The Use of Secondary Data in Unveiling the Potential of Ethnic Markets

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ABSTRACT

While there is an increasing number of companies realizing the potential that the diverse ethnic markets in Australia possess, majority still do not see the potential. When compared to the United States, ethnic marketing in Australia is still in a developmental stage. For many marketers, the problem is in knowing where to start. Looking from the practitioner’s perspective, this paper demonstrates how to apply readily available secondary data in identifying the potential of the ethnic markets in Australia for selected goods and services. By showing where and how to start, we hope that more marketers in Australia will see the potential of ethnic marketing and in the long run ethnic marketing will be an integral part of any marketing campaign run by a company. Marketers should reassess the usefulness and importance of secondary data in facilitating their formulation of strategic marketing decisions in different marketing mix areas.

Keyword: Secondary Data, Ethnic Marketing, Marketing Planning, Segmentation, Australia

INTRODUCTION

Secondary data are information that has been previously collected for some other purposes other than the research project at hand, whereas primary data are information gathered and assembled specifically for the research objectives at hand. However, this does not mean that secondary data are “secondary” to primary data in the strategic marketing planning process. In fact, notwithstanding some limitations, secondary data provide cost and time savings. Some information, like population profiles, can be obtained only from Census statistics (see Aaker, Day, & Kumar, 2004; Churchill & Iacobucci, 2005; Cooper & Schindler, 2003).

The objective of this paper is to demonstrate the practical usefulness of secondary data, when applied appropriately and intelligently, in identifying market potential such as the lucrative ethnic markets in Australia.

“Ethnic Marketing: Have You Seen the Potential?” is the headline of the advertisement placed by Cultural Perspectives Proprietary Limited, an ethnic marketing consultancy firm based in Sydney, in the Australian Professional Marketing (1995, p. 5). The copy of the advertisement
reads, “While the term ethnic marketing isn’t new, only a few companies are developing the potential of marketing to ethnic communities in Australia. For many the problem is knowing where to start and how to successfully follow through.” This advertisement is an excellent snapshot of the development of ethnic marketing in the 1990’s when it first started to develop in Australia.

There is no doubt that an increasing number of marketers, initially from the public sector and more recently from the private sector, are recognizing the market potential that the diverse ethnic communities in Australia possess. This is reflected in the growing sophistication and expertise of the entries to the National Multicultural Marketing Awards held annually by the Community Relations Commission For a Multicultural NSW (formerly the Ethnic Affairs Commission of New South Wales) since 1990 (Wilkinson & Cheng, 2003). However, there is still much room for the development of ethnic marketing in Australia.

The current state of ethnic marketing in Australia is best summarized in the following remarks by Joseph Assaf, founder and CEO of Ethnic Communications, who established the first ethnic advertising agency in Australia in 1977:

“...70% of Cognac’s consumption is by the Asian market, and yet all its advertising is in mainstream media. One in five people speaks a language other than English at home, yet more than 90% of ads are designed to reach Anglo-Saxons.” (Ad News, 2001, p. 18)

The potential of marketing to the diverse ethnic communities in Australia poses both opportunities and challenges for marketers. A few innovative companies are realizing the potential and there are already some successful cases (e.g., see Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), 2005; Office of Multicultural Affairs, 1994; Wilkinson & Cheng, 2003). However, many companies still have not seen the potential and the diverse ethnic markets in Australia are at present largely untapped.

Looking from the practitioner’s perspective, this paper firstly provides a brief overview on the development of ethnic marketing in Australia. We then demonstrate the application of secondary data in unveiling the market potential of the diverse ethnic markets in Australia. Once marketers see the potential of ethnic marketing in Australia, they can then follow through to the collection of primary data on consumer acculturation for making necessary adjustments to their marketing offerings to the ethnic markets and build up a long-term relationship with the ethnic consumers.

**ETHNIC MARKETING IN AUSTRALIA**

Ethnic marketing is a term widely used in the marketing literature to refer to the study of marketing within ethnic minority contexts and is often used interchangeably with the term multicultural marketing (Cui, 1997; Pires, 1999).

As the United States has a longer migration history and a larger population size, many companies in America are well aware of the potential of marketing to the diverse ethnic groups like African-Americans, Hispanic-Americans, and Asian-Americans (e.g., see Rossman, 1994; Schreiber & Lenson, 2001). However, the development of ethnic marketing in Australia has been very slow because of the following reasons (Chan, 1995):
perceiving difficulty in understanding other cultures. This is largely due to lack of confidence in dealing with an unfamiliar culture;
• remaining complacent with the mainstream market and not seeing a need to target the ethnic markets separately. Some simply assume that the ethnic communities will have access to the mainstream media; and
• being afraid that the targeting of ethnic markets will upset the mainstream market and the “gains” may not be able to compensate for the “losses.”

