

**ORIENTING THE US FOOD  
AND BEVERAGE MARKET:**

Strategies for targeting Asian Americans to 2010

Management Summary

June 2000

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Orienting the U.S. food and beverage market



Strategies for targeting  
Asian Americans to 2010

# Orienting the U.S. food and beverage market



- Many US food and beverage companies have designed ethnic marketing programs for Hispanics and African-Americans, but very few have attempted to target Asian Americans to date.
- Reasons why may include:
  - *Asian Americans are a highly diverse and complex group. With a multitude of nationalities/customs and no unifying language, it can be hard to know where to begin.*
  - *A smaller group that has grown rapidly in recent years, Asians have generally flown below the radar so far.*
  - *Few hard data are available, and marketers may worry about making mistakes.*
- However, Asian Americans are the fastest growing ethnic group in the US today and have some of the most desirable demographic characteristics of any ethnic group.
- Companies that can begin targeting this group now, before results of the 2000 US Census become available in 2002, will realize many first mover advantages.

# Orienting the U.S. food and beverage market



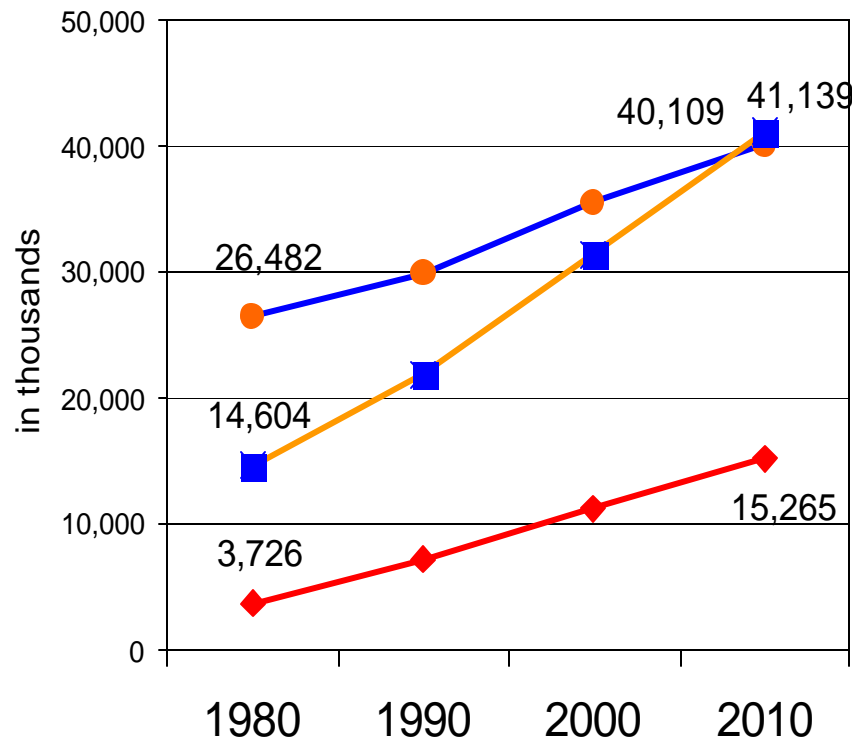
## Why target Asian Americans?

**Asian Americans represent the fastest growing segment.**

➤ From 1980 to 1990, Asian Americans grew 9.4% per year, while Hispanics grew 5.0%, African-Americans 1.3%, Whites only 0.4%.

➤ In the decade ahead, Asian Americans are expected to continue to have the highest growth rate: 3.6% vs. Hispanics at 3.1%, African Americans at 1.3% and Whites at 2.4%.

**Growth by ethnic group**



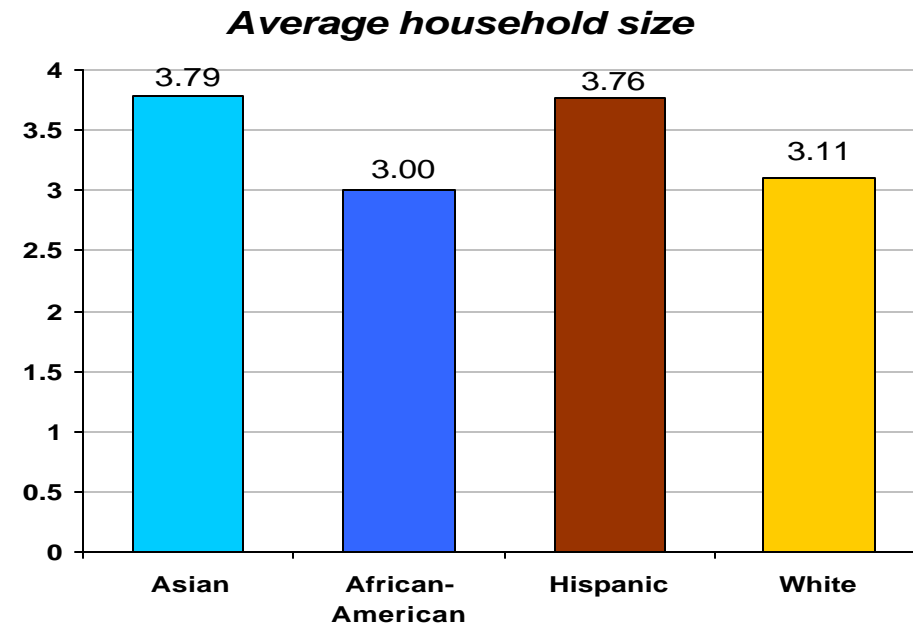
<i>In thousands</i>				
	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>
Asian	3,726	7,227	11,245	15,265
African – American	26,482	29,931	35,454	40,109
Hispanic	14,604	21,900	31,366	41,139
White	180,603	188,425	197,061	202,390

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## Why target Asian Americans?

- **Asian Americans have the largest households.**
- **Asian Americans are, on average, younger than whites.**



- Children are an important share of the Asian American population (though a smaller share than Hispanics or African Americans).
- Brand preferences developed early will carry into adulthood.

**Age distribution in 2000**

Ethnic group	Total under 18	Average age
<b>Asian</b>	<b>20%</b>	<b>32.9</b>
<b>African-American</b>	<b>23%</b>	<b>32.3</b>
<b>Hispanic</b>	<b>24%</b>	<b>29.0</b>
<b>White</b>	<b>17%</b>	<b>37.4</b>

- Large household sizes are due more to extended families/multiple generations in a single household rather than large numbers of children.
- Household size may be important for packaging.

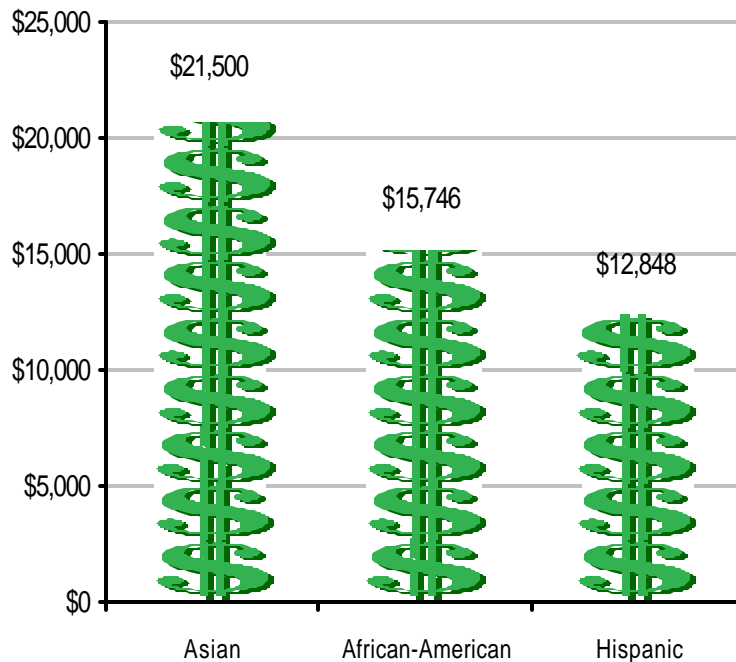
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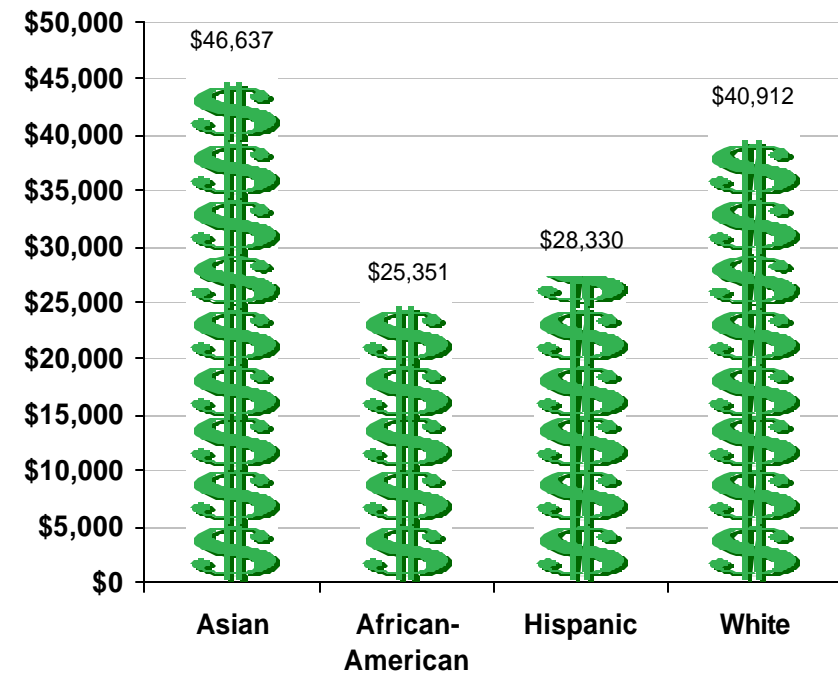
## Why target Asian Americans?

***Asian Americans have the highest incomes and the highest per capita purchasing power.***

*Per capita purchasing power*



*Average household income*



- ***This translates into a greater percentage of disposable income to spend on food, beverage and entertainment.***

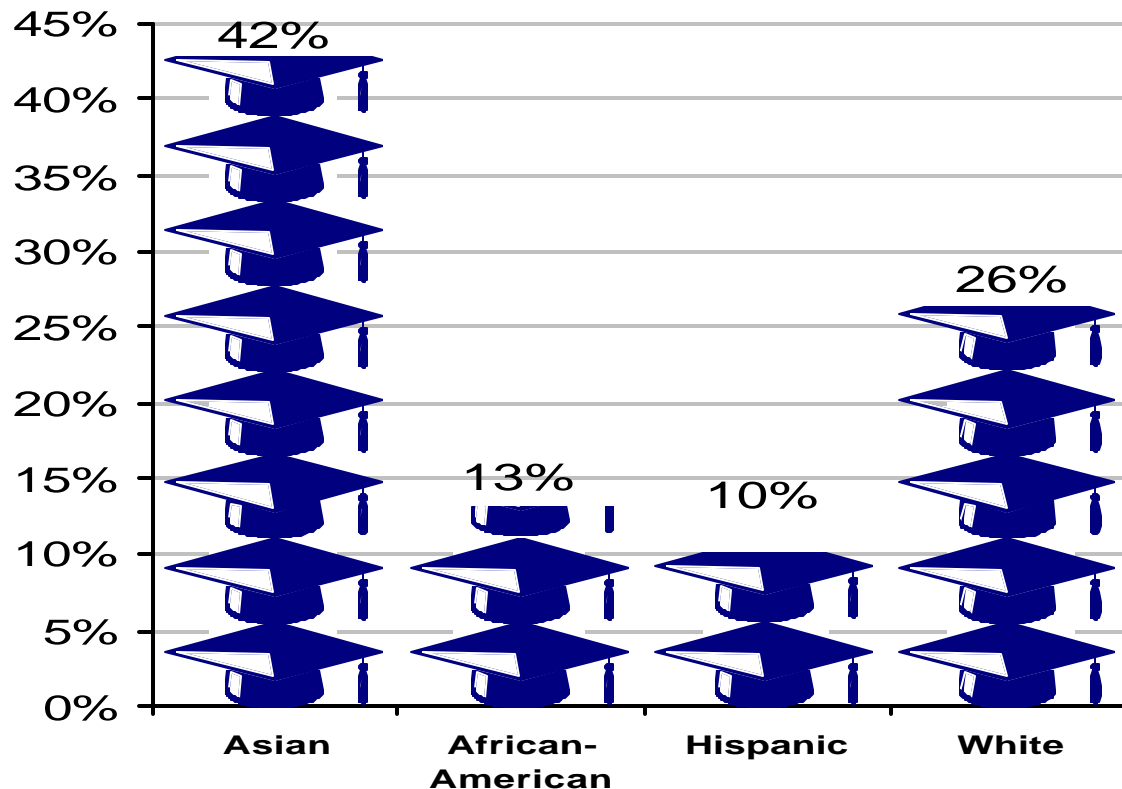
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## Why target Asian Americans?

