ETHNIC CONSUMERS

HOW TO TAP INTO CANADA’S UNPRECENDENTED GROWTH OPPORTUNITY
AN UNPRECEDENTED MARKET

The latest National Household Survey from Statistics Canada reveals that Canada is home to 6.8 million foreign-born residents. That’s more than one in five Canadians (almost 21%), which is the highest proportion of all the G8 countries.

Canada’s remarkable ethnic consumer market growth has enriched the country socially, culturally, and most importantly for marketers, retailers, and manufacturers, created a significant economic opportunity. However, this is an opportunity that has been ignored far too often because of the complex and diverse nature of multicultural consumers in Canada and a perceived difficulty in attracting and engaging these consumer segments. Ethnic consumers hail from a variety of countries, speak different languages, exhibit various consumption patterns and shopping behaviours. There are multigenerational differences within each cultural group as well and these various segments need to be marketed to differently which can pose a genuine challenge to manufacturers, retailers and marketers. However, the size and potential of the ethnic market offers an unique growth prospect that companies can no longer afford to ignore.

This Nielsen white paper explores an essential yet often untapped market in Canada and provides a foundation for building effective strategies to engage and understand your ethnic consumers. You will learn how multicultural consumers will increasingly be the primary drivers of growth in virtually all product and service categories and the importance of understanding their distinctive patterns of demographics, culture and consumption.

You will also find two case studies featuring learnings and transferable insights from companies like Reckitt-Benkiser and Coca-Cola, who have recognized the growth opportunity that ethnic consumers provide. They share an in-depth look at their discoveries and strategies for engaging multicultural consumers.

ETHNIC CONSUMER FAST FACTS:

- Many of Canada’s newcomers are highly educated. For instance, 27% of Chinese immigrants and 25% of South Asian immigrants have a university degree or above, compared to 15% of the Canadian population as a whole.

- Ethnic households have more children – 1.8 for recent immigrants vs. 1.5 for the general population. For some ethnic groups, the numbers are even higher, like South Asians who have an average of 2.5 children per household.

- On average, immigrants bring almost $40,000 to start their life in Canada. Canadian-educated immigrants also earn more, on average, than Canadian born residents.

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1 Statistics Canada, 2011, National Household Survey  
2 The G8 nations include Canada, France, Germany, Italy, Japan, Russia, the U.K. and the U.S.  
3 Statistics Canada  
4 Statistics Canada, 2010  
5 Longitudinal Survey of Immigrants to Canada: A Portrait of Early Settlement Experiences, Statistics Canada, 2005
THE DEMOGRAPHIC SHIFT

Many factors influence the wants and needs of a consumer. For members of ethnic markets, their home country traditions, culture and language can all have a significant impact on their consumer behaviour.

We’re seeing a profound shift in the nature of the immigrant population. Pre-1971, about 12% of immigrants were members of visible minorities. In the last documented wave of new immigrants (2006-2011), almost 80% were visible minorities.

Here are some of the notable trends that have major implications for marketers:

- **The Big Three:** The top sources of new immigrants (2006-2011) are the Philippines, China and India. Together, these three nations account for 34% of new immigrants. By 2031, Canada’s South Asian (3.6 million projected), Chinese (2.7 million) and Filipino (1 million) communities could total 7.3 million.

- **Minorities are becoming the majority:** Driven in large part by the continuing influx of immigrants, almost 20% of Canadians now belong to a visible minority group. That label is becoming a misnomer, as visible minorities are in fact the majority in nine municipalities, and counting. By 2031, visible minorities are forecast to account for one-third of the population.

- **An Urban Focus:** Just over 90% of the foreign-born population lives in Canada’s metropolitan areas, almost two-thirds in the Toronto, Montreal or Vancouver regions. Compared against the general population where 69% live in census metropolitan areas and 35% live in Toronto, Montreal or Vancouver, we see immigrants with a significant urban skew.

- **Youth movement:** Newcomers (median age: 31.7 years) tend to be younger than the Canadian-born population (median age: 37.3 years). Overall, 18% of Canadians aged 65-plus are visible minorities, compared to 36% of people under age 15.

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6 Statistics Canada, 2011, Immigration and Ethnocultural Diversity in Canada  
7 Statistics Canada, 2010  
9 Statistics Canada, 2011, National Household Survey  
10 Statistics Canada, 2011, National Household Survey  
11 Statistics Canada, 2011, National Household Survey  
12 Statistics Canada, 2010
The increase in Canada’s ethnic communities is felt in countless areas of the economy. From 2013 to 2017 alone, we’ll see another 800,000 visible minorities. That’s expected to bring an additional $5 billion to Canadian manufacturers over the four years.¹³

The size and continued expansion of these markets offers huge growth prospects for manufacturers and retailers. By better understanding and focusing on these markets, across categories and brands, companies can capture an increasing share of business.