The first to practise ethnic marketing in Australia have been government agencies utilizing various ethnic media to advertise and provide information in ethnic languages, ensuring that everyone in the community has equal access to government services. There is a government policy that 7.5% of all its print media budgets be allocated to ethnic press (Condie, 1997). The former Ethnic Affairs Commission of New South Wales was one of the pioneers in developing the concept and practise of ethnic marketing by launching the first National Multicultural Marketing Awards in 1990.

In spite of the push by the government to advance ethnic marketing, it was not until the mid-1990’s that an increasing number of organizations from the private sector began to see the potential of the diverse ethnic markets. The first multicultural marketing conference by the private sector was held in July 1994 (Caldwell Management Pty. Ltd., 1994).

While there are signs of increasing ethnic marketing practises in Australia, ethnic marketing is still in the developmental stage in Australia (Chan & Ahmed, 2004). Because of its apparent unfamiliarity and difficulty, many companies have chosen to ignore the potential of the ethnic markets. In the next section, we demonstrate with examples how to assess the potential of the diverse ethnic markets in Australia by beginning with readily available secondary information from Census demographic data and company internal record, at no cost or nominal charges.

UNVEILING THE POTENTIAL OF ETHNIC MARKETS

Like any strategic planning process, a good start to the ethnic marketing process is an analysis of the available secondary information in identifying and assessing the potential target ethnic markets: Census demographic figures, and company internal data by ethnicity where available.

Census Demographic Data

The ethnic population in Australia is sizeable and represents a viable and untapped market segment. The following figures from the 2001 Census give a broad indication of the multi-ethnic composition of the Australia population:

• 40% of Australia’s 19 million population were either born overseas or have at least one parent born overseas; and
• 15% speak a language other than English at home.

To more accurately assess the sizes of different ethnic markets, marketers can perform in-depth analyses on ethnicity data collected by the Australian Bureau of Statistics (ABS). The ABS, in consultation with users and producers of cultural diversity data, has developed the Standards for Statistics on Cultural and Language Diversity (SSCLD) and the Australian

The Australian Bureau of Statistics’ ASCCEG document defines ethnicity as the shared identity or similarity of a group of people on the basis of one or more of the following characteristics:

- a long shared history, the memory of which is kept alive;
- a cultural tradition, including family and social customs, sometimes religiously based;
- a common geographic origin;
- a common language (but not necessarily limited to that group);
- a common literature (written or oral);
- a common religion;
- being a minority (often with a sense of being oppressed); and
- being racially conspicuous.

These conceptual components of ethnicity are measured operationally by collecting data on the “Minimum Core Set” and the “Standard Set” of variables endorsed by the Council of Ministers of Immigration and Multicultural Affairs (CMIMA) in April 1999 to implement the Standards for Statistics on Cultural and Language Diversity (see Department of Immigration and Multicultural Affairs (DIMA), 2001).

The “Minimum Core Set” consists of four variables:

- Country of Birth of Person;
- Main Language Other Than English Spoken at Home;
- Proficiency in Spoken English; and
- Indigenous Status (of those data collection which are not specifically focused on migrants to Australia).

The “Standard Set” includes the “Minimum Core Set” plus the following variables:

- Ancestry;
- Country of Birth of Father;
- Country of Birth of Mother;
- First Language Spoken;
- Languages Spoken at Home;
- Main Language Spoken at Home;
- Religious Affiliation; and
- Year of Arrival in Australia.

CMIMA recommended that the “Minimum Core Set” of variables be implemented in all Commonwealth, State and Territory statistical and administrative surveys that require information on cultural and language diversity; and that additional variables from the “Standard Set” be added to the “Minimum Core Set” where a wider range of information is required (DIMA, 2001). Rich information on the potential of ethnic markets is contained in readily
available demographic data as illustrated in the following examples.

The sizes of the ethnic markets. While there is no best single measure of ethnicity, “Main Language Other Than English Spoken at Home” is probably the best surrogate measure as migrants speaking their mother tongues at home would be more likely to maintain their original cultural values and habits (Migliorino & Chan, 1993). We therefore use this variable as a proxy measure of the sizes of different ethnic groups. Table 1 shows the top five language groups in the 2001 Census with comparative figures for 1996 and 1991.