***Asian Americans have the highest educational attainment.***

***Percent college and higher***



➤ Highly educated people make highly sophisticated consumers

➤ High educational attainment is highly correlated with spending on food and beverages.\*

\*Bureau of Labor Statistics Consumer Expenditure Survey

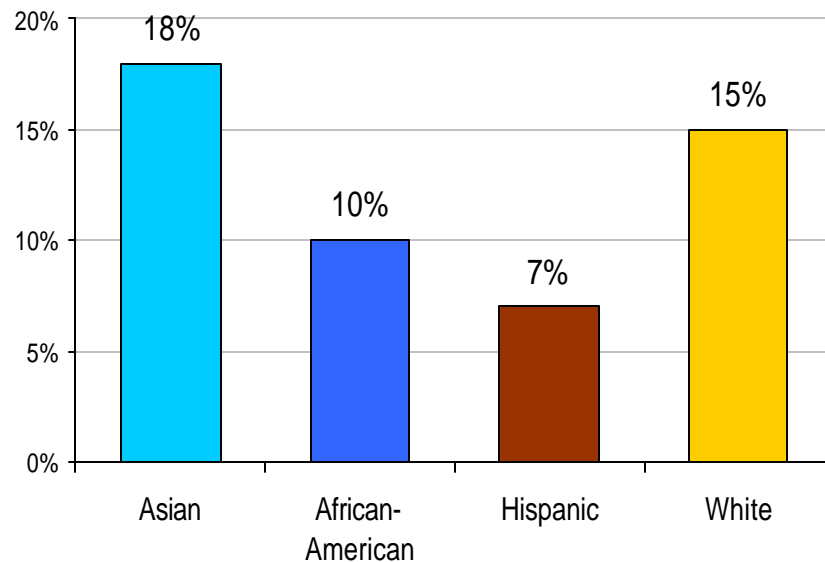
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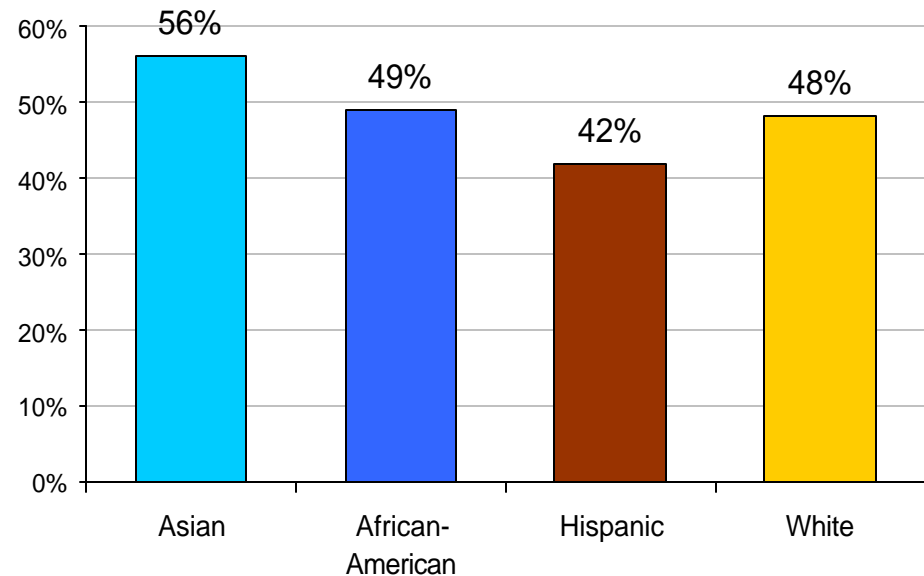
## Why target Asian Americans?

***Asian Americans have the highest participation in the workforce.***

*Percent professionals in the labor force*



*Percent women in the labor force*



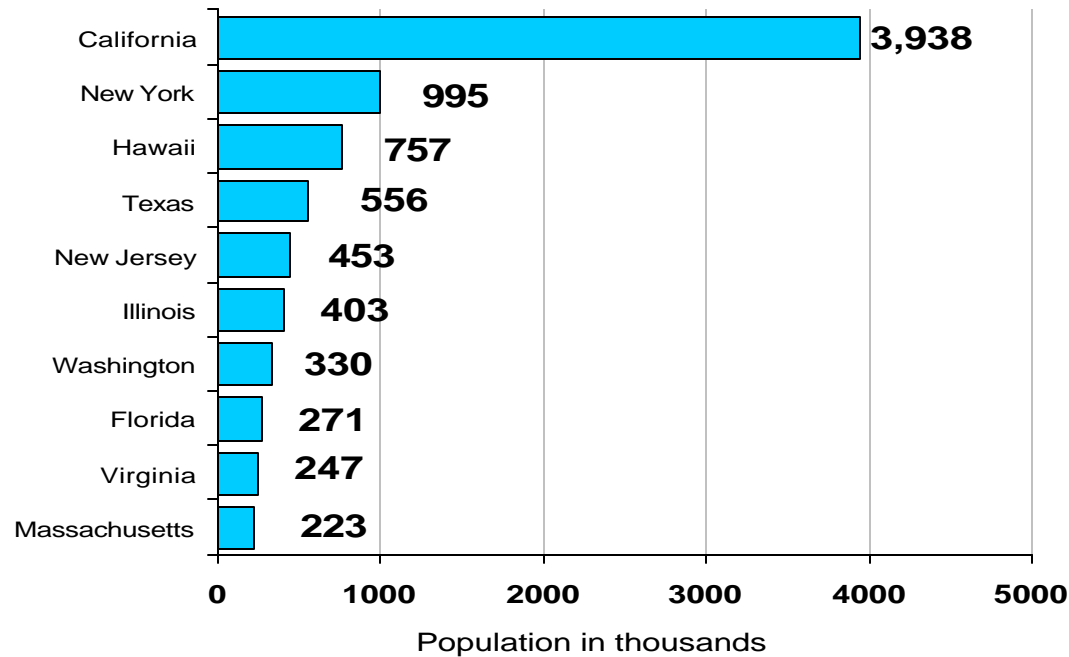
- ***Both total workforce participation and professional workforce participation are higher.***
- ***Asian professionals tend to focus in the health and science fields.***
- ***Asian women have the highest participate rates of any ethnic group and are probably looking for convenience.***

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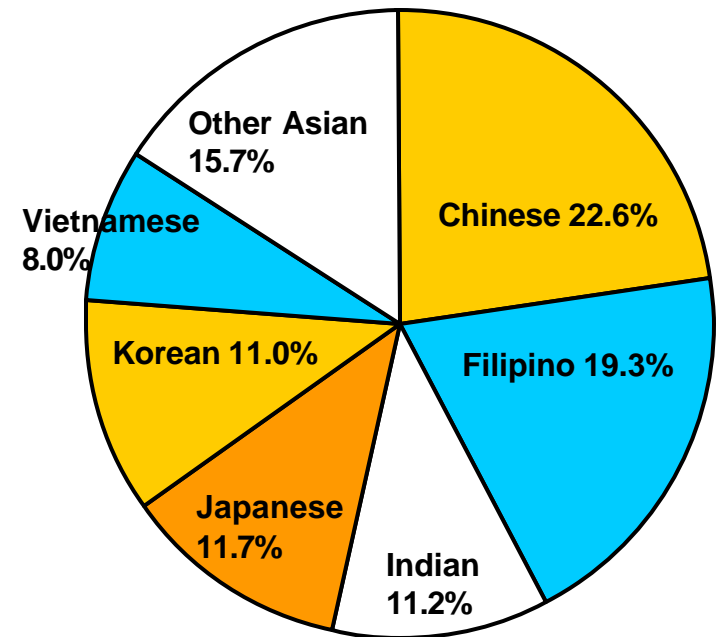


## Why target Asian Americans?

*Asian Americans can be targeted effectively.*



➤ Six major nationalities comprise 85% of the Asian population in the US: Chinese, Filipinos, Indians, Japanese, Koreans, and Vietnamese.



➤ Over 95% of all Asians reside in a metropolitan area versus 91% of all Hispanics, 85% of African-Americans, and 75% of all Whites.

➤ Over 50% of all Asian Americans live in California, Hawaii or New York.

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However, Asian Americans are not a homogeneous group. Even demographically, they differ in many important ways.

## ➤ **Size**

***Chinese are the largest segment***

## ➤ **Growth**

***Vietnamese are the fastest growing***

## ➤ **Immigration**

***Filipinos lead in recent immigration***

## ➤ **Age**

***Vietnamese are the youngest***

## ➤ **Household size**

***Vietnamese have the largest HHs***

## ➤ **Affluence**

***Japanese are the most affluent***

## ➤ **Education**

***Indians have the highest education***

## ➤ **Entrepreneurship**

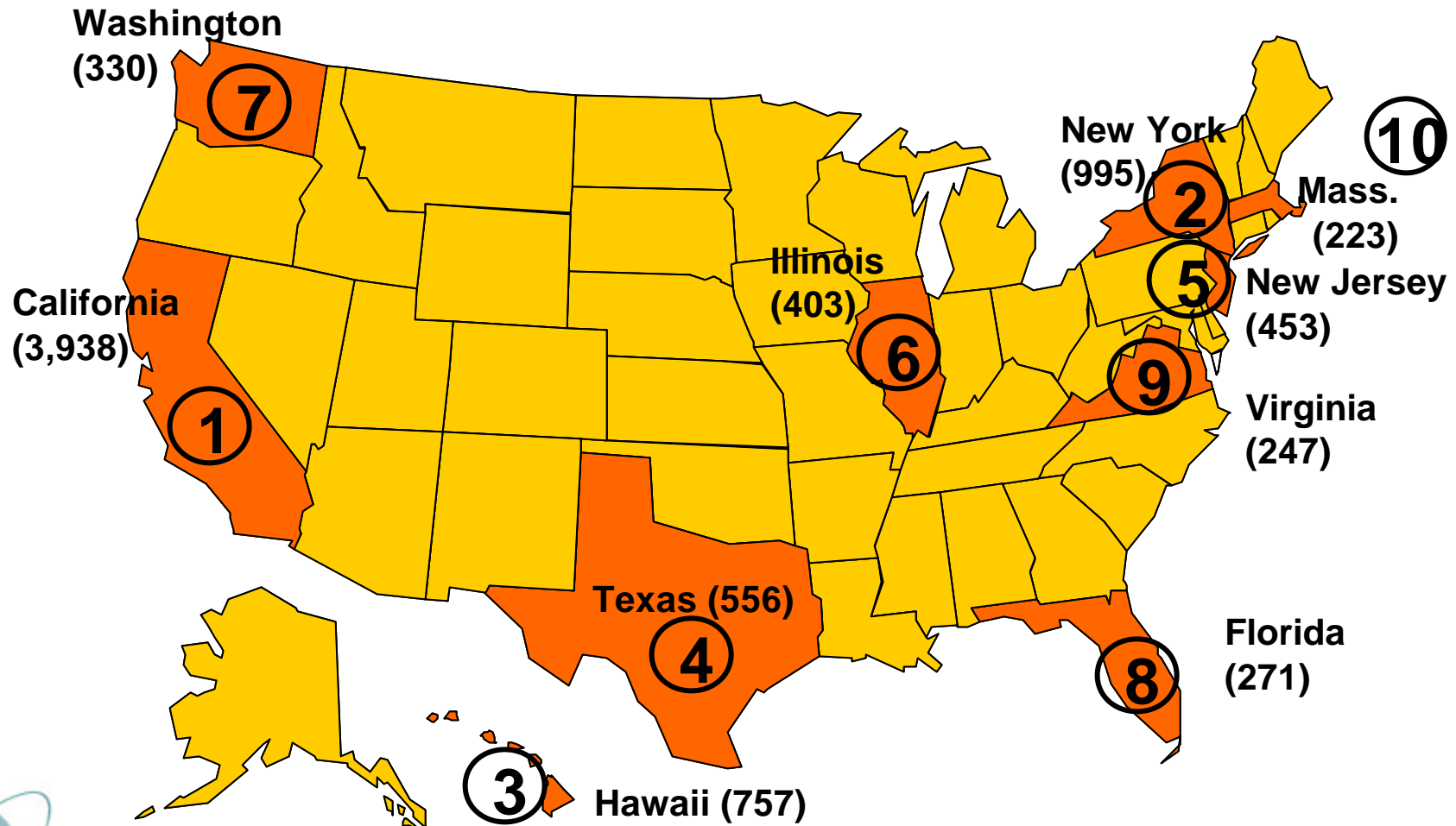
***Koreans lead in business ownership***

