

Developments in Marketing Science:
Proceedings of the Academy of Marketing Science

Robert L. King *Editor*

Minority Marketing: Research Perspectives for the 1990s

Proceedings of the 1993 Minority
Marketing Congress



 Springer

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Minority Marketing: Research Perspectives for the 1990s

Proceedings of the 1993 Minority
Marketing Congress

Presented by the Academy of Marketing Science
and the University of Southern Mississippi



Long Beach, Mississippi

October 14-16, 1993

Editor
Robert L. King
University of Richmond
Richmond, VA, USA

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MARKETING STRATEGIES FOR HISPANIC CONSUMERS

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MARKETING STRATEGIES FOR ASIAN AMERICANS

Anusorn Singhapakdi
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RESEARCH METHODOLOGIES

Charles L. Evans
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DISTRIBUTION AND PRICING ISSUES

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FOREWORD

These Proceedings bring together twenty-three of the papers presented at the Second Minority Marketing Conference, co-sponsored by the Academy of Marketing Science and the University of Southern Mississippi. The conference was held in Long Beach, Mississippi, during the period of October 14-16, 1993.

This volume will serve as a permanent record of the Conference, and of its success in bringing together a body of concerned academicians to share their research findings related to various aspects of Minority Marketing. Hopefully, it will also encourage others to become involved in this important area of research.

As Editor of the Proceedings I would like to express my fullest appreciation to Professor Alvin J. Williams of the University of Southern Mississippi, Program Chair of this AMS Minority Marketing Conference. He was a constant source of information and encouragement for me in developing this book. Appreciation is also due to the authors of the papers included in this volume, most of whom cooperated fully and in a timely way in submitting manuscript and other necessary materials.

Also, on behalf of all Fellows of the Academy of Marketing Science and those non-members who participated in this Conference I would like to acknowledge the long-term efforts of Professor A. Coskun Samli of the University of North Florida. Professor Samli was the leading force in development of the Academy's highly successful First Conference on Minority Marketing, which was held in Greensboro, North Carolina, November 12-14, 1987. Professor Samli again served as a proponent for organizing a second conference, and for establishing future Minority Marketing conferences on a regular basis.

Finally, I would like to acknowledge the excellent staff support provided by Mrs. Ruby Chappell in the development of these Proceedings. Her good talents and good nature were important sources of support to me in preparing the volume for publication.

October 16, 1993

Robert L. King
University of Richmond

Preface

The Academy was founded in 1971, held its first Annual Conference in 1977, and has grown and prospered ever since. The relevancy of the Academy's mission and activities to our chosen target market of the marketing professoriate has been a key factor in attracting the discipline's best and brightest from all over the world.

The Revised Articles of Association of the Academy, approved by the Board of Governors in the Spring of 1984 and by the general membership in the Fall of that year, define the mission of the Academy as follows:

1. Provide leadership in exploring the normative boundaries of marketing, while simultaneously seeking new ways of bringing theory and practice into practicable conjunction.
2. Further the science of marketing throughout the world by promoting the conduct of research and the dissemination of research results.
3. Provide a forum for the study and improvement of marketing as an economic, ethical, and social and political force and process.
4. Furnish, as appropriate and available, material and other resources for the solution of marketing problems which confront particular firms and industries, on the one hand, and society at large on the other.
5. Provide publishing media and facilities for Fellows of the Academy and reviewer assistance on Fellows' scholarly activities.
6. Sponsor one or more annual conferences to enable the Fellows of the Academy to present research results; to learn by listening to other presentations and through interaction with other Fellows and guests; to avail themselves of the placement process; to conduct discussions with book editors; and to exchange other relevant information.
7. Assist Fellows in the better utilization of their professional marketing talents through redirection, reassignment and relocation.
8. Provide educator Fellows with insights and such resources as may be available to aid them in the development of improved teaching methods, materials, devices, and directions.
9. Seek means for establishing student scholarships and professional university chairs in the field of marketing.
10. Offer Fellow of the Academy status to business and institutional executives and organizations.
11. Modify the Academy's purpose and direction as the influence of time and appropriate constructive forces may dictate.

TABLE OF CONTENTS

| | |
|---|----|
| Marketing Strategies for Reaching Minority Markets | 1 |
| C. P. Rao, Old Dominion University David L. Kurtz, University of Arkansas | |
| Redefining Ethnic Market Segmentation: A Review of Ethnic Consumer Behavioral Marketing Blunders and Ways to Avoid Them | 8 |
| Jamie Tyrone Pleasant, Clark Atlanta University and Georgia Institute of Technology | |
| An Assessment of the Impact of Racially Homogeneous Reference Groups on Strength of Ethnic Affiliation for Black Consumers | 13 |
| Suresh Gopalan, West Texas A & M University R. Nicholas Gerlich, West Texas A & M. University | |
| Initial Impressions in the Retail Buyer-Seller Dyad: An Analysis of Black Shoppers | 18 |
| Tony L. Henthorne, University of Southern Mississippi Michael S. LaTour, Auburn University Alvin J. Williams, University of Southern Mississippi | |
| The Effects of Ethnicity and Income on the Reported Importance of Selected Retail Store Evaluative Criteria | 23 |
| James W. Clark, Louisiana Tech University C. Richard Huston, Louisiana Tech University | |
| Promoting to Minorities: A Normative Perspective | 29 |
| C. M. Kochunny, University of South Alabama Hudson Rogers, The University of Southwestern Louisiana | |
| Media Usage and the Buying Behavior of Hispanics | 33 |
| Henry L. Stewart III, Southern University Hudson P. Rogers, University of Southwestern Louisiana Mazharul Haque, University of Southern Mississippi | |
| The Impact of Promotional Offers on the African American Consumer | 37 |
| Emily M. Crawford, Savannah State College | |
| Uptown Cigarettes: A Comparison of Media Treatments in the African American Market and the General Market | 42 |
| Charles Louis Sharp, University of Wisconsin-Madison | |

| | |
|--|----|
| An Empirical Investigation of the Impact of Viewers' Race on their Association of Celebrities in Television Advertising | 48 |
| R. Nicholas Gerlich, West Texas A & M University | |
| Suresh Gopalan, West Texas A & M University | |
| An Analysis of Frequency Portrayal of Minority Models in Magazine Advertisements | 53 |
| MonLe-Lee, Indiana University | |
| Andy M. Liebman, Holy Family College | |
| Margaret Mary Liebman, LaSalle University | |
| A Selected Bibliography on Marketing to African Americans and Hispanics Since the Late 1970s | 59 |
| J. R. Smith, Jackson State University | |
| The Effect of Ethnic Acculturation on Advertising Perceptions: An Investigation of Mexican-American Consumers | 63 |
| Sheb L. True, Loyola Marymount University | |
| James H. Barnes, University of Mississippi | |
| Faye W. Gilbert, University of Mississippi | |
| Segmenting the Asian American Consumer Market: An Acculturation Approach | 68 |
| Geng Cui, Hampton University | |
| Kathleen VanScoyoc Powell, Hampton University | |
| Marketing Strategies for Asian-Americans: Guidelines Based on Hofstede's Cultural Dimensions | 73 |
| Kumar C. Rappalli, University of Mississippi | |
| Cameron D. Montgomery, University of Mississippi | |
| Three Attitudinal Factors of Native, American Purchase Behavior: A Study of the Plains Indian Consumer of North Dakota | 78 |
| Lynn F. Muller, University of North Texas | |
| Phillip H. Wilson, University of North Texas | |
| Linda Keup, Minot State University | |
| An Examination of the Ethical Dispensation of Health Care in the United States | 81 |
| Paulette K. Polley, University of Akron | |
| Douglas R. Hausknecht, University of Akron | |
| Racial Differences in Patronage Behavior to a Museum of Fine Arts | 86 |
| Michael A. Jones, Auburn University at Montgomery | |
| Rick Weible, Marshall University | |

| | |
|---|-----|
| Employment Status as a Basis of Segmentation of Female Consumers' Adaptive Shopping Behavior | 90 |
| A. Ben Oumlil, University of Dayton William S. Sekely, University of Dayton | |
| Societal Influences on Schematic Processing in the Service Encounter: Directions for Study | 95 |
| Berry J. Babin, The University of Southern Mississippi Mitch Griffin, Bradley University | |
| Marketing Credit/Mortgage Services in Under Served Markets: A Public Policy Perspective | 100 |
| Tony O. Job, Baruch College, CUNY | |
| Business Social Responsibility: Mortgage and Credit Marketing in Low-Income Communities | 104 |
| Tony O. Job, Baruch College, CUNY | |
| Trends and Strategies in the Marketing of Corporate Image and Identify in a Politically-Conscious South Africa | 109 |
| M. M. Hugo-Burrows, University of Stellenbosch | |
| Author Index | 115 |

MARKETING STRATEGIES FOR REACHING MINORITY MARKETS

C.P. Rao, Old Dominion University
David L. Kurtz, University of Arkansas

Hispanics, Asians, and African-Americans are a huge growth market in the United States. These minority groups are geographically concentrated and marketers need to understand these concentrations of minorities so advertising can reach targeted populations. By learning minorities' characteristics and attributes, marketers can position themselves for success in the future.

From a strategic marketing management view, marketers cannot sit idly by as changes take place around them. They must be proactive, if they are to reach minority markets. Capturing these markets will not happen overnight; companies and their marketers must look at minority markets as a long-term opportunity. Before jumping into the minority market, a company must have a clear-cut set of goals and strategies. Relevant information, such as demographics and characteristic needs, tastes, and preferences, are a must to reduce the risk in decision-making.

Changing Demographics and Characteristics

The United States is rapidly becoming a multicultural society. In this decade, the country will shift from a white dominated society with roots in Western culture to a society in which the significant white majority continues to decline in proportion to African-Americans, Hispanics, and Asians.

Although the 1990 census found that whites represent eight in ten Americans, this number was much lower than it was in the 1960 census, which showed that nine in ten Americans were white. If Hispanics are subtracted from the 1990 census, only three in four Americans are non-Hispanic whites.

One reason for minorities' rapid growth in the United States is immigration. During the 1960s, legal immigrants numbered 3.2 million. This number grew in the 1970s to 4.2 million. In the 1980s, immigration totaled 6 million people. Now, few of these immigrants are of European origin. Another contributing factor is that minority families tend to have more children than whites. Together, these two factors have contributed most to the growth of minority populations in the United States.

As a result of new legislation passed in 1990, the increase in the number of immigrants in the 1990s is expected to be even larger than in the 1980s. The number of immigrants

should be at least 700,000 people per year starting in 1992. In the late 1980s, roughly 600,000 immigrants were entering the country per year. These numbers would be much higher if illegal immigration were considered. Estimates of illegal immigrants range from 2 million to more than 20 million.

Three out of four new immigrants will live in California, New York, Texas, Florida, Illinois, or New Jersey, states that already have large minority populations. New immigrants tend to join members of their own ethnic population, and this population typically lives in large coastal cities in the states listed above.

One of the driving forces for diversity in the United States is the relative youth of the minority populations. The median ages of whites and minorities are shown in Exhibit 1. In a recent year, the oldest group was white with a median age of 31.4 years. Asians were second with a median age of 27, and blacks ranked third with a median age of 25.6. The median age of Hispanics, the youngest group, is increasing, but Hispanics, blacks and Asians remain younger than whites.

Exhibit 1
Percent of Population
In Each Group by Age

| | White | Black | Hispanic | Asian/ Pacific Islander |
|-------|-------|-------|----------|-------------------------------|
| 0-9 | 74.8% | 15.0% | 12.6% | 3.3% |
| 10-19 | 75.1 | 15.1 | 12.6 | 3.3 |
| 20-29 | 77.3 | 13.1 | 11.5 | 3.3 |
| 30-39 | 79.9 | 12.0 | 8.9 | 3.3 |
| 40-49 | 82.9 | 10.4 | 7.1 | 3.1 |
| 50-59 | 84.4 | 10.1 | 6.4 | 2.6 |
| 60-69 | 87.4 | 8.8 | 4.8 | 1.9 |
| 70-79 | 89.3 | 7.9 | 3.5 | 1.4 |
| 80+ | 90.4 | 7.5 | 3.2 | 1.0 |
| All | 80.3 | 12.1 | 9.0 | 2.9 |
| Ages | | | | |

Source: 1990 census data

The differing median ages of the groups are leading to some startling numbers. According to Joe Schwartz and Thomas Exter, writing in *American Demographics*, by the year 2010, as many as 38 percent of Americans under the age of 18 will belong to minority groups. These authors also believe that more than half of the children in seven

states and the District of Columbia will be minorities. Furthermore, at least one-quarter of the children in 19 states will be a minority.

The Hispanic Market

Hispanics represent the fastest growing market segment in the United States today. In the years 1980 to 1988, the number of Hispanics in the United States increased by an astounding 34 percent, or 4.8 million people. According to Chester Swenson's article "Minority Groups Emerge As Major Marketing Wedge," which appeared in *Management Review*, the number of Hispanics living in the United States could reach 25.2 million by the year 2000 and 40 million by the year 2015. The U.S. Immigration and Naturalization Service reports that this growth is being fueled by a high Hispanic birth rate and an estimated 2.6 million Hispanics who have applied to become permanent residents under the nation's amnesty program.

Studying the characteristics of Hispanics shows some interesting facts. The average Hispanic household has four or more persons living in it with two members of the household under the age of 18. These numbers are above the national average. The states with the largest Hispanic populations are California, Arizona, New Mexico, Texas, Florida, Illinois, and New York. California, Texas, and New York are home to 60 percent of the total Hispanic population, a geographic concentration that makes this minority group easily identifiable to marketers.

Estimates of Hispanic buying power are over \$134 billion. Although this number may seem large, Hispanics' median income is much lower than the overall national median income. Richard Tobin, president of Strategy Research, a Miami market research firm, says that Hispanics spend a higher percentage of their disposable income on goods and services than does the average American. With household expenditures dominating most of their spending, Hispanics spend 25 percent more than the national average on weekly food expenditures.

The Hispanic culture is not homogenous, but very diverse. These differences are shown in where Hispanics tend to live in the United States. Mexicans tend to live in the Southwest, while Cubans live mainly in Florida. Most Puerto Ricans live in New York, with Illinois exhibiting a mix of all groups.

The Asian-American Market

The Asian-American group is not the fastest growing segment in total numbers, but it is the fastest growing in terms of percentages. The Population Reference Bureau

estimates that if present trends continue, the Asian population in the U.S. will double over the next ten years.

The two main groups of U.S.-based Asian-Americans are Chinese and Filipinos. The 1990 census showed that the Filipino population had grown to be almost as large as the Chinese. Both groups are much larger than the Japanese, Korean, and Indian populations.

Because of Asians' high achievement, they have been labeled with such names as "Super Minority," "Sleeping Dragon," and the "Blossoming Asian Market." One of the main reasons for the group's success is their high level of education. According to Richard Kern's "The Asian Market: Too Good To Be True?," 32.9 percent of Asians over the age of 25 have completed four or more years of college, twice the ratio of whites and four times the ratio of blacks and Hispanics. Higher education has led to better jobs, with over half of employed Asians holding managerial or professional positions. Asians also own one-fifth of all minority-owned businesses. Not surprisingly, Asians have a higher median income than the national average. As affluent as the average Asian is, however, the minority is not without its welfare families. Poverty is very common for Vietnamese and Indochinese groups.

Asian-Americans tend to be very brand loyal, think that quality is more important than price, are more comfortable with technology than the general population, love bargains, and are more likely to shop for fun than average Americans. Another interesting consumer trait is that Asians watch less television than the average person.

Asian-Americans, an attractive market because of their education and affluence, also present several problems to marketers: the Asian market is very small, there are only three states (California, Hawaii, and New York) with a large enough Asian population to offer significant target markets, and over two-thirds of the Asian population lives in these three states. These problems make mass marketing techniques for reaching the nationwide Asian population very difficult to implement. Marketers must weigh the added cost of a custom designed advertising campaign for the group against the related payoff in unit sales.

The number of different Asian groups is yet another problem. These groups include Chinese, Japanese, Vietnamese, Koreans, and Filipinos. Each group has its own unique language and culture. A marketing strategy aimed at Chinese will not necessarily work with Koreans or Japanese.

The lack of current data on the Asian minority market has been a disadvantage for marketers in the past. Marketers

have had to draw most of their information and statistics from the now outdated 1980 census. This situation is changing as marketers gain access to 1990 census data.

The African-American Market

The third major minority group living in the United States and currently the largest racial minority in the nation is the African-American population. The black population is estimated to be roughly 30.2 million, or 12 percent of the total U.S. population, a number that could grow to 35 million by the year 2000. Even though the black population grows at a rate faster than the national average, the number of blacks in the United States is expected to be surpassed by the number of Hispanics by around 2015. This is due mainly to Hispanic immigration coupled with a higher birth rate.

In 1990, African-Americans spent \$250 billion on consumer goods. One-fourth of all black families have annual incomes of \$35,000 or more. Despite these facts, marketers only spent \$736 million to reach them.

Blacks are not as easily segmented into subgroups as are Hispanics (Mexicans, Cubans, Puerto Ricans) and Asians (Chinese, Japanese, Filipinos). African-Americans can, however, be broken down into two main groups by income: the subsistence level and the middle-class. Both groups provide tempting target markets and are very brand conscious and brand loyal. While blacks watch a lot of television, black usage of radio and magazines are at national averages, and newspaper readership is below average. Some of the more popular magazines targeted toward African-Americans are *Ebony*, *Jet*, *Essence*, *Black Enterprise*, and *Emerge*. Clarence Smith, publisher of *Essence* says that he "reaches 33 percent of the universe of black women age eighteen to forty-nine."

