

## Diversity Marketing and Sales Leads to Business Growth

The United States has become a truly diverse marketplace that tailors its products and services to a wide variety of socioeconomic and cultural backgrounds. According to a study by Penn State University, starting in the 1980s, private business, government agencies and nonprofits have focused their marketing and sales efforts toward a diverse consumer base. While an important aspect of this diversity perspective is the rising nature of the global marketplace, diverse and cultural groups within the United States have begun to celebrate their differences rather than attempting to acclimate to the dominant demographic. In recent times, the U.S. has been compared to a “salad bowl” rather than the traditional “melting pot.”

**Important Reminder!** Diversity is not only with regard to race and ethnicity but includes age, religion, gender, lifestyle preference, and unique experiences (e.g. Disabled or veterans).

Although racial and ethnic differences are the first to come to mind when companies develop marketing and sales campaigns, other categories of diversity that should be considered include gender, religion, age, lifestyle preferences, and unique experiences. Within these broad definitions, companies may further narrow the definition based on primary language, marital status, education, category of occupation, and income level. Geographic location may also affect the ways in which a company markets its product or service.

As the U.S. consumer base becomes ever more diverse, marketing strategy in most firms strives to attune the message to be sensitive to cultural proclivities and preferences. According to the 2010 U.S. Census, greater than 50 percent of the U.S. population is expected to be composed of minority groups by the years 2042. With such a prediction, organizations in all sectors must embrace diversity as the driving marketing and sales strategy—including the hiring and retention of a diverse workforce with the understanding that a diverse employee base will foster affinity and understanding of the customer. The metrics support this idea:

- The U.S. Department of Commerce reports that 85 percent of business growth between 2011 and 2050 will be the result of the buying power of diverse ethnic groups. Today’s numbers

indicate that 33 percent of individuals in the U.S. come from minority backgrounds in terms of racioethnic identity. By 2050 this ratio is expected to increase to 50 percent.



- Over the past 20 years, the buying power of minority groups has far outpaced that of white, non-Hispanic consumers. (See figure 1: The rise in buying power of diverse groups.”) As per Humphreys (2008) while total purchasing dollars spent by white/non-Hispanic consumers rose by 139 percent between 1990 and 2008, growth in spending in the same time period was 187 percent among African Americans, 349 percent among Hispanics, 337 percent among Asians, and 213 percent among Native Americans. The growth of spending by African Americans is a direct result of this group’s gains in disposable income resulting in more purchasing dollars. The Hispanic consumer market increasingly represents a larger proportion of all consumers and is expanding in size at a greater pace than other minority segments.
- Women represent a significant consumer market. Research has shown that, as a direct result of workplace improvements in terms of compensation and career growth, their purchasing power impacts up to 85 percent of the consumer spending. A 2010 study by the U.S. Women’s Chamber of Commerce places the purchasing power of women at \$4.3 trillion of the total consumer spending, making women the largest single economic driver not only in the U.S. but the global marketplace
- The buying power of untapped consumer markets, such as that represented by the lesbian and gay community, reached \$835 billion by 2011. Research has shown that the LGBT community tends to spend more on luxury goods, are early adopters of new products and services, develop strong brand loyalty and have greater household discretionary income than other minority groups.

Figure 1: The rise in buying power by diverse groups

Group	1990	2014	Percent Change
African American	\$318 billion	\$1.1 trillion	246%
Hispanic	\$212 billion	\$1.3 trillion	513%
Asian American	\$117 billion	696.5 billion	495%
Native American	\$19.7 billion	\$82.7 billion*	320%
White	\$3.8 trillion	\$13.1 trillion	245%
LGBT	Not available	\$835 billion**	

\* Source: The Multicultural Economy 2009, Selig Center for Economic Growth

\*\* Source: The Buying Power of Gay Men and Lesbians 2008, Witeck Combs Communications

### The Case for Diversity-based Marketing and Sales

The buying power of minority and under-represented groups means that organizations in all sectors must highlight the value of diversity in all of their marketing and sales efforts. Diversity must become the key value proposition in your employer-based and company-based branding strategy. Diversity must become part of your organizational DNA and suggest to consumers, potential employees, suppliers, and all stakeholders within and outside the organization that diversity is a core value of the way you do business.

**Power Tool:** To determine the proportion of diverse groups within geographic areas visit the US Census <http://www.census.gov/2010census/popmap/> This can also be a great resource if you are thinking of opening a new location.