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## Geographic concentration:

- *Nearly 75% of all Asian Americans reside in 10 states.*



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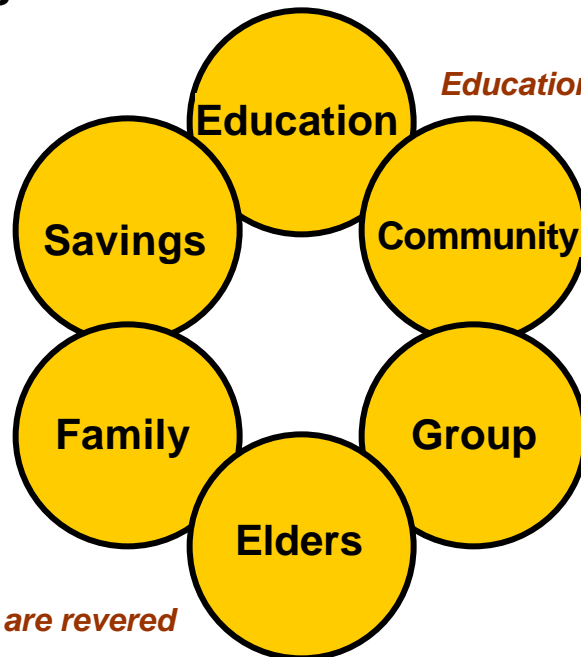


## Shared values unite Asians

*It is an obligation to save for both children's education and parents' care*

*Many generations live Under one roof*

*Older family members are revered*



*Education is prized and is treated as a family affair*

*Asians tend to identify with their respective ethnic communities*

*Asians give priority to the group (i.e. family or society) as a whole rather than stressing individual needs/desires.*

➤ **Marketers must first understand the Asian population as a whole and grasp the common denominators that differentiate this group from other ethnic groups and from the mainstream population.**

➤ **An understanding of common values can help develop and sensitize an overall marketing approach.**

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## Cultural differences:

- **Marketers must also understand fundamental differences among the different Asian subgroups.**
- **Chinese:** This largest group is also highly diverse, with immigrants hailing from Taiwan and Hong Kong as well as China. Mandarin speakers cannot understand those who speak Cantonese. Chinese Americans are often divided into two groups: ABCs (American Born Chinese: assimilated, professionals) and FOBs (Fresh Off the Boat: recent immigrants, blue collar). Roughly 60% of all Chinese Americans live in Los Angeles, San Francisco, and New York City.
- **Filipinos** have a highly diverse culture, reflecting multiple influences: Malaysian, Indonesian, Chinese, Spanish, Japanese and American. Filipinos generally speak Tagalog and English; many have Spanish surnames. Catholicism is the primary religion. In the US, Filipinos have only recently become a visible group, concentrated largely in California.
- **Indians** also have a highly diverse culture, with over 250 dialects spoken at home and many different religions. Indians are relatively recent immigrants to the US. The most highly educated, Indians abound in highly skilled professions, but others are more entrepreneurial, specializing in hotel/motel ownership and retail. Indians are the most widely dispersed Asian subgroup in the US.

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## Cultural differences

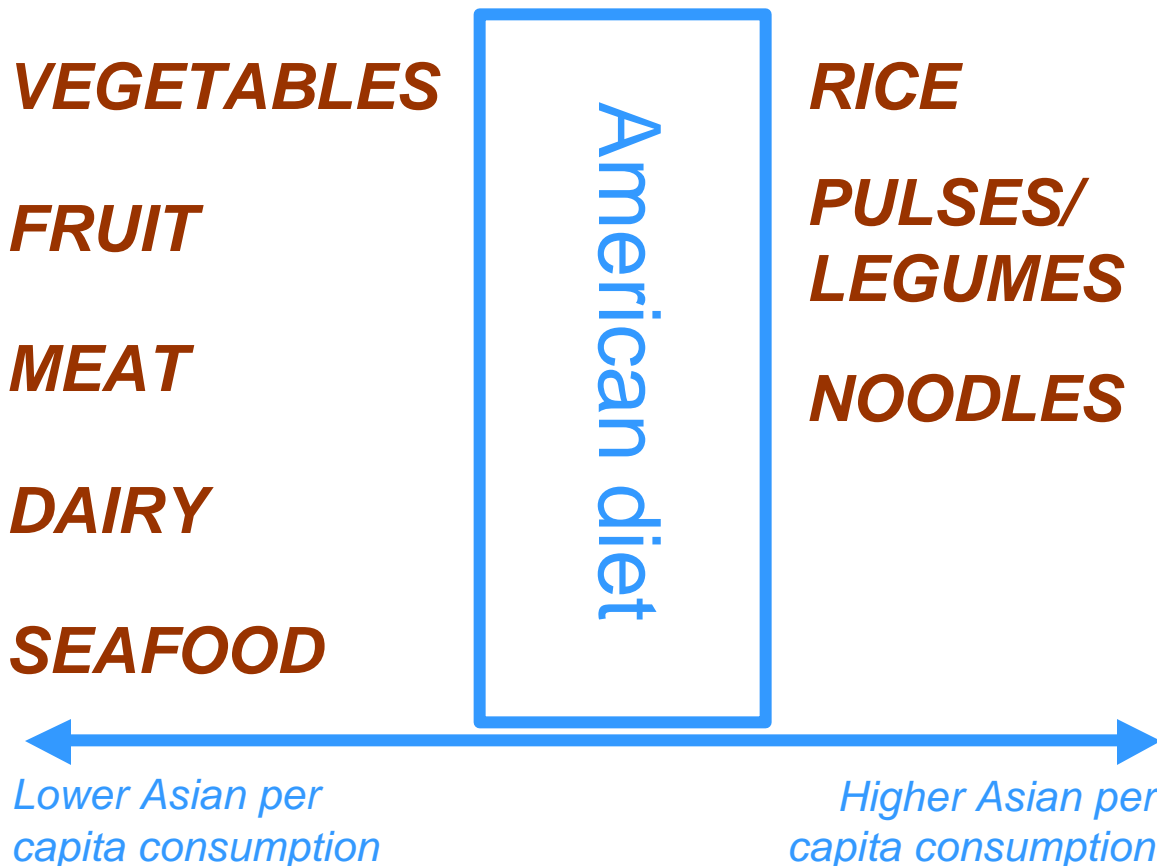
- **Japanese** immigrants came from a culture that has been fairly unified and homogeneous, but few Japanese immigrate to the US today. Japanese Americans are the most highly assimilated: they have the highest proportion of American-born and only 42% prefer to speak in Japanese at home. Nearly 45% of all Japanese Americans live in Honolulu and Los Angeles.
- **Koreans:** Korea was often called the “hermit kingdom” because its people had little contact with the outside world. Immigration to the US soared in the 1970s and 1980s, but has dropped substantially in the 1990s as economic opportunities improved dramatically at home. Although Protestantism is a minority religion in Korea, Korean Protestant churches have grown to 4,000 in the US and serve as important cultural and social centers.
- **Vietnamese:** Vietnam was ruled by China for 1000 years and by France (1880s - 1954), but it has tried hard to preserve its own culture. Vietnamese Americans are the most recent and fastest-growing major Asian group, having come in two major waves after the Vietnam war ended in 1975. Over one-third live in California; unlike most other Asian groups, however, there are sizeable populations in the South, due to US military connection.

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## Cultural differences

### *Asian cuisine as compared to American cuisine*



➤ Per capita food consumption is noticeably lower in Asia than it is in the US.

➤ Key staples of Asian food are: Rice, which is the centerpiece of every meal, noodles, legumes, and bread. Noodles, considered the “fast food” of Asia, signify longevity and friendship. Beans also play a vital role from soy sauce to bean pastes to *dals*.

➤ Per capita consumption of the following foods is lower in Asia than the US, although they still have importance in the Asian diet:

- **Vegetables** are added for flavor and texture;
- **Fruits** play a role in a variety of dishes from savory to sweet foods and beverages;
- **Meats and seafood** are typically cut-up and used more sparingly
- **Dairy** is a factor only in India and Japan.

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## Cultural differences

*Even the concept of a meal is different in Asia*

<b>MEAL COMPONENT</b>	<b>ASIAN CONCEPT</b>	<b>AMERICAN CONCEPT</b>
<b>Breakfast</b> <b>Morning “jump start”</b>	Savory and spicy Spicy and/or pickled foods	Bland and/or sweet Caffeine: coffee or tea
<b>Entrée</b>	Small pieces of cut-up meat or fish, seasoned or sauced	Large, dry piece of meat or fish
<b>Side dishes</b>	Provide balance, enhance flavor, texture	Bland, to provide substance (potatoes, rice)
<b>Condiments</b>	Integral to the meal, adds zest (kimchi, mango pickle)	Peripheral to meal, adds flavor to dry entrée (ketchup, mustard)
<b>Vegetable dishes</b>	Crispy, crunchy from steaming and stir-frying	Usually soft from boiling

- **Asians generally try to combine all tastes into one unifying meal, while Americans try to segregate all tastes, allowing each food to retain its own characteristics.**

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## Cuisine variations

- *Although similarities abound, there are key differences within Asian food cuisines.*

<b>COUNTRY</b>	<b>KEY COMPONENTS OF DIET</b>	<b>KEY FLAVORS AND FEATURES</b>
<b>China</b>	Wheat, rice, sweet potato, pork, seafood	Salty, sour, sweet, hot, fragrant
<b>Philippines</b>	Rice, fruit, vegetables, seafood	Sour, salty, eclectic
<b>India</b>	Rice, wheat, dairy, vegetables, fruit	Intense, flavorful, spicy, diversified
<b>Japan</b>	Rice, seafood, meat, vegetables	Simple, small portions, beautiful
<b>Korea</b>	Rice, vegetables, fruits, seafood, beef	Hearty, bold, nutritious
<b>Vietnam</b>	Rice, noodles, starches, vegetables, fruits	Light and aromatic

- *While the Indians prefer hot spicy food, the Japanese like milder and blander food.*
- *Filipino food is heavily influenced by Spain, and Vietnamese food by France and China.*
- *Korean food is heavier and bolder than Chinese food.*