Black format radio stations in the major markets target younger blacks age twelve to twenty-two. Rap music (also called "hip-hop") is reaching mass acceptance and is often used to get across marketers' messages. Most of these stations along with black cable channels such as Black Entertainment Television (BET), end up appealing not only blacks, but to other audiences as well. BET estimates that its audience is 60 percent black and 40 percent white. Therefore, many marketers do not even change their creative message when targeting blacks and whites.

Many marketers, when targeting blacks, merely convert general-market ads to ethnic ads by replacing white actors with black actors. These marketing executives believe that general-market campaigns eventually reach everyone, so they use general-market agencies. Other companies feel

that the only effective way to reach the African-American market is by using black-owned agencies. Around one-third of the money spent for advertisements specifically targeted to the African-American market goes to black-owned agencies.

Problems (Stereotypes, Unethical Practices, and Communication)

One practice that marketers have reduced is the use of minority stereotypes in marketing. As minorities have gained political and economic clout, marketers have been pressured to stop portraying them in negative stereotypes.

In earlier years of this century, the U.S. was largely "White Anglo-Saxon Protestant." Advertising stereotypes used at that time reflected all of the nationalities immigrating to America. These stereotypes included lively Latins, thrifty Scots, clean Dutch, Italian fruit peddlers, Mexican bandits, and pigtailed Chinese. Blacks were always portrayed as subservient: Uncle Ben, the Cream of Wheat chef Rastus, and a mammy named Aunt Jemima are well-known black images.

Negative stereotyping of minorities declined in later years for two main reasons: the civil rights movement of the 1950s and 1960s, and the rise of marketing segmentation in the 1970s. Marketers began realizing that minorities would become major markets in themselves.

Among negative Hispanic stereotypes was the Frito Bandito. Frito-Lay dropped the Bandito in 1971 because many Hispanic groups protested, citing the character as demeaning. Frito-Lay overcame this negative publicity by contributing money to build playgrounds in Hispanic neighborhoods. Another widely protested negative stereotype was the children's-book character Li'l Black Sambo, the main theme for Sambo's, a California based restaurant chain. Sambo's went out of business in 1982.

A famous but controversial character is Quaker Food's Aunt Jemima, first introduced in 1889 as a servant mammy. In response to black groups' protests in the late 1980s, Quaker Foods transformed Aunt Jemima into a black Betty Crocker by removing her turban and updating her clothing. The company still uses Aunt Jemima because they feel that dropping her might hurt the brand's image and possibly jeopardize its leading market position.

Two other stereotypical black characters, Uncle Ben and the Cream of Wheat chef Rastus, still survive because their advertising images are two-dimensional. If these characters were brought to life through television, controversy would surely erupt.

The main challenge facing marketers now is how to create images that will motivate ethnic consumers without offending them. All marketers must reduce their products' attributes to concepts that can easily be remembered, and, in so doing, often rely on stereotypes. If an easily recognizable character, such as Aunt Jemima, can be summarized in thirty seconds, marketers may succeed at setting their product apart from the others.

African-Americans have said in focus groups that they want to see themselves in positive successful roles. According to Tom Pirko, consultant and product trend analyst for BevMark Management of Los Angeles, blacks want to be accepted by all nationalities, live good family lives, and be portrayed pursuing the American dream. Blacks specifically resent being portrayed as "malt-liquor macho," or seeing black women portrayed as sex symbols and black men as irresponsible playboys.

To combat protests, Colt 45 Malt Liquor changed its advertising. Previously using male sex symbols who used malt liquor to attract women, Colt 45 now shows men in attractive surroundings with status symbols such as cars and horses, professional dancers, independent women, and, of course, Colt 45.

Minorities also face morally offensive marketing practices by the tobacco and liquor industries. Cigarette and liquor companies often advertise in poverty stricken minority neighborhoods, capitalizing on the fact that poor minorities, who may lack education or yearn for a higher social status, are vulnerable to their advertising and more likely to use their products than the general population.

One television commercial raising controversy is for St. Ides malt liquor. The liquor company uses the popular rapper Ice Cube as its pitchman to reach a young black audience. In the commercial, Ice Cube uses some of his controversial lyrics to compare a bottle of the liquor to a Smith & Wesson handgun. A few lines later, he talks about the urban gang members' tradition of pouring liquor out on a curb in honor of a deceased member. Using this type of "tough guy" image is becoming very popular with liquor manufacturers.

The tobacco industry has targeted the Hispanic population. Until recently few health campaigns have been targeted toward Hispanics, making them especially vulnerable to cigarette advertising. Phillip Morris USA is one tobacco giant promoting its products to a population that is inadequately informed about the risks of smoking.

Another company using a similar strategy is RJR Nabisco. The company heavily marketed its Uptown cigarettes to

racial minorities by showing affluent blacks on billboards commonly placed in slums and ghettos. Nabisco hoped that the advertisements would lure poor black people hoping to raise their social status to use their cigarettes. After considerable protest, Nabisco was forced to abandon its strategy of heavily marketing its products to minorities. The company now targets eighteen- to twenty-year-old women.

In hopes that financial support for minorities will assist their marketing efforts, alcohol and tobacco interests now have high visibility in minority causes, activities, and organizations. Coors, with a long history of strife with the Hispanic population, including boycotts in the 1960s and 1970s, doubled its beer sales between 1984 to 1990. A dramatic turnaround came after Coors addressed negative perceptions that Hispanics had about the company. After meeting with Hispanic officials in 1984, the company began hiring more Hispanics and donating more money to Hispanic charities. The current Coors Hispanic marketing budget is split between media and special events with a commitment of spending \$40 million on a literacy campaign over the next five years.

A similar marketing campaign carried out by the National Rifle Association (NRA) uses Mike Espy, a former black congressman who is now Secretary of Agriculture, as an endorser. The NRA is using him to help enhance the group's poor image with blacks.

Yet another problem facing both minorities and marketers is communication, the difficult struggle to get the message from company to consumer. Language differences are a main contributor to the problem. Within the Asian market, marketers must decide which of many languages to use. Coca-Cola's slogan "Coke adds life," translates in Japanese to "Coke brings your ancestors back from the dead." Language presents similar problems in reaching the Hispanic population. Coors' slogan "get loose with Coors," translated into Spanish to "get the runs with Coors." These examples, although humorous, present serious problems to the products' marketers.

How Companies Can Reach Minority Markets

Companies need specific strategies for reaching minorities and must take into consideration the problems of negative stereotypes, morally offensive practices, and barriers to effective communication. Firms might choose either "prototype" campaigns (same ad with only translation and necessary idiomatic changes) or "pattern" campaigns, in which the overall campaign is designed with some adaptation of content and execution. The added cost of customizing a marketing campaign must be weighed against

the likely payoff in unit sales.

Before implementing any strategy, marketers must first identify their targeted market. For instance, they should decide if they are going to target Hispanics or blacks. If they are going to target Hispanics, will this mean all Hispanics or just Cubans or Mexicans or Puerto Ricans? The decision could depend upon where the marketing will take place (Miami, New York, or the Southwest). The second thing that marketers should do is investigate the market very thoroughly. Certain characteristics like language, culture, and religion must be studied before the marketing plan can be developed. After learning about the targeted group, the company should become very involved in the minority's community. Although often done for less-than-altruistic reasons, this tactic has proven very successful for many companies. A company should gain the people's trust and confidence. The interests, needs, and concerns of the specific segment must be presented in a straightforward manner, thus positioning the company as an ally of the targeted group. As the company interacts with the community organizations, churches, and leaders who are trusted and popular with these segments, the company benefits from a halo effect. A long-term commitment based on sincere interest backed with adequate resources must be devoted to these efforts.

In formulating a marketing strategy for a particular minority, marketers must realize that what works for one segment of that minority might not work for another. When marketing to Hispanics, understanding the differences among Cubans, Mexicans, Puerto Ricans, and other Hispanic nationalities is essential. Companies strategies should adopt messages with segment-specific appeal. Radio, offering the broadest penetration of Hispanic households, is a relatively inexpensive media that could be used to convey the company's message. Most Hispanics generally are impervious to standard national advertisement campaigns, a situation resulting from close ties to their language and culture. The best Hispanic marketing campaigns combine the values of the Hispanic extended family with the American dream. Companies wanting to reach the Hispanic market should also hire Spanish speaking employees and gear their products toward Latin tastes.

When marketing to Asians, successful strategies also acknowledge the different Asian segments. Good points to stress are product quality, company track record, security, family, education, and music. Quality is usually more important to this segment than price. One very important thing to remember is that many younger Asians look to their elders for advice therefore, influencing older Asians is a must. The Asian Yellow Pages and Asian-American

newspapers are two inexpensive ways to reach this market.

When targeting the black population, companies could stress the contributions of their company to the black community through use of a popular black spokesperson to convey their message. The best way to reach a large black audience is to promote the product using magazines such as *Ebony* and *Essence* and Black Entertainment Television.

Successful Companies

Let's look at companies that have been successful in minority markets. One such company is Sedano's Supermarkets, Inc, a Florida-based chain with eighteen stores. The chain's success stems from meeting the needs of the various ethnic segments of the market. Sedano's serves Puerto Ricans, Dominicans, South Americans, Haitians, and whites, making certain that foods are stocked that are appealing to various ethnic groups. Spanish signs are also prominently displayed throughout the stores.

In Los Angeles, a success story features an entrepreneur, Mark Roth, who bought a failing food market in a working class neighborhood. The previous owner, not wanting to serve the Mexican community, would not carry the products Hispanics wanted or the cuts of beef they could afford. When Roth bought the market he started hiring local Spanish speaking employees to help the communication between customers and employees--a tie to the community. Most of Roth's marketing efforts focus on the family, since Hispanics spend a relatively large amount of time with their extended families. Often, whole families go shopping together because shopping is seen as a group affair. The first weekend of business Roth hired a Mexican mariachi band to provide music for the market. Aisles are decorated in bright colors instead of dull ones. The produce selection, geared more towards Hispanics, features cactus leaves and hot chilies. Cheaper cuts of meat are stocked. The market's sales have increased dramatically.

Toyota, another company that is paying attention to the minority market, is focusing on African-American consumers. The company, no longer trying to market to this market segment using general media, realizes that blacks support companies that spend money to support the black community. Toyota sponsors a Toyota Leadership Award for black college athletes, and recipients appear on Black Entertainment Television. The famous black basketball player Isaiah Thomas, now a Toyota spokesperson was chosen because of his commitment to scholarship, athletics, family, and excellence, values espoused by Toyota.

Because the Asian-American population is relatively

affluent, it has been the target of many financial services. Metropolitan Life decided to target Chinese and Koreans living in the United States. After using print media specifically designed for these two segments, the company's related premiums increased by 20 percent.

Conclusion

Marketers must realize that accelerated growth rates and geographic concentrations greatly affect their company's success. Routine analysis, evaluation, and interpretation of the external environment will enable marketers to make accurate sales forecasts and take advantage of changing demographics. Marketing strategies must be now developed to meet the growth in minority markets, and provide the opportunity for future success.

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REDEFINING ETHNIC MARKET SEGMENTATION: A REVIEW OF ETHNIC CONSUMER BEHAVIORAL MARKETING BLUNDERS AND WAYS TO AVOID THEM

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ABSTRACT

This paper is offered as an overview of marketing blunders that have contributed to the significant gap that still exists between marketers and ethnic consumers in the area of consumer behavior. Various marketing mistakes and successes are explored as experienced in three ethnic consumer markets. A new phrase coined, "surgical marketing strikes" is introduced as a means of redefining market segmenting strategies. "Surgical marketing strikes" allow the marketer to reach market segments with precision-tailored strategies that uncover underlying sensitive motivations that will eliminate surprise disturbances that can damage a marketer's company name or brand.

INTRODUCTION

African, Hispanic and Asian American consumers contribute significantly to the gross national product each year. These minority consumers have significant purchasing power across all product classes and categories. In retail purchases alone, these three consumer groups spend \$550 billion dollars annually (Braun 1990). It is truly a misnomer to label the term "minority" as meaning small. African Americans are the largest populated group (27 million), followed by Hispanics (20 million) and Asians (10 million). Notably, this constitutes 23% of the entire population of America (1990 Bureau Of the Census). However, marketers have continuously delayed investing in the development of unique and effective ways of researching and segmenting these powerful consumer groups. Marketers have been trying to maximize their sales and market share by targeting ethnic consumers based on old market segmentation strategies. However, they have failed to develop strategies that uncover psychographic and demographic differences that are strong determinants of ethnic consumer behavior. Old macro-marketing strategies must be replaced with micro-marketing strategies that will allow the marketer to focus on relevant different consumer perceptions and attitudes.

The first portion of this paper focuses on various marketing blunders that have occurred as a result of myopic consumer behavioral research and poor marketing strategies

thereof. Additionally, successful marketing campaigns and strategies are presented to illustrate how effective research efforts can translate into sustainable increased market share and profits.

The second portion of this paper focuses on redefining "ethnic market segmentation" and presents a new term, "surgical marketing strikes", that can help restructure the field. A conceptual framework is also introduced to illustrate this new marketing strategy.

DISCUSSION

Marketing Blunders In Ethnic Consumer Market Segmentation

The Hispanic American consumer market segment is very diverse and unique. It is diverse in that Hispanics have various Latin heritage's that are spread across eight major states. These heritage's are of Mexican, Cuban, Dominican, Puerto Rican and others. Additionally, they are easy to target demographically, for they are concentrated in only eight states (Texas, Florida, New York, New Jersey, New Mexico, Arizona, Illinois and California). However, when it comes to understanding the psychographics of this group, the task is a lot more difficult. Additionally, the Hispanic American consumer group is unique in that they are the only immigrants to come to America that can maintain strong ties with their homeland.

Several companies have fallen prey to believing that all Hispanics are the same and can be segmented by geographic means without regard for psychographic understanding. In California, a radio station made a big mistake when it ran a contest in Los Angeles that awarded two tickets to attend Disneyland to increase Hispanic amusement park participation (Valencia 1983). After a brief period of low Hispanic response, the radio station increased the number of tickets per award from two to five. As a result, Hispanic participation was overwhelming. It appears that two tickets were not enough to attract and spur interest in the Hispanic consumer because they had a very high regard for "family". This consumer group is very serious about family oriented activities. Furthermore, Hispanics have a higher value system for "family" versus white consumers (Valencia 1989).

The African-American consumer market is by far the most powerful of the three ethnic groups. With a total of \$270 Billion dollars of expenditures on all types of products, this consumer group is a force to be reckoned with (Department of Labor Statistics). Notably, Blacks spend more on consumer goods than any other ethnic group. Interestingly, they earn less per household (\$26,100 dollars) versus any other race (Braun 1991). However, this doesn't mean that Blacks will purchase anything that is present in the market place just for the sake of buying.

R.J. Reynolds blunder in launching its "Uptown" brand of cigarettes, specifically targeted at Black males, proved that marketers must think twice before throwing anything in the Black American consumer's face. The days of buying anything that's on the market are long gone. The "Uptown" cigarette brand never took off because it has the highest nicotine content of any brand in the United States. Some cigarette manufactures have been labeled "merchants of death" as a result of the "Uptown" incident (Schere 1990). Messages were sent out that projected that a conspiracy to eliminate a race had been executed. The NAACP, National Urban League and other social organizations banded to immediately stop the launching of the product. Spratlen (1991) introduces the concept of "status vulnerability" that explains the unique basis for opposing the targeting of Blacks in advertising. "Status vulnerability" is presented as a concept to stress how a marketer can use race or sex to portray the use of a product and certain negative effects occurs. Morton (1973) first used the term to describe health related risks women were having during pregnancy. Vulnerability is defined as the extent to which a group is exposed to disparate risks of injury or loss as a result of some process (Spratlin 1991). It further entails susceptibility, liability or other likely negative effects from other risk potential that a consumer is exposed to that may cause harm. Marketers must avoid this type of myopic behavior to develop great relationships with African American consumers.

The Asian consumer is an overlooked and under researched market segment. It is the smallest of the three ethnic consumer groups but growing at a faster rate than any other subculture. The Asian American culture is dominated by Chinese, Filipino and Japanese at 21.8%, 21% and 19.2% respectively (U.S. Bureau of the Census). The combined income level of all Asians is expected to grow from \$61 billion dollars in 1990 to \$115 billion in the year 2000 (Braun 1991). Marketers should definitely direct more research efforts towards this consumer group. Braun (1991) points out that Asians earn more per household than any other race at \$37,300. If they are earning money of this magnitude, what are they doing with it? The answer is that they are saving and investing, spending only on big purchased of high quality that are of appreciating or slow depreciating value.

Metlife Incorporated gaffed when it guessed that Asians are strong "family oriented" people. They further segmented their target group on the basis of demographics and tried to reach them through a Korean magazine. The advertisement that ran in a Korean magazine showed a family in a traditional Chinese dress (Shao 1991). This advertisement portrayal angered Asians because it seemed as if it was promoting traditional spouse submissive roles that took place long time ago. Furthermore, Chinese Americans don't dress this way any more. Coors Brewing Company blundered when it launched an advertisement during Chinese New Year in 1988 that seemed to reinforce sexual stereotypes in a ad showing an exotic-looking female wrapped in the folds of a silk dragon (Shao 1991). The females became so angered that they marched and protested against consumption of the company's brand of beer.

