

ETHNOMARKETING - A NEW PARADIGM THAT REFLECTS MARKETING'S CONCERN FOR THE CULTURAL DIMENSION OF THE MARKET

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Abstract

Culture has often been regarded as one of the main determinants of consumer behavior and of the symbolism acquired by certain products. It is well known that states are composed of many subcultures and that cultural diversity is an ever-present topic. Culture has invaded the entire current range of business, its presence is seen everywhere, and marketing makes no exception.

In this context and considering culture as an important factor that conducts and guides the entrepreneurial success, the following paper reveals some important concepts, characteristics and principles of ethnomarketing for a better exploitation of market opportunities, especially on its consumer behavior dimension.

Keywords: marketing, culture, subculture, ethno marketing, marketing research

Introduction

Culture offers people a significant context in which they can meet, think and face the world. The way we perceive the world around us, the way we think and act, our norms and values are determined by the culture in which we live and which we consider to be normal. It is a system that we learn and that is passed on from generation to generation. Culture can be represented as a collection of elements such as language, buildings, religion, clothing, cuisine etc. On the other hand, as part of a culture, subcultures are groups of people who have value systems based on common experiences of life. Even a group of World of Warcraft fans in a society form their little subculture. Subcultures are also, among others, ethnic minorities. Spanish speakers in the United States of America represent a subculture, a rather significant ethnic group. To the same extent Hungarian speakers in Romania are an ethnic group or a subculture. Different cultures have a simultaneous influence upon one another. Ethnic groups create cultural diversity in that they actively contribute and change the culture of the society they belong to.

Culture has often been regarded as one of the main determinant factors of consumer behavior and of the symbolism acquired for certain products. It is also well known that states are composed of numerous subcultures and cultural diversity is an ever-present topic. Culture has invaded the entire current range of business, its presence is seen everywhere: on the market, on which are reflected the three levels of culture (artifacts and conduct, values and beliefs, and the world which lies at their basis) and also inside the organization dominated by certain cultural patterns throughout the life of the enterprise. In these conditions there is has been a growing interest, for the past 20 years, for the cross-cultural differences between different ethnic groups and their implications for the marketing strategy developed at the level of the organization, using culture and ethnicity as segmentation criteria.

It should be emphasized that, in practice, small and medium enterprises in particular are faced with the need to include culture the process of design, implementation and control of marketing activities.

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The concept of ethno-marketing

Ethno-marketing involves the recognition of culture as the framework and essence determining contemporary business and consumer behavior analysis, the decisions of the organization and the dynamics of the market on which the company acts from the point of view of cultural dimensions. In other words, ethno-marketing is a differentiated marketing in the light of the cultural origin of the target groups, the cultural minorities living in a country being addressed through a tailored marketing mix. In this context, are taken into account the contributions of anthropology and ethnography that characterize consumer cultures. Ethnography, the science that classifies the peoples of the world, studying their composition, origin and spread, follows the development of their material and spiritual culture, etc., has now become the method allowing the acquiring of understanding of the values, behaviors and other specific components of culture. The goal of the ethnographic method used in ethno-marketing is to penetrate inside the symbolic and social universe of the persons investigated to decipher their perceptions, attitudes, habits, values and way of life and, thus, to better understand their actions and motivations¹. On the other hand, cultural and social anthropology is most often used in marketing as it examines cultural facts that influence the behavior of individuals.

Ethno-marketing is not a new idea, having emerged in 1920 as a concept in the U.S. („ethnic marketing”) in an attempt to address migrant Asians and Latin Americans. The basic principle of ethno-marketing at the time was that for minorities specific means of marketing should be used, their stimulation being achieved through different methods.

Two reasons led to the increasing importance of ethno-marketing. First, ethnic groups have become larger and have gained greater purchasing power, which led to the increase in their attractiveness. Secondly, the marketing field has become increasingly advanced which means, among other things, a concentration of attention on ever-smaller market segments. In recent years, minority consumer market segmentation has become increasingly complex and sophisticated. Thanks to new tools and state-of-the-art techniques of data processing, such as, for example, data-mining, brands are now able to reach niche segments of consumers that have become increasingly narrow².

Ethno-marketing, this new paradigm in marketing, was conceptualized as the social process in which, in terms of human groups, are designed and implemented three main functions of marketing: understanding consumers, to winning customers (buyers) and retaining customers.