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## Cuisine variations

- **In order to understand the new immigrants, it is important to understand what is eaten in the home countries.**

	<b>Breakfast</b>	<b>Main Meals</b>	<b>Snacks</b>
<b>Chinese</b>	Congee (porridge-like dish), <i>do jiang</i> (soy-milk soup), <i>noodles</i> , <i>broth</i>	Rice with usually one poultry, one fish, one meat dish, and many vegetables	Congee and other substantive items
<b>Filipino</b>	Stir-fried rice with cured meat. Coffee is preferred over tea.	Many courses served at once: soup, fish, meat, fruit, dessert	Snack time referred to as <i>merienda</i> – can have ground rice cakes, egg rolls, cakes, pastries
<b>Indian</b>	Usually spicy and savory and can include rice, potatoes, flatbreads, eggs	Basmati rice with a curry, a vegetable dish, yogurt, and various accompaniments	Usually in the form of a High tea with crustless sandwiches, deep fried vegetables, turnovers ( <i>samosas</i> ), etc.
<b>Japanese</b>	Rice, <i>miso</i> soup, pickles, tea with additional options to include eggs and <i>okayu</i> (porridge)	Soup, rice, pickles, tea, grilled fish, vegetable	Chips with Japanese flavors such as seaweed
<b>Korean</b>	Rice with other accompaniments	Steamed rice, kimchi, soup, vegetable, toasted seaweed, meat, pickled seafood	Nuts, fruits and cookies
<b>Vietnamese</b>	<i>Pho</i> , broth with noodles and beef	Lunch is light – soup and rice; dinner is much heavier with rice, soup, meat/seafood, fresh vegetables and herbs	Cakes and sweets

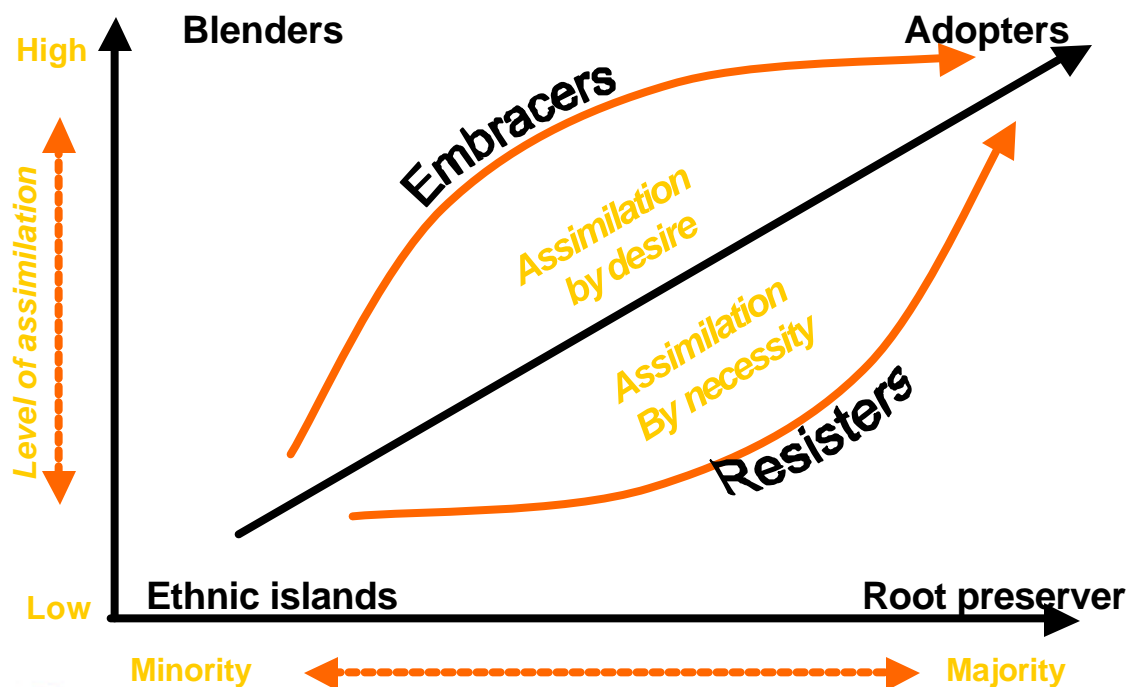
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## Immigration and assimilation

- *It is also important to understand how these new immigrants assimilate into American society, thus changing their eating habits.*

## Two key paths to assimilation



- Immigrants generally follow one of two paths: **assimilation by desire** or **assimilation by necessity**.
  - Those who assimilate by desire intend to “become American” over time, even as they may wish to preserve their heritage.
  - Those who assimilate by necessity emphasize preserving home country culture at all costs.

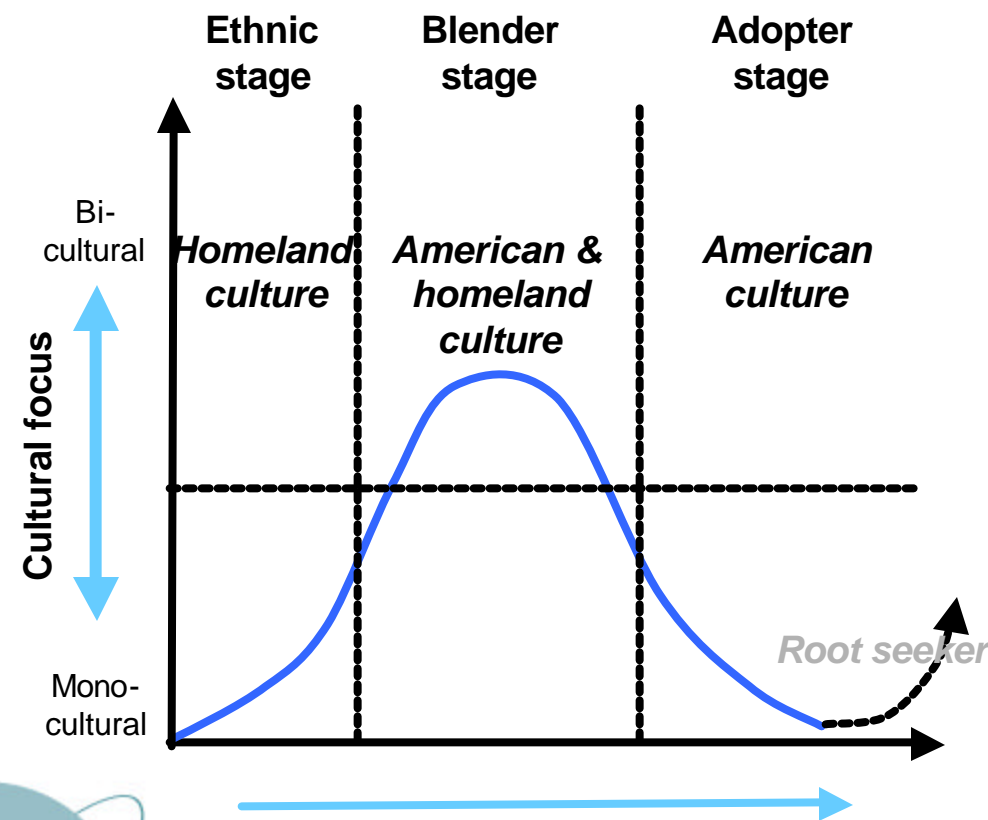
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## Immigration and assimilation

- *Asians tend to assimilate by desire and do so in three stages.*

## Three stages of assimilation



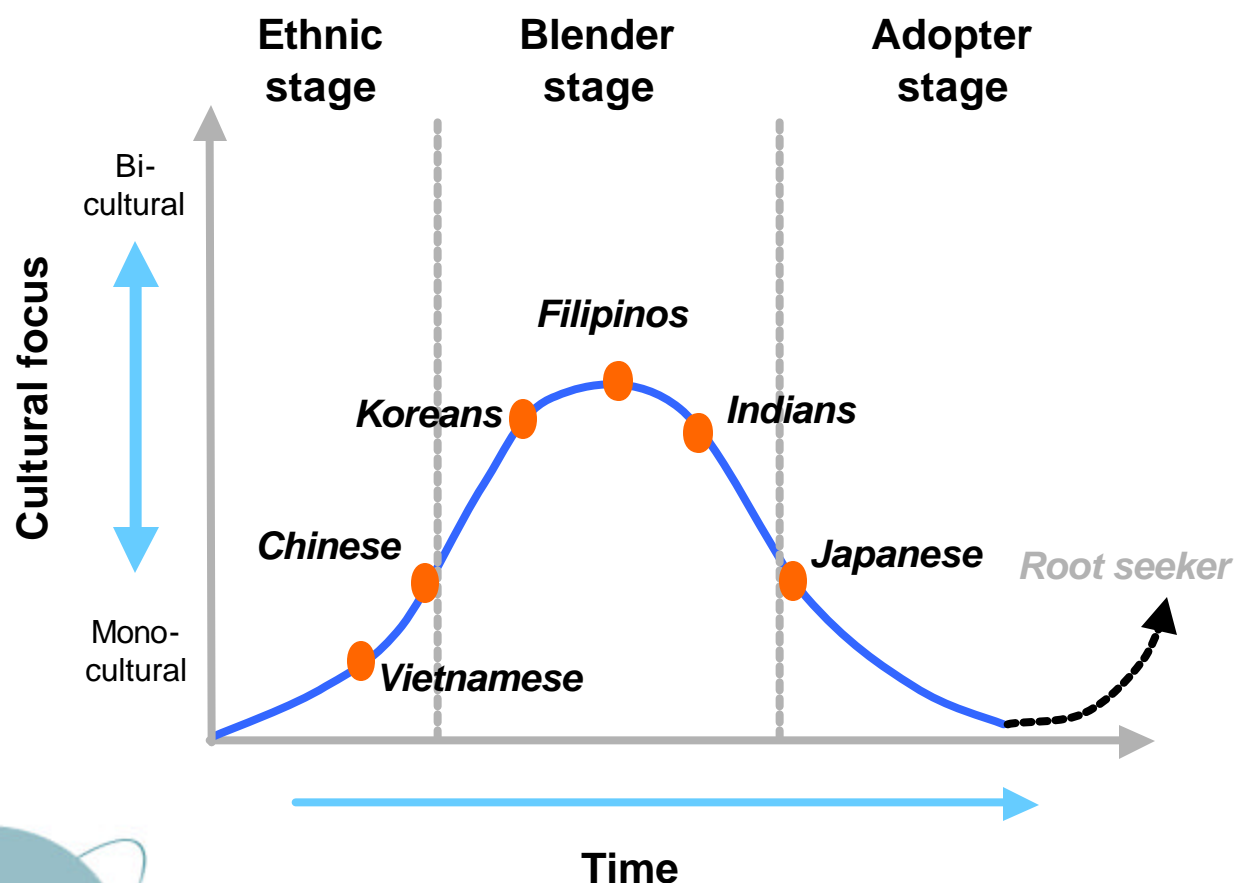
- **The Ethnic Islander stage**
  - Higher proportion of recent immigrants
  - Clustered in or near ethnic enclaves
  - Homeland is primary cultural influence
- **The Blender stage**
  - Still relatively new to the US
  - More regionally dispersed
  - Work hard to maintain two cultures
- **The Adopter stage**
  - Associate mainly with others outside their own ethnicity
  - Prefer not to be singled out as a separate ethnic group
  - Some may become *Root seekers*, who embrace a stronger connection with their ethnic heritage

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## Immigration and assimilation

- **Asian Americans vary in stage of assimilation – Japanese are the most assimilated as a sub-group.**



➤ Factors that influence assimilation include

- **Cultural factors:** preferring English vs. native tongue and exposure to American mass media
- **Social factors:** interpersonal contact with mainstream population (regional dispersion)
- **Demographic factors:** percent American born