Marketing Successes In Ethnic Market Consumer Behavior

Proctor & Gamble did an excellent job of conducting psychographic research on the Hispanic consumer and capitalized on their findings in a "Downy" advertising campaign. The "Downy" advertisement (in Spanish and shown exclusively on a Spanish network) shows two ladies, a grandmother and mother pulling out a shirt from a cloth's dryer. Later the granddaughter examined the same shirt while talking to the other two ladies. Finally, the husband enters the scene and consults the three ladies and puts the shirt on. As a result of such a well-executed campaign, incremental sales increased significantly in certain Hispanic areas after the advertisement (A.C. Nielsen 1992).

Maybelline has capitalized on the African American female cosmetic market by launching its "Shades are You" line of cosmetics. Maybelline is the first big cosmetic company to direct its attention towards developing various shades of facial cosmetics towards the African American woman. In the first six months, demand exceeded supply and Maybelline had to increase production each month (Memphis Appeal 1991). Not only did Maybelline Incorporated post record sales after launching the product, they established serious goodwill within the Black female consumer market. The mass distribution of the product appealed to the Black female consumer when trying to buy the product when away from home. The equity that has now been established by Maybelline will provide a sustainable competitive advantage that will help the firm prosper in a dynamic ethnic beauty and personal care market. In just one year, Maybelline has captured 34.3% market share in the Black Women cosmetic category (Information Resources Inc. 1993). Interestingly, Posner, who dominated the market for many years has lost significant share points from 52.5% in 1991 to 38.9% for

1992. This is a significant drop in market share because of new entrants in the category.

Anheuser-Busch has successfully developed products that Asian Americans can identify with. For example, their agricultural-products division sells rice to Asian Americans in different areas of California. These consumers are presumably the experts and major consumers of rice in the United States. The company developed eight varieties of California grown rice. Each rice brand had a different Asian label to cover a range of nationalities and tastes. Anheuser-Busch launched a successful advertising campaign entitled, "Taste the Tradition", that appealed to similarities of Asian grown rice. The advertising agent was a multi-ethnic firm that understood the market well. In fact, the marketers were so skilled and knowledgeable, that they captured the preference of Chinese, Japanese and Koreans for different kinds of rice bowls. As a result of this excellent market segmentation effort, Anheuser-Busch's Asian rice brands are growing at 10% per year. Patience and sensitive concerns paid off for Anheuser-Busch. The question is clearly a matter of concern by marketers to employ more effective methods for researching ethnic consumers.

On The Concept Of Marketing Strikes

The paper has offered several accounts of marketing failures and successes regarding segmenting ethnic consumers. Market segmentation has constantly been defined as the process of dividing a total market into market groups consisting of people who have relatively similar product needs (Engel, F. and R.D. Blackwell 1983). However, researchers must go beyond market segmentation strategies that start with macro marketing techniques. Marketers must refocus their research efforts that start from a micro-marketing base that will even become smaller and precise as segmentation evolves.

The days of employing target market strategies, where one hits a specified market segment and moves on to other ones when the opportunity arises are gone. As the field is moving from the conventional "Marketing Era" where the consumer is king, towards the "Relationship Marketing Era", where building long lasting exchange relationships are the key to marketing success (Kotler 1991), marketers must be prepared to develop and maintain close contact with the consumer.

This paper offers the concept of surgical marketing strikes. Surgical marketing strikes got its name from the Gulf War tactics employed by the United States military. The military developed a strategy that allowed fighter pilots to perform certain tactics that would strike a cite with precision and not disturb any surrounding objects that were close in proximity. The term surgical marketing strikes is

defined as a method that will allow the marketer to reach market segments with precision-tailored strategies that uncover underlying sensitive motivations that will eliminate surprise disturbances that can damage a marketer's company and or name brand.

A conceptual model has been developed to better illustrate the viability of surgical marketing strike strategies. The model starts with psychographic, motivation and demographic research with ethnic consumers. Once the research has been done, the marketer can then segment the market by psychographic, motivation or demographic means (PMD). It is important to note how the micro-marketing approach is being utilized. This is different from past strategies that started with large data sources (race, geographic etc.,) followed by the segmenting of psychographic and other behavioral strategies. Next, the marketer can conduct focus groups (qualitative research) to determine if there is a match between the Possible Product, Advertisement or Promoting launch (PPAP) and the consumer segment. If there is a Marketer/Consumer (M/C) match, the next step would be to implement a pilot test to further find out if they have properly developed their (PPAP) with the consumer's Psychographic, Motivational and Demographic (PMD) makeup. However, if there is no (M/C) match, the marketer can either terminate the project or start at the beginning research stage again.

If there is a (M/C) match, the marketer can proceed to conduct a pilot test in certain areas or psychographic domain. At the pilot test level, a surgical strike should be implemented if a (M/C) match is achieved. At this stage, the marketer will launch his (PPAP) with confidence of properly reaching his strike segment. He must constantly monitor the strike segment to see if the (PPAP) is successful. In other words, he should set goals that will measure success such as a desired level of market share, sales or profit. If the set goals and objectives are not met, he should terminate the project. If the strike segment has been monitored and proven successful, he should immediately begin to nurture the strike segment.

He should further nurture the strike segment to have proactive strategies if needed to eliminate sudden or unexpected disturbances. These disturbances could be in the area of packaging problems, undelivered product utility or pricing concerns etc. However, the nurturing of the (PPAP) will allow the marketer to proact within the strike segment over time.

It is important to note that when the marketer nurtures the strike segment, he will be able to proactively improve or develop a new product because the consumers constant input will guide the marketer to understanding his changing (PMD) needs through research. A potential disaster can triumphantly be turned into renewed consumer confidence towards the marketer's company or brand if this model is fully utilized. (Refer to [Figure 1](#))

Conceptual Surgical Marketing Strike Model

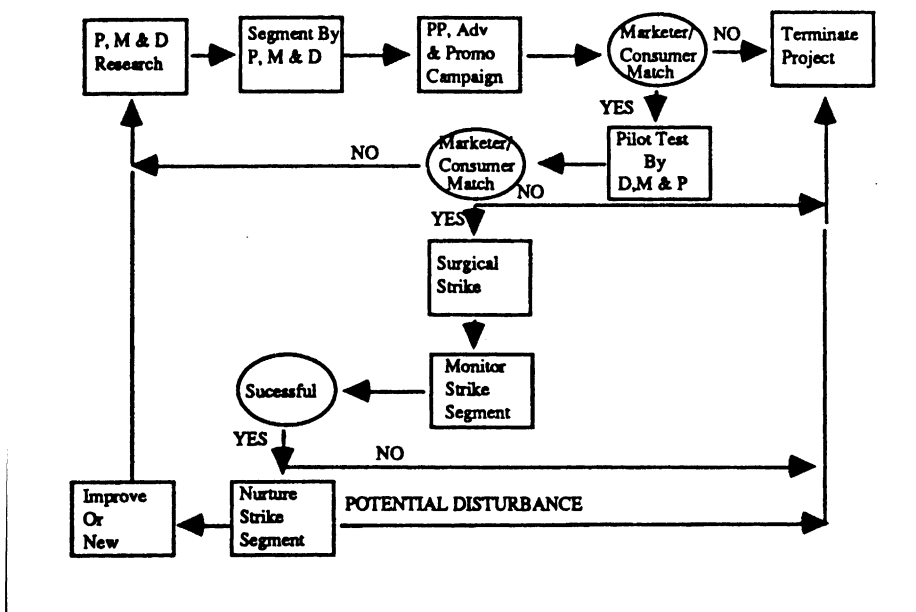


Figure 1

Conclusion & Implications For Marketers

It is quite clear that markets must develop new ways to segment their ethnic consumer markets. Clearly, a simple psychographic study would have uncovers the important variable in determining purchase behavior of tickets to and outdoor event for Hispanic Americans. An appropriate market segmentation strategy would have been to segment by value and lifestyle variables, not by demographic variables. "Family" is very important when it comes to Hispanic consumers. Therefore, the marketer that understands and implements various promotions and advertising strategies that relate to "family", will have a competitive edge on others. Notably, this particular type of marketer will carve a favorable image in this diverse but unique consumer group.

When dealing with African Americans, the important lesson here is that when a marketer is advertising or launching a product, they must recognize the importance of achievement and desires of Black Americans to move ahead (Braun 1991). They must also conduct psychographic research to find out sensitivity to social issues and self concepts to this unique group's need will prosper. The advertisement or product should portray a

lifestyle of sophistication and professionalism that will enhance the identification of the consumer to the product being offered. Wilkes and Valencia (1985) conducted trait and motivation research that revealed Blacks purchase popular and leading brands, are brand loyal in some categories and not likely to purchase generic or private label brands. This occurs because of their constant strives to reduce perceived risk, feel better about themselves, impress others and avoid settling for less. Therefore, badge and novel items are purchased regularly. Importantly, marketers must realize that Blacks are not dark-skinned white consumers (Burrell 1992). They want to see Blacks in all types of advertisements and product promotions. Therefore, marketers should segment based on motivation and perceived social status variables with certain products to properly reach African Americans.

Again, psychographic research would have revealed certain motivations and perceptions that would have saved the company from making terrible mistakes when trying to reach Asian Americans. Asians are very sensitive to their culture and believe that no one except Asians can accurately portray them. Asians can successfully be targeted by heritage, but they also live mainstream American lives that demand attention. This is easily determined by their high levels of education and income. 82% of Asians shop at specialty shops (Braun 1991). This equates to a significant dollar amount purchased per trip. Additionally, purchases are planned and decided by a family consensus. Shao (1991) contends that the marketer who successfully divides the Asian market into language segments will reap great benefits. One marketer capitalized on this marketing strategy.

This surgical strike model will provide the precision to segment without causing disturbances when marketers are trying to reach ethnic groups. Constant monitoring and adaptation to the consumer's needs and wants will ensure a long lasting sustainable competitive advantage for a marketer. Hap-hazard promotion and product introductions will be eliminated. Consequently, marketing blunders will become obsolete and successful campaigns will be experienced in the field.

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AN ASSESSMENT OF THE IMPACT OF RACIALLY HOMOGENEOUS REFERENCE GROUPS ON STRENGTH OF ETHNIC AFFILIATION FOR BLACK CONSUMERS

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*Marketing theory posits that individual values, attitudes, and beliefs are strongly influenced by reference groups. In this exploratory study of 98 Black students, we examined the impact of racially homogeneous and heterogeneous reference groups on strength of affiliation with Black culture using Whittler et al.'s (1991) 13-item **Black Identification with Black Culture** scale. We did not find any significant differences in the mean scores on the 13-item scale between black respondents associated with racially similar homogeneous reference groups and those associated with racially heterogeneous reference groups.*

The increasing economic clout of ethnic and minority groups in the United States has sparked a renewed interest among marketers in uncovering more information about these groups (Waldrop 1990). Marketers are especially interested in developing advertising and promotional techniques which leave a favorable impact upon minority consumers toward their organizations' products (Nielsen Media Research 1988).

Seminal studies conducted by Choudhury and Schmid (1974), Schlinger and Plummer (1972), Syzbillo and Jacoby (1974), Whittler (1985, 1989, 1991), Whittler and DiMeo (1991), and Whittler et al. (1991) reveal the following:

- White consumers do not react negatively to the exposure of black actors in promotional material; in other words the fear of a white "backlash" to integrated advertising is largely unfounded.
- Black consumers react positively to promotional material which have black actors or models by showing better recall of the advertisement's message content and by having greater affect towards the actors and the advertisement.
- Black consumers who identify strongly with Black culture perceive themselves as more similar to and were able to relate more strongly with Black than with White actors. In other words, the degree of affiliation and identification with one's own culture affects important aspects of consumer behavior.

While these findings are important and meaningful by themselves they raise some interesting theoretical issues that remain unanswered. Among several issues that arose, we were particularly interested in three issues and focused our attention on them.

First, if strength of ethnic affiliation causes respondents to relate with models or actors of their own races especially for black consumers, then it would be extremely important for marketers to measure this dimension. Marketers should be aware of psycho-social instruments that can provide a reliable and valid measure of the Black person's degree of identification with Black culture. Second, is identification with one's culture strengthened by the experience of being socialized by racially homogeneous reference groups in one's environment? Do Black respondents socialized in a primarily black cultural environment tend to identify strongly with Black Culture? Alternatively, is ethnic/cultural identification weakened by socialization with heterogeneous reference groups? Finally, with increasing integration in the social, political, and economic climate in the United States, what percentage of Black consumers identify strongly with Black Culture? Do a majority of Blacks still continue to feel alienated from the macro-culture and prefer to identify strongly with Black culture? The remainder of this paper will attempt to answer these questions.

Measuring Strength of Ethnic Identification for Black Consumers

In the past, with some exceptions (Bergier 1986, Lawrence, Shapiro, and Lalji 1986), Black individuals were dichotomized into strong and weak identifiers and little effort was expended in constructing an instrument which assessed the degree of ethnic identification along a continuum. The efforts of Whittler et al. (1991) have resulted in the construction of a 13-item "**Black Identification with Black Culture Scale**" composed of highly specific attitudinal and behavioral statements (see [Table 1](#)). This scale has been validated (Cronbach's alpha coefficient=.82) in several studies (see Whittler 1989, Whittler and DiMeo 1991, and Whittler et al. 1991) and has been successfully correlated with eight measures of reported

activities that are normally associated with commitment to Black culture. We consider Whittler's (1989) 13-item scale to be a reliable and valid measure of a Black person's sense of belonging to the Black race and his or her concern with Black issues and causes. Whittler did not extend his research to assess the relationship (if any) between strength of affiliation with Black culture of Black respondents and the degree of homogeneity of their environment. An assessment of this relationship is important because individuals are socialized through reference groups in their environment (Engel et al., 1993, Costello and Zalkind 1963).

In order to investigate the relationship between homogeneity of reference groups and strength of ethnic affiliation and also to assess the number of Black consumers who identified strongly with Black culture, we conducted a study with 98 Black students in a predominantly Black university located in the Southern part of the United States. Our hypotheses, research method, and results are discussed below.

Hypotheses

Consistent with the findings of sociologists, psychologists, and consumer behavior experts (Engel et al., 1993, Costello and Zalkind 1963, Moschis 1985) we posit that an individual is socialized (absorbs culture) through the institutions of family, religious organizations, school, peers, and other social and professional organizations. These institutions are also considered to be important reference groups through which individuals acquire consumption-related cognitions, attitudes, and behavior (Engel et al., 1993, Lessig and Park 1978, Merton and Rossi 1949). Thus, if an individual's experience has been confined to cultural values that are manifestations of racially homogeneous reference groups, then that individual would tend to display a strong sense of identification with that culture. Alternatively, if an individual has been socialized in a pluralistic environment with few or no single dominant racially homogeneous reference group, then that individual could be expected to show a lesser sense of identification with values associated with a particular culture.

Therefore, we posit:

H1: Black respondents who are socialized by predominantly Black reference groups will have significantly higher scores on the Black Identification Scale than will Black respondents who are socialized by predominantly non-Black reference groups.

As mentioned earlier, with the passage of several federal legislations and court-mandated programs, more Black Americans occupy key jobs, and enjoy greater economic success and upward mobility. An important consequence of these socio-political programs has been greater interaction, integration, and mixing of races at both personal and professional levels (Whittler 1991). With increased pluralism and diversity affecting their lives, a greater number of Blacks are exposed to racially diverse heterogeneous groups. Therefore, we hypothesize:

H2: At least 50-percent of Black respondents will claim association with racially diverse reference groups in their environment.

Methodology

The study reported herein is part of a larger study on attitudes of Black and White subjects toward television advertising. We will focus on that part of the study which collected information on the racial composition of subjects' reference groups and their score on the "**Black Identification With Black Culture Scale**." The 13-item scale measured the strength of ethnic affiliation of Black respondents.

Data were collected from 98 college freshmen and sophomores during December 1992. In order to disguise the true nature of the study, students were informed that they were part of a nationwide study of college students' perceptions of television advertising. While the use of student subjects has been debated, other researchers in the field (Szybillo and Jacoby 1974; Barban and Cundiff 1964; Guest 1970; Cagley and Cardoza 1970; Muse 1971; and Choudhury and Schmid 1974) have used student subjects in numerous studies that measure attitudes toward advertising. Our inclusion of student subjects is consistent with mainstream research in this field.

In the first part of the study, students were asked to provide demographic information (sex, gender, age, citizenship, and ethnic background) and then information about the racial homogeneity of four reference groups (high school, neighborhood, church or religious organization, and friends). Information about racial homogeneity was requested in percentage form (e.g., what percentage of your friends are of the same ethnic/racial group as you are?).

In the second part of the study, subjects were asked to complete the 13-item "**Black Identification With Black Culture Scale**." This was embedded within a 34-item instrument titled "Social and Political Attitudes Questionnaire." Respondents were asked to rate on a seven-point scale their level of agreement or disagreement with each statement. The possible range of scores on the 13-item scale was 13 to 91. Each respondent's score was divided by

91 and multiplied by 100, yielding scores that could range from 14 to 100. The median value was calculated and respondents were categorized into high- or low-identification groups (see Bush, et al., 1979). Subjects with scores at or below the median were considered as "low-identification" with Black culture, while all others were considered as "high-identification" with Black culture. Further analysis revealed a significant difference between the mean scores on the 13-item scale for "low-" and "high-"identification groups ($F=174.33$; $p=0.00$).

Black respondents who reported 75-percent or higher same-race composition on three out of four reference groups (or two out of three if no religious affiliation was present) were categorized as having a homogeneous racial reference group environment. All others were categorized as having a heterogeneous racial reference group environment. An analysis of variance was calculated on the mean converted scores on the black identification scale for both homogeneous and heterogeneous black respondents to test for significant differences.