The four epistemological foundations of ethno-marketing are³:

ethnicity - a concept of individual and group identity adopting differences in color, language, religion or attributes related to common origin. Many researchers state that the basis of ethnicity is the self-identification of members mediated by the perception of others.

ethno-consumerism understood as the study of social group or cultural group consumption, using categories of behavior and thinking that are rooted in the cultural component. Ethno-consumerism is based on the basic cultural categories of a particular culture and studies the actions, practices, words, thoughts, language, institutions and interconnections between these categories. Ethno-consumerism forces the researcher to observe a particular person not as an individual but as a cultural being, belonging to a culture, subculture or having another affiliation group;

¹ Chirade, A., Guezais, C., Marzouk, S., 2008, *The Ethno-marketing*, course notes MOI (International Operational Marketing), University of Paris X, 1/17.04.2008,

http://christophe.benavent.free.fr/IMG/pdf/MOI_2008_Ethnomarketing.pdf

² Pauwels, M.C., 2006, *Marketers as Innovators: how ethnic marketing revisits ethnicity*, LISA e-journal, Vol. IV - n°1/2006: Driving Innovation in Anglo-Saxon Economies: Comparative Perspectives, p. 234-254, Electronic ISSN 1762-6153, <http://lisa.revues.org/2293>

³ Morales, D.P., 2005, *Ethnomarketing, the cultural dimension of marketing*, paper accepted for presentation at the 2004 Academy of Marketing Science Cultural Perspectives on Marketing Conference held at the *Universidad de las Américas* Campus in Puebla, Mexico, published in *Pensamiento y Gestión*, N°18, Universidad del Norte, pp. 177-206, ISSN 1657-6276, http://ciruelo.uninorte.edu.co/pdf/pensamiento_gestion/18/7_Ethnomarketing.pdf

the cultural dimensions of markets, namely those markets where the objects, rules and stakeholders acquire a meaning related to a particular culture;

the market-oriented organizational culture where marketing has a predominant role representing the core of any strategy of an enterprise. Trying to create or run a market-oriented organizational culture involves efforts towards integrating the concept of marketing as an element always present in each functional unit that makes up the organization. This means that in order to be successful, a market-oriented organization must build long term relationships, by implementing the strategies that enable the transformation of potential consumers into loyal customers, one of the key postulates of the concept of marketing. In order to achieve this state of customer loyalty, an organization must have extensive knowledge about customer needs during the various times when the organization builds its exchange relationships: before (pre-transactional exchange), during (transactional exchange) and after (post-transactional exchange) the execution of the process. A market-oriented organizational culture is defined as a set of behaviors, myths, rites, rituals, symbols, beliefs, assumptions, and especially values that allow the organization to place the customer at the heart of its activities, to know the present and future competition, to properly co-ordinate its internal activities, to take decisions in a long term perspective and to have a profitability in accordance with its own previously determined plans and needs.

Ethno-marketing specific actions in a company

Basically, ethno-marketing is a specific way to address the market, on the basis of other segmentation criteria, designed to aim for those niches represented by people from different ethnic backgrounds⁴. It is designed as a type of marketing applied to homogeneous ethnic groups under a great cultural diversity that characterizes the current cultures.

Formulating the assumptions underpinning ethno-marketing, these can be stated as follows:

- the conception and practice of marketing are included in the relativistic scientific paradigm, in open, not complementary, opposition with the positivist paradigm dominant in the current marketing schools. In other words, marketing as a discipline has a contextual nature and the validity of its truth depends entirely on the environmental conditions detected, analyzed and interpreted. The essence of any context is completely determined by dominant cultural models and schemas.

- products - goods, services and ideas, bear great symbolic meaning;
- anthropology, with its most recognized method, ethnography, represents the social science best able to understand, conquer, and keep the market participant agents;
- marketing research must be supported by different methodologies in which the consumer can be contemplated in natural circumstances. One may use for this purpose, among other data compilation techniques, techniques of observation of the subjects, in-depth interviews, mystery client technique, audio and video recordings etc.;
- consumer phenomena that form the symbolic meanings, rather than functional meanings, should be the starting point of any marketing effort;
- any undertaking must have a clear and strong market-oriented organizational culture in order to create superior values for the customer;
- the process of identifying market segments should be conducted in accordance with a symbolic approach;
- consumers belong to different market segments at the same time in terms of a particular product category;
- organizational communication must ensure that it targets a specific market segment;

⁴ Van der Schaaf, C., 2008, *Ethno marketing is slightly crude*, The issue, Erasmus University Rotterdam, http://www.eur.nl/english/news/the_issue/issuearchive/2008/issue_2008_26/

- substantial efforts should be made by the company to build effective and dynamic market information systems;

- marketing audits should become a routine in any organization.