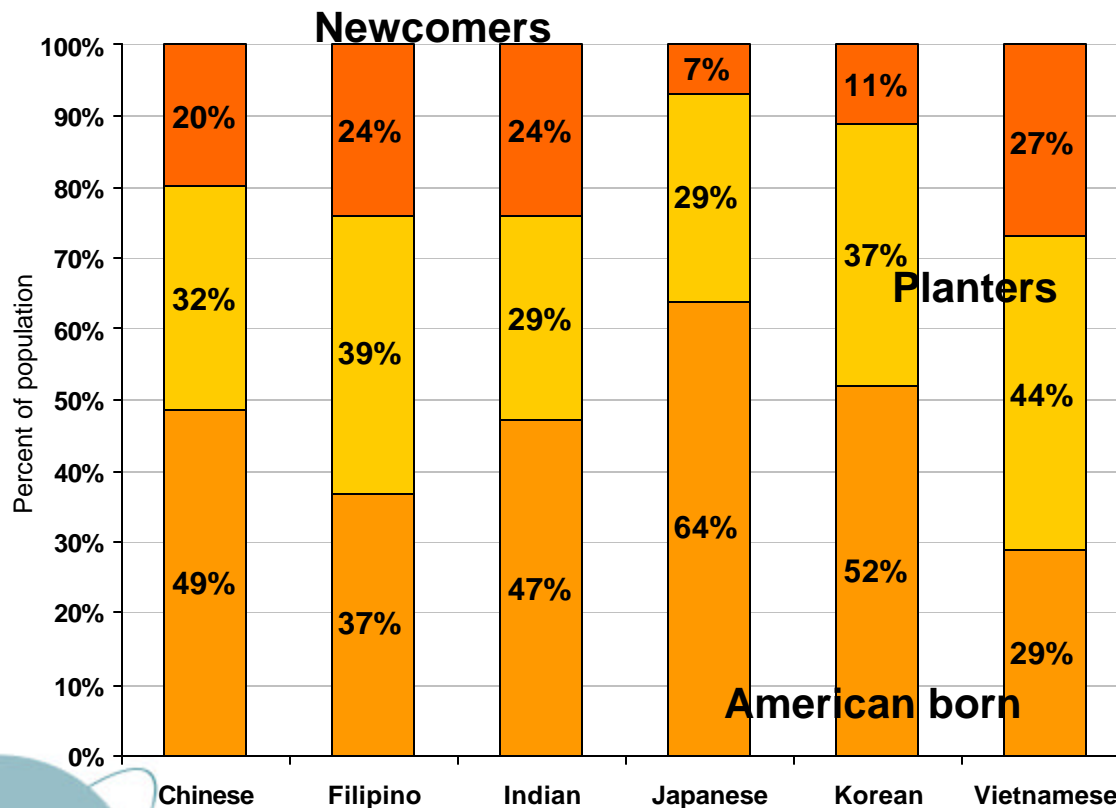
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## Immigration and assimilation

- *But, each sub-group is comprised of wide range of people in different generations.*

## National groups by recency of arrival



- Although a group can be placed on the assimilation curve overall, marketers must also understand the composition of each national group by recency of arrival:

- **Newcomers:** Immigrants who have arrived in the US within the past 10 years
- **Planters:** Immigrants who have been in the US ten years or more
- **American-born:** Those born in America, many of whom are sons or daughter of first-generation immigrants.

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## Immigration and assimilation

- ***Marketers must understand how food habits change as people move along the assimilation curve.***
- ***Ethnic Islanders prefer foods that resemble foods in their homelands.***
  - This homeland diet is the base from which new food preferences will develop.
- ***Blenders will tend to modify their diet by integrating local foods and ingredients into their native cuisine.***
  - Many will also come up with creative substitutions for hard-to-find or labor-intensive food items.
- ***Asian Adopters are mainstream Americans and mirror most “American” behavior.***
  - The slight difference is the affinity these Adopters have for their own ethnic cuisine.

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## Asian American food preferences and the assimilation model

<i>FOOD CONSUMPTION</i>	<i>Ethnic Islanders</i>	<i>Blenders</i>	<i>Adopters</i>
<i>Base foods eaten</i>	Native cuisines for dinner, fresh items such as fish, fruits, vegetables, rice	American breakfasts and lunches	American breakfasts, lunches and dinners
<i>Examples of new food categories acquired</i>	Breakfast items such as cereals, fruit juices, coffee, tea, jams/jellies  Lunch items such as packaged meats, cheeses, chips, canned soups	Dinner items such as canned fruits, frozen vegetables, rice mixes, and other processed foods	Frozen entrees, diet drinks, decaf. drinks

- Ethnic Islanders have a strong attachment to their own ethnic food, especially those who immigrated at a later age in life.
  - The first meals to “go American” are usually breakfast and lunch.
- Blenders begin to experiment with mainstream foods for dinner.
  - They also begin to start purchasing more processed and convenience foods.
- Adopters are well immersed in standard “American” fare
  - Native ethnic foods are eaten occasionally, more to keep in touch with heritage.

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## Asian American purchase locations and the assimilation model

<b>PURCHASE LOCATIONS</b>	<b>Ethnic Islanders</b>	<b>Blenders</b>	<b>Adopters</b>
<b>Supermarkets</b>	primary	primary	primary
<b>Asian grocery</b>	Supplemental/ high frequency	Supplemental/ occasional	Infrequent
<b>Warehouse club</b>	High use	Low-medium use	Low-medium use
<b>Restaurant</b>	Infrequent, native, some fast food	Often, ethnic, mainstream	Often, ethnic, mainstream
<b>On-line</b>	Little use	Increasing	Increasing

- Although all groups, regardless of assimilation level, use the supermarket on a regular basis, Ethnic Islanders tend to frequent Asian grocers and warehouse club more regularly and are likely to consume more food at home. With large/extended families living under one roof, dining out is more complicated & expensive.
- As people move into the Blender and Adopter categories, we see increasing focus on the supermarket as the primary place for food shopping, with supplemental items being purchased at ethnic grocers and/or online.

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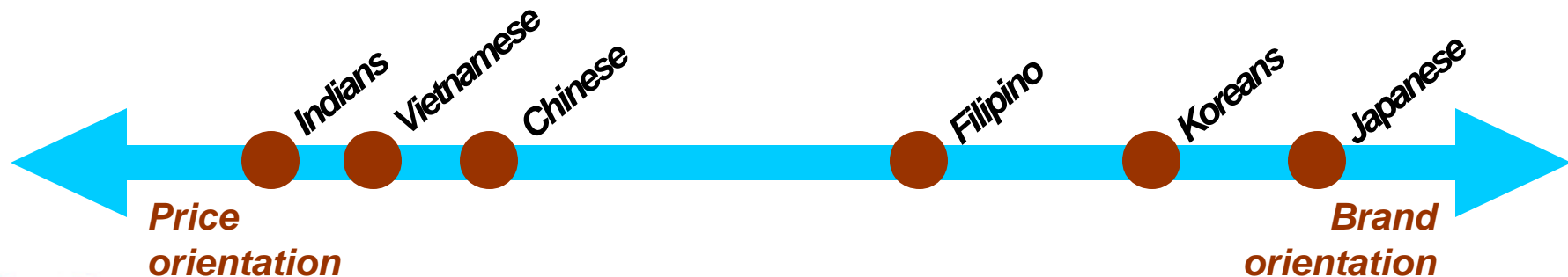


## Asian American price sensitivity and the assimilation model

- Price sensitivity declines with length of residence in the US as home country habits (such as calculating in home country currency or bargaining) become less relevant.

	<i>Ethnic Islanders</i>	<i>Blenders</i>	<i>Adopters</i>
<i>Price sensitivity</i>	Very price sensitive	Somewhat	Becomes less of an issue

- Price sensitivity in the Ethnic Stage will vary as a function of income, home country retail environment and government policies.



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## Asian American media habits and the assimilation model

<i><b>MEDIA</b></i>	<i><b>Ethnic Islanders</b></i>	<i><b>Blenders</b></i>	<i><b>Adopters</b></i>
<i><b>Print</b></i>	In-language, homeland publication	In-language and US lifestyle, business magazines	Some Asian magazines in English; mostly American publications
<i><b>Television</b></i>	In-language	In language, mainstream, and cable TV	Mostly mainstream and cable TV
<i><b>Radio</b></i>	In-language	mainstream	Mainstream
<i><b>Internet</b></i>	Mostly in-language ethnic sites for community information and home country sites for news	Mostly English language ethnic sites for community information, recipes, etc., mainstream sites	English language ethnic sites for travel, information, recipes; mainstream sites

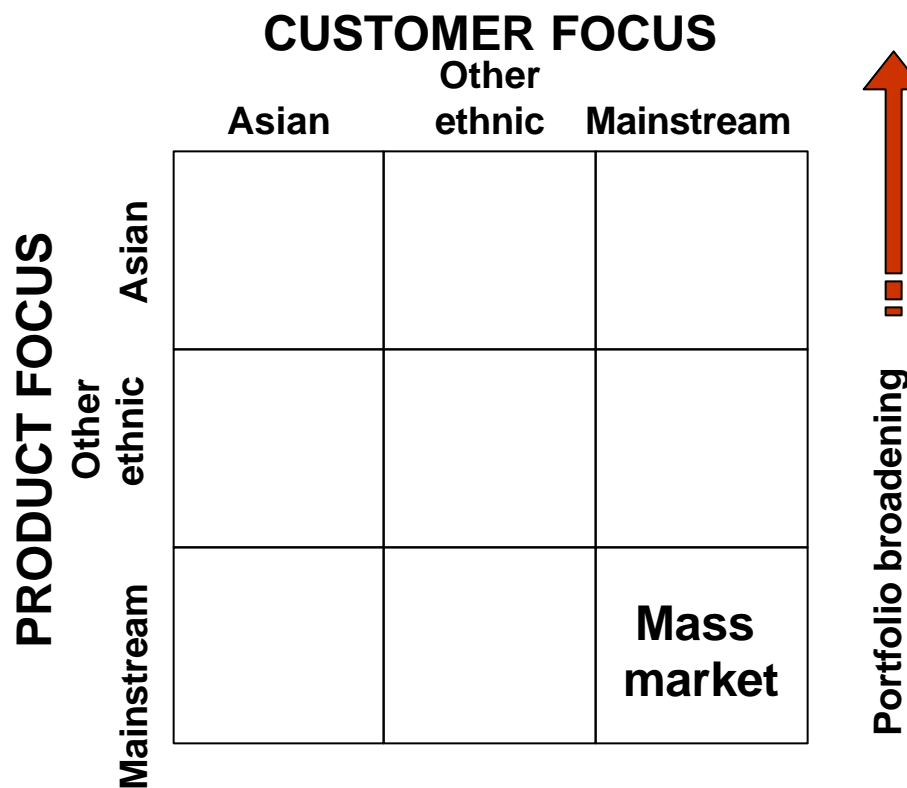
- Applying the assimilation model to advertising and promotion preferences, in-language needs decrease as assimilation takes hold.
- By the time they reach the Adopter stage, Asian Americans would probably only look at ethnic print media or ethnic Internet sites out of curiosity or to stay in touch with their heritage.

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## Immigration and assimilation

- For a company trying to target Asian Americans, there are two primary avenues of growth.



- Manufacturers, foodservice operators and retailers alike have two primary ways to achieve growth: **customer base expansion** and **portfolio broadening**.