Table 1
13-item Black Identification with Black Culture Scale
(Whittler, T.E., Calantone, R. J., and Young, M.R. 1991)

1. Black men should not date White women.
 2. I am less likely to buy a product if it is promoted by Whites than if it is promoted by Blacks.
 3. Profit-making organizations should not be required to meet hiring quotas for hiring minorities.
 4. I have voted for those candidates who are sensitive to the concerns of Blacks.
 5. I would rather not have Blacks live in the same apartment building I live in.
 6. In order to preserve the best of the culture and heritage of both the Blacks and Whites, the two races should not intermarry.
 7. Black celebrities and professionals should not marry Whites.
 8. Blacks should purchase goods or services from Black-owned businesses.
 9. I would not mind at all if my only friends were White.
 10. It does not really matter whether Black parents purchase Black or White dolls for their children.
 11. I would feel comfortable attending an all White church.
 12. There is nothing wrong with Black women dating White men.
 13. Black leaders should not associate with leaders who talk tough since they will only make it harder for Blacks to make real progress.
-

Results

We did not find significant main effects in the analysis of variance ($F=0.02$; $p=0.8749$). In other words, there was no significant difference in the mean scores on the black identification scale for respondents coming from either heterogeneous or homogeneous environments. Racial sameness of reference groups did not appear to have an effect on the strength of racial identification based on this sample. The mean score on the Black identification scale for Black respondents claiming association with homogeneous racially similar reference groups ($n=51$) was 64.47, while for heterogeneous Black respondents ($n=46$) the mean was 64.93. Therefore, we reject H1.

The converted scores on the identification scale had a possible range of 14 to 100, with a mathematical midpoint of 57. The median score for all Black respondents was 63.7 and the average was 64.5. Therefore, average Black identification scores were above the midpoint of the scale implying a moderate-high degree of affiliation with Black culture.

The "average" Black respondent in the sample attended a high school that was 42-percent Black, and lives in a neighborhood that is 64.8-percent Black. Furthermore, church membership is 92.8-percent Black, while their circle of friends is 84.8-percent Black. This information indicates that church and friendship reference groups are predominantly of the same race. Membership in these two reference groups is voluntary and under the control of the subject, whereas neighborhood and high school racial composition are not under the control of the respondent. Thus, the "average" Black respondent in this sample prefers to associate with racially-similar persons in voluntary reference groups.

Although the numbers of respondents categorized as either "homogeneous" or "heterogeneous" were very close, we must reject H2, because only 47.4-percent of the respondents were categorized as heterogeneous based on our definition. If a less rigorous definition of homogeneity were used, perhaps the hypothesis may be retained.

Limitations and directions for future research

The findings are limited to the sample used in the study and may not be representative of the total Black population. The study should be extended by including larger samples of Black respondents drawn from multiple age groups and geographic areas. Other measures of racial identification could be used in conjunction with the 13-item "**Black Identification with Black Culture**" scale to provide a rigorous assessment of a Black respondent's identification

with Black culture. From a marketing perspective, if Black respondents continue to exhibit strong identification with Black culture, then marketers should continue to use Black actors in commercials aimed at Black audiences. If on the other hand, the Black Identification with Black culture starts to decline (based on test scores), then it may signal an increased acceptance of the macroculture and better reception of integrated advertisements.

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INITIAL IMPRESSIONS IN THE RETAIL BUYER-SELLER DYAD: AN ANALYSIS OF BLACK SHOPPERS

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Introduction

Interpersonal contact is required for many types of marketing exchanges. Numerous studies have focused upon this interaction process inherent in marketing exchanges -- specifically the buyer-seller dyad (see, for example, Busch and Wilson 1976; Woodside and Davenport 1974). Typically, the evaluation of the buyer-seller dyad utilizes the transaction process as the base unit of analysis. A general conclusion of much of this research stream is the greater the similarity between the buyer and seller, the more likely a transaction will be successfully completed.

A basic premise to this discussion is the belief that the initial categorization undertaken by an individual is on the basis of perceived similarity/dissimilarity with the stimulus individual (salesperson). It was suggested early on (Bruner, Goodnow, and Austin 1956) that the primary basis for categorization is the degree of perceived similarity-dissimilarity with the stimulus individual. Bruner's early work stimulated a stream of research whose primary purpose was to examine the role of similarity/dissimilarity in buyer-seller interaction (e.g., Churchill, Collins, and Strang 1975). It is important to point out that it is the degree of *perceived* similarity that is of importance, not the extent to which the two individuals are actually alike.

There is substantial evidence which suggests individuals make initial categorizations on the basis of race and/or sex (Allport 1954; Taylor, Fiske, Etcoff, and Ruderman 1978). This initial summarization provides the perceiver with a long lasting, though possibly inaccurate, view of the individual. Therefore, *a priori* determination of characteristics perceivers commonly associate with these category groupings should provide the interested party (sales manager) with information pertaining to anticipated initial reaction by a perceiver (potential buyer) to a given stimulus source (sales person). If the reaction is determined *a priori* to be potentially negative, proactive corrective action may be introduced in an effort to overcome the potentially negative initial impression so that the buyer-seller dyad may progress toward the desired outcome (a sale).

The Study

Caballero and Resnik (1986) point out the necessity of research into potential influences on the buyer-seller dyad. This research attempts to provide information concerning initial categorizations and initial impressions attributed to retail salespeople (the stimulus object) by potential buyers (the perceiver). Specifically, the black shopper is examined in an effort to determine the initial categorizations and initial impressions formed by that particular subcultural group to stimulus objects encountered in the retail environment.

Hypotheses

Based upon the above discussion it is hypothesized:

black shoppers will initially categorize retail sales people on the basis of physical discriminators (race and sex) with distinct initial impressions forming for each distilled category.

Method

Traditionally, a communication source may be viewed as being composed of the two base components of influence - social compliance and risk reduction (Bauer 1964). Social compliance is closely tied to an individual's personal sentiments toward the stimulus source (positive or negative). Risk reduction is closely aligned with an individual's expertise with a given purchase situation. For example, the more expertise or familiarity a potential purchaser has with a given purchase situation the less risk reduction is sought by the individual and the more social compliance or similarity with the salesperson comes into play (Busch and Wilson 1976; Woodside and Davenport 1974).

Expanding on the original 1964 work, Wilding and Bauer's (1968) revised model of source effect suggested four components of a communication source, with two components being linked to each of the original factors of social compliance and risk reduction. Specifically, the two

new components of *competence* and *truthfulness* were tied to risk reduction and the new components of *power* and *likability* were associated with social compliance.

Wilding and Bauer (1968) examined consumer reactions to a communication source by examining the relative influence of social compliance and risk reduction in various purchase situations. As the level of perceived risk in the purchase situation increased, the relative influence of the risk reduction aspects of the communication source were found to increase. Conversely, as the level of perceived risk in the purchase situation decreased, the relative influence of the risk reduction aspects of the communication source decreased and the relative influence of the social compliance aspects of the communication source were found to increase (Wilding and Bauer 1968).

The Instrument and Data Collection

Based on the works of Bauer (1964) and Wilding and Bauer (1968), this research utilized a questionnaire which incorporated 16 pair of bipolar descriptive adjectives with four adjective groups pertaining to each of the four components listed above: competence and trust tied to risk reduction; power and likability tied to social compliance.

Data were collected through the use of a mall intercept. Five regional malls located in a dynamic, culturally-diversified MSA in the southwest region were utilized in the present study. The participating malls were chosen to provide a divergent clientele. Each mall was targeted to a different socioeconomic group in an effort to reduce the amount of bias in the collected quota sample. Trained interviewers were rotated in a random pattern to different locations throughout the malls (Nowell and Stanley 1991). Data were collected over a period of seven days during all hours of operation. Responses were collected by allowing several people to pass between interviews. Potential respondents were approached and told they were invited to participate in a strictly academic study with no "correct" answers. Confidentiality of responses was assured. Over 85 percent of individuals approached agreed to participate. Each participant was requested to complete the questionnaire alone -- sitting down at a nearby rest area. The use of the mall intercept as a data collection technique has been shown to produce a significant cross-sample of respondents (Bush and Hair 1985) and is commonly used in research efforts such as this.

The treatment manipulation was facilitated by four professionally rendered artist sketches of a retail salesperson in professional attire. The sketches differed only in race and/or sex of the salesperson: black male, white male, black female, white female. Artist sketches were used to provide

the respondent with a generic subject -- one differentiated only by race and/or sex -- in an attempt to provide control over physical and situational attributes considered non-criterial to the current research. The sketches and attached questionnaire were shuffled prior to distribution so that respondents would be randomly assigned to groups. Respondents were given one sketch to examine followed by the Wilding/Bauer 16 adjective item scale and selected demographic questions (gender and age).

Results

Sample

221 black shoppers (118 male, 103 female) participated in the study. Mean years of education (high school = 12) was 13. The mean age of respondent was 29 years, with a standard deviation of 10 years.

Analysis

Scores on the 16 adjective items were factor analyzed using principle components to evaluate the underlying factor structure and to generate factor scores for subsequent analysis. Separate two-way analyses of variance (ANOVA) were performed for each factor score as differentiated by sex and sketch treatment group. Age of the respondent was measured as a continuous variable and was examined as a covariant.

As [Table I](#) indicates, the eigenvalues and scree plot from the factor analysis indicated a two-dimension "initial impression" factor structure. The first dimension of "initial impressions" of the viewed salesperson sketch may be labeled as an understanding/friendly factor. Associatively, the second dimension appears to be an authority/power factor.

The extracted factors may be viewed as interpretable condensations of Wilding-Bauer's (1968) original four factors -- with some degree of possibly unique subcultural overtones. These newly derived factors differ from the original Wilding-Bauer findings only in strength and loadings.

Given the low correlation values of the two factors ($r=.001$), separate two-way analysis of variance was performed for each factor. In both cases, the covariant of age was found to be statistically nonsignificant (see [Table 2](#)).

The understanding/friendly factor dimension displays significant main effects of sketch treatment and gender

Table 1

Factor Analysis

| ROTATED FACTOR MATRIX: | | |
|------------------------|----------|----------|
| | Factor 1 | Factor 2 |
| Understanding | .81985 | .26839 |
| Friendly | .78863 | .11790 |
| Likable | .74481 | .25193 |
| Trustworthy | .73105 | .34652 |
| Respectful | .67768 | .39645 |
| Dependable | .66379 | .48231 |
| Reliable | .65128 | .45684 |
| Authoritative | .17859 | .77538 |
| Powerful | .19475 | .75276 |
| Knowledgeable | .38661 | .66743 |
| Attractive | .16828 | .67678 |
| Experienced | .41205 | .67154 |
| Qualified | .42154 | .66360 |
| Prominent | .37165 | .57389 |
| Competent | .54659 | .57164 |
| Reputable | .51057 | .56363 |
| % of Variance | 53.7% | 7.7% |

($p < .01$). Interaction effects were evident at the $p < .01$ level. The authority/power factor dimension displays significant main effects of sketch treatment ($p < .05$). Main effect for respondent gender was not significant; however, the respondent gender/treatment interaction was found to be significant ($p < .08$).

Post hoc analysis utilizing the Duncan procedure was conducted to evaluate specific differences on both extracted factors between sketch treatment group, gender, and respondent gender/treatment group (refer to [Tables 3](#) and [4](#)).

Table 2

Analysis of Variance

| Dependent Variable: Understanding/Friendly Factor | | | | | | |
|--|----------------|-----|-------------|--------|--------------|--|
| Source of Variation | Sum of Squares | DF | Mean Square | F | Signif. of F | |
| Covariates | 0.241 | 1 | 0.241 | 0.309 | 0.579 | |
| Age | 0.241 | 1 | 0.241 | 0.309 | 0.579 | |
| Main Effects | 36.657 | 4 | 9.164 | 11.748 | 0.000 | |
| Sketch Treatment | 25.298 | 3 | 8.433 | 10.810 | 0.000 | |
| Respondents Sex | 11.914 | 1 | 11.914 | 15.273 | 0.000 | |
| 2-Way Interactions | 16.561 | 3 | 5.520 | 7.076 | 0.000 | |
| Explained | 53.459 | 8 | 6.682 | 8.566 | 0.000 | |
| Residual | 165.380 | 212 | 0.780 | | | |
| Total | 218.839 | 202 | 0.995 | | | |
| Dependent Variable: Authority/Power Factor | | | | | | |
| Covariates | 1.074 | 1 | 1.074 | 1.099 | 0.296 | |
| Age | 1.074 | 1 | 1.074 | 1.099 | 0.296 | |
| Main Effects | 7.459 | 4 | 1.865 | 1.908 | 0.110 | |
| Sketch Treatment | 7.408 | 3 | 2.469 | 2.527 | 0.058 | |
| Respondents Sex | 0.016 | 1 | 0.016 | 0.017 | 0.898 | |
| 2-Way Interactions | 6.598 | 3 | 2.199 | 2.250 | 0.084 | |
| Explained | 15.130 | 8 | 1.891 | 1.935 | 0.056 | |
| Residual | 207.215 | 212 | 0.977 | | | |
| Total | 222.345 | 220 | 1.011 | | | |

Analysis of the main effects associated with the understanding/friendly factor indicates the black male salesperson sketch was the most highly rated sketch ($p < .05$). With regard to gender main effect, black men responded more positively than black women on this particular dimension. Evaluation of gender/sketch treatment interactions for the understanding/friendly factor score indicates differing perceptions of salespeople by black men

Table 3

Sketch Treatment Main Effect for the Understanding/Friendly Factor (Duncan Procedure)

| Mean | Group | WF | BF | WB | BM |
|--------|-------|----|----|----|----|
| -.3812 | WF | | | | |
| -.1508 | BF | | | | |
| -.0210 | WM | + | | | |
| .5270 | BM | + | * | * | |

Legend:
 WF = White female salesperson sketch
 BF = Black female salesperson sketch
 WM = White male salesperson sketch
 BM = Black male salesperson sketch

| Interaction Effects for the Understanding/Friendly Factor (Duncan Procedure) | | | | | | | | | |
|--|-------|---|---|---|---|---|---|---|---|
| (*) Denotes Pairs of Groups Significantly Different at the 0.050 Level | | | | | | | | | |
| (+) Denotes Pairs of Groups Significantly Different at the 0.100 Level | | | | | | | | | |
| | | B | B | B | B | B | B | B | B |
| | | F | M | F | M | F | F | M | M |
| | | V | V | V | V | V | V | V | V |
| | | W | B | B | W | B | W | W | B |
| | | F | F | M | F | F | M | M | M |
| Mean | Group | | | | | | | | |
| -.6088 | BFVBF | + | | | | | | | |
| -.1954 | BMVBF | + | | | | | | | |
| -.1466 | BFVBM | + | | | | | | | |
| -.1457 | BMVWF | + | | | | | | | |
| -.0860 | BFVBF | + | | | | | | | |
| -.0603 | BFVWM | * | | | | | | | |
| .0157 | BMVWM | * | | | | | | | |
| 1.1781 | BMVBM | * | * | * | * | * | * | * | * |

Legend:
 BMVBF = Black male viewing black female salesperson.
 BFVBF = Black female viewing black female salesperson.
 BMVBM = Black male viewing black male salesperson.
 BFVBM = Black female viewing black male salesperson.
 BMVWM = Black male viewing white male salesperson.
 BFVWM = Black female viewing white male salesperson.
 BMVWF = Black male viewing white female salesperson.
 BFVWF = Black female viewing white female salesperson.

and black women. As an example, black males viewing the black male sketch gave that sketch the highest rating on the understanding/friendly dimension. Additionally, this score was significantly greater ($p < .05$) than all other respondent gender/sketch treatment combinations. The second highest mean factor score on this dimension was associated with the rating black males gave to the white male salesperson sketch. The third highest rating was of black females rating the white male sketch; however, the latter two ratings were only significantly higher than the rating given by black females viewing the sketch of a white female salesperson sketch.

The responses associated with the authority/power dimension yield similarly interesting results. Given the main effect for the sketch treatment and respondent gender/sketch treatment interactions were significant at levels between .05 and .10, the post hoc analysis employed a Duncan procedure "set" at the .10 level (see Table 4).

The post hoc analysis of the sketch treatment main effects indicated the black male salesperson sketch and the black female salesperson sketch were significantly more highly rated on the authority/power dimension than the rating associated with the white female salesperson sketch ($p < .10$). Analysis of interaction effects indicated black female respondents viewing the black males salesperson sketch gave the highest rating (which was also significantly stronger than black females viewing the white female salesperson sketch and black males viewing the black male salesperson sketch). It is interesting to note, on this particular dimension, black males viewing the black female salesperson sketch had the second highest mean factor score and was significantly higher than the scores associated with black males viewing the white male salesperson sketch and black females viewing the white female salesperson sketch.

Summary

The importance of the relationship between the buyer and the seller should not be under-rated. It is clear that any relationship between the buyer and the seller will be prefaced by initial categorizations formed on first contact (Taylor, Fiske, Etcoff, and Ruderman 1978). A fundamental working knowledge of likely initial impressions would be of value to both store management and store personnel as they train and prepare to make the most of any buyer-seller interactions.

The hypothesis associated with this study was supported. Overall, the results indicate a clear impact on the first impressions of black shoppers due to the race and/or gender of the viewed salesperson sketch. These impressions were shown to vary somewhat depending on the gender of the respondent.