¹³ Statistics Canada, 2010; Homescan data, 2010
IS YOUR COMPANY MASTERING MULTICULTURAL MARKETING?

A Nielsen survey of North American manufacturers and retailers\(^4\) looked at the status of multicultural marketing. While the sample size is small, the responses do indicate some priorities.

- Most Canadian companies either don’t have (36%) or don’t know (27%) of any objectives or goals tied directly to any particular ethnic group, compared to the US, where 13 percent don’t have and 11 percent don’t know of any objectives or goals tied directly to any particular ethnic group.

- Of the groups surveyed, multicultural marketing efforts in Canada focus mainly on Chinese consumers (36%), followed by South Asians (27%).

CONSIDERING THE IMMENSE POTENTIAL OF THE ETHNIC CONSUMER MARKET, IS YOUR COMPANY DOING ENOUGH TO SEIZE THE OPPORTUNITIES?

THE FOUR FASTEST-GROWING LANGUAGES IN CANADA ARE TAGALOG, MANDARIN, ARABIC AND HINDI.\(^5\)

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\(^4\) 2013 Nielsen Multicultural Success Study

\(^5\) Statistics Canada, 2010
“THOUGH REACHING ETHNIC CONSUMERS IS VERY MUCH ON THE MINDS OF MANY COMPANIES, JUST OVER A QUARTER HAVE RESOURCE DEDICATED SOLELY ON THESE INITIATIVES,” SAID BERNICE CHEUNG, ETHNIC PRACTICE AREA LEAD, NIELSEN, “OF THOSE THAT DEDICATED BUDGET FOR MULTICULTURAL MARKETING, COMPANIES PRIORITIZED CHINESE OVER SOUTH ASIAN CANADIANS.”
UNDERSTANDING AND ENGAGING YOUR ETHNIC CONSUMERS

Canadian companies are using a variety of strategies to learn more about their multicultural audience. The most popular research tool to support a multicultural strategy was focus groups, followed by segmentation surveys, one-on-one interviews, and concept testing. When asked about marketing efforts used to reach ethnic consumers, promotion was the most popular choice, followed by distribution, advertising, and sponsorship.

COLLABORATION

Manufacturers and retailers report that they sometimes collaborate on multicultural initiatives, again mainly revolving around the Chinese and South Asian markets. Some successful results include redesigning planograms in the international aisles, increasing the sale of required products during festive seasons, and tailoring items for the customer base.
FOCUSED MULTILINGUAL OUTREACH

Unfortunately, companies often fail to seize opportunities to reach out to ethnic markets. A common finding across most of the companies surveyed was a lack of website content dedicated to multicultural consumers. Companies also tended not to use other languages to reach ethnic consumers in social media. Ethnic consumers are often multilingual but Nielsen research has shown the increased effectiveness of marketing to multicultural consumers in their own languages.

MULTICULTURAL WORKFORCE

Along with the opportunities to learn more about their multicultural markets, companies can also benefit by learning more about their own ethnic makeup. Having a workforce and leadership that reflects the community can often help organizations be responsive and recognize opportunities. Most respondents did not know how many employees at the company belonged to a visible minority; and over half have no visible minorities on their company’s leadership teams. In one case, a retailer had opened 25 percent of their new stores in the last three years in multicultural locations, yet had not hired bilingual staff for them.

BEST PRACTICE TIPS FOR ENGAGING MULTICULTURAL CONSUMERS

- INTEGRATED MARKETING INITIATIVES. REACH MULTICULTURAL CONSUMERS WHERE THEY LEARN AND NETWORK IN DIGITAL SPACE AND IN LANGUAGES THAT THEY SPEAK.

- IDENTIFY CULTURAL INTERESTS AND BEHAVIORS. UNDERSTANDING AND ACTIVATING MULTICULTURAL CONSUMERS’ DIVERSE ECONICHES WILL PAY DIVIDENDS TO SAVVY MARKETERS.
10 BEST PRACTICES

Engaging the ethnic market – as with any markets – can be complex, lengthy and full of pitfalls, but ultimately highly rewarding. Some lessons learned and best practices from companies that have made strides in multicultural marketing include:

1. Define “ethnic”. “Ethnic is a broad label and can encompass country of origin, language, race, culture, religion, customs and beliefs, first or second generation,” says Cheung. “Even within one ethnic group, important differences can exist, such as dialects and acculturation (how long people have been in Canada). Explore the demographic groups and the pockets within clusters that are your focus, and define them tightly so that you can market to them most strategically.”