Table 1: Main Language Other Than English Spoken at Home

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<tr>
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<tbody>
<tr>
<td>Chinese (including Cantonese, Mandarin and other Chinese languages/dialects)</td>
<td>401,357 (2.1%)</td>
<td>344,319 (1.9%)</td>
<td>261,654 (1.6%)</td>
</tr>
<tr>
<td>Italian</td>
<td>353,605 (1.9%)</td>
<td>375,754 (2.1%)</td>
<td>418,801 (2.5%)</td>
</tr>
<tr>
<td>Greek</td>
<td>263,717 (1.4%)</td>
<td>269,775 (1.5%)</td>
<td>285,702 (1.7%)</td>
</tr>
<tr>
<td>Arabic (including Lebanese)</td>
<td>209,372 (1.1%)</td>
<td>177,606 (1.0%)</td>
<td>162,855 (1.0%)</td>
</tr>
<tr>
<td>Vietnamese</td>
<td>174,236 (0.9%)</td>
<td>146,267 (0.9%)</td>
<td>110,185 (0.7%)</td>
</tr>
</tbody>
</table>

Note: Figures in brackets are percentages of the population.
Source: Australian Bureau of Statistics (www.abs.gov.au)

The marketing implications of the sizable ethnic population in Australia are (Chan, 1995):
- being newcomers to Australia, many ethnic families have obvious needs for “settlement” products and services such as accommodation, banking, transportation, and telecommunications;
- there are opportunities for ethnic-specific products and services and associated promotional activities; and
- there also exists potential for designing ethnic-specific products and services and associated promotional activities.

However, most companies in Australia have not even recognized that there are such things as “ethnic markets” in Australia that most of their budgets are allocated to mainstream activities with little or nothing left over for this type of niche marketing. Visit Chinatown in Sydney, Melbourne, or Brisbane and you will be impressed by the number of Chinese driving imported cars like Mercedes-Benz, BMW, and Volvo. What does this mean to the local car manufacturers? Are they complacent with their market shares and are happy to let the new Chinese migrants buy imported cars from their competitors?
**Geographic distribution.** As the largest migrant group in Australia, the Chinese community has been targeted by some Australian businesses because of its perceived affluence. Taking the state of New South Wales as an example, although the Chinese community constitutes only 3.2% of the 6.4 million New South Wales population in the 2001 Census, over half of them are concentrated in the top 10 Local Government Areas and close to 80% live in the top 20 Local Government Areas (see Table 2).

Table 2: Geographic Distribution of the Chinese Community in New South Wales (NSW) by Top 20 Local Government Areas (LGAs)

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>Total Number of Chinese*</th>
<th>Total as % of LGA Population</th>
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<tr>
<td>1. Fairfield</td>
<td>18,408</td>
<td>10.2</td>
</tr>
<tr>
<td>2. Canterbury</td>
<td>14,336</td>
<td>10.9</td>
</tr>
<tr>
<td>3. Parramatta</td>
<td>11,677</td>
<td>8.1</td>
</tr>
<tr>
<td>4. Hornsby</td>
<td>10,181</td>
<td>7.0</td>
</tr>
<tr>
<td>5. Hurstville</td>
<td>10,002</td>
<td>14.2</td>
</tr>
<tr>
<td>6. Auburn</td>
<td>9,602</td>
<td>17.0</td>
</tr>
<tr>
<td>7. Ryde</td>
<td>9,369</td>
<td>9.8</td>
</tr>
<tr>
<td>8. Randwick</td>
<td>8,690</td>
<td>7.2</td>
</tr>
<tr>
<td>9. Baulkham Hills</td>
<td>8,599</td>
<td>6.2</td>
</tr>
<tr>
<td>10. Bankstown</td>
<td>8,143</td>
<td>4.9</td>
</tr>
<tr>
<td>11. Rockdale</td>
<td>7,201</td>
<td>8.1</td>
</tr>
<tr>
<td>13. Willoughby</td>
<td>6,288</td>
<td>10.6</td>
</tr>
<tr>
<td>14. Blacktown</td>
<td>4,817</td>
<td>1.9</td>
</tr>
<tr>
<td>15. Ashfield</td>
<td>4,602</td>
<td>11.7</td>
</tr>
<tr>
<td>16. Sydney</td>
<td>4,431</td>
<td>9.4</td>
</tr>
<tr>
<td>17. Burwood</td>
<td>4,294</td>
<td>14.3</td>
</tr>
<tr>
<td>18. Liverpool</td>
<td>4,282</td>
<td>2.8</td>
</tr>
<tr>
<td>19. Strathfield</td>
<td>3,831</td>
<td>13.6</td>
</tr>
<tr>
<td>20. South Sydney</td>
<td>3,416</td>
<td>3.7</td>
</tr>
<tr>
<td>Other LGAs</td>
<td>42,710</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total NSW</strong></td>
<td><strong>201,667</strong></td>
<td><strong>3.2</strong></td>
</tr>
</tbody>
</table>