References

Table 4

Sketch Treatment Main Effect for the Authority/Power Factor (Duncan Procedure)

| (*) Denotes Pairs of Groups Significantly Different at the 0.050 Level | |
|---|-------------------|
| (+) Denotes Pairs of Groups Significantly Different at the 0.100 Level | |
| Mean | Group WF WM BM BF |
| -.2114 | WF |
| -.1032 | WM |
| -.1404 | BM + |
| -.2075 | BF + |
| Legend: | |
| WF = White female salesperson sketch | |
| WM = Black male salesperson sketch | |
| BM = Black male salesperson sketch | |
| BF = Black female salesperson sketch | |
| Interaction Effects for the Authority/Power Factor (Duncan Procedure) | |
| (+) Denotes Pairs of Groups Significantly Different at the 0.100 Level | |
| | B B B B B B B B |
| | F M M F M F M F |
| | V V V V V V V V |
| | W W B W W B B B |
| | F M M M F F F M |
| Mean | Group |
| -.3745 | BFVBF |
| -.1430 | BMVWM |
| -.1074 | BFVBM |
| -.0604 | BMVWM |
| -.0426 | BMVWF |
| -.0110 | BFVBF |
| .3583 | BMVBF + + |
| .3968 | BFVBM + + |
| Legend: | |
| BMVBF = Black male viewing black female salesperson. | |
| BFVBF = Black female viewing black female salesperson. | |
| BMVBM = Black male viewing black male salesperson. | |
| BFVBM = Black female viewing black male salesperson. | |
| BFVBM = Black female viewing black male salesperson. | |
| BMVWM = Black male viewing white male salesperson. | |
| BFVWM = Black female viewing white male salesperson. | |
| BFVWM = Black female viewing white male salesperson. | |
| BMVWF = Black male viewing white female salesperson. | |
| BFVWF = Black female viewing white female salesperson. | |

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THE EFFECTS OF ETHNICITY AND INCOME ON THE REPORTED IMPORTANCE OF SELECTED RETAIL STORE EVALUATIVE CRITERIA

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The marketer's ability to precisely segment his target market is an important determinant of his success. The challenge facing the marketing strategist lies in identifying stable human characteristics which can be used for segmentation (McDaniel and Burnett 1990). Delener (1990) suggests that differences in cultural heritage partially explain differing consumption patterns among groups, and that marketplace behaviors aid in defining culture.

One human characteristic, or aspect of cultural heritage, which qualifies as a segmentation variable, is ethnicity. The perception of ethnic identification is stable over time, and exhibits observable consequences. Also, ethnicity has been found to be a significant predictor of store patronage across several store types (Korgaonkar, Lund, and Price 1985). A better understanding of the effects of ethnicity upon patronage behavior would be of interest to marketers, especially retailers.

Numerous studies have investigated the differences between Black and White shoppers. Criticisms of this stream of research may be grouped into two major categories. First, are questions of a definitional nature (Hutchison 1988, Azibo 1988). Concern is expressed regarding research techniques which divide target populations into two general classifications, the ethnic group of interest, and "others". The investigation of differences within groups has been minimal (Williams and Qualls 1989). Williams (1989) concluded that researchers have not captured the diversity within the Black consumer segment, yet have attempted to generalize results to all Black consumers. Schlossberg (1993) reports that marketers still consider Blacks to be "dark skinned whites" and follow a "one size fits all" policy when marketing products to minority shoppers (p. 1).

Another question of definition that arises considers the differences between ethnicity and race, and their individual or joint influence on patronage behavior. Hutchinson (1988) suggests that being Black differs from being Italian or Polish, since a person's ethnic status may change over time but his race does not.

The second general area of criticism regards the assumption of a distinct Black subculture (Blackwell 1975, Hannartz 1967, Hutchison 1988, Williams and Qualls 1989). The origins of such a subculture are presumed to be African, however, a number of studies report conflicting

results of attempts to verify the continuation of these ancient traditions (Hutchison 1988). Further, it has been suggested that as increasing numbers of Black Americans join the ranks of the middle class, ethnic differences become less distinct (Jewell 1985, Alba and Chamlin 1983, Williams and Qualls 1989). Such results suggest that it may be socio-economic, not ethnic factors which are most influential in the patronage behavior.

DEFINING THE CONSTRUCTS

Differing definitions of race and ethnicity reflect differing perspectives of study. Hutchison (1988) defines ethnicity as, "membership in a sub-cultural group on the basis of country of origin, language, religion, or cultural traditions different from the dominant society". Race, however, "is based on socially constructed definitions of physical differences" (p. 18). Distinctions between the two concepts have important implications for the study of consumer behavior since it is unlikely that all members of a generalized ethnic group will share similar values and cultural orientation (Green 1992). For instance, not all persons who would identify themselves as Black identify with the category African American. Some may consider themselves to be Haitian Americans.

Our study attempts to assess individual ethnic identification. It is not clear whether respondents actually are aware of the differing definitions for the terms race and ethnicity, and if such knowledge is used in responding. Responses for our study were solicited through the use of multiple emic techniques, as recommended in the literature (Hirschman 1981, Hutchison 1988; but, not all concur, i.e. Azibo 1988). An emic measure permits the respondent to ascribe a particular ethnic identity to him/herself. Such subjective self perceptions, and not the potentially biased perceptions of the researcher, are, for cross cultural researchers, the approach of choice (Green 1992).

Responses regarding the importance of ethnic identification are also obtained following suggestions by Hirschman (1981) and Williams and Qualls (1989). Green (1992) suggests that ethnicity is more accurately measured when the extent to which it is spontaneously salient to the respondent is measured, since differences in salience may create differing behavior.

To test for differing results created by varying methods of segmentation, investigation is performed at three levels. First, the respondents are divided into Blacks and Whites. While segmentation at this level allows for discovery of any extant differences between broadly defined ethnic groups, more emphasis is given, within this manuscript, to comparisons between findings at this level and those at more specific levels of segmentation.

A second level of division considers salience to the individual of ethnic identification and allows for investigation within and between ethnic groups for differences in the reported importance of the evaluative criteria. Lastly, respondents are classified by ethnic identification, salience, and income level (Jewell 1985). Grouping at this level allows a further investigation into the source of any differences which may be discovered, and provides an opportunity to confirm, by comparison, results presented previously by other authors (i.e., Williams and Qualls 1989).

RESEARCH QUESTIONS

A number of recent articles have demonstrated differences in consumption behavior among groups defined by ethnicity (cf., McCormick and Kinloch 1986; Latour, Henthorne, and Williams 1989; Hirschman 1982, 1981). Hansen and Deutscher (1977-78) suggest that there are substantial differences in the benefits people seek from the stores they choose, and that differing benefit segments can be identified by demographic, socioeconomic, and preference variables.

Differences in ethnicity, and the salience of ethnic identification create differing patterns in consumer behavior. Our study is designed to seek differences between Black and White consumers in the reported importance of selected retail store evaluative criteria. A better understanding of such variations, once discovered, could be extremely valuable to retailers in their strategy development. Elucidation of clearly defined preferences could aid in target market segmentation, store site selection, staffing decisions, and numerous other areas of retail management operations.

It has been suggested (Hirschman 1982, Green 1992) that the strength of an individual's ethnic identification affects his/her behavior. Thus the following research questions seem appropriate:

1. Do differences exist in the importance ratings of retail store evaluative criteria between Whites and Blacks?
- 1(a). Do differences exist in the importance ratings of retail store evaluative criteria between Whites and Blacks segmented by

the salience of individual ethnic identification?

Following Williams and Qualls (1989), we suggest that responses from higher income Blacks will tend to be less differentiated from higher income White responses than will those of low income Blacks from lower income Whites. However, higher income Blacks do not necessarily demonstrate lowered ethnic identification salience, than lower income Blacks. This leads to the next set of research questions:

2. Do differences exist in the importance ratings of retail store evaluative criteria between Whites and Blacks segmented by the salience of ethnic identification and income level?
- 2(a). Do differences exist in the importance ratings of retail store evaluative criteria between Blacks segmented by the salience of ethnic identification and income level?

METHOD

A questionnaire was developed to contain the retail evaluative criteria (twenty four items), demographic queries (six items) and the emic measures mentioned above (four items). The instrument contained a variety of items which measured several constructs.

The particular evaluative criteria were derived from an initial selection of forty-one items produced by Hansen and Deutscher (1977-1978). McDaniel and Burnett (1990) reduced the list to twenty-two criteria, which loaded significantly on seven factors.

The first factor, shopping efficiency, is composed of five items. These consist of those criteria related to the efficient use of time spent in and around the store. Four items relate to shopping "ease", and include item exchange, and parking. The fifth deals with store fairness in adjustments and exchanges.

Factor two relates to shopping convenience and is composed of three items. These include items regarding convenience of the store relative to other stores, convenience of the hours of operation, and the ease of driving to the store.

Product assortment, the third factor consists of three items. These are related to merchandise selection and item availability. The items measure the relevance to the customer of breadth of merchandise mix, depth and selection of well known brands.

The fourth factor, sales personnel friendliness/assistance is comprised of four items which

relate to the people oriented attributes of the store. The four items address two general issues. Two measure the satisfaction of customer social needs by store personnel. The last two relate to the ability of store employees to fulfill the customer's requirements for product or service-related information and assistance.

Factor five relates to product quality. Two items pertaining to the quality and value of the merchandise selection in the store comprise this factor. Emphasis is on the value provided by the products for the price.

The physical attractiveness of the store is the focus of the two items which make up the sixth factor. Concern is with both exterior and interior decor.

Factor seven concerns the store's policy with regard to credit purchases. The two items deal with both bank card purchases, and store owned charge accounts.

While McDaniel and Burnett (1990) listed seven factors, an eighth was added for the current study. Considering the economic segmentation, including a price oriented factor seemed prudent. Two items regarding the importance of low prices and truthful pricing policies make up this added factor.

Each respondent reported self perceptions of ethnic identity. Only respondents who replied Black, African American, or Afro-American to the ethnic identity item were classified as Black and included in the study. Subjects responding with European and Asian ethnic identities (less than 2% of total respondents) were classified as Whites, along with those who indicated no identification with any ethnic group.

The Black group was further segmented by self reported strength of ethnic group identification to allow for study of within group differences. Those responding with four or higher on the five point scale are classified High Importance, others are classified Low Importance. Whites, on the other hand, have been shown to demonstrate little variance in strength of ethnic identification (Williams and Qualls 1989). This result is supported by our analysis, consequently no similar division is performed for the White group. Such division of the Black group circumscribes, to some extent, the difficulties regarding proper definition of target market segments which have been found with other studies.

Further, groups are segmented by income levels. The inherent nature of the sample ensures a certain similarity in age, educational experience, peer influence, and regional heritage, which are other important factors in socioeconomic classification.

The questionnaire was distributed to 124 undergraduate students at a predominately White university. An additional 88 responses were obtained from a predominately Black university in the same general area. The survey yielded 208 usable instruments.

Respondents were 52.7% women, and averaged 22.3 years of age. Those persons classified as Blacks comprised 58% of the total sample. The various business disciplines comprised the major field of study for 72.5% of the respondents, other subjects were classified non-business. There were no significant differences between Black and White respondents on any of the demographic variables, except income, which is discussed later.

Family income was classified into six categories, from less than \$10,000 to more than \$50,000. Forty-seven percent reported over \$30,000 in earnings.

Testing for differences between the groupings was done through individual univariate ANOVA's using each of the retail evaluative criteria as the dependent variable (SPSS 1988). The set of initial analyses used ethnic identification as the independent variable.

Second, a set of MANOVA's were performed using ethnicity and strength of ethnic identification as predictors. No changes between results found in these analyses and those in the first set of analyses were noted. Upon further investigation, it was found that only ten percent of the Black respondents had been classified as low importance. This created cells analysis difficulties, and additional research with a larger sample is required to properly address Question 1(a). No further discussion of this treatment will be offered.

A final set of MANOVA's were performed using both income and ethnic identification as predictors (2 x 6) to investigate Questions 2 and 2(a). This analysis should investigate the propositions regarding questionable assumptions of homogeneity among ethnic groupings.

DISCUSSION

Table I provides results of the first sets of analyses. Only the criteria displaying significant differences are reported (the next lowest P value was .45). In light of the arguments discussed above (Hutchison 1988, Azibo 1988) it is suggested that the interpretation of these statistics is questionable, and they are presented primarily for comparison purposes. By noting the significant differences for the undifferentiated groups, we have a basis for discovering changes in the relationships which may be created by the differing treatments examined.

Based on these results alone, one might claim moderately strong support for an affirmative answer to research Question 1(a). However, in light of the studies discussed above, it is prudent to investigate further before making such statements.

The results of the analyses of Question 2 and 2(a) are of considerable interest. When groups are segmented by income as well as ethnic identification, no significant differences in reported importance of the evaluative criteria appear. There are no significant main effects or interactin

effects in the full model. Such results may indicate that the previously reported ethnic effects are entirely mitigated by the inclusion of the income treatment.

One likely explanation for these results is the presence of collinearity between the independent variables. In essence, they may be explaining, to some extent, the same variance. Upon further investigation, a significant ($<.05$) correlation between ethnic identification and income was discovered. Collinearity between the independent variables creates difficulty in determining the exact effects of the treatment levels in multivariate analysis.

Correlation between income and ethnicity is intuitively appealing. The relationship between these variables is widely reported in the academic and popular media. Our results suggest that the source of the effects observed may be ethnic differences, income, a combination, or some third (exogenous) variable (i.e., Williams and Qualls 1989). At the very least the importance of proper definition of groups for study is illustrated by these results. The results presented in [Table I](#) may not be generalizable.

Additionally, analyses of variance between Black respondents from the two universities and between all Black respondents segmented by income were performed. Results demonstrate no significant differences and indicate a negative response to Question 2(a).

CONCLUSION

It has been suggested that, within the limitations of this sample, few real differences with regard to importance ratings of retail store attributes, exist between Whites and Blacks. The salience to consumers of the attributes exhibited by retail stores is consistent across ethnic groups when allowing for income level. It is suggested that marketing strategies targeted at ethnic groupings may want to consider other variables as well.

Numerous investigations of market behavior of various ethnic groups have been executed, making no allowance for social, cultural, or socio-economic influences. The results of these investigations may require reexamination. Controlling for other influences operating concurrently with ethnicity may demonstrate effects differing from those reported in the articles.

Obviously, some ethnically oriented differences do exist. Apparently, some part of these differences may be economic in origin. Significant income differences between Blacks and Whites were found in this study as well as others. Income and ethnicity are, at least for the present, inextricably bound, and should be considered in segmentation studies (Williams and Qualls 1989). The results (F test values) of the present study, indicate that the effects of ethnic identification may be the stronger than the effects of income in the univariate analyses. There may, in fact, be other variables with influence similar to income and

related to ethnic identification which affect decision making, and should be investigated concurrently with ethnicity.

Previously, it has been reported that differences in shopping behavior do exist between ethnic groups (cf., Zikmund 1977). Additionally, Blacks have been shown to be more innovative consumers, and ethnic differences have been demonstrated in shopping motivations (Westbrook and Black 1985). Findings in the present study indicate that respondents, regardless of ethnic identity, report similar salience for the selected attributes of retail outlets. The lack of complete definition of the ethnic groups in several of these previous studies suggests that their findings may require reevaluation.

Our results make no statement regarding the implementation of attribute emphasis strategy by the retailer. Such variables as content of merchandise assortment, and ethnic makeup of sales force have been shown to benefit from consideration of ethnically based strategy formation (Hirschman 1981; McCormick and Kinloch 1986). Whether or not these results are responsive to the influence of income or other variables would also be of interest.

Our study indicates that certain retail outlet attributes are important to a wide variety of customers, and merit consideration from all types of retailers. Thus in forming strategy targeted at a particular ethnic group, the retailer should remember that the question of interest may not be what attributes to feature, but rather how to implement each attribute so that the ethnic group of interest is best satisfied.

The findings reported here demonstrate support for those who argue for proper segmentation of ethnic groupings for research study. It is easily seen how differing segmentations can provide differing results. These findings support Green's (1992) call for future research which focuses on developing a clearly defined methodology for classifying ethnicity, in order to produce comparable results.

| TABLE 1 | | | | | |
|--|--|------------|--------|------|-----|
| REPORTED IMPORTANCE OF SELECTED RETAIL STORE EVALUATIVE CRITERIA | | | | | |
| Variable | Description | Cell Means | | F | P |
| | | Whites | Blacks | | |
| Friendliness/ Assistance | Criteria related to salesperson friendliness and assistance | 18.183 | 17.566 | 3.04 | .08 |
| Quality | Criteria related to overall merchandise value and quality | 13.392 | 14.084 | 6.03 | .02 |
| Attractiveness | Criteria related to physical characteristics of the store | 7.592 | 7.060 | 3.72 | .05 |

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PROMOTING TO MINORITIES: A NORMATIVE PERSPECTIVE

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Abstract

The paper explores the issues of minority representation and stereotyping in advertisements and provides an alternative perspective for examining the situation. Adhering to the marketing concept, the paper argues, minority representation and stereotyping should be judged in relation to the target market representation of the minorities as long as certain moral minimums are met. Minority representation in advertisements should not be based on their proportion in the population.

Introduction

Marketing to minorities and marketing to majority population using minorities have quite often been topic of discussion and debate. The discussion seem to fade in and out of public focus and it is sometimes tied to significant events such as the 1992 Los Angeles riots. The significance of the riots was that it was perceived as a wake-up call for marketers in general and more specifically for advertisers to reevaluate the minority representation in their profession. A recent Advertising Age (1992) survey of marketing and media executives found more than half of all respondents believing that advertising played a significant role in the country's current racial problems. "The problem for many people begins with representation and even some respondents say stereotyping, . . . Blacks must be very frustrated by ads that portray them inaccurately. The tension builds over this and blacks don't have any control or influence over what is portrayed in ads. . . . as a result, tensions escalate leading to situations like the Los Angeles riots" (Advertising Age 1992). This conclusion seems extreme.