The goal of diversity marketing and sales is to communicate effectively with a diverse audience. According to this strategy, the main goal of marketing and sales is to create effective communication channels that are tailored to each group within the targeted consumer market. This approach recognizes that diverse groups have different interests and diverse life experiences that occur in varied social milieus. Because of diverse cultural programming, the tastes, values,

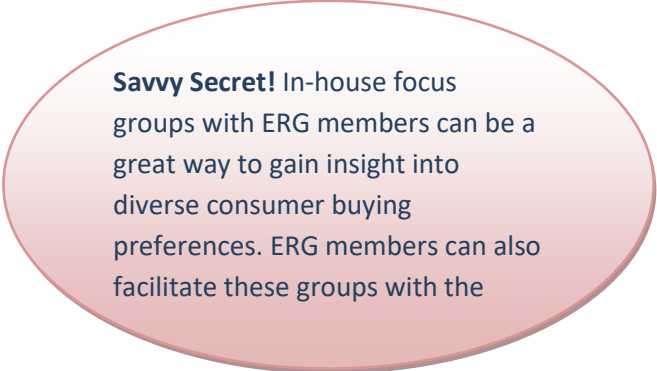
interests, expectations, methods of communication, and lifestyle preferences of each group are different from others. Effective marketing and sales campaigns require the creation of tailored messages and approaches for each group.

Environments, economic and social factors within diverse groups need to shape and refine marketing and sales strategy. Valuing these differences through diverse advertising channels and communication channels (traditional and minority-based) will foster success with any marketing strategy. All marketing messages need to accurately reflect the cultural norm and traditions and values of each group.

### **How A Diverse Workforce Fosters Diversity Marketing**

As per Krone (2007), all organizations should examine whether their business culture and values align with those of their target markets. As per Krone, if your company is too different from its target markets base, they will be unable to attract new customers or lose those they do have. The article states that organizations that embrace workforce diversity create more effective marketing programs and are successful in selling to diverse groups than organizations that are more homogenous.

In those organizations in which workforce diversity is aligned with customer demographics, employees are helping their companies succeed in attracting a diverse consumer market. A workforce that mirrors the key traits of target markets foster buyer loyalty as these consumers feel more bringing their business to those companies they perceive as understanding their unique culture and community. Organizations have a substantial opportunity to leverage their diverse workforce to increase revenue by involving them in critical strategy decisions.



**Savvy Secret!** In-house focus groups with ERG members can be a great way to gain insight into diverse consumer buying preferences. ERG members can also facilitate these groups with the

Understanding how diverse consumer groups make purchasing decisions can be of significant value to organizations in terms of aligning their product and merchandising strategies. Because the consumer is best served when diverse employees share their values and cultural proclivities, many organizations leverage their ERGs to develop innovative products and services to attract diverse consumer segments and bring together diverse work groups to develop solutions to various business issues. Members of ERGs allow the organization to gain insight into diverse consumer groups because they understand the cultural proclivities firsthand and can advise with regard to targeted marketing strategy.

There are many examples of successful products and services being introduced from the work of diverse groups. For example, Select Harvest by the Campbell Soup company was developed by women ERG members for women's consumer groups. In a like manner ConAgra collaborated with its Asian ERG for their feedback and advice in the development of a new line of Healthy Choice Steamers that is seeing impressive return on investment. Finally, the Frito-Lay division of PepsiCo collaborated with its Latino ERG in new product development which resulted in the addition of certain flavors to the product that reflected the tastes of the Hispanic consumer market and witnessed a significant increase in sales.

## **Conclusion**

As per a United Nations report, embracing cultural diversity, whether in human resources or marketing and sales can reap large dividends for all organizations. Organizations are increasingly seeing the connection between valuing a diverse consumer market by creating targeted marketing and sales campaigns and their bottom line. As per the UN report, "The business world is beginning to understand and respond to the challenges of cultural diversity as a key factor of economic success. "Today, cultural diversity has a central role to play in the conception, brand image and marketing strategies of products that are successful in the global market."

In light of the important dynamic between diversity and good business, top management of all organizations must view diversity as an essential ingredient of their business survival. They must evidence a culture of openness and acceptance for difference and replace exclusion with a core

value on inclusion. The creation of ERGs representing different groups will provide your company with much leverage in terms of tapping into diverse consumer markets that in turn will lead to revenue increase and a company that is certainly ‘built to last.’”

## **Resources**

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