, they will find a market that is the fastest-growing segment of the U.S. population. Today, according to the U.S. Census, there are more than 13.5 million Asian Americans with an enviable level of spending clout exceeding \$363.2 billion per year. If this isn't enough to convince a corporation to enter the U.S. Asian market, consider this: Asian-American consumers, as a whole, represent a population that exceeds that of several European states, including Austria, Belgium, Denmark, Finland, The Netherlands, Portugal, and many others. If a company is marketing its products and services in these mature European markets, common sense dictates that it should also consider marketing to the growing Asian-American market.

### Asian Purchasing Power and Population Size Is Larger Than Many European Countries



Source: The World Bank Group, 2000; U.S. Census Bureau 2000.

#### *Excuses for not advertising to Asians*

Fear and a general lack of understanding are the primary reasons why most corporations choose not to engage Asian-American consumers. Most corporate marketers unabashedly say that the U.S. Asian market is too vast, too complicated, and too fractionalized to be taken seriously. Still others claim that their budgets are too small and limited to target Asian Americans effectively. In a broader attempt to alleviate corporate fears and concerns, marketers should do their homework and ask more questions, starting with, "what is there to fear about Asian-American consumers?"

Smart marketers usually begin with market research. Although there is a dearth of solid market research available on Asian-American consumers, Nielsen Media Research has just begun to release compelling data on cable and broadcast television consumption habits of Asian-American consumers in key media markets such as Los Angeles and San Francisco. If this doesn't convince corporate marketers, perhaps Arbitron's radio consumption data on Chinese-American consumers will. Arbitron's study data is scheduled to be released before summer.

Once empowered with research, marketers should consider entering the market by developing marketing strategies and initiatives that target one or two of the Asian-American sub-segments. Building cultural competency in one or two sub-segments first will allow companies to build their business at a pace that is easier to manage.

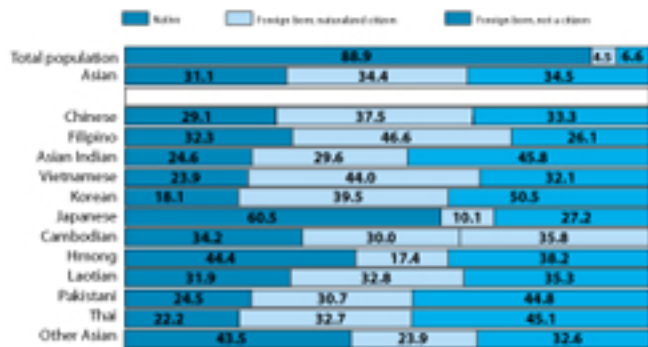
#### *The correlation between population growth and language*

Marketers should also consider what's fueling America's population growth today and in the future. Immigration is one factor; another is higher-than-average birthrates—particularly among Asians and Hispanics. Today, 40 percent of all legal immigrants are from Asia, and more than two-thirds of the Asian-American population was born overseas. And, while English is being adopted by many immigrants and their offspring, languages and dialects other than English continue to play a vital role in Asian-American households and in other social settings.

The best approach to reaching Asian-American consumers is to have full integration of marketing, advertising and public relations. With the rapid acculturation of Asian-American consumers, it is essential to have messages that resonate well with English speakers as well as consumers who prefer other languages or dialects. And, since many Asian-American consumers select products and services as a group, corporate marketers would increase their chances of reaching Asian Americans if they use a myriad of tactics that incorporate Asian-language and English-language initiatives.

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## Nativity and Citizenship Status: 2000

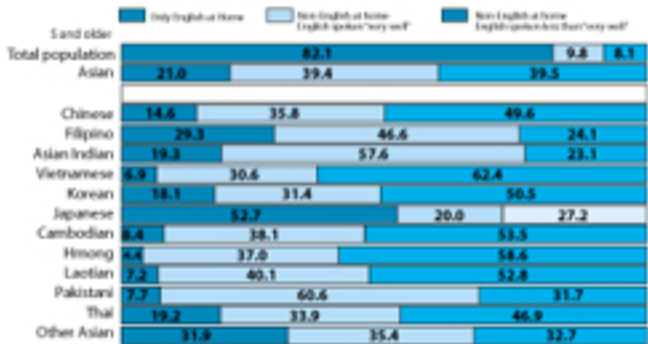


Source: U.S. Census Bureau, Census 2000 special tabulation.

## Are Asian Americans consuming more English-language media?

English-language broadcast and print media are important sources of news information and entertainment. With a growing number of acculturated Asian Americans coupled with a growing number of American-born Asians, marketers cannot ignore consumers who consider themselves fluent in English. The U.S. Census indicates that approximately 83 percent of the U.S. Asian population speaks English "well" or "very well."

## Language Spoken at Home and English-Speaking Ability: 2000



Source: U.S. Census Bureau, Census 2000 special tabulation.

Although this is a very impressive statistic, marketers must continue to recognize that a majority of Asian Americans still prefer to communicate and receive information in languages other than English at home and in other social settings. As previously mentioned, smart marketers will recognize that the best methods to reach Asian-American consumers is through a fully integrated approach that includes advertising, marketing, and public relations strategies and tactical elements. Smart marketers will also recognize that Census figures only reflect stats for people who have chosen to complete the Census. Many Asian-American

consumers—especially those who speak languages other than English—probably skipped the Census. For any campaign to be successful, marketers must also work to ensure that their marketing initiatives are culturally sensitive and relevant to the audience they are trying to reach. Ad campaigns that are only in Asian languages will fail to reach Asian-American consumers who speak only English, while English-only campaigns may not be fully understood by those who prefer to consume news and information in their native languages.

## Media options continue to grow

Most marketers know that their corporate interests, marketing, and sales are aided by their understanding and knowledge of media and their ability to work with them effectively to build their brands. In 1990, there were approximately 200 Asian-American media organizations in the U.S. By 2005, the number of media organizations (excluding new media) grew by a whopping 300 percent to more than 625. Cable, free-access television, radio, and a variety of publications, large and small, are now an integral part of America's media landscape, yet only about \$100 million is spent in total to advertise and market to Asian Americans.

Compared to the mass market, media buys in the Asian-American market are an amazing bargain. Asian media, whether executed in English or an Asian language, are focused on the most critical interests of Asian-American consumers as a whole. News, entertainment, sports, talk, and other topical areas are covered with cultural flair and relevance, and in a manner and style that is familiar to Asian-American consumers. Most Asian-American media organizations concentrate on a specific Asian consumer segment, enabling marketers to target Chinese, Korean, Asian-Indian, Vietnamese, Hmong, Thai, Japanese, Filipino, and English-speaking Asians with specialized messages—and in a cultural context that is often times missing from mass-market media programming.

Advertisers and marketers should take special note that Asian-American consumers have an average annual household income that is just under \$56,000, compared to approximately \$45,000 for the average mass-market household. And with Asian Americans placing high value on education and getting ahead, more than 44 percent of all Asian Americans hold college degrees and are securing a greater number of management and professional white-collar positions.

For companies interested in growing their businesses, one of the best places to start is the U.S. Asian market.