It is one thing to criticize advertising for stereotyping minorities, but to say that it lead to the riots, may be placing a heavy burden on advertising. It seems fashionable to blame society's ills and evils on media, advertising, and everything around except oneself. It seems that the responsibility for solving social problems seem to rest with everybody else out there. This paper examines minority representation and stereotyping, two of the criticisms leveled at advertising by minority groups and proposes a different perspective for analyzing them.

Minority Representation In Advertising

he Advertising Age (1992) survey revealed that, when asked about African American representation in print and television ads, about 52 to 54 percent of respondents felt that there were 'too few' of them. But about 40 to 42 percent felt that African American representation in advertising was sufficient. Recent studies have indicated that African Americans were under-represented in relation to their proportion in the population (Stearns, Unger, and Luebkenan 1987; Stevenson 1989). The same conclusion could be made in relation to other racial minorities groups. Census data (1989) suggests significant shifts in the demographics of minorities. African Americans earnings as a percentage of European American earnings have increased. Over 30 percent of African American households have incomes of \$ 35,000 or more and larger numbers are expected to join the middle class. Another significant minority, Hispanic Americans, is the fastest growing ethnic group and is expected to comprise 18 percent of the population in a decade or two. Demographers also anticipate a surge in the income levels of hispanics.

Marketers face a greater challenge in the Hispanic marketplace because of the diversity within the Hispanic American population. Studies have indicated that Hispanic representation in advertisements is much lower than that for African Americans (Czepiec and Kelley 1983; Wilkes and Valencia 1989).

In terms of population, Asian Americans receive far less representation even though they are younger, well educated and in higher income brackets. Their incomes on the average exceed that of European, African, and Hispanic Americans, yet, they appear in even lesser number of advertisements. Asian Americans, like Hispanic Americans, are a heterogeneous group.

When community leaders, watchdog groups, and sometimes researchers discuss minority representation in advertisements, they qualify representation in relation to the proportion of the specific minority group in the population. But never have they wondered why minority representation in advertisements should be consistent with their proportion in the population at large. Why should they not be under-

or over-represented? Should proportion in the population-at-large be the yardstick to measure representation in advertisements? Charges of under-representation assume that all marketers are selling similar and generic types of products that appeal to the entire population. If this hypothesis is true, why should marketers worry about concepts like market segmentation, target marketing, and so on. Adherence to the proportional representation principle would mean that products targeted strictly to minorities should have European Americans 75 to 80 percent of the time. But some may oppose this point of view by stating that the product users are nearly all African-American or Hispanic-American and thus having European American representation in advertisements would not make marketing sense. By applying similar reasoning one can argue for about 10 percent minority representation for brands or products that are bought by European Americans 90 percent of the time. If this holds true, other segmentation variables become invalid. There has been many a criticism of billboards advertising various brands of malt liquor in inner cities, where the target market resides. Apparently, in this case target marketing as the sole criterion is an unsatisfactory strategy.

It seems more appropriate to consider minority representation in the target market for the product or brand and then compare their proportions with representation in advertisements. Otherwise, no matter the target market, every product or brand advertisement would have majority - minority representation based on their proportions in the population.

Minority Stereotyping In Advertising

Studies in the past may lend some credibility to the charge that minorities have been unfairly depicted in advertisements. There have been instances of blatant stereotyping and even offensive portrayals. For example, given the growth trends in Asian American segment of the market, marketers are targeting this group with elaborate combination of advertising, promotions, and community news. Shao (1991) maintains that unless they are careful, advertisers are likely to fall into the stereotyping trap while portraying Asian American in marketing communications. Apart from direct stereotyping, "ad experts have long recognized that individual elements of ads often become more important than the placement of the product (Clark 1991). Advertising subtly depicts who uses the product, how a family looks, what is beautiful, and the roles played by men and women. Such portrayals upset certain groups. "The proper role model for blacks does not have a lot to do with a product, but it does have to do with who's dominant and who's subordinate" (O'Barr 1991).

In the late 1980s, many companies showed a declining interest in marketing to African Americans as a separate market (Cohen 1988). Although some cited budget cuts, others felt that the over \$200 billion market segment can be reached easily through general marketing since African American have similar media habits to European Americans. Therefore many advertisements had racially mixed models. This, to some extent led to complaints from groups because they were being shown in subservient and unflattering ways, as the basis of humor or being given unimportant roles. Although marketers have become more sensitive to the portrayals of specific groups, some believe there is still a long way to go. Marketers, however, conceded that Hispanic American market warrants specialized advertising because of language and cultural differences.

However, here again one should look at the lifestyles of the majority of consumers in the target market. If they maintain a lifestyle and the same is depicted in advertisements, would it be stereotyping? To the extent that it is not politically correct to show such depictions in advertisements, lifestyle and behavioral segmentation may become a thing of the past.

An Alternative Perspective

This paper proposes a different perspective for addressing the criticisms leveled at advertisers in relation to minority representation and stereotyping. Marketers and advertisers are in the business of profit making. In doing so, they have a responsibility "to obey the elementary canons of everyday face-to-face civility, i.e., honesty, good faith, and so on" (Levitt 1958). Others have noted the concepts of negative injunction and affirmative duties. Although not all corporations have affirmative duty to take on specific tasks, such as cleaning up the environment or marketing to minorities, all are under a negative injunction to prevent pollution or stereotyping minorities (Boatright 1993). Thus preventing injury is a moral minimum. This moral minimum goes beyond legal minimums. Adhering just to a legal minimum may lead to scrutiny by society and charges of stereotyping or lack of representation of minorities, both of which break no law. Such scrutiny by society may lead to government interference. In other words, the concept posits that marketers have an obligation beyond minimum to address social problems that involve substantial threats to the well being of any group.

Donaldson (1989) provides a different perspective of this concept by distinguishing between maximal and minimal duties. A maximal duty when fulfilled is praiseworthy yet not mandatory. But the failure to observe a minimal duty would "deprive the corporation of its moral right to exist"

(Donaldson 1989). Having minorities in an advertisement targeted at the majority may be a maximal obligation while highlighting negative aspects of minority culture i.e., stereotyping in a negative fashion would be violating the minimal duty. An example of this might be consistently using African Americans as burglars in a commercial for home security system even if statistics prove that 8 out of 10 burglars are African American. Other types of stereotyping deemed negative by minority groups when consistently utilized by advertisers may be seen as violating the minimal duty.

Justification for adhering to minimal duties can be found in the principle of negative harm. The concept hypothesizes that advertisers have an obligation not to bring about or add substantially to the deprivation and suffering of any group of people. This is slightly different from the utilitarian perspective in that it holds that even if actions do more good than harm, they cannot be below the moral minimum. This reasoning is similar to the one used in the practice of medicine where a doctor is deemed to have an obligation not to treat a patient, even for his or her own good, without that person's informed consent. In other words, without their consent a group should not be stereotyped or portrayed in a way that is deemed negative.

Conclusion And Implications

The article explored the controversy regarding minority representation and stereotyping in advertising from a decidedly different perspective. It maintains that minority proportion in the general population may not be an appropriate yardstick to measure representation in advertising. Target market proportions would provide a more pertinent measure, one that makes marketing sense and easy to justify. Charges of stereotyping are much harder to counter given past portrayals of certain groups. Yet if advertisers were to portray a slice of lifestyle that can be identified with a certain group, then such charges are difficult to sustain. Identifying authentic lifestyles and role portrayals in a group might require extensive research.

The paper introduces the concept of moral minimum to address these and other concerns. This concept is more of a guideline for marketing conduct rather than a solution for a specific problem situation. Marketers have a minimal moral duty, one that goes beyond legal minimums, to prevent injury to the society. According to Donaldson (1989) failure to adhere to this minimum would deprive the corporation of its moral right to exist. This concept can be used to guide decisions relating to minority representation, stereotyping, and other potentially controversial issues in advertising.

Utilizing this perspective, marketers can be more responsive and proactive in situations. This is not to say that there would not be any criticism if advertisers followed these guidelines. Instead, advertisers, by applying this concept, would have themselves raised the questions and effectively responded to them even before the ads hit the airways or print pages. The concept provides the rationale for decisions rather than decisions themselves. Adherence to this and similar guidelines might help marketers consider not only business/marketing issues but also public policy issues thereby making them better corporate citizens.

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MEDIA USAGE AND THE BUYING BEHAVIOR OF HISPANICS

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Abstract

This paper examines issues related media usage as it relates to the consumption behavior of Hispanics. Rapid population growth coupled with increases in buying power make this subgroup a prime target for marketing effort. It is thus an issue of interest to marketers. Hispanics exhibit buying behavior that maybe somewhat different from those of the population at large. If marketers can better understand these differences and the media usage that go with it, then they can better target this subgroup.

Introduction

The apparent emphasis on multi-cultural diversification is in direct response to dramatic demographic transition characterizing the citizenry of the United States (Riche 1991; Edmondson 1991; Wilson and Gutierrez 1985). Blacks and Hispanics represent the two major ethnic minorities. However, the rapid growth of the Hispanic American population has generated a great deal of interest (Griffin 1992; Exter 1991; Penaloza and Gilly 1991). Demographic projections indicate that Hispanics will become the dominant minority in the United States within the next century (Edmondson 1991; Exter 1991; Veciana-Suarez 1987). The increasing importance of this ethnic group has received attention from media practitioners (Veciana-Suarez 1987; Wilson and Gutierrez 1985), entrepreneurs (Cannon and Rashid 1990-91; Deshpande, Hoyer and Donthu 1986), sociologists (Penaloza and Gilly 1991), and others. Indeed, numerous researchers have conducted studies that focus on strategies for effectively reaching and servicing the needs of this diverse Spanish-speaking sub-group (Guernica and Kasperuk 1983; Jaffe, Cullen and Boswell 1980). The purpose of this paper is to review the literature on media usage as it applies to the buying behavior of Hispanics.

Growing Importance of Hispanics

U.S. business is often concerned with maximizing return on investment within a given market (Evans and Berman 1992). As the market becomes saturated, however, firms seek sustained growth by identifying and satisfying the

needs of emerging market segments (Segal and Sosa 1983). In the U. S. market, the advent of the Hispanic sub-group represents a virtually unserved core of consumers. The relative significance of this sub-group is underscored by the fact that Hispanics represent the fastest growing ethnic minority (Robey 1991) and is the second largest minority group in the U.S. (Riche 1991). Indeed, higher fertility rate, relative youthfulness, and high incidence of legal and illegal immigration all contribute to the make the Hispanic growth rate several times higher than it is in the general U.S. population.

Hispanic families tend to be larger and younger than non-Hispanic families and the family unit generally incorporates many generations living together in the same household. Guernica and Kasperuk (1983) notes that this means that more of a product or service is required to provide for each household. Penaloza and Gilly (1991) note that Hispanics represent an estimated \$237 billion in annual spending power. Growth in the earning power of this sub-group is expected to continue. Between 1980 and 1988, the number of Hispanics completing high school increased by 34 percent and an identical percentage attained a college degree. This increase in education represents a noticeable shift of this socioeconomic group from blue to white collar (Segal and Sosa 1983).

Heterogeneity versus Homogeneity

The U.S. Hispanic population is hardly a homogeneous grouping. The Spanish-speaking peoples of the U.S.A. come from six different backgrounds and are yet to become a totally unified grouping. The U.S. Hispanic community is 63 percent Mexican descendants, 11 percent Puerto Rican, 14 percent Central and South American, 8 percent Spanish origin, and 5 percent Cuban. Thus, at best terms such as "Hispanic" and "Latino" are mere generic descriptors for persons whose native language is Spanish (Griffin 1992).

Noting that questions still remain, Albonetti and Dominguez (1989) observes that compared to a decade ago, much more is known today about the size, purchasing power, and composition of the Hispanic market. As a group, Hispanics tend to be strongly family oriented. They have a relatively

high regard for self-sufficiency, are interested in preserving their ethnic identity and are responsive to audio and visual images. Approximately 45 percent of all Hispanics are bilingual, 88 percent are fluent in Spanish, 57 percent can communicate skillfully in English, and 44 percent speak only Spanish in the home. Almost all Hispanics (94%) consider preservation of their native language to be a mandatory part of their heritage and tradition (Exter 1991; and Burgoon, Burgoon and Buller 1986).

Despite these differences, the decision to segment the Hispanic market must be viewed as a business decision (Albonetti and Dominguez 1989). Firms wishing to segment the hispanic market are often motivated by a desire to preempt potential competitors from acquiring an early dominant position in a new untapped segment, or to gain market share in a smaller peripheral segment or niche. In making such decisions, managers tend to be guided by such characteristics as category consumption, population size and growth rather than by brand preference and competitive factors. The general view is that market segmentation issues are adequately supported by general market information that is fairly easily attainable. When competition intensifies and demand becomes more selective, the premise is that more precise information becomes necessary to help with segmentation selection and brand positioning issues. Notwithstanding the cultural traditions, family orientations and linguistic circumstances, education is perhaps the single most important factor affecting the social mobility and economic growth of Hispanics. Improving the educational level of Hispanics offers a number of benefits to marketers.

Media Behavior

Compared to the general population, Hispanics do not exhibit a pattern of extreme media dependence. Hispanics have relatively high access to print and electronic media and the spend a great deal of time with print media when they use them. As a group, Hispanics are likely to spend a great deal of time watching morning and afternoon television entertainment. They also spend more time with all forms of Spanish-language media than the general population. On average, Hispanics listen to fifteen hours of radio each week, eight of which are spent listening to Spanish-language stations (Burgoon et al. 1983; Roslow and Roslow 1980). However, they do not differ appreciably from the rest of the population with respect to the amount of time spent reading newspapers and magazines. Additionally, they do not spend more time watching prime-time television or listening to radio (Delener and Neclankavil 1990; Burgoon et al. 1983).

From a marketing standpoint, an effective media mix must take into account the media habits of the target audience, the product characteristics and the cost. Marketers who want to reach Hispanics can use every type of media, and each medium is available in English and Spanish (Segal and Sosa 1983). A segmentation approach to the Hispanic market can be used to aid media selection decisions (Chang et al. 1988; O'Guinn, Faber and Meyer 1985). Marketing programs must be designed in response to the differing attitudes, and values of the subgroups within the Hispanic community. The degree of acculturation or Americanization may be the key to identifying and understanding the motivations of the various subgroups (D'Rozario 1992; O'Guinn and Faber 1986).

Marketing Mistakes

A most common mistake when marketing to Hispanics is the assumption that all Hispanics are alike. This assumption is much like assuming that all Russians are alike or that all Americans are alike. Any strategy aimed at Hispanics will work for only a minority of that subgroup. Livingston (1992) notes that marketers mistakenly assume that some Hispanics want to fully assimilate into the American culture and would therefore respond to messages aimed at Americans. However, this may not be true. A majority of first and second generation Hispanic consumers continue to speak their native language, customs and traditions. Only 11 percent report that they are comfortable speaking English.

Another common mistake of marketers is to view the Hispanic market as homogeneous. This, however, is far from true since some twenty different Spanish speaking nationalities or subgroups comprise the U.S. Hispanic population. While possessing a common language, each of the nationalities has its own foods, national holidays, values, cultural traits, and each may give different meanings to the same words. Marketers who are ignorant to these subtle differences may run into trouble.

Target Marketing and the Hispanic Customer

The extent to which an individual identifies with his/her ethnic grouping influences consumer behavior. However, Hispanics have traditionally received limited exposure in commercial appeals (Gutierrez 1978). Among Hispanics, the general perception is that they are either depicted in a negative way (Faber, O'Guinn and Meyer 1987) or used mainly in supporting roles (Wilkes and Valencia 1989). For these reasons, marketers have found it difficult to reach this target market. Indeed, Aaker and Stayman (1990) note that media usage and communication effectiveness is affected by the depiction given to ethnic groups.

Accordingly, advertisements which portray ethnics in a favorable light tend to be well received and this, in turn affects product acceptability.

While some approachers are better than others, Sanchez (1992) notes that there is no formula for reaching Hispanics. The cultural values and lifestyles of Hispanics influence how they react to the content and techniques of promotional campaigns. To be successful, marketers must be acutely aware of the nuances which exist between the subgroups that comprise the U.S. Hispanic population. Attempts at creating generic appeals will often fail to attract the full range of Spanish-speakers. For example, the Spanish-speakers of New York tend to be mostly of Puerto Rican parentage and are culturally different from the Spanish-speaking Mexicans of the south-east and west or the Spanish-speaking Cubans from Florida. However, marketers must also seek to determine and capitalize on and fundamental similarities that exist among Spanish speakers. Such characteristics as religious and family orientation, educational aspiration, affinity for soccer and their love for music may be applied when presenting a message.

Sanchez (1992) outlines a number of factors which can help increase communication effectiveness when targeting Hispanics:

1. Communication should provide detailed product information. Promotional appeals which stress product claims, service and usage are likely to be well accepted. This need is more acute among new arrivals and those whose English language usage is limited. Hispanic consumers also welcome product demonstration.
2. The communication message should be realistic. To the extent that English is a second language among Hispanics, literalism and realism should be viewed as critical elements of the communication process. Communication that relies on more symbolic elements is likely to result in confusion.
3. The use of testimonials is generally well received. Testimonials allows the consumer to visualize the product in an everyday setting and this reduces skepticism among Hispanics.
4. Copy that conveys a sense of happiness, family pride and traditional values is generally well received. Advertisements which portray values that are central to the Hispanic psyche win praise. Schlossberg (1990) found that Hispanics are critical of advertising messages which are contrary to their cultural beliefs.