2. Make the case. Start with a solid business case, based heavily on research. It’s not enough to recognize the overall growth of ethnic markets. Which groups have the most potential? What’s their consumption in your category and for your brands, compared to the overall population? What is the opportunity now and projected into the future? Using a tool like Nielsen’s Opportunity Finder will help answer how you justify investments in and prioritize ethnic marketing.

3. Have buy-in at all levels. Top-down endorsements from senior leadership are vital, but strive too for a bottom-up understanding. By educating people in all areas of the business, they can understand how ethnic markets contribute to meeting overall business goals. That’s how you achieve complete commitment.

4. Aim big but start small. The opportunities in ethnic marketing are huge, but decision-makers in companies can still require an initial demonstration to be fully convinced of the potential. A modest and highly-focused initiative with one product or market, or a pilot project, can deliver the evidence needed to resource further efforts.

5. Be patient. Despite the potential of ethnic markets, it can be a mistake to be overly aggressive, allocate big budgets, and try to achieve all your goals next year. Engaging the market can take time. Remember too that while ethnic markets are growing fast, “mainstream” markets still represent the majority of business and demand the corresponding attention.

“EXPLORE THE DEMOGRAPHIC GROUPS AND THE POCKETS WITHIN CLUSTERS THAT ARE YOUR FOCUS, AND DEFINE THEM TIGHTLY SO THAT YOU CAN MARKET TO THEM MOST STRATEGICALLY,” SAYS BERNICE CHEUNG, ETHNIC CONSUMER LEAD, NIELSEN.

ENSURING SUCCESS IN THE ETHNIC MARKETPLACE

ETHNIC CONSUMERS ARE IMPERATIVE TO FUTURE GROWTH:

- MAKE MULTICULTURAL BRAND GROWTH A MEASURED PRIORITY FOR COMPANY LEADERS AND AGENCIES.
- DEVOTE ADEQUATE RESOURCES TO IDENTIFY AND DEFINE MULTICULTURAL MARKET OPPORTUNITIES.
- UNDERSTAND THE ROLE OF LANGUAGE AND CULTURE AMONG YOUR ETHNIC CONSUMER.
6. **Media is not enough.** Reaching out to ethnic audiences through ethnic media channels makes sense. But it’s only one piece of the puzzle. If your brand and message don’t resonate with the ethnic market, the language and vehicle it’s delivered in doesn’t really matter. Companies need to gain insight before investing in media, so those dollars are spent wisely.

7. **Have a comprehensive plan.** Without a clear ethnic consumer marketing strategy, companies often haphazardly throw extra resources into advertising. There are many ways to unlock the potential but none involve piecemeal or one-size-fits-all approaches. A well-crafted plan has to incorporate research, communications, brand positioning, distribution channels and product development.

8. **Drill down to understand the real opportunity.** For instance, if you have a snack food product that’s under-indexing by a significant percentage with a certain ethnic group, get at the root reason. The right research can tell you if you need to work on a marketing message (e.g. convincing your intended audience that your product is a viable snack option), formulate the product differently (e.g. offer a new taste profile), or pursue other strategies – or if the opportunity is even worth pursuing given the investment needed to sell to this market. Quantifying where your category and brand stand with an ethnic market is a starting point, not an end point.

9. **Continually evaluate.** The key metrics used to measure the success of your multicultural marketing efforts are the same as with any market – sales, share, brand preferences as well as awareness. Don’t stop there. What is the return on investment for your various initiatives? What potential opportunities are you missing? If you aren’t specifically focusing on ethnic consumers, how do they feel about your products and mainstream marketing messages? Ethnic marketing should be a long-term goal, requiring constant tracking and assessments.

10. **Share findings with partners.** Finally, manufacturers and the retailers that carry their products can each have insight into ethnic markets based on their own research. By sharing information, these partners can then collaborate on capturing the market, e.g. expanded listings, joint events, ethnic flyers, customized planograms, etc. This leads to bigger shares for manufacturers and a growing basket size for retailers – a win-win.
The case is clear for tapping into the potential of Canada's ethnic markets. The incredible growth rate of immigrants and visible minorities has changed the country's demographics and this means there are new opportunities for your business. These groups are a cultural and economic force and manufacturers and retailers should be clamouring to reach out to these markets. But are they?

The reality is that most Canadian companies are not fully engaged in multicultural marketing. Understanding the nuances of each market and devising distinct strategies to target them requires a strong commitment. It calls for an investment of time, money and people, along with buy-in from key decision-makers.