*As measured by “Main Language Other Than English Spoken at Home”=Chinese (including Cantonese, Mandarin, and other Chinese languages/dialects).
Source: Australian Bureau of Statistics (www.abs.gov.au)
Willoughby in New South Wales is one of the areas that has a high percentage of Chinese migrants, particularly Cantonese-speaking business migrants from Hong Kong. This is one of the reasons why the Willoughby Council received the largest number of applications from property owners to change their street number from 4 to 2A, because many prospective Chinese and Asian buyers simply would not even come to the open inspection as the number 4 is associated with “death” in Chinese and in other Asian languages like Japanese and Korean (Wainwright, 1996). Apart from accommodation needs, new migrants also have obvious settlement needs to buy new cars for transportation purposes. It is therefore not surprising that the Toyota dealership in Chatswood, Willoughby is the number one Toyota dealer in Australia.

Apart from the Chinese, many migrant groups also have tendencies to live in concentrated areas. For example:

- 16.1% of the population in Bankstown speak Arabic (including Lebanese);
- 15.4% of the population in Fairfield speak Vietnamese;
- 9.1% of the population in Ashfield speak Italian;
- 9.6% of the population in Rockdale speak Greek; and
- 6.9% of the population in Strathfield speak Korean.

These were 2001 Census figures. Today, the percentages would probably be even higher.

The uneven geographic dispersion of different ethnic groups has great implications for marketers in terms of distribution and other marketing strategies. For example, McDonald’s and KFC in Bankstown and nearby Punchbowl, which have very high Arabic-speaking Muslim populations, now offer halal (a Quaranic term meaning “allowed” or “lawful” as permitted by Allah) foods accredited by the Islamic Council of New South Wales (halal foods are prepared in the traditional Muslim method recommended by the Quaran). Tony Favotto, Manager of McDonald’s at Punchbowl, claimed that overall sales increased by 15% since introducing the halal foods in 2002 (The Australian, 2002).

**English proficiency.** The relative English proficiency of different ethnic groups also has implications for the selection of appropriate media to reach them. For example, according to 2001 Census figures, of the top five ethnic populations who speak a language other than English at home, the percentages speaking English either “not well” or “not at all” are:

- 27.1% of the Chinese speaking population;
- 15.6% of the Italian speaking population;
- 17.3% of the Greek speaking population;
- 15.9% of the Arabic (including Lebanese) speaking population; and
- 37.9% of the Vietnamese speaking population.

With relatively lower English proficiency, the Vietnamese and Chinese therefore presumably rely more on ethnic media as their information sources. This explains the reason why despite a small population size in absolute terms, the Chinese community in Australia can support three Chinese newspapers to be published daily.

**Length of residence in Australia.** English proficiency to a certain extent is a reflection of the age and length of residence in Australia. The Italian and Greek populations predominately migrated to Australia in the 1950’s after World War II and therefore have a longer period of assimilation and are older and more proficient in English. The Vietnamese and the Chinese are
more recent migrants who came to Australia in the mid-1970’s and late-1980’s respectively and are younger and less proficient in English.

The first generation Italian and Greek migrants probably have already brought their families here and would have less demand for long distance telecommunication services to their home countries. The more recent Vietnamese and Chinese migrants are more likely to have families and relatives living in their home countries and are more viable targets for long distance calls.

Other socioeconomic characteristics. The above are only some examples on the usefulness of selected demographic data in identifying market potential in various ethnic groups in Australia. Marketers can perform more sophisticated analyses based on other demographics as specified in the Standards for Statistics on Cultural and Language Diversity (SSCLD) and the Australian Standard Classification of Cultural and Ethnic Groups (ASCCEG) developed by the Australian Bureau of Statistics.

Company Internal Data

Whereas analysis of Census demographic data will help to identify the potential of various ethnic groups, analysis of the existing client base may also give a useful indication at minimal costs. For example, telephone companies can track their residential-line traffic to different countries as an approximate estimate of the relative usage by different migrant groups. Optus Communications’ research found that two-thirds of people born overseas made an international call at least once a month.

Banks can analyse their customer base to identify new migrants who have the highest potential for mortgage loans or other investment products. Research conducted by the Westpac Banking Corporation in 1996 indicated that the New South Wales Asian market had a market size of A$10 billion personal banking and A$4 billion personal investment; Westpac devised an ethnic marketing campaign accordingly and reported the first market share increase after 12 month. In 2000, Westpac launched the “2000 Year of the Dragon Campaign” in the ethnic market and achieved total sales of A$222 million, which was 141% above target (DIMIA, 2005).