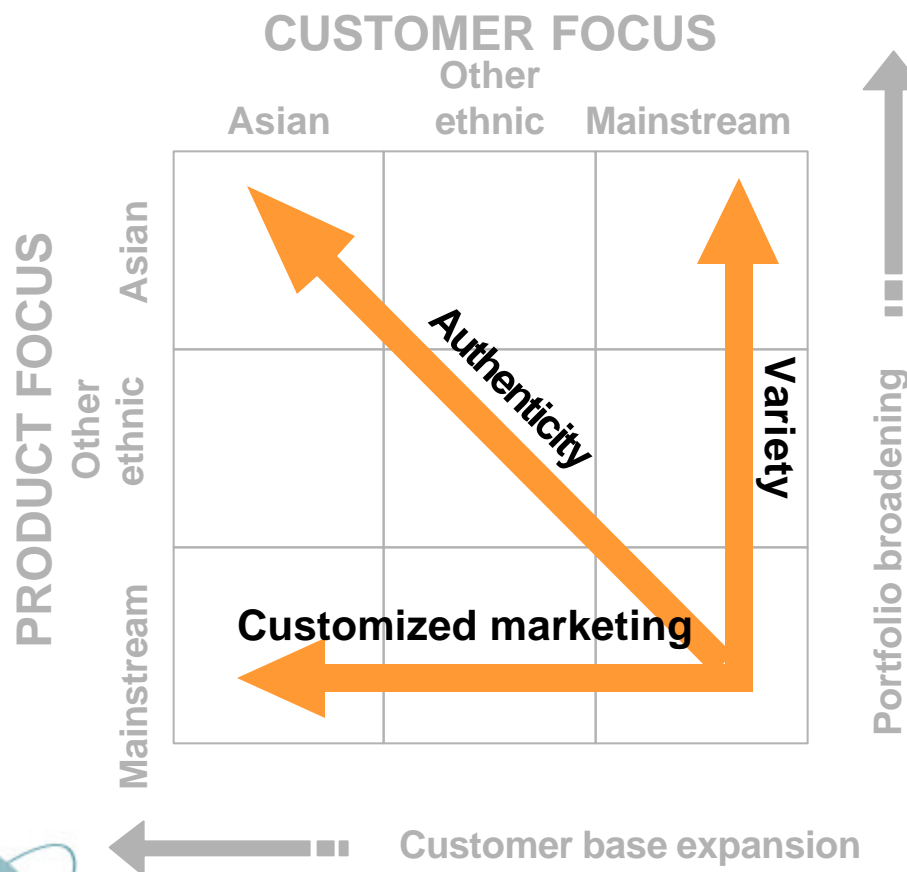
- The mix of these two can lead to some interesting ways to compete.

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## The customer/product matrix

- **Given the two primary avenues of growth, a company can head in several directions.**



- **For most companies, the Mass Market pivot point is at the bottom right and leads to three vectors:**

- Variety
  - Authenticity
  - Customized Marketing
- **Smaller niche players can start elsewhere but move along or nearby one of these vectors.**

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Sample player types include...

<i>Player Type</i>	<i>Vector most closely aligned with</i>	<i>Example</i>
Manufacturers - Segmentationalists	Customized marketing	Rémy Martin
Manufacturers – Variety Extenders	Variety	Campbell’s Soup
Manufacturers - Portfolio Players	Authenticity and Variety	UDV
Manufacturers – Niche Seekers	Authenticity	General Mills
Manufacturers – Ethnic Specialists	Authenticity	Annie Chun
Food Service – Segmentationalists	Customized marketing	McDonalds
Food Service – Variety Extenders	Variety	Wendy’s
Food Service - Asian Independents	Authenticity	Rambutan Restaurant
Food Service – Asian Chains	Variety	Benihana
Food Service – Other Ethnic Chains	Variety	Taco Bell
Retailers – Broadline Grocery	Customized marketing	Star Markets
Retailers – Ethnic Specialists	Authenticity	Han Al Reum
Retailers - Ethnic E-tailers	Authenticity	EthnicGrocer.com

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## Forces for change

➤ ***There are several trends that will impact marketing to Asian Americans.***

### ➤ ***Immigration Supply & Demand***

➤ Home country issues will continue to affect demand; the US has limited control over the “supply” of immigrants.

### ➤ ***Changes in Industry***

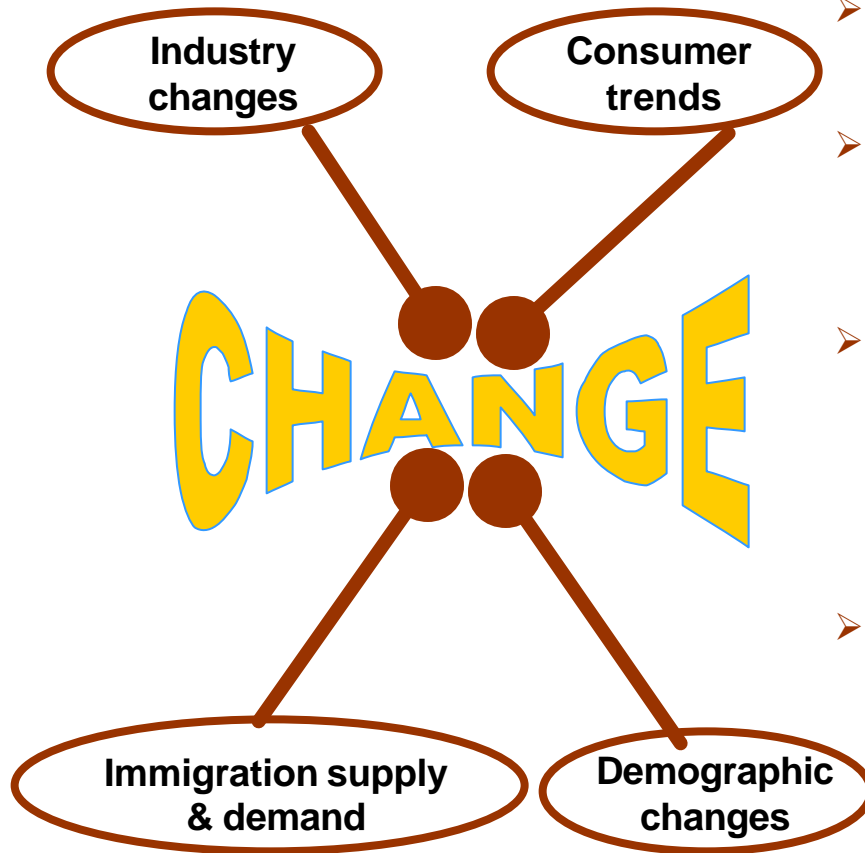
- Mass media will no longer be a powerful mainstreaming force
- Increased ethnic media spending will be targeted at Asian Americans
- Asian Americans will have increased access to home country foods

### ➤ ***Demographic Changes***

- Asian American population will continue to grow
- New Asian sub-groups are emerging
- The American born Asians will increase
- Geographic concentration will continue and smaller cities will increase
- Highest growth will be at the two ends of the age spectrum (elderly and kids)

### ➤ ***Consumer Trends***

- There will be a rekindling of ethnic heritage
- Development of an Asian identity
- Major ethnic groups will keep their distance from one another
- The definition of “American” will keep changing
- Polarization between “haves” and “have nots” among Asian Americans will grow
- The school food program will become more important as a “leveling” mechanism for immigrant children

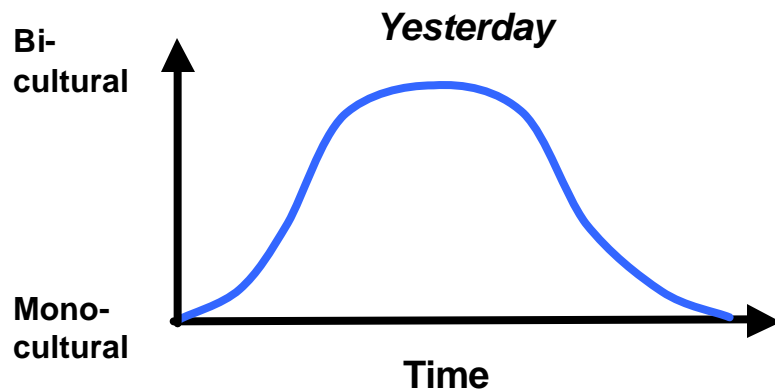


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These trends will in turn impact assimilation

- *During the next ten years, several forces will pull both toward and against assimilation.*

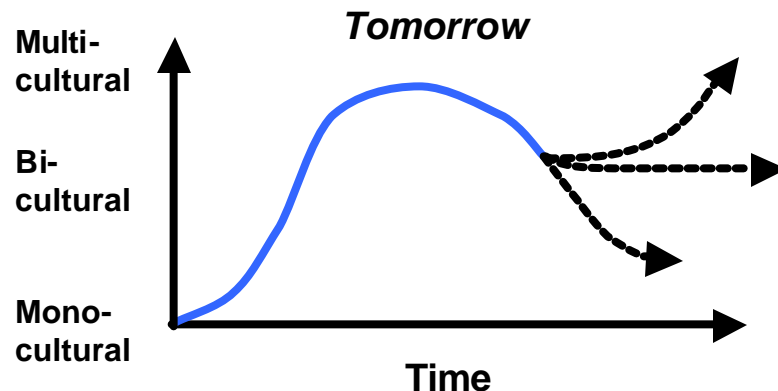


## **Toward**

- Increasing second and higher generation populations
- Dispersion of Immigrants to second-tier and smaller cities
- Ambiguity of the term “American” (what are people really assimilating to?)

## **Against**

- Continued high immigration rates
- Plethora of ethnic media and in-language options
- Increased access to homeland (foods, news, culture) driven in large part by the Internet



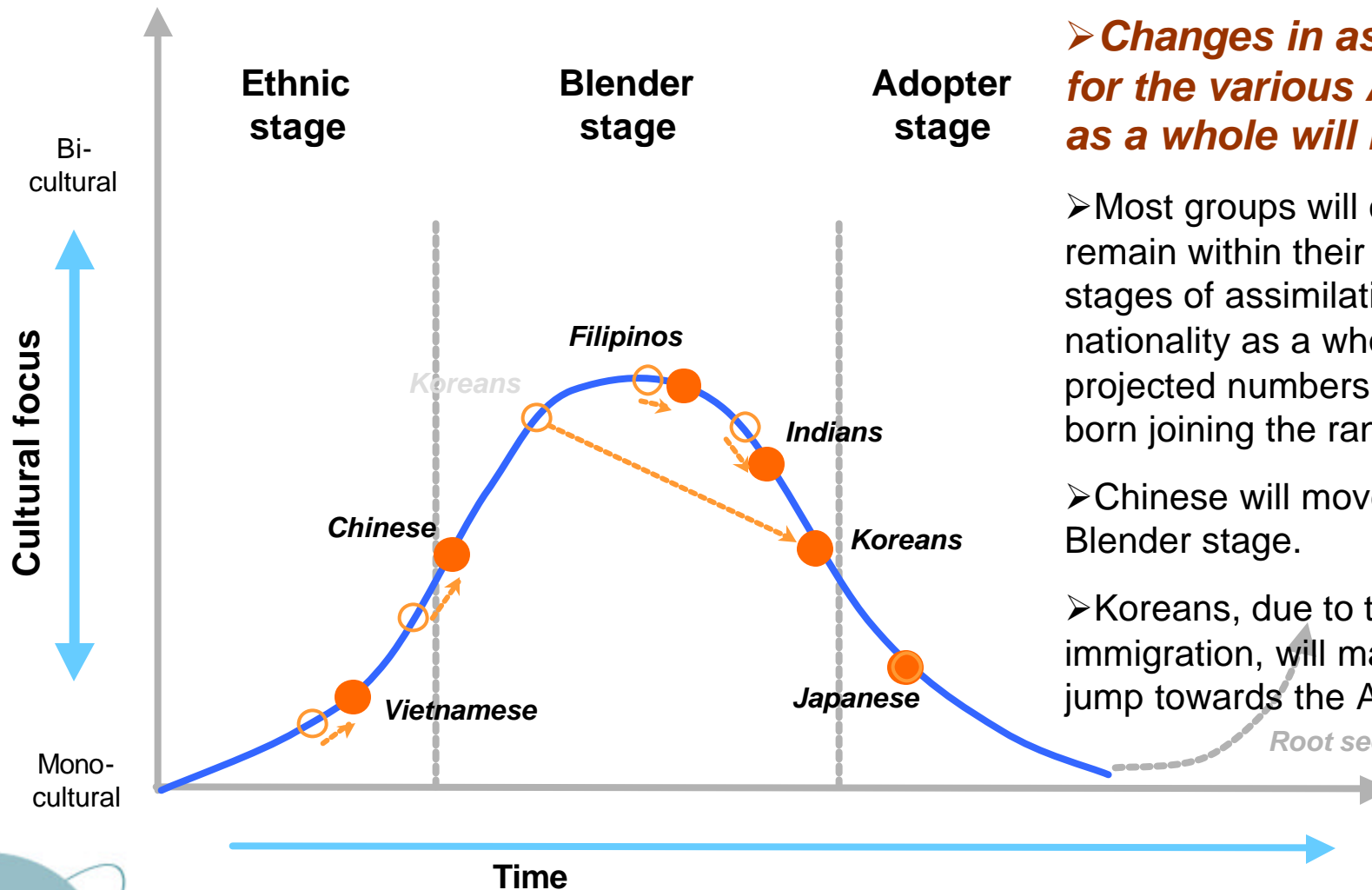
- **Two key implications will arise:**

- *Fewer people will traverse the entire path of assimilation.*
- *There will be little movement along the curve by each of the ethnic groups*

# Orienting the U.S. food and beverage market



## Asian Americans ten years from now



➤ **Changes in assimilation for the various Asian groups as a whole will be minimal.**

➤ Most groups will continue to remain within their respective stages of assimilation for their nationality as a whole despite projected numbers of American-born joining the ranks.