The continuous support towards consumer sovereignty is one of the key postulates that ethno-marketing recognizes; this first feature is linked to the need to understand consumers. Consumer profiles, consumption trends, tastes and preferences should be deeply known. Based on the contemplation of consumer phenomena, expressions, contexts and rituals, is it possible to know consumers, their categorization, their quantification and, especially, the drafting of future marketing strategies and of the programs to be implemented in order to meet their deepest aspirations.

Culture shapes (most often unconsciously) every human behavior, including consumer behavior. Multiple cultural elements - language, religion, values and symbols - different from one culture to another can exert a strong influence on consumer behavior. Individual consumption is closely linked to culture on several levels: the connotations of a specific language, the postures, gestures and contacts between individuals, color perception, etc. Any decision to purchase is the result of a complex process in which occur, to some degree, the symbolism and the irrational. The activity of ethno-marketers is to remove from the shadow that part which motivates the decision and which is influenced by the cultural factor.

Consumer understanding must be translated into clear and convincing explanations of human complexity. With this information, it is possible to transform potential customers into loyal customers, the final target of all organizational efforts on the market. Thus, different types of consumption inherent in this period will have to be made visible and consumer motivations emphasized by the ethno-marketing approach which shall have to be designed to address human groups, ethnic groups. For example, the profane and the sacred consumption must be clearly defined in order to discover whether the profane or the sacred prevailed in some social circles. Consumption must also be defined in terms of processes of imitating public persons, located in the upper layers of society that many potential customers perform. Also, the materialism considered to be typical of this age will be taken into consideration, given its remarkable influence in purchasing a certain type of products (luxury goods, vehicles, jewelry)

Possessions now represent a way to reaffirm the personality for many consumers. For these consumers life revolves around the value of things that can be purchased and through these things they aspire to be perceived as successful people and therefore worthy of being emulated. Similarly, consumption rituals must be identified in terms of artifacts used, texts learned and repeated faithfully, roles to be fulfilled with the audience to which is destined the role which is executed. It is also indispensable to find the connection between cultural values and terminal values, through which consumers try to materialize their consumption objectives, and those product attributes that consumers assume that they can meet their expectations.

The process of study, analysis and interpretation of current environmental realities of the market in order to provide solutions to identified needs, involves more or less focusing on the cultural environment. In this context, cultural circumstances could only be approximated by appealing to specific ethnographic methods of cultural anthropology, in order to discover the symbolic world that lies hidden behind business actions and decisions of each community studied. Ethnography sets not only the context and subjective meaning of the experience of a group of people, but it also explains the cultural significance of this experience in a comparative and interpretive manner.

In other words, ethno-marketing breaks the traditional view of the marketing imposing the classical approach to the marketing mix (4Ps: product, price, placement, promotion) in thousands of fragments. Acting under the old marketing concept brought great damage, equally to both the business and academic environment in an attempt to reduce marketing processes to a universal formula with superficial variations on the four main components, without giving sufficient attention to radical adjustments related to the current competitive environment.

Regarding product policy, it is recommended that before applying the principles of ethno-marketing, the organization checks the convenience degree of its products because the products have varying degrees of dependence on the cultural factor (see figure 1).

Figure 1. Products' dependency on the cultural factor



Source: adaptation from Waldeck, B., von Gosen, C., *Ethno marketing in Germany*, paper presented at the 1st International Conference on Strategic Development of the Baltic Sea Region (BSR), Tallinn, Estonia, 25-27 February 2007,

http://ikarus.e-technik.fh-kiel.de/bsn42/fileadmin/bsn_ftp/Waldeck_Paper_Ethno_Marketing_6-E.pdf

Thus, standardization, to which reference is made in the above figure refers to the fact that a product may be sold in different markets without realizing any changes due to cultural reasons. The dependence on cultural factors is in a close relationship with tradition. Products dependent on this factor have a long tradition and are thus part of the cultural identity of individuals. For example, clothing and food products are visible features of a culture; through them, a differentiation can be achieved from one culture to another. The products that are not dependent on cultural factors satisfy the same needs irrespective of the cultures manifested in that country.