It is quite interesting that despite the growing importance of ethnic communities, most companies still do not keep any ethnicity-related data on their clients. Unfortunately, criminals are among the smartest ethnic market researchers. Police once arrested a thief in the Sydney Hills area, which housed a large number of wealthy Hong Kong and Taiwanese business migrants. In the thief’s pocket, police found a telephone list from the White Pages with popular Chinese surnames like Chan and Wong (Chan, 1995). It seems that marketers in Australia have a lot to catch up in the application of internal company information in identifying potential ethnic markets and in formulating corresponding marketing strategies.

CONCLUSIONS

This paper demonstrates the usefulness of secondary data in identifying the potential of ethnic marketing for selected goods and services in diverse ethnic markets. It is envisaged that by showing where to start, more marketers will see the potential of ethnic marketing and will follow through to the collection of primary data for input into their strategic planning in different marketing mix areas.

Many ethnic communities in Australia are well-researched being the target of Federal, State and local government studies. Private industry trend to perceive the ethnic markets as too
“difficult” to understand and penetrate. However, it will not usually necessary to develop new marketing strategies from scratch for ethnic communities. In many cases, what marketers will need to do is to elaborate the broad marketing strategy to accommodate ethnic community considerations such as language and media needs. Ethnic markets differ from the mainstream market more by degrees than by nature. Although there are differences in consumer acculturation and behavior that will need additional primary research to provide input, the usefulness of secondary data in the initial ethnic marketing planning process is of no different form their application in mainstream marketing.

While "one size fits all" might still be a viable marketing strategy for jeans and T-shirts, customized cultural and ethnic appeals are gaining momentum with a number of firms providing consumer goods and services (Nwankwo & Lindridge, 1998). According to those who work in the field, firms that specialize in ethnic marketing are finding daily new customers for their goods and services (e.g., see DIMIA, 2005). As Pine, Peppers, & Rogers (1995) aptly observed, in today's fragmented and increasingly turbulent markets, customers do not want more choices. Rather, they want exactly what they want, when, where, and how they want it. The irony is that most marketing managers continue to view the world through the twin lenses of cultural syncretism and mass marketing. As Pine et al. (1995, P. 103) state, "a company that aspires to give customers exactly what they want must look at the world through new lenses."

Because of cross-cultural differences in consumer behavior, there may be a need to adapt a company’s mainstream marketing strategies in ethnic markets (e.g., see Rugimbana & Nwankwo, 2003). Understanding the ethno-cultural values is therefore the next step to reaching ethnic minority markets. Consequently, there is a need to provide a schema for identifying ethnic subcultures in Australia. Future research could include the literature on acculturation to explore ethnic markets (Faber, O'Guinn, & McCarty, 1987; Penloza, 1989). Acculturation is a process in which ethnic consumers move along a theoretic continuum from low acculturation, where they maintain the cultural values of their ethnic origin, to the other extreme, high acculturation, where they have adopted the cultural values of the dominant culture (Khairulla, Tucker, & Tankersley, 1996). In addition to ethnicity, acculturation is a potent segmentation variable largely because it affects a variety of marketing behaviors including consumption and buying patterns and media usage (O'Guinn & Faber, 1986).

It is clear that ethnic marketing cannot be successful unless it is strategically driven. Companies targeting ethnic minorities must start to build an ongoing relationship with them. Penetration of ethnic markets needs long-term commitments. Loyalty and trust are important success prerequisites and need to be established first. While it is impossible to develop separate marketing strategy for each ethnic group, an acknowledgement of relevant ethnic characteristics in marketing campaigns can nevertheless enhance a firm's credibility and promote a more positive brand attitude within a target ethnic market. Ethnic marketing may thus prove to be the dominant paradigm for seeking competitive advantage in niche or saturated markets and/or for developing customer intimacy in new markets.

While ethnic marketing is well-practised in multi-ethnic countries like the United States (e.g., see Rossman, 1994; Schreiber & Lenson, 2001) and Britain (e.g., see Nwankwo & Lindridge, 1998), it is still in a developmental stage in Australia. Marketing to the diverse ethnic groups in Australia is a challenge, however, it also provides potentially large rewards. It is unlikely that the ethnic markets will remain untapped in the future. As more marketers see the
potential of ethnic marketing and gradually gain experience and confidence in pursuing this alternative to mainstream marketing, we envisage that ethnic marketing would become an integral part of any marketing campaign run by a company.

REFERENCES