➤ Chinese will move into the Blender stage.

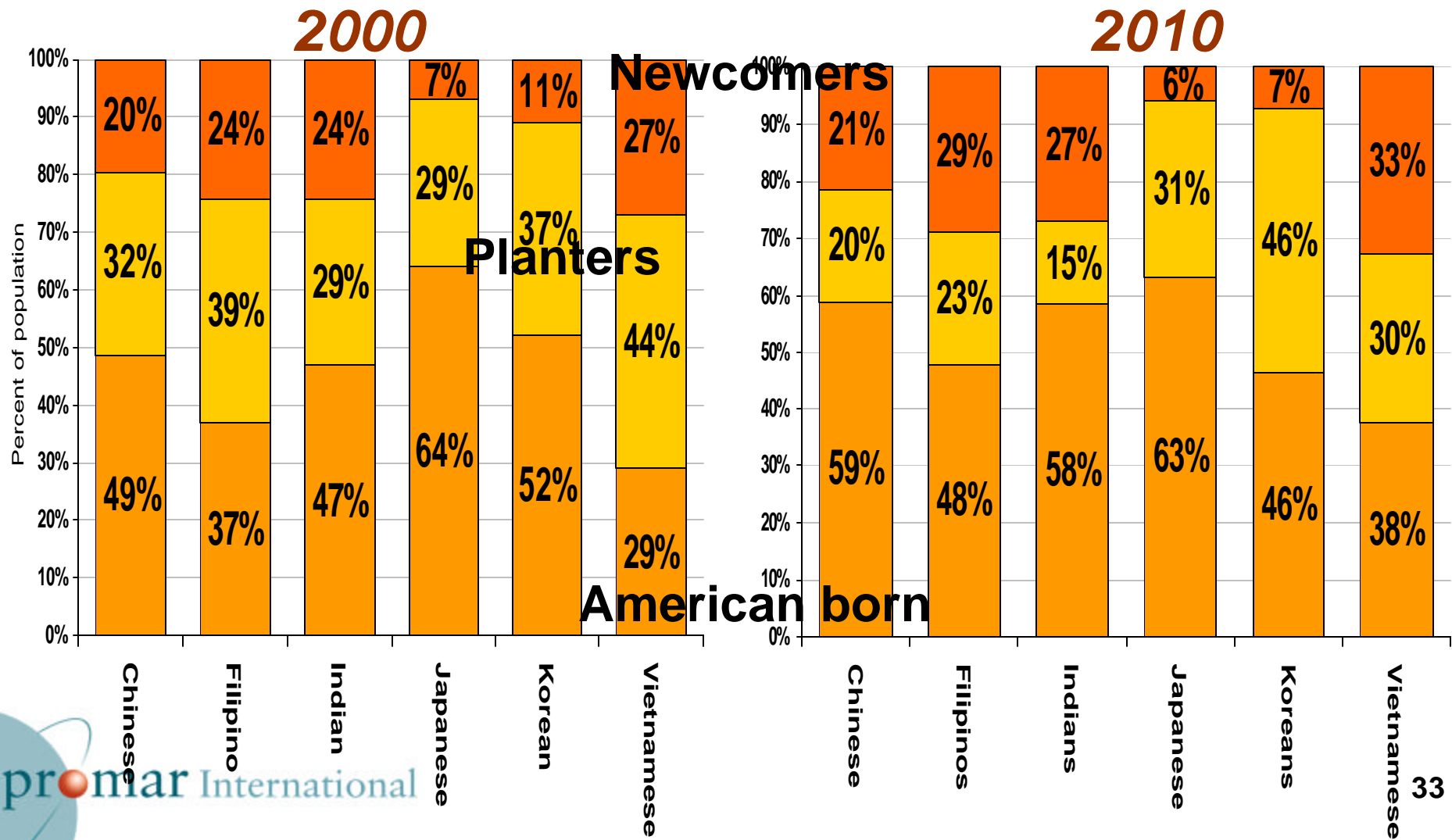
➤ Koreans, due to tapering immigration, will make a large jump towards the Adopter stage.

# Orienting the U.S. food and beverage market



## Asian Americans ten years from now

➤ Also, within each sub-group, there will be little change.



# Orienting the U.S. food and beverage market



## Key learning and implications:

- *Demographic issues help show why marketers should target Asian Americans*

<b><i>Demographic issue</i></b>	<b><i>Implications</i></b>
<b><i>Fastest growing segment of the population</i></b>	<ul style="list-style-type: none"> <li>➤ Growth will be seen at all areas of the assimilation curve.</li> <li>➤ Future opportunities lie ahead.</li> </ul>
<b><i>Younger than white people</i></b>	<ul style="list-style-type: none"> <li>➤ Opportunities to play a larger role in influencing brand preferences.</li> </ul>
<b><i>Higher incomes/buying power</i></b>	<ul style="list-style-type: none"> <li>➤ Good potential for upscale, premium items.</li> </ul>
<b><i>Larger households</i></b>	<ul style="list-style-type: none"> <li>➤ High volume potential.</li> <li>➤ Demand for bulk products, warehouse/club shopping.</li> </ul>
<b><i>Higher educations</i></b>	<ul style="list-style-type: none"> <li>➤ Sophisticated consumers, “label readers,” “price/value calculators”</li> </ul>
<b><i>Greater percentage of women in the workforce</i></b>	<ul style="list-style-type: none"> <li>➤ Opportunity for prepared foods, convenience items.</li> <li>➤ Greater focus on meal solutions, HMR.</li> </ul>
<b><i>Concentrated in major urban areas</i></b>	<ul style="list-style-type: none"> <li>➤ Can achieve efficiencies in advertising and distribution.</li> </ul>

# Orienting the U.S. food and beverage market



## Key learning and implications:

- ***Behavioral factors help show marketers what to do***

<b><i>Behavioral factors</i></b>	<b><i>Implications</i></b>
<b><i>Asian diet very different from US diet</i></b>	<ul style="list-style-type: none"> <li>➤ If category usage is low, focus on education and awareness.</li> <li>➤ If category usage is high but brand usage is low, focus on brand-building activities. Significant first mover benefits.</li> </ul>
<b><i>Rice is a very important part of most meals</i></b>	<ul style="list-style-type: none"> <li>➤ Rice line extensions appropriate for both Asian and non-Asian foods.</li> <li>➤ Usage advertising for main-meal foods should acknowledge rice.</li> <li>➤ If present in product, rice may be good ingredient to feature.</li> </ul>
<b><i>Continued interest in eating native ethnic food</i></b>	<ul style="list-style-type: none"> <li>➤ Stress substitutability of mainstream product for home country item.</li> <li>➤ Usage advertising should reflect familiar foods and flavors.</li> </ul>
<b><i>Asians used to shopping more frequently in home country</i></b>	<ul style="list-style-type: none"> <li>➤ Product freshness important.</li> <li>➤ Frequent shopping makes point-of-sale activity more important (e.g. sampling, demos)</li> </ul>
<b><i>Asian Americans prefer to read rather than watch TV, listen to the radio, etc.</i></b>	<ul style="list-style-type: none"> <li>➤ Print media likely to play a strong role in the marketing mix.</li> </ul>
<b><i>Asian Americans, in general, are interested in business and technology issues.</i></b>	<ul style="list-style-type: none"> <li>➤ Internet likely to be an important marketing tool.</li> </ul>

# Orienting the U.S. food and beverage market



## Key learning and implications:

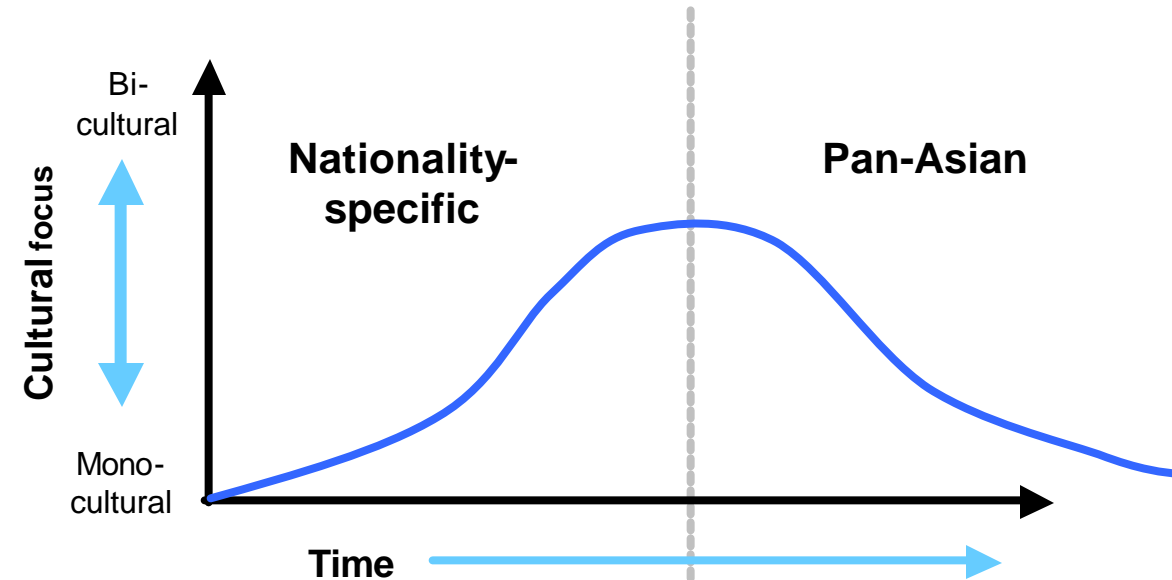
- **Cultural factors help show marketers how to approach Asian Americans**

<b>Cultural factors</b>	<b>Implications</b>
<b>Holidays are important for food consumption and gift giving.</b>	<ul style="list-style-type: none"> <li>➤ Holidays provide valuable focal points for marketing efforts.</li> <li>➤ Opportunities for marketers of “giftable” items (e.g. spirits, nuts, confectionary).</li> </ul>
<b>Higher income immigrants used to domestic help in home country.</b>	<ul style="list-style-type: none"> <li>➤ Stress convenience and ease of preparation.</li> <li>➤ Services such as online ordering are appealing but balance with price.</li> </ul>
<b>Education is important.</b>	<ul style="list-style-type: none"> <li>➤ Education can be a focus of marketing information and a communication theme.</li> </ul>
<b>Saving for the future is emphasized.</b>	<ul style="list-style-type: none"> <li>➤ Value is an important factor. Stressing larger volumes for lower unit cost, special promotions, etc. can be effective.</li> </ul>
<b>Family is central.</b>	<ul style="list-style-type: none"> <li>➤ Create family-friendly advertising.</li> <li>➤ Larger size packages may be appealing.</li> </ul>
<b>The elderly are revered.</b>	<ul style="list-style-type: none"> <li>➤ Company/brand heritage may be more effective than stressing novelty/fashion image.</li> <li>➤ Focus on “tried and true” products may be beneficial.</li> </ul>
<b>Emphasis is on the group rather than the individual.</b>	<ul style="list-style-type: none"> <li>➤ Multiple benefit/multiple user approach may be better than single benefit/single user focus.</li> </ul>
<b>Asian communities are close and cohesive.</b>	<ul style="list-style-type: none"> <li>➤ Word-of-mouth advertising can be an important first-mover advantage.</li> </ul>

# Orienting the U.S. food and beverage market



The assimilation model gives us two approaches to consider



## FOCUS:

Geographic	Differences	→	similarities
Strategic	Local/regional	→	national
Product	Authentic/ethnic	→	mainstream
Advertising	In-language	→	In English
Price sensitivity	more	→	less
Distribution	Specialty/bulk	→	mainstream

➤ A *pan-Asian* approach would address similarities among the various Asian groups and target Blenders and Adopters, who focus on more unifying issues and experiences with other Asians.