In ethno-marketing, particular attention should be paid to cultural influences on brand names and packaging design. In this context, the brand name must meet three conditions: to be easy to pronounce, to have a positive significance and, last but not least, it must sound good. These are also the characteristics that distinguish languages from one another.

The brand name should be understood and easily pronounced by the target group. Also, more important than phonetics (pronunciation) is semantics (meaning and associations). The brand name must not lead to negative associations with the target group. This can happen with brand names that have various meanings in other languages. For example, Unilever has named one of its soaps "Le Sancy", a phrase that means in some Asian dialects "death upon you", an association that was certainly not intended. A third feature of the language - morphology - provides information about word length and the fact that, in a language, short or long words are preferred, and thus are preferred short or long brand names.

On the other hand, when it comes to design and product packaging, heed should be paid to selected colors and / or symbols that should not cause any negative association with the target group due to the cultural context.

The service offered to customers represents, as we know, a component of the product policy. Customers often seek to obtain product information before purchase (commercial service). They require leaflets and after sales service. In ethno-marketing, these services should be provided in the native language of the target group. Most times, it is very important to satisfy the information needs of the target group because, otherwise, the organization's marketing efforts will remain unsuccessful.

Another component of the marketing mix, the promotional policy, offers a variety of possibilities in the form of advertising, advertising in print, websites, promotions, etc. that can support the application of the ethno-marketing vision. As we can imagine, is very important to adapt the communication campaigns to the needs of the targeted ethnic group. In addition to caring for the language used, in the communication activity other elements of cultural features must be used, such as symbols, colors and music. The key to achieving a genuine relationship goes beyond simply using specific language and images used in advertising, being designed to build trust and take seriously the clients from minority groups. A promotional campaign designed specifically for the foreign client in his language does not only prevent distortions due to negative associations made only after translation, but also makes the customer feel adequately addressed, it shows him that he is important for the company. Some ethnic groups living in our country understand the advertising done in Romanian, but there is a difference between the perception of publicity and its internalization. Ethnic minorities in a society feel strongly affiliated to their own culture and the language is a key identification feature. Thus, advertising in Romanian is perceived, but advertising in their native language stirs up emotions.

In ethno-marketing, the distribution policy is particularly important in the field of services. Banking and insurance services mainly involve conducting extensive advisory activities, being fully substantiated the need for their staff to learn more languages in order to provide this service to target ethnic groups. On the other hand, most often, in Romania the vast majority of distributors do not take into account the differences existing in the behavior of consumers who are part of ethnic groups of interest, therefore, their members have created their own distribution channels. Due to the sales force's lack of knowledge regarding foreign languages, foreigners prefer to buy goods they need from the so-called "ethnic stores" because in them they feel understood and can make themselves understood. This psychological barrier can be overcome, as mentioned above, by hiring people to speak the language of the target ethnic group. The role of the communities is also important in this case. People like to buy things where they can meet with friends, so that once created, the positive experiences in the store will lead to loyalty.

Pricing policy does not have the same importance on the realm of ethno-marketing as the other policies of the marketing mix. From this point of view, three factors influenced by the cultural component and which can provide information on how potential customers will react to the price are: the role of money in a society, that price as key- stimulus and the acceptance of the price by customers.

The role of money varies in different cultural areas. Money could be a taboo topic which is not discussed in public. For a given target group moderation could be a sign of poverty and for another group for a sign of cleverness. These attitudes are different from one society to another and they provide information about people's attitudes toward money.

Price is also a key stimulus for a product. Often, the price of a product is associated with its quality even if this combination is not always appropriate. The extent to which the price is a key stimulus for a product is influenced by cultural factors.

Customer acceptance of a price is strongly influenced by the cultural factor. How much is the customer prepared to pay for a product depends on the importance of that product in a given society in a given ethnic group. The same product can enjoy a different importance in different cultures.

In ethno-marketing, we must keep in mind that most likely, customers have different attitudes toward money, and therefore they will react differently and unexpectedly to price policy measures, such as, for example, discounts or coupons.