5. Advertisements which flaunt wealth or ethnicity can trigger negative responses. Hispanics tend not to identify with materialistic displays of success and they may be offended by advertisements which they view as skewed toward a particular ethnic group. Therefore, care must be taken to produce communication that is neutral with respect to language, accent, appearance, and lifestyle portrayal. Copy can be produced in informal Spanish since a significant portion of the targeted population consists of second or third generation Hispanics whose fluency in Spanish has decreased.

Conclusion

This article examines the literature related to media usage and Hispanic consumption behavior. It posits that marketers need to understand the nuances and media usage patterns among Hispanics if they are to better target this subgroup. The paper addresses factors which can assist in tailoring the communication message to the Hispanic market. The medium and the message is likely to be well received to the extent that the communication message portrays a positive depiction of Hispanics.

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THE IMPACT OF PROMOTIONAL OFFERS ON THE AFRICAN AMERICAN CONSUMER

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INTRODUCTION

One of the major goals of advertising in situations of low interest or involvement is to generate and maintain brand awareness (Rossiter and Percy 1987). According to Bogart (1986, p. 208), advertisers use repetition to impress "the advertised name upon the consumers' consciousness and make them feel comfortable with the brand." Companies tend to use other means to evoke brand awareness and product usage. Gift packs, packaging, in store promotions and coupons are also used to get consumers aware of products. According to Klepacki in Supermarket News, coupons secure a large share of manufacturer's promotion mix, particularly in the area of new product introduction. Presumably, advertisers expect the awareness will keep the brand in the consumer's evoked set, thereby increasing the probability that the brand will subsequently be purchased.

However, research findings on this issue have been mixed. Some studies have demonstrated a positive correlation between advertising and sales (e.g., Bass and Clarke 1972; Bass and Leone; 1983). Others have found no relationship (Bogart 1986). Part of the problems is that these studies are purely correlational examinations at an aggregate level. Studies that pinpoint the impact of promotional offers on individual choice process are scarce. This study examines the impact of promotional offers on the African American consumer's brand awareness and purchase intention of health and beauty aid products. The next section discusses the background of the study which includes: promotional offers, health and beauty aid industry, and brand awareness.

BACKGROUND

Promotional Offers

The use of price promotions as a marketing and managerial tool has increased by twelvefold over the last decade (McAllister 1986). Some researchers have proposed and found empirically that if consumers have been satisfied with the promoted brand, their satisfaction leads to an increase in the probability of choosing the brand again after the promotion is withdrawn, particularly for previous non-users of the brand (Cotton and Babb 1978; Rothchild and Gaidis 1981). Other researchers have found that though

coupons produce a short increase in sales, consumers revert to their pre-coupon choice behavior after their redemption purchase (Bawa and Shoemaker 1987; Klein 1981), but there is a disagreement as to how these short term gains affect long-term. Theoretically, there is an explanation for this type of behavior called "coupon proneness."

Coupons give consumers opportunities to obtain promoted products at reduced prices. Because these reduced prices are in the form of a coupon, individuals who respond to coupon offers have been referred to as "coupon prone" consumers or, more generally, "deal prone" consumers. The next section examines the impact of promotion offers on the health and beauty aid industry.

Health and Beauty Aid Industry

How to increase or simply maintain brand awareness and market share--and do so efficiently--is on the top of most marketers' minds. If the industry is in a no-growth mode, creative and efficient market strategies will play a major role in a company's ability to increase sales while maintaining profitability in the 1990s. In the meantime, retailers will see a more brand- and quality conscious consumer. Selecting fast-moving lines that will occupy valuable shelf space will be the retailer's challenge. And carefully reviewing what manufacturers are offering to ensure high turns will be one major key to the retailer's success.

According to The Progressive Grocer, coupons for health and beauty aid (HBA) products have risen significantly. Between 1985 and 1989, HBA coupon distribution grew an average 11.1% a year. By 1989, HBA coupons accounted for 21.7% of all coupons. The growth of the average face value of redeemed coupons rose at a faster pace than the Consumer Price Index, "thus offering the single best hedge against the price inflation in grocery and health and beauty aids products." Compared with other forms of coupon distribution, redemption rates are significantly higher in the health and beauty aid industry as oppose to others. As indicated by The Progressive Grocer, "HBA coupons account for nearly one-quarter of all coupons distributed." The next section discusses brand awareness and introduces two research hypotheses.

Brand Awareness

In this research, brand awareness is defined as buyer's ability to identify (recognize and recall) the brand within the category in sufficient detail to make a purchase. "One of the primary functions of advertising is to create (for trial) and maintain (for repeat purchase) brand awareness" (Rossiter and Percy 1987 p. 134). Brand awareness is taken here to be promotional offers in the form of samples or demonstrations, rebates, trial coupons. "Advertising, and attention-getting promotions offers can create brand awareness widely quickly and efficiently" (Rossiter and Percy 1987 p. 134).

Very little empirical work has been done on the effects of promotional offers on brand awareness and consumer choice. A considerably greater amount of work has examined the effects of more elaborate knowledge structures (see Alba and Hutchinson 1987). A growing body of evidence, however, suggests that the consumer in many purchase situation is, at best, a passive recipient of product information and one who tends to spend minimal time and cognitive effort in choosing among brands (Hoyer 1984). In situations involving common, repeat-purchase products, the consumer may choose a brand on the basis of a simple heuristic (e.g., brand awareness, pricing, packaging) and then evaluate the brand subsequent to purchase (Ray, Sawyer, Rothschild, Heeler, Strong, and Reed 1973). In such instances, awareness results mainly from exposure to advertising and other sources of information.

The awareness heuristic should be particularly important in the first purchase of a product. In accordance with the model of Ray et.al (1973), who posited a hierarchy of effects when involvement is low, the first purchase of the product should be followed by trial and evaluation. Subsequent purchases from the product category should be based on the outcome of the trial-and-evaluation process (Smith and Swinyard 1983). Thus, the influence of awareness as a choice tactic should decline on choices subsequent to the first. The known brand may be chosen on the first occasion because of a belief that it is probably the best. Then, if the experience is judged satisfactory, the decision heuristic may shift to "buy the brand I bought last time because it was satisfactory." Under these circumstances, consumers will have little motivation to sample unknown brands and will be unlikely to discover any quality differences that may exist between competing brands.

Berlyne (1970) argues that novel stimuli tend to be highly arousing and trigger aversive reactions. Perceived risk tends to decline and positive affect tends to increase

with repeated exposure (Baker, Hutchinson, and Nedungadi 1986; and Obermiller 1985).

Research by Zajonc (1980) and his colleagues on the mere exposure effect also indicates that familiar stimuli tend to be better liked than unfamiliar ones, even in the absence of recognition. The results of Zajonc and his colleagues which have been extended in consumer research by Janiszewski (1989), suggest that familiarity leads to greater liking, even without the effects of awareness on choice cannot be separated from those of affect. The questions of interest in this study are how promotional offers affects choice probability and sampling of a common, repeat purchase product under varying conditions of brand awareness. Smith and Swinyard (1983) suggest that consumers tend not to form strong brand affect until after a product trial experience. Hence steps were taken to find out what products the subjects were purchasing before receiving the promotion offers. This was done by giving subjects a pre wave questionnaire to fill out before receiving the promotion offers.

One objective of this study was to investigate, "How promotion offers influence brand awareness and product choices of HBA products among the African American consumers?" Specifically, the following hypothesis is offered.

H1: Promotion offers serve as a dominant choice tactic and brand awareness among African American consumers presented with a brand selection task.

When no known brand is available in a choice set and consumers are given an opportunity to sample brands, their perceptions of quality are likely to be unaffected by the biases and distortions that previous exposure to the brand through advertising or word of mouth may have created (Deighton 1984; Hoch and Deighton 1989; Hoch and Ha 1986). Thus, they may be more likely to detect true quality differences among brands and select the highest-quality brand on a final choice following a series of trials.

Following the conceptualization of Monroe and Petrosius (1981), we can define value as the ratio of quality to price. As coupon offers involve a lesser outlay of money, some consumers may redeem coupons because of the increase in value rather than because of a proneness to respond due to the reduced price being offered in coupon form. Consistent with this contention is Cotton and Babb's (1978) finding that a price discount in coupon form produced a significantly larger increase in sales than an equivalent lower price. The basic premise underlying this research is that the African American consumers can make purchase decisions on HBA products based on how

effective price promotions are. Therefore the final hypothesis states:

H2: After a series of product choices and samples, the African American consumer buying behavior will be influenced by the price of the coupon.

The next section discusses the methodology used in the study. First, procedures will be discussed; then the description of the subjects will be studied.

METHODOLOGY

Procedure

The subjects in the sample were African American freshmen at a historical black college in Orangeburg, South Carolina. African American Freshmen were given a questionnaire (pre-wave) to fill out before given a gift pack. This was to determine what health and beauty aid products that they used. The gift packs were given during Freshmen orientation. There were gift packs for Freshmen women ("Freshmen Fundamentals 1991 Women's Edition") and Freshmen men ("Freshmen Fundamentals 1991 Men's Edition"). In the women's gift pack the following items were enclosed: cream hairdressing, anti-perspirant and deodorant, shaving creme, twin blade disposable razors, lotion, ball point pen, highlighting marker and a coupon worth a dollar off any item in the gift pack. In the men's gift pack anti-perspirant and deodorant, shaving creme, razor, highlighting marker hairdressing and a coupon worth a dollar off any item in the gift pack. The coupon in both gift packs expired at the end of the year. At the bottom of the questionnaire the address and telephone number of each participant was filled out. The second questionnaire (post-wave) was given six weeks after the first questionnaire (pre-wave). This time frame was chosen to give the participants enough time to sample the products in the gift pack. The distribution of the gift pack, collection and distribution of the questionnaires was done by senior Marketing majors.

Subjects

The effects of promotion offers required finding subjects that were considered targets of promotion offers by companies and usage experience of the test brands. Therefore, African American college students at a Historical Black College who were purchasers of health and beauty products were chosen. A majority of the subjects were loyal to a number of health and beauty aid products particularly hair products. These items were purchased by these students prior to attending college. To be included in the pool the subjects had to have used similar products

before receiving the promotion offers (gift packs). There were 425 African American freshmen that participated in the pre-wave survey (187 freshmen men and 238 freshmen women). However, only 398 freshmen participated in the post-wave survey (163 freshmen men and 235 freshmen women). There were approximately 998 freshmen admitted to South Carolina State University during the 91-92 academic year.

According to Peluso (1990 p. 28) in the article, "Target: African-Americans" the African American consumer is "brand conscious and brand loyal." African Americans comprise 19 percent of the market for toiletries and cosmetics, and 34 percent for haircare products. African American women spend over "\$500" per year on health and beauty products, three times the rate of white women (Solomon 1992 p. 420). Therefore, African American consumers were ideal subjects for this study.

RESULTS

Hypothesis I

Hypothesis I held that when promotion offers are present in an initial choice task the African American consumers will be significantly more likely to try the brands and base their decision on brand awareness in spite of the brands they are currently using. This hypothesis was examined by actual choices made in the pre-wave questionnaire versus the post-wave questionnaire. In the pre-wave questionnaire subjects were asked, "Which brand did you purchase last?" "How often do you use deodorants/anti-perspirants?" etc. These choices included health and beauty aid products. The pre-wave analysis shows that 41% of the subjects surveyed purchased products that were in the gift pack. The post-wave questionnaire asked questions such as: "Have you tried the shaving preparation product received in your gift pack?" "What brand name of deodorant did you use the very last time you used one?" etc. The post-wave analysis shows that 51% of the subjects surveyed used the products that were in their gift packs. Specifically, 51% of the subjects who were presented with promotion offers (gift pack) used the brands in spite of the brand they were currently using. However, 25% of the subjects surveyed indicated that they were using their old product. Thus, it appears that when promotion offers are present the African American consumer will choose to try other brands in spite of the brands they are currently using. The T test was used to find out whether there was a significant difference between the health and beauty aid products they were using before receiving the gift pack and the health and beauty aid products used after receiving the gift pack. It was discovered that there was a significant difference between the products used before and after ($T=8.6$, $df=8$, $p=.000$). Hence, promotional offers (gift packs) served as a dominant

choice and brand awareness among African American consumers presented with a brand selection process.

Hypothesis II

Hypothesis II predicted that the African Americans' buying behavior will be influenced by the price of the coupon. In other words, the promotion offers (coupons) will aid in the purchasing of the trial products. The price of the coupon was one dollar off any item in the gift pack. Sixty-one percent of the subjects surveyed used the coupon in the gift pack. Therefore, it appears that the use of the coupons was influenced because of the price of the coupon. However since there was only one coupon in each gift pack only the choice of products could be use as a comparison. The value of the coupon (\$1) reduced the selling price of the products that were purchased. For example the value of each item in the gift pack was decreased by one dollar. Therefore, the following items were purchased in rank order: writing instruments, shaving preparations, deodorant, disposable razors, hair care products and highlighters. The most frequent item brought was writing instrument. The subjects chose this item due to essential "need of a good affordable writing instrument." When asked, "What brand they intended to buy next time they purchase HBA products 60% chose the products that were in the gift pack. The subjects surveyed were familiar with the HBA products in the gift pack.

In the pre-wave survey subjects were asked, "What important factors were taken under consideration when making a purchase decision?" The subjects rated brands of products as their number one choice, followed by brands parents used, and brand whose advertising is targeted to, price and availability. The least important factor was cent-off coupons. Subjects were asked, "Why cent off coupons were the least important and brand name were most important?"

Cents off coupons were the least used because the African American students surveyed do not receive them. The reasons are they do not purchase newspapers or magazines. If they are given coupons, the savings are not large enough to influence usage. For example, a .25 off the retail price coupon is not enough to influence one to purchase a product. However, in the post-wave 61% of the individuals surveyed used the coupon. Therefore, the value of the coupon is more of an incentive then just any amount off coupon.

The reasons why brand is important because their are only a few products that are geared toward the African American consumer as it relates to hair products, shaving preparation and electric razors. This was evident by a high

response (77%) of a depilatory geared toward the African American male. Therefore, after a series of product choices and samples, the African American consumer buying behavior was greatly influenced by the price of the coupon. The next section discusses the conclusion of the study.

CONCLUSION

Promotion offers have an influence on the African American consumer's brand awareness in the purchase of health and beauty aid products. The hypotheses in this study was based on two types of promotion offers: sampling and coupons. The findings of this study revealed support for the effect of promotion offers on the African American consumer. It was discovered that sampling and the amount of the cent-off coupon are viable methods of making the African American consumer aware of the brand and influencing purchase decisions. This was evident by the large percentage of subjects who used the products in the gift pack and purchased the products after using them. It appears that promotion offers strengthen brand loyal consumers and creates new consumers for the brands in the gift pack. This is evident when subjects were asked in the post wave survey, "What products the subjects would purchase the next time?" Fifty-five percent indicated that they would purchase the products that were in the gift pack. In other words, 50 percent converted from their brand to the brand in the gift pack for deodorants. Forty-five percent converted to a different shaving preparation. Seventy-seven percent changed to a different hair product. The change in hair products was crucial because there are few products geared toward the African American consumer. This result showed the effect of promotion offers on brand awareness.

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UPTOWN CIGARETTES: A COMPARISON OF MEDIA TREATMENTS IN THE AFRICAN AMERICAN MARKET AND THE GENERAL MARKET

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This paper provides a case study of the media treatment of the planned test market introduction of the R. J. Reynolds Tobacco Company's Uptown cigarettes. Due to the health hazards related to smoking, particularly among African Americans, controversy mounted within the African American community of the Philadelphia test market. Specifically, African Americans demanded that the company withdraw its test marketing plans. The ensuing media controversy forced R. J. Reynolds (RJR) to withdraw the product. The company's treatment of the issue in the general market versus African American media was regrettably duplicitous. The Uptown controversy is used as background for the theoretical implications of business issues involving matters of race and ethnicity.

Introduction

The purpose of this paper is to provide a case study by contrasting media representations of a business issue in African American media versus general market media. The image of African Americans in general market media is often based on vicious racial stereotypes. Conversely, the African American media have frequently challenged and rebuffed such stereotypical misrepresentations. The likely explanation for this dichotomy is that images are based on perceptions that are actually formed and created by the media itself (Schudson, 1991).

This paper will focus on a contrast of issues rather than images. However, the two are certainly related and the interpretative influence of the media is present in both. Specifically, This paper will contrast issues related to the test marketing of Uptown cigarettes (i.e. targeted to the African American market).

The paper will begin by presenting a brief description of the cigarette industry to provide a base of understanding, and then present the method of analysis. With the background issue of cigarette smoking presented, the paper will then present a contrast analysis of the media treatment of Uptown cigarettes in the African American versus the general market media. Finally, the concluding sections of the paper will discuss theoretical implications and concluding thoughts.

The American Cigarette Industry - A Discussion

In 1989 the cigarette industry generated more than \$35 billion in sales and was dominated by the market leader, Phillip Morris (41.9% market share), and in the second position, RJR (28.6% market share). Together these companies represented over seventy per cent of the cigarette industry. Classical economics proponents support the positive influence of competition in a free market economy and would express serious concern relative to an industry so clearly dominated by only two companies.

Cigarette smoking is "responsible for at least 390,000 deaths a year and is resoundingly a risk factor for premature deaths in the United States" (Okakpu, 1990). To provide perspective, cocaine is responsible for approximately 8,000 deaths per year, heroine about 6,000 deaths per year, and deaths caused by alcohol abuse stands at about 90,000 per year. Alarmingly, cigarette smoking is reported to be responsible for 1 in 6 of all deaths in the United States each year (Okakpu, 1990).