Companies that are doing it right employ a variety of tactics, in researching and gaining insight into ethnic markets, demonstrating marketing and sales opportunities, and expanding categories and brands. The efforts vary, yet these leading companies all share a dedication to multicultural marketing. They realize that by focusing on some of these growth markets, they’ll reap new rewards for their stores and products. Now let’s take a look at two companies who are capitalizing on the opportunity – each doing it differently but each providing a best case.
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ETHNIC CONSUMERS ARE THE FUTURE.
When Reckitt Benckiser looks at the vision for each of their brands over the next 3-5 years, ethnic markets are a key part of the strategy. Shailesh Shukla, Vice President of Marketing, flips through a presentation on his laptop and stops at this game-changing research forecast: by the year 2020, about 70% of spending growth in retail will come from ethnic consumers. “That,” says Shukla, “is the future.”

The company began honing in on this potential in earnest 2½ years ago. That’s when they approached Nielsen with a request to clearly identify opportunities within ethnic markets. The methodical process had four steps.

1. **Category Opportunity** - Measure the consumption of ethnic markets in various categories, and compare it to the average Canadian consumer. Reckitt Benckiser did this through Nielsen’s Opportunity Finder.

2. **Brand Opportunity** - Within the ethnic market consumption, look where Reckitt Benckiser brands have stronger or weaker shares compared to other brands.

3. **Revenue Projection** - Project into the future how Reckitt Benckiser – if it captures the opportunity – will drive growth in the category and the brand.

4. **Prioritize** - Look at the scale of the potential, and then prioritize the top opportunities.

It was crucial to quantify the opportunities for two main reasons, says Shukla. First, which ones are worth pursuing? Second, if additional resources are deployed – in media, developing sales channels, etc. – what’s the payback and is it sustainable?

The company’s quantitative and qualitative research is robust. It includes visiting the homes of ethnic consumers to grasp their daily routines, surveying ethnic shoppers through Nielsen’s Category Shopping Fundamentals tool to help understand their shopping behaviour, going into stores where ethnic communities shop to study the shelves, and collecting research from the home countries of Canada’s ethnic consumers through the knowledge and experience of the Reckitt Benckiser teams around the world.

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*Interview with Shailesh Shukla, Vice President of Marketing, Reckitt Benckiser, Sept. 20, 2013*
Often, this research unearths some surprising findings. For example, Shukla notes that air care products are over-indexed in one particular ethnic community and under-indexed in another. Why? In the under-indexed community, the tradition had been to open windows and let in fresh air. In contrast, the over-indexed community had a different tradition of using fragrances to create an ambience. Both pieces of insight can prove useful in shaping marketing approaches for the company’s Air Wick brand.

The results of research can lead to everything from tailoring a message to tailoring a product. In any ethnic market, and for any category, the challenge is the same: can a message from your brand fit into the habits and lives of the market? Find the answer, says Shukla, and that’s the key to unlock the market potential.

**ONE GOAL, THREE APPROACHES**

There is never a single right way to reach the ethnic consumer. Reckitt Benckiser’s experiences show how three very different approaches have worked.

- **Leverage brand strengths.** Dettol and Lysol have similar brand equities in different parts of the world. Lysol doesn’t have a bar soap – but Dettol does. By studying stores that cater to certain ethnic markets, Reckitt Benckiser noticed that some importers were bringing in Dettol soap to cater to ethnic demand. That signified an opportunity. Last year, Reckitt Benckiser officially brought Dettol soap into the Canadian market, which appeals in particular to the South Asian and Middle Eastern ethnic markets. “Dettol brand has been growing exceptionally well,” says Shailesh Shukla.

- **Tweak existing brands.** Sauces, including many savoury flavours, are a big part of a lot of ethnic cuisine. Ethnic markets tend to be vastly over-indexed in the sauce category. Yet within the category, Frank’s RedHot sauces were under-consumed. “How could we bridge that gap?” says Shukla. Through research into various taste profiles, the company recently came up with a “Bollywood” variety of Frank’s RedHot, designed to make inroads mainly with the South Asian market in Canada.
Be relevant to how the market lives. Diwali is a five-day Hindu festival, known as the festival of lights. Candles are a big part of the celebrations. Reckitt Benckiser used the occasion to create targeted communications to Canada’s South Asian market around Air Wick scented candles. “In consumer packaged goods, you have to find a way to be accepted into and participate in people’s lives,” says Shukla.

RECKITT BENCKISER IS A GLOBAL CONSUMER GOODS LEADER IN HEALTH, HYGIENE AND HOME, WITH BRANDS SOLD IN NEARLY 200 COUNTRIES AROUND THE WORLD.

