

# If diversity is the future, why are companies ignoring it?

Companies must wake up to the opportunities presented by marketing more intelligently and inclusively to Britain's increasingly diverse cultural make-up, argues **Kate Wilson**. Here she outlines how companies can take a fresh approach to cultural diversity

**R**EPORTING ON the publication of the 2011 UK Census data, the BBC announced: "Diversity is the future of Britain." This statement is supported by both factual and anecdotal evidence in the media on an almost daily basis.

- The 2011 Census data, released in December 2012, showed how rapidly the population of the UK has changed in the past decade – with 7.5 million people (13% of the population) born overseas and dramatic changes taking place in the make-up of the population. Over 60% of children born in London have one or both parents who were born abroad – and one in four for the country as a whole.

- In the past, minority populations were concentrated in London, but are now more diffused, with dramatic growth rates in towns where ethnic minority groups have increased by 90%. As *The Economist* noted: "The rest of the country is looking more like London: less white and more diverse."

- During the Boxing Day sales in London, Chinese and Middle Eastern customers accounted for £12m of the £50m sales in the West End, with an average spend of over £1000 per customer – typically on luxury brands.

Much comment has focused on the impact on society and the issues around migration and economics, but the implications for marketing are just as significant. Although cultural diversity is often treated as of peripheral interest, usually as a matter of niche marketing to specific minority groups, it can no longer be viewed as a minority interest – it is a strategic issue of critical importance.

Beyond consumer marketing, there



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is significant interest in diversity in the charitable and voluntary giving sector in the UK, where many organisations who are competing for the same charitable pound in the conventional population are considering how they can broaden their reach to include diverse communities.

There are also implications for those working in communications in the public sector and the political arena, where engagement with diverse communities can deliver real rewards. The outcome of the US election was said to have been determined by the 37% Hispanic, Black and Asian American voters who gave 80% of their votes to President Obama. There are surely lessons to be learned in the UK – for politics, as the next election comes into focus, and in the public sector.

## NEW LENS ON THE NEW 'US'

This growing body of culturally diverse people in our population should be thought of as consumers who represent a considerable opportunity for brand owners to unlock value and develop smarter strategies.

Marketers need to stop thinking about diversity in terms of how specific groups could be targeted for niche marketing, or as a distracting cause of fragmentation of budgets and execution, and start thinking of diversity as central to mainstream marketing strategy.

By changing the lens, it is possible to look

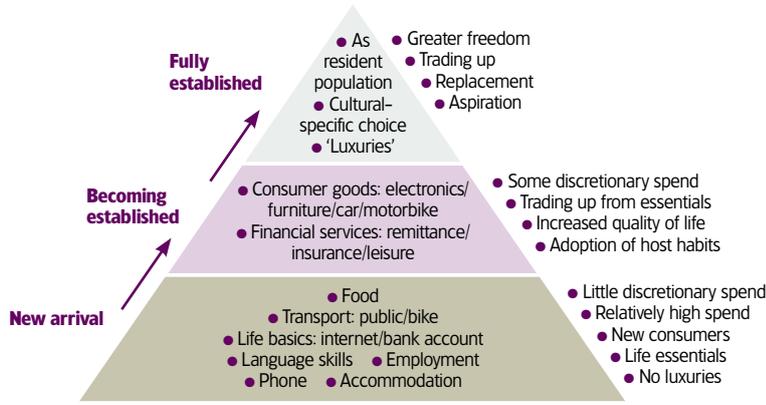
for ways to include diverse cultural groups in marketing activities, rather than separating them from the mainstream. In the US it is now being suggested that marketers draw a line between traditional multicultural marketing – which is typically audience and message specific – and inclusive cross-cultural marketing aimed at reaching consumers across demographic groups to appeal to their similarities, rather than differences.

## THE PROVEN VALUE OF CULTURE-SPECIFIC MARKETING

The conventional approach undoubtedly has a role to play where there are specific issues of relevance to a particular audience (beauty products formulated for the black market, for example), cultural requirements for food specification (such as Halal Haribo sweets for the Turkish population in Germany), or cultural norms that determine purchasing (such as the bulk packaging of basics such as rice by mainstream brands including Tilda for Middle Eastern and Asian cultures, where entertaining large numbers is common).

In telecoms, energetic activity by brands such as Lebara and O2, aimed at the particular needs of the communities they serve, is a good example of culture-specific marketing. Similarly, in the public sector, there are circumstances where culture-specific communications are appropriate – such as medical conditions or health issues >

**FIGURE 1: Hypothetical hierarchy of consumer needs**



that have relevance to certain communities.