Ethno-marketing is, as we have seen, a concentration of the efforts of the company on ethnic or cultural minorities in a country through a marketing tailored to their needs. A problem that can arise in applying the principles of ethno-marketing arising from the issue of segmented marketing and refers to the economically necessary dimension of a market segment. Ethnic groups are often only a small percentage of the total population of a country. Profitability should be possible with any target group. However, in many countries, ethno-marketing is not an option due to lack the necessary size of the ethnic groups concerned. On the other hand, market segmentation also means the determination of a segment profile. In ethno-marketing, the drafting of the consumer profile may be a risk. Given that cultural characteristics are difficult to identify, the wrong or superficial knowledge about the attributes and needs of a segment can lead to insufficient communication with the target group.

The issues of ethno-marketing in Romania

The issue of ethno-marketing is important for our country because of the large number of Hungarian and Roma minorities and the possibilities of transforming them into targets of the business activity. We offer you the official statistics regarding the ethnic structure of the Romanian population:

Nationality	2002 Census	%
Romanian	19.409.400	89,5%
Hungarian	1.434.377	6,6%
Gypsy	535.250	2,5%
German	60.088	0,28%
Ukrainian	61.353	0,28%
Russian	36.397	0,17%
Turks	32.596	0,15%
Tatars	24.137	0,11%
Serbs	22.518	0,10%
Croatian	6.786	under 0,10%
Slovenian	175	under 0,10%
Slovaks	17.199	under 0,10%
Bulgarian	8.025	under 0,10%
Hebrew	5.870	under 0,10%
Czech	3.938	under 0,10%
Polish	3.671	under 0,10%
Greek	6.513	under 0,10%
Armenians	1.780	under 0,10%
Ruthenians	257	under 0,10%
Italian	3.331	under 0,10%
Albanian	477	under 0,10%
Macedonian, slavs etc.	695	under 0,10%
Total	21.698.181	

Source: "Minorities in transition - Report on public policies in the field of national and ethnic minorities in Romania", January 2005, Ethno-cultural Diversity Resource Center, http://www.edrc.ro/docs/docs/minoritati_in_tranzitie.pdf

On the other hand, in 2009, 80,000 foreign citizens lived in Romania, of which 54,000 were citizens from outside the European Union, and 24,000 were nationals of EU countries, according to the Romanian Immigration Office (RIO)⁵. In a population of 21,469,959 inhabitants⁶ this means a rate of 0.4%. Accurately recording the exact number of foreign citizens in Romania is not easy. We still have no answer to questions such as: With the registered number of foreigners do we cover only the persons with foreign citizenship or do we also include persons with dual citizenship? But what about people who naturalized and only have a Romanian passport? Are they recorded in the statistics as persons with Romanian citizenship, although they preserve the culture of their home country?

Although there are a few Romanian organizations that have implemented ethno-marketing in their strategies, most did not do this. For many companies the concept of ethno-marketing can lead to the first mover advantage in winning the confidence of members of ethnic groups. It is clear that, in the future, in the context of globalization, the concept of ethno-marketing will gain importance in the future with the increase in the foreign population of Romania and of Europe.

Conclusions

To conclude, we reiterate the idea expressing the fact that ethno-marketing represents the principle according to which organizations take into account the needs of ethnic groups and thus target group members feel respected and integrated into the host society. Related to this, in 1979, Herbert Gans introduced the notion of “symbolic ethnicity” a low-level identification based on symbolic structures that represent nostalgia for traditions and which do not involve an intense commitment. Recent marketing research has confirmed this idea. Consumers are now turning more and more to products not only for what they do, but for what they mean. Symbolic significance is more important than mere utility. Because ethnic identity is now something chosen, rather than pre-established, individuals tend to swing between several identities. Thus, we must realize that ethnicity is now most often in the eye of the beholder.

On the other hand, in the current conditions of globalization, we see that talking about ethnicity and addressing a particular ethnic group, in particular through ethno-marketing, is difficult and complicated. Indeed, due to the multiple streams of migrants, ethnic groups were mixed and can be found hidden around the world. Thus, targeting a particular ethnic group is almost the same as finding a needle in the haystack. This is not an issue to be neglected. It is therefore necessary that each organization assesses its opportunities and its capacities of fruition, through an extensive analysis, in the cultural context in which they operate.

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