WITH A PURPOSE OF DELIVERING INNOVATIVE SOLUTIONS FOR HEALTHIER LIVES AND HAPPIER HOMES, THE COMPANY IS THE GLOBAL #1 OR #2 IN THE MAJORITY OF ITS FAST-GROWING CATEGORIES.

ITS PORTFOLIO IS LED BY GLOBAL POWERBRANDS, SUCH AS LYSOL, FINISH, STREPSILS, NUROFEN, MUCINEX, DUREX, DETTOL, CLEARASIL, VEET, HARPIC, VANISH, WOOLITE, AND AIR WICK.

“In consumer packaged goods, you have to find a way to be accepted into and participate in people’s lives.”

SHAILESH SHUKLA, VICE PRESIDENT OF MARKETING, RECKITT BENCKISER
SUCCESS COMES WHEN MARKETING ROUTINELY EMBRACES STRATEGIES FOR ETHNIC MARKETS, WITHOUT AN INDEPENDENT EFFORT NEEDED.
Shamus Qu is the first person to hold the position of Multicultural Marketing Director at Coca-Cola Canada. Though grateful for the opportunity, Qu looks forward to the day when his job, created less than a year ago, is obsolete.

Don’t get him wrong. Qu loves the focus of the new role, which reports to the president: “It reflects a commitment from the company that we aim to capture opportunities from ethnic consumers.”

Yet Qu hopes that marketing will routinely embrace strategies for ethnic markets, given their importance, without an independent effort needed. “Over time, multicultural marketing will just become ingrained in every brand, to the point where my position becomes unnecessary.”

There’s a life cycle to ethnic marketing, says Qu. In many companies, it can go from no focus to perhaps a task force that examines short-term and long-term opportunities. With enough of a business case and an initial investment, companies might dedicate a resource like Qu, to push the multicultural focus and get some first wins.

Ideally, this focus gains momentum and evidence of success, showing key stakeholders that the efforts are working. With that, ethnic marketing can become integrated into every aspect of marketing and operations. At that point, a distinct role like Qu’s becomes unnecessary.

For now, to move the needle on buying habits and sales, consumer research into ethnic markets is the foundation. The qualitative and quantitative tools that Qu relies on are no different than what Coca-Cola might use elsewhere. That includes Nielsen’s MarketTrack (to track weekly sales for products and categories) and Opportunity Finder (to quantify the opportunities among various markets for their category and brand). What has changed is having a dedicated resource to pour through the data and glean actionable insights.

For instance, in Canada juice is available in shelf stable, frozen and chilled formats. Research found that Chinese Canadians, especially new immigrants, have limited exposure to fresh and frozen juice, so their consumption is under-indexed.

In some ethnic supermarkets, the frozen format wasn’t even listed. Coca-Cola launched an educational campaign to Chinese consumers, including in-store communications, to promote the frozen juice format. The response has been encouraging, reports Qu.

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Interview with Shamus Qu, Multicultural Marketing Director, Coca-Cola Canada, Sept. 18, 2013
Another major part of Qu’s job is to share Coca-Cola’s insight into the ethnic markets with retail channels, both traditional banners and stores that focus on ethnic communities.

In areas where ethnic markets are under-indexed for Coca-Cola products, the company looks for strategies to close the gap. In other areas, there may be opportunities to further grow share.

When companies have a dedicated resource for ethnic markets, Qu warns about planning in a silo. He works closely with the brands to execute their overall marketing objectives, based on research. It’s important to remember that ethnic markets might be growing rapidly, but in many cases might still represent only 10-20% of the business. In contrast, the “mainstream” markets, while perhaps growing slowly or even flat, could still represent 80-90% of the business.

The aim is always to support the broader marketing and sales targets. Says Qu, “I don’t achieve separate goals. My work starts with the brand strategy.”

- COCA-COLA IN CANADA OPERATES IN EVERY PROVINCE AND EMPLOYS 6,300 PEOPLE IN MORE THAN 50 FACILITIES, INCLUDING SEVEN PRODUCTION FACILITIES.
- THE BEVERAGE LINEUP INCLUDES SPARKLING SOFT DRINKS, STILL WATERS, JUICES AND FRUIT BEVERAGES, SPORTS DRINKS, ENERGY DRINKS AND READY-TO-DRINK TEAS.
- BRANDS INCLUDE COCA-COLA®, DIET COKE®, COCA-COLA ZERO®, SPRITE®, FANTA®, NESTEA®, POWERADE®, MINUTE MAID®, DASANI® AND VITAMINWATER®.
- COCA-COLA IN CANADA IS REPRESENTED BY COCA-COLA REFRESHMENTS CANADA AND COCA-COLA LTD.
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