However, if the communication is seen as tokenism, it can have unwanted effects – merely recording a Spanish voiceover for a US advertisement will offend Latin Americans. It is not enough to simply show a mix of ethnicity in communication or merely translate copy into another language – the challenge of communication demands depth of understanding of the impact of culture on attitudes and behaviour.

**INCLUSIVE CROSS-CULTURAL STRATEGIES**

The real opportunity and the central idea behind Culture Watch is to think differently about the issues of diversity. Instead of thinking ‘How can I market to consumers from different cultures?’ (which will inevitably lead to fragmentation of brand proposition, marketing activity and budgets) it is important to acknowledge the reality of the make-up of the consumer universe and place cultural diversity at the heart of

mainstream marketing strategy.

This means considering how to extend the brand footprint to embrace consumers who share the same needs and aspirations – no matter what their cultural background. By making slight adjustments to strategy, positioning and execution it should be possible to reap considerable benefits, including incremental share gain.

Brand owners need to take a long, hard look at brand positioning and proposition and answer some key questions: ‘Is my brand proposition relevant and inclusive across the new reality of the consumer universe? How could I make it more so without diluting the essential promise?’

To do this, it is also essential to know the basics: ‘How do consumers from diverse communities feel about my brand? How do they respond to my marketing and communications? How do they consume media? How different are they really?’

Asking these questions will reveal the similarities across cultural groups as well

as identifying the differences, and by adopting smarter thinking and smarter strategies, brand owners will be able to extend the reach of the brand to new audiences without having to embark on costly culture-specific campaigns.

Global brands such as Coca-Cola are already embracing the idea of inclusion, noting: “As ethnic communities become increasingly important, it makes little sense to approach them as outliers...”

Yet, this approach does not prohibit the use of culture-specific activity aimed at particular groups. Instead, it leads to more focused, tactical and thus more effective activities. To fully grasp the diversity nettle, marketers need to examine how diverse consumers can be included in cross-cultural marketing as well as gaining specific advantage through targeted, culture-specific approaches. They are not mutually exclusive.

**IS THE PRIZE WORTH THE FIGHT?**

At a global level, the issue is not going to go away – the challenges that we see in the UK are replicated across Europe and globally as the world population shifts between countries, embeds itself and assimilates its values and attitudes within the host population. The impact of Chinese consumers across the world is now apparent, while on a smaller scale in the UK the Eastern European population is now a real force within the working population and has value to the economy – their work ethic and life priorities mean they have considerable spending power.

By shifting the focus to an opportunity-led lens, these dynamic populations can be seen to represent significant new audiences for brands and services, evolving over time as their status changes.

**WHAT IS HOLDING UK MARKETERS BACK?**

Despite increasing ‘noise’ around the issue, brand owners in the UK are still reluctant to stop treating diverse consumers as a peripheral interest and engage fully with the potential that these groups may offer. There are a number of barriers:

● **Lack of real commitment at the higher levels of strategic thinking:** Other, perhaps more obviously pressing, priorities are to the fore in the current economic climate.

● **Lack of data:** Beyond ethnically-defined BME census categories, there is no accurate body of data on the populations. ‘Ethnicity’ is simply not a helpful way of looking at these consumers; for example, the ‘Black’ category includes a radically different selection of cultures, ranging from

Caribbean to African, and within these geographical definitions there is also huge variation.

● **Inadequate methods:** The so-called nationally representative tools – panels and omnibus surveys – simply do not have enough respondents in specific cultural groups to be able to deliver a robust sample. Qualitative research has not been carried out on a sufficient scale to provide a body of evidence that can be used for strategic thinking.

● **Terminology:** Even the word ‘diversity’ has confusing associations with issues around race, gender, disability and equality. Culture and cultural diversity are more useful terms – the attitudes, characteristics, values and priorities that define

different communities and impact on their behaviour with regard to attitudes to brands, marketing communication and purchasing.

● **Confusion between diversity as an internal corporate issue and an external marketing goal:** For many organisations, ‘diversity’ sits in the HR function, not the marketing department, and so does not have the profile that it needs to feature in strategic development.

The consequence of these factors is that there is almost no coherent market intelligence on cultural attitudes and behaviours and a fragmented, poorly reported media landscape. As a result, many brand owners have put the issue in the ‘too small, too difficult and too complicated’ box and moved on.

## INSIGHTS FROM BRITAIN'S POLISH COMMUNITY

The findings of a pilot study carried out face-to-face with the Polish community in the UK by Culture Watch provide insights that illustrate the real benefits that marketers could realise.

