

Serving Ethnic Markets

by Dan Casanova*

As the populations of minority groups in the U.S. rise, retailers have begun to take notice. These fast-growing segments of the population can open significant new markets for both national chains and small businesses alike. Many businesses must alter their products and marketing strategies to satisfy and attract minority customers. Sometimes this can be as easy as offering the product or service in another language, but often, it requires much more fundamental changes. Emerging ethnic neighborhoods offer great locations for businesses looking to expand into the ethnic market and be close to other businesses serving the same customer base, and many cities have begun to take actions to help ethnic businesses start or remain in business.

Demographic Trends

In the 2000 Census, out of 281.4 million Americans, 75.1% were white, 12.5% were Hispanic or Latino, 12.3% were African-American, 3.6% Asian, 0.9% American Indian or Alaskan Native, 0.1% Native Hawaiian and Pacific Islander, 5.5% other races, and 2.4% a combination of two or more races. With the rise of the Hispanic and Latino population, the 2000 Census marked the first time that African-Americans were not the largest minority group. By 2010, minorities are expected to make up a third of the U.S. population.

Another recent trend in U.S. demographics is the increasing percentage of minority-owned business. In 1982, minorities owned less than 7% of U.S. firms. By 1997, almost 15% of U.S. firms were owned by minorities. This 15% accounted for 3 million businesses with \$591 billion in revenue, creating 4.5 million jobs, and a \$96 billion payroll. Of minority-owned businesses, Hispanics own 40.6%, African-Americans 39%, Asians 23%, American Indian 2.9%, and 17.7% from other groups.

Minority groups also tend to specialize in certain areas of business. Hispanics own a greater percentage of agriculture, construction, and transportation businesses than the national average; African-Americans own a greater percentage of transportation and service businesses than the national average; and Asians own a

greater percentage of wholesale, retail, and service businesses than the national average ("Minorities in Business, 2001").

Marketing Strategies

Ethnic groups respond to ads tailored to them. Since different groups listen to different radio stations and read different newspapers, it is important to tailor your advertising with this in mind. Advertising in the language of the group is essential, as is including members of that group in advertisements, as a nonverbal communication with potential consumers (Farley). Cultural sensitivity is also imperative when developing advertisements targeted at specific ethnic groups, as some colors can be offensive, words can often translate poorly, and certain products or services may conflict with religious or moral beliefs.

One of the best ways to gauge the interest level of ethnic customers in a product or service is to ask them in customer satisfaction surveys and set up booths at local events. A survey conducted at La Marquette Consumiere, a Hispanic farmers market in the Williamsburg section of Brooklyn, concluded that Hispanics in the area wanted to be able to purchase more goat and lamb meat but were unable to find an adequate amount. This kind of deficiency would not have been discovered without this survey ("Ethnic Markets Project Survey"). Multi-Cultural marketing experts also recommend setting up booths at local ethnic festivals to measure interest among different ethnic groups in your product or service before targeting those groups through advertising (Hetzer).



Generally, second generation immigrants start to assimilate to American culture, and therefore tend to not like being targeted as a certain ethnic group. As a result, the ethnicities that require specific marketing and developments are always changing as some ethnicities assimilate, and newer ethnicities immigrate (Newman).

Support Ethnic Neighborhood Businesses

Ethnic business support is usually provided by neighborhood associations and small business centers. Ethnic businesses usually sprout in neighborhoods that have high concentrations of immigrants, which are typically neighborhoods in major cities outside of the downtown areas. Many of these areas have to deal with issues resulting from the gentrification of their neighborhoods, mainly rising rents.

In northern Minneapolis on Lake St., a Spanish-speaking business district is emerging around a worn-out thoroughfare. This Hispanic neighborhood is home to over 30 Spanish-speaking businesses, and serves as a cultural center for the Hispanic population in addition to a business center. This neighborhood was made possible because of the cooperation between immigrant churchgoers, broad faith communities, nonprofit urban institutions, federal and local government, lenders, and philanthropic donors. A survey of area residents indicated that one of their top concerns was being able to start a small business. As a result, community organizations came together to provide training for those planning on opening a business (Inskip).

Barbara Allivato of the Minneapolis of the Minneapolis Development Agency states, "All of our programs require a participation of a bank so many of our referrals come through banks. We market our programs through ethnic and neighborhood publications as well as business fairs. We have a Multicultural Services department in the City with a Spanish-speaking and Somali-speaking staff to assist us with some of our clients. Also many community banks now have multilingual speaking loan officers. Some of our loan publications have also been translated into Spanish and Somali. In addition, we work closely with the Minneapolis Consortium of Community Developers and their staff who make very small business loans to the ethnic communities in Minneapolis. They also offer technical assistance and have a multi-lingual staff."

On Milwaukee's near south side another Mexican community has risen in and near a neighborhood called Walker's Point. Numerous Mexican restaurants, grocery stores, and other businesses have opened along National Ave. and nearby streets. The neighborhood received a grant from the State Department of Transportation to rehab the streetscape in the main commercial areas of

Walker's Point to add benches, widen sidewalks, add street lighting, and construct planters. Walker's Point Development Corp., Walker's Point Center for the Arts, and the Wisconsin Hispanic Chamber of Commerce have all been active in helping the area flourish and making it easier to start businesses with training and loans (Pabst).

Future of Ethnic Retailing

Ethnic groups provide a large and growing market for business operators and entrepreneurs. While these markets have existed for a long time in larger cities, they are becoming increasingly significant in smaller communities. Local demographic statistics included in a market analysis can help identify opportunities and allow a business district to more fully serve its trade area residents.

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