➤ A *nationality-specific* approach would tend to highlight differences. This strategy is better-suited, broadly speaking, to Ethnic Islanders who are still immersed in their own ethnic culture.

# Orienting the U.S. food and beverage market



## Core concepts in developing a pan-Asian strategy

*“We recognize and value you”*

**Lifestyle affirmation**

**Ethnic discovery/rediscovery**

**Community building**

*“We can help you”*

*“Here are others like you”*

### ➤ **Lifestyle affirmation**

➤ Asian American casting in general market advertising is a simple example of affirming the presence and importance of Asian Americans.

➤ Subtlety will be appreciated; heavy-handedness can backfire.

### ➤ **Ethnic discovery/rediscovery**

➤ Companies that provide ways for consumers to reconnect with their roots can position themselves favorably with more assimilated Asian Americans.

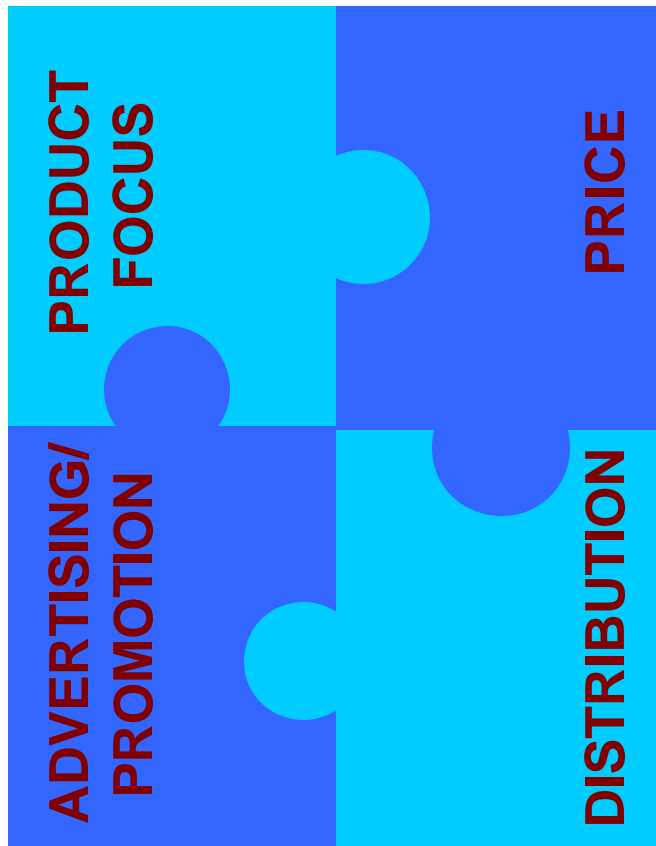
### ➤ **Community building**

➤ Support of existing and emerging communities through sponsorship and advertising should be considered.

# Orienting the U.S. food and beverage market



## Core concepts in developing a pan-Asian strategy



### ➤ *Product focus*

- Companies will need to determine whether their primary focus will be category or brand development.
- Category development emphasizes awareness, knowledge, and usage, while brand development focuses more on preference and competitive advantages.

### ➤ *Advertising and Promotion*

- A core campaign, with national variations, can be a strong option to consider.

### ➤ *Distribution*

- Manufacturers should be aware of where Ethnic Islanders are likely to purchase their brand or category.

### ➤ *Price*

- Asian Americans are generally loyal consumers, so establishing value early can be a key advantage.

# Orienting the U.S. food and beverage market



## Recommendations by player type

### ➤ **Manufacturers**

<i>Player Type</i>	<i>Primary Vector</i>	<i>Opportunity</i>	<i>Key Success Factors</i>	<i>Hypothetical Example of Future Activity</i>
<b>Segmentationalists</b>	➤ Customized marketing	➤ Extending marketing efforts to target Asian Americans	<ul style="list-style-type: none"> <li>➤ Access to marketing expertise</li> <li>➤ Speed and flexibility</li> <li>➤ Access to distribution</li> </ul>	➤ Coca-Cola targets Ethnic Islanders in 5 groups (excl. Japanese) with in-language advertising, event sponsorship, multi-language vending machines, etc.
<b>Variety Extenders</b>	➤ Variety	➤ Introduce new products with Asian flavors	<ul style="list-style-type: none"> <li>➤ R &amp; D expertise</li> <li>➤ Production flexibility</li> <li>➤ Marketing innovation and muscle</li> </ul>	<ul style="list-style-type: none"> <li>➤ Frito-Lay launches new exotic snacks based on Asian concepts (Japanese shrimp chips, Indian <i>pappadams</i>, etc.).</li> <li>➤ Stouffer's introduces line of frozen Asian appetizers (pot stickers, <i>dim sum</i>)</li> </ul>
<b>Portfolio Players</b>	➤ Variety, authenticity	➤ Acquire or partner with brands with mainstream and/or ethnic appeal to Asian Americans	<ul style="list-style-type: none"> <li>➤ Access to finance</li> <li>➤ Strategic focus</li> </ul>	<ul style="list-style-type: none"> <li>➤ Hormel partners with foreign firms to add authentic Asian products to its lineup.</li> <li>➤ UDV acquires US distribution rights to top sake brand and top spirits brands in China, Philippines, etc.</li> </ul>
<b>Niche Seekers</b>	➤ Authenticity	➤ Introduce new products with Asian flavors	<ul style="list-style-type: none"> <li>➤ Customer knowledge</li> <li>➤ R &amp; D expertise</li> <li>➤ Production flexibility</li> <li>➤ Access to distribution</li> </ul>	➤ Haägen Dazs introduces Green Tea ice cream (available in Japan) into key urban markets in West Coast, Hawaii and the New York City area.
<b>Ethnic Specialists</b>	➤ Authenticity, customized marketing	<ul style="list-style-type: none"> <li>➤ Product line expansion</li> <li>➤ Geographic expansion</li> <li>➤ Customer base expansion (targeting mainstream consumers)</li> </ul>	➤ Access to finance	<ul style="list-style-type: none"> <li>➤ Annie Chun develops frozen entrees to target sophisticated time-stressed consumers.</li> <li>➤ Importer with strong line of products for one nationality expands to other nationalities.</li> </ul>

# Orienting the U.S. food and beverage market



## Recommendations by player type

### ➤ **Foodservice**

<i>Player Type</i>	<i>Primary Vector</i>	<i>Opportunity</i>	<i>Key Success Factors</i>	<i>Hypothetical Examples Of Future Activity</i>
<b>Segmentationalists</b>	➤ Customized marketing	➤ Extending marketing efforts to target Asian Americans	<ul style="list-style-type: none"> <li>➤ Access to marketing expertise</li> <li>➤ Speed and flexibility</li> <li>➤ Access to distribution</li> </ul>	➤ Burger King develops marketing programs targeting specific Asian nationalities including in-language advertising, in-store signage, etc.
<b>Variety Extenders</b>	➤ Variety	➤ Introduce new products with Asian flavors	<ul style="list-style-type: none"> <li>➤ R &amp; D expertise</li> <li>➤ Production flexibility</li> <li>➤ Marketing innovation and muscle</li> </ul>	➤ Wendy's introduces new menu items based on Asian concepts: chicken sandwich with curry & chutney, quasi-Vietnamese spring rolls, etc.
<b>Asian chains: Mainstream</b>	➤ Variety	<ul style="list-style-type: none"> <li>➤ Geographic expansion</li> <li>➤ Product lines</li> </ul>	<ul style="list-style-type: none"> <li>➤ Access to finance</li> <li>➤ Operational efficiency</li> </ul>	➤ Panda Express introduces new product concept (Korean BBQ restaurants) in key West Coast markets and expands Hibachi-San locations
<b>Asian chains: Authentic</b>	➤ Variety and authenticity	➤ Introduce new products with Asian flavors	<ul style="list-style-type: none"> <li>➤ Product quality</li> <li>➤ Access to finance</li> <li>➤ Operational efficiency</li> </ul>	➤ New Taipei-Tokyo chain offers top-quality on-premise and takeout Japanese and Chinese food
<b>Asian independents</b>	➤ Authenticity	➤ Little opportunity beyond limited geographic expansion	<ul style="list-style-type: none"> <li>➤ Authenticity</li> <li>➤ Value</li> <li>➤ Operational efficiency</li> </ul>	➤ Rambutan (Chicago) opens new suburban locations and offers Filipino and Asian-fusion cooking classes.
<b>Ethnic Chains</b>	➤ Customized marketing	➤ Extend marketing efforts to target Asian Americans	<ul style="list-style-type: none"> <li>➤ Marketing expertise</li> <li>➤ Convenient locations</li> </ul>	➤ Taco Bell develops multi-Asian campaign to encourage trial by Ethnic Islanders in LA and San Francisco

# Orienting the U.S. food and beverage market



## Recommendations by player type

### ➤ **Retailers**

<i>Player Type</i>	<i>Primary Vector</i>	<i>Opportunity</i>	<i>Key Success Factors</i>	<i>Hypothetical Example Of Future Activity</i>
<b>Broadline grocers</b>	➤ Variety and customized marketing	<ul style="list-style-type: none"> <li>➤ Adding ethnic products for mainstream consumers</li> <li>➤ Extending marketing efforts to target Asian Americans</li> <li>➤ Adding authentic ethnic products for Ethnic Islanders</li> </ul>	<ul style="list-style-type: none"> <li>➤ Customer knowledge</li> <li>➤ Marketing expertise</li> </ul>	➤ Safeway in Northern and Southern California targets Ethnic Islanders and early Blenders with in-language advertising & communications; expands authentic product offerings throughout the store
<b>Ethnic specialists</b>	➤ Authenticity	<ul style="list-style-type: none"> <li>➤ Geographic expansion</li> <li>➤ Product line expansion</li> </ul>	<ul style="list-style-type: none"> <li>➤ Customer knowledge</li> <li>➤ Access to finance</li> </ul>	➤ Uwajimaya opens additional locations throughout the Pacific Northwest and develops new, smaller formats to allow multiple locations in key areas.
<b>Ethnic E-tailers</b>	➤ Authenticity	➤ Product line expansion	<ul style="list-style-type: none"> <li>➤ Customer knowledge</li> <li>➤ One-to-one marketing expertise</li> <li>➤ In-country expertise (for import issues)</li> </ul>	➤ <i>Ethnicgrocer.com</i> expands its nationality-specific sites to include ones targeted toward Filipinos, Japanese, and Koreans.

Orienting the U.S. food and beverage market



Strategies for targeting  
Asian Americans to 2010