● **Sizeable audiences:** There are over 13 million people in the UK who were born elsewhere, with spending power in the region of £137bn. Poles now represent the second largest foreign-born population in the UK – officially 579,000 UK residents were born in Poland.

● **Different cultural demographics:** Different groups demonstrate varying intentions around language, priorities and attitudes to integration. The pilot survey data suggests that the Polish population is predominantly English speaking, with 74% claiming to have no difficulty with language, and indicates that Polish people intend to integrate within the UK. Typically they come to work, are often joined by family or friends, live in rented accommodation and, although reasonably well educated, earn significantly lower salaries than

that of the UK population as a whole – 72% earn less than £20,000 a year, compared with the UK average of £26,000.

● **Different influences:** The Polish survey demonstrates the overwhelming importance of recommendation from friends in decision-making – 62% claim 'recommendation from friends' as a key source of information, contrasting with virtually no mention of paid-for advertising or media. For marketers, the implications are clear – they should consider social and community-based marketing methods over conventional ones.

● **Diverse media consumption:** Compared with IPA TouchPoints data, the following findings emerged from the pilot study of Poles' media consumption in the UK.

- Light viewers of TV: watching only 12 hours a week compared with 29 hours for Britons.
- Limited UK channel usage: consuming almost exclusively the four terrestrial channels.
- Dominant native language channel choices: TVN

and Polsat are the only native channels that feature at any significant level.

● **Radically different programme choice:** news and films, rather than the drama, soaps and comedies that dominate the choices of UK viewers.

● **Marketing opportunities:** The pilot study data shows potential marketing opportunities in mobile phones, transport, public and automotive, banking and retail. For example:

- The data highlights a dramatic rise in car ownership – from 13% 'on arrival' to 44% 'now' – representing a significant opportunity for brands offering insurance, finance and car sales.
- A 26% intention to upgrade mobile phones in the next 12 months, compared with 16% in the UK population as a whole, represents a tangible opportunity.
- Banks should be excited by the sizeable opportunity offered by the 20% of the Polish population who regularly send money home – as part of the estimated total £13bn remittances from the UK.

New migrants undertake a fascinating consumer journey. They arrive with nothing and must acquire all the basics of life – banking services, mobile phones and communications, furniture and household goods. As they become established consumers, they trade up through a hierarchy of needs and aspirations (Figure 1).

In a recessionary climate, the opportunities for brand growth and share gain are harder won – marketers need to be innovative, creative and adventurous. Smart strategic thinking around these currently neglected groups has the potential to deliver rare gains.

Marketers are increasingly focused on efficiency in communication – both in execution and media choices. In recent work with the Polish community in the UK, we have found that although Polish people's language abilities and attitudes to advertising and brands place them in the mainstream, their media consumption is dramatically different from the population as a whole. They rely on word-of-mouth and community recommendation, so they are obvious targets for social media marketing.

The opportunity is not only domestic – there are also considerable opportunities for businesses from overseas to market to the sizeable culture-specific communities in the UK. This is an opportunity for British distributors and agencies to attract new business from the home and migrant communities. Miller Brands has been

distributing Tyskie, the leading Polish beer brand, in the UK since 2007. It has grown significantly, gaining increased loyalty from Polish and British drinkers alike.

But the opportunities for international collaboration go beyond this and new business models are emerging. For example, UK-based drinks brand owner Marblehead is developing a new brand of vodka, connoting a nostalgic image of Poland in both its name, Davna (which translates as 'vintage' or 'old school') and its brand positioning. Davna is aimed at the Polish population in both the UK and other international markets. It is manufactured in Poland, for the sake of authenticity, but developed, distributed and marketed from the UK.

### CHALLENGES

Finally, some challenges that brand guardians, marketing professionals and their agencies should consider:

- **Be brave:** Stop thinking about cultural context as a 'hot potato' but as a reality of the marketing landscape that has potential for unlocking value and delivering competitive advantage.
- **Be serious:** Much more than lip service/tokenism is required – investment of time and budget in research is needed to start unlocking the value.
- **Consider both cross-cultural (inclusive) and cultural-specific opportunities:** These are not mutually exclusive.
- **Encourage debate:** Open up the issue



**Davna vodka: connotes a nostalgic image of Poland**

internally, discuss and explore corporate culture, attitudes and mores with regard to cultural diversity.

● **Be specific:** Avoid motherhood objectives such as 'greater engagement with diverse communities' – use research to set specific goals and measure success.

● **Be generous:** If possible, become a champion and share learning – there is little out there and potentially there is plenty of mutual gain from pooling insight.

If diversity is the future of Britain and all the evidence indicates that consumers from diverse groups want to help us to be smarter and more insightful marketers, we ignore them at our peril.

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