The specter of death due to cigarette smoking is more pronounced for African Americans. In 1989 the Simmons Market Research Bureau reported that 44 percent of African Americans in the United States smoked while only 37 percent of whites. Comparably, 1989 public health statistics reported that 34 percent of African American adults smoked while only 29 percent of whites. Since African Americans are significantly more inclined to smoke, they are proportionately more effected by health hazards related to smoking.

Method Of Analysis

The media controversy surrounding the test marketing of Uptown was of relatively short duration and not generally covered in monthly/weekly magazines or the broadcast media. Therefore, the primary unit of analysis providing the media context for the comparative purpose of this paper is almost exclusively daily/weekly newspapers in the African American market and primarily daily newspapers in the general market. The use of African American newspapers to provide an indication of the pulse of the community is very appropriate. The African American press (i.e. local newspapers and radio) is the mainstay communication vehicle in the community. Importantly, the ability of the African American press to reflect the sentiments and interests of the community is quite amazing (Amana 1990).

The following African American newspapers and general market daily newspapers and weekly magazines were selected to provide the primary comparison of how the test marketing of the Uptown cigarette brand was treated in media:

African American

Chicago Defender, The New York Amsterdam News, Call and Post (Cleveland), Muslim Journal (Chicago), Michigan Chronicle (Detroit), Afro American (Baltimore), Los Angeles Sentinel, Louisville Defender, Philadelphia Tribune

General Market

The Washington Post, The New York Times, Wisconsin State Journal, Advertising Age, USA Today, Ad Week, Market News, Business Society Review, Marketing Media Decision, Newsweek, Time

Based on an extensive media search, the above publications provide a generally exhaustive media listing of media sources that included coverage of the Uptown cigarette test market.

Uptown Cigarettes Product Description & Test Market

Uptown was planned to be a menthol flavored cigarette packaged in a shiny gold foil package design. The product would have entered an extremely cluttered market with a seemingly unending barrage of cigarette brands. As of early 1990 more than 350 brands and brand styles (e.g. low tar, flip-top box, 100 millimeter, filtered versions) of cigarettes were available to American smokers. The Uptown product, unlike most recent new brand entries, was planned to have 19 milligrams of "tar" and 1.3 milligrams of nicotine. This level of "tar" and nicotine would have made the product among the highest of all RJR cigarette brands and also among the highest in the cigarette industry. Most new brands entering the market in early 1990 appealed to the growing and dominant segment of "concerned" smokers who prefer low tar cigarettes (i.e. less than 5 milligrams of "tar").

It is both curious and concerning that RJR elected to target an excessively high "tar" and nicotine brand to the African American market when published data suggested that significantly lower "tar" and nicotine levels would have provided a relatively "safer" cigarette product. There is a direct and positive relationship between "tar" and nicotine level and taste/flavor delivery of the cigarette product (i.e. the higher the "tar" and nicotine level the greater the taste/flavor delivery). Efforts to develop products that contain acceptably lower "tar" and nicotine levels and rich taste/flavor delivery are both time consuming and especially costly in terms of product research and development. It appears that RJR may have been particularly insensitive to the potentially greater health hazards frequently related to a higher "tar" and nicotine level. Certainly the question

emerges whether the company would have been equally as insensitive if the product had been targeted to a white target market segment.

The menthol flavor characteristic of the product was obviously planned to appeal to an unexplained preference of African American smokers for menthol. The research reported that 69 percent of African American smokers preferred menthol cigarettes compared to only 27 percent preference for menthol among total smokers. By 1990 RJR's ability to compete in the very key African American market segment was being very seriously eroded as its flagship menthol brand, Salem, was facing an eroding market share. Specifically, the Salem brand share of market had slipped from 7.3% in 1988 to 6.2% in 1989 (Source: John C. Maxwell, nationally recognized tobacco analyst). An approximate one share point slippage in many other industries would be considered almost insignificant. However, in the \$35 billion cigarette industry one share point represents a very significant \$350 million in sales.

The Uptown product's gold and black foil package represented a clear departure from the traditional green-predominant packaging of most other menthol brands. The selected colors were likely intended to convey characteristics of class, luxury, and sophistication, all of which are usually appealing to the African American market. Moreover, the name itself was likely intended to convey similar characteristics.

RJR skillfully integrated the key elements of the marketing mix (i.e. product characteristics, packaging, brand name) into a niche marketing strategy designed to attract African American smokers. The test marketing plans were in place to introduce the Uptown product into test market in Philadelphia (40% African American population) on February 5, 1990.

Media Treatment Of The Uptown Cigarettes Controversy

General Market

The Uptown cigarettes planned test market was first announced in Advertising Age (Dagnoli, 1989) on December 18, 1989. In the announcement article RJR almost boasted that "65% of all black smokers smoke menthols, and Reynolds is the first company in recent years to publicly aim a cigarette at black consumers." This original position will provide a key contrast as RJR attempted to hedge against its original position as the controversy surrounding the product intensified.

Based on this announcement, a controversy developed in the Philadelphia African American market. This controversy was basically ignored in the general market media until reported in the New York Times on January 12, 1990 (Ramirez, 1990). The bold headline of that front page article in the Business Section announced "Cigarette

Campaign Under Fire". This article reported that because of the dangers of smoking, particularly among African Americans, representatives of 30 black and Hispanic religious and community organizations had met recently in Philadelphia and agreed to organize a protest of the sale of Uptown cigarettes. On the other side of the issue perhaps to further intensify the controversy, the Philadelphia Tribune, a 105 year old African American newspaper, announced in the article that it planned to carry Uptown advertising. Robert W. Bogle, president of the newspaper argued that "We don't have the right to make a choice for our readers. What we're doing is not illegal or immoral." Interestingly, Mr. Bogle's position may have been due to an involved self-interest.

In light of this brewing controversy RJR began to hedge its position of targeting specifically to African American smokers. In contrast to their original almost boastful admission of targeting to the African American market the company in this article said it would "... test market a cigarette that it expects will appeal most strongly to blacks." The company obviously avoided the use of the terms "exclusively" or "directly" targeted to blacks. Further comments by the company feebly attempted to infer that the product was not targeted exclusively to blacks. Reynolds denied that the name "Uptown" was selected because it suggested the Harlem section of New York City. The company claimed that some twenty other names were tested and none of the other names had any particular ethnic appeal. The company's director of special markets, Timothy C. Harris, argued "Uptown was meant to be a classy sounding name, that is all."

RJR's attempt to back away from growing controversy by being less than truthful about Uptown's target market is most regrettable. The facts to the point in time of the January 12, 1990, article certainly strongly suggested that the Uptown brand was exclusively and directly targeted to African American smokers. The company had even previously related in the original announcement article that the cigarettes were being inserted into the cigarette package with the filters positioned downward (i.e. exact opposite positioning of all other cigarette brands) to accommodate the preferences of African American smokers. Additionally, it was certainly no unplanned coincidence that the Philadelphia test market was more than 40% African American. Finally, the marketing management of the product was in the "Special Markets" department. Despite the company's attempted inferences otherwise, these factors strongly suggest that the Uptown product was planned to be exclusively targeted toward the African American market.

Subsequent to the New York Times article, Dr. Louis W. Sullivan, Secretary of Health and Human Services in the Bush cabinet, very aggressively joined the mounting controversy against the RJR Uptown product. Dr. Sullivan's very strongly worded position was captured in

January 19, 1990, articles in both the Wall Street Journal and The Washington Post. Both articles were based on comments from a speech made by Dr. Sullivan to a group at the University of Pennsylvania School of Medicine. The Wall Street Journal article termed the Sullivan speech as being "unusually emotional." The secretary is quoted as being "both 'alarmed and angered' to learn of the company's plan to test its new Uptown brand of cigarettes in Philadelphia beginning February 5." The Washington Post provided the following excerpt from Dr. Sullivan's speech:

This brand is cynically and deliberately targeted toward black Americans at a time when our people desperately need the message of health promotion, Uptown's message is more disease, more suffering and more death for a group already bearing more than its share of smoking-related illness and mortality.

The secretary ended his comments by informing the group that he had already that week written the RJR chief executive officer, James W. Johnston, "expressing my grave concern and urging them to cancel their plans to market this brand." Dr. Sullivan's letter further stated "A marketing strategy such as the one apparently planned for Uptown would severely undermine the kinds of health promoting attitudes that Americans, especially Black Americans, today need to understand."

In the January 19, 1990, The Washington Post article RJR responded to the Sullivan attack in the following manner:

A spokeswoman for the company said, it had decided not to comment on the speech, adding that Reynolds will respond to Sullivan in **two weeks**. She commented, "We believe that black smokers have the right to buy products that fit their preference," said Betsy Annese, a company spokeswoman. "The introduction of a new brand will not affect the decision to smoke."

On the very **next day**, January 20, despite the above comments of the Reynolds spokeswoman, RJR announced that it had decided to cancel plans to test market the new Uptown cigarette.

The company's announcement of retreat and defeat was appropriately brief and attempted the shift responsibility and absolve itself of anything but the noblest of intentions. Peter Hoult, Reynolds executive vice president of marketing offered the following account in a January 20, The Washington Post article:

We regret that a small coalition of anti-smoking zealots apparently believes that black smokers are somehow different from others who choose to smoke. This represents a loss of choice for black smokers and a further erosion of the free enterprise system.

Mr. Hoult further commented in Time Magazine: "If we were Sears developing a line of clothing for blacks, this would pass without notice." The totality of the company explanation for its canceling of the test market plans

represented efforts to avoid responsibility and shift blame to an amorphous group of "anti-smoking zealots". The point is that the company never once publicly accepted defeat based on consumer level rejection of its product. Perhaps the final fitting response to the company should have been that RJR is not Sears... a line of clothing has never been identified as responsible for more than 390,000 deaths per year (Okakpu 1990)!

African American Market

The African American market media treatment of the Uptown test market controversy was primarily observed in the Philadelphia Tribune, the test market city's African American newspaper. With the exception of an editorial by the Philadelphia Tribune, the reported accounts of the controversy overtly favored the efforts of the local coalition to stop the test market. The story reporting the controversy first broke in the Philadelphia Tribune on January 16, 1990, with a generally balanced story reporting the position of the coalition of African Americans and the position of RJR. The article reported the following position of the African American coalition:

Local Black, religious and health organizations are protesting the plans of the R. J. Reynolds Tobacco Co. to use Philadelphia as a test market for a new menthol cigarette targeted at Black smokers.

Robert Robinson, president of the National Black Leadership Initiative on Cancer in Philadelphia, commented, "I'm very opposed to the idea of a cigarette being developed and targeted to the African American community," Robinson said, "The African American community is already suffering the highest rate of cancer in the country. They develop more cancer and die from cancer more than anyone else, especially from smoking-related cancers."

The above comments demonstrate a concerted and planned mood in the African American community against a perceived deathly menace directed specifically to their community. Once again an obviously insensitive and commodifying position was assumed by Reynolds, as represented by the comments below from the same article:

Reynolds spokeswoman Maura Payne said, "We are marketing a legal product and have a right to compete on legal footing with other manufacturers of cigarettes. There seems to be a bit of bigotry here...People are arguing that Black consumers don't have a right to buy a product for which they have expressed a desire. We believe Black smokers have a right to choose between Newport, Salem, Kools and Uptown." She further added that Philadelphia was chosen as a test market because of its demographics, sizable Black population, and that it was not unusual for a corporation to target a specific segment of the population.

The Reynolds statements were clearly carefully planned by the use of the word "bigotry" to garner the favor and understanding of African Americans in Philadelphia. Certainly African Americans are both familiar with and sensitive to "bigotry" in absolutely any form. Additionally, the company's statements represent a contradiction of their position, offered only four days previously in the New York Times, that the Uptown product was not specifically and directly targeted to African American smokers. In this case addressing the African American media, the company said it was attracted to the Philadelphia market because of its "demographics and sizable Black population." Interestingly, in black market media RJR indirectly admitted an interest in the black market segment though they denied such an interest in their comments to the general market media. Similarly, their "bigotry" claim was only stated in the African American media.

Exactly three days later on January 19, again in the Philadelphia Tribune, an editorial on the controversy was offered. The essence of the editorial expressed the position that the test market should not be stopped because the intelligence of African Americans should be respected and accordingly they should be offered the freedom of choice.

On January 23, after the RJR cancellation announcement, the Philadelphia Tribune ran two articles announcing the cancellation of the Uptown test market. Both articles predictably celebrated the "victory" against the test marketing efforts of RJR. The articles revived a strength in the ability of the African American community to talk back and speak for itself against any injustice potentially harmful to the community.

The final article noted in the Philadelphia Tribune provided further celebration of the community's success and a further castigation of RJR. Perhaps the most significant though subordinated statement of the article was finally an admission by RJR that its marketing efforts may have been flawed. The following statement was offered by the company's executive vice president of public relations, David B. Fischel:

Maybe in retrospect we would have been better off not saying we were marketing to Blacks. But those were the smokers we were going after, so why shouldn't we be honest about it?

Once again the company is presenting a facade of dubious honesty in the African American media, that was not presented in the general market media. Ironically, the company's admission of flaw was not relative to their efforts to target to African American smokers but rather that they publicly announced their efforts. The company's patronizing logic suggested that the African American community would not have been independently capable of discerning the targeted appeal of the Uptown product!

Theoretical Conclusions And Implications

African American consumers have the potential to unite in collective force to speak out against injustice in the market place.

The issue of race and ethnicity can emerge as a potent force in many elements of public discourse. The above analysis suggests that the Uptown controversy was treated very differently in African American media than in general market media. The reason for this difference is largely a matter of race and ethnicity. In this case the issue relates to a consumer product rather than more familiar political issues. Ringer and Lawless (1989) effectively establish the ability of ethnic groups to organize themselves and pursue matters of special interest. In this instance, the above media analysis of the African American media proves that ethnic groups (i.e. African Americans) will coalesce to protect their own self interests. Certainly the most eminent of the "self interests" is life itself.

Issues of racism and ethnicity are real and should receive conscientious attention.

RJR and many other sophisticated consumer-oriented companies have attempted to ignore implications of ethnicity and market their products as though we do not have a "racial problem" in this country. In fact we do indeed have a racial problem in this country (Prager, 1987) and business must exhibit sensitivity. To specifically target a product to an ethnic group known to demonstrate a significantly greater susceptibility to that product's potential deleterious effects represents a height of denial. The result in this case appears to be a total commodification of the African American ethnic group.

While an enlightened and contemporary company is most unlikely to be publicly involved with issues of overt racism, it can be concluded that the Uptown controversy was a case of inferential racism based on concepts of modern racism (Entman, 1992). The implication of the company's comments was almost that of contempt/surprise that African Americans would rise up with dissatisfaction when the efforts of the company were to pay special attention to them. The modern racism perspective is that African Americans should be content with a product targeted especially to them. The effect is interestingly a reverse ex-nomination.

Issues of racism and ethnicity should be addressed directly and with candor.

Another significant difference in the treatment of the Uptown controversy in African American versus general market media was the presentation of the real issue. Landsman (1987) argued that "Research on American social movements and the media indicates that newsworld emphasizes the event rather than the issue." The Uptown controversy is a model of this concept. The general market media were more concerned with the "event" posed by the

African American community's opposition to the Uptown product. Conversely, the African American media were much more concerned with the issue of the disproportionately greater harmful effects that Uptown cigarettes posed for African Americans.

Conclusion

RJR clearly attempted to present a different case to the general market media than was presented to the African American media. Such duplicitous positions were intended to enhance the self-interest of the company but represented a patronizing attitude toward the African American market segment.

It should not be concluded that the company finally relented in response to the will and demands of the African American community. Rather the response of the company in cancelling the test market was largely in response to the aggressive tactics of the United States government as articulated by Dr. Louis Sullivan. Unfortunately, the experience of this controversy has probably not served to increase the ethnic sensitivity and responsibility of the R. J. Reynolds Tobacco Company.

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AN EMPIRICAL INVESTIGATION OF THE IMPACT OF VIEWERS' RACE ON THEIR ASSOCIATION OF CELEBRITIES IN TELEVISION ADVERTISING

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In this study, 188 respondents from two universities were asked to match celebrities with their endorsed products. The effects of subjects' race, and their identification with their own culture (for black subjects) and prejudice toward blacks (for white subjects), were analyzed with relation to the respondents' ability to correctly match a variety of white, black, and Hispanic celebrities and products. Black subjects displayed the greatest ability to correctly match black celebrities/products, whereas white subjects were fairly equal in matching white and black celebrities with their products. Black and white respondents alike did poorly in matching Hispanic celebrities with their products.

The use of celebrities to endorse products goes back to as early as the 1930s (Patti and Frazer 1988). By the mid-1980s, roughly 10 percent of all television advertising dollars went for celebrity advertisements, which amounted to over \$2 billion per year (Fortune 1985; Saturday Review 1985). In 1992, some celebrities were earning over \$10 million each for television endorsements, thus reflecting the continued popularity of this type of advertising. The celebrities are drawn from different backgrounds, such as sports, motion pictures, the music industry, business, etc. Usually the theme of these television advertisements is one wherein the celebrity endorses and/or offers testimonials for the specific branded product (Nylon 1986; Cohen 1988).

Marketers claim there are several advantages to using celebrities in advertising (Franz 1986; Cohen 1988; Patti and Frazer 1988) such as: creating recognition by associating a familiar face with a possibly unknown brand, gaining and holding the viewer's attention, lending credibility to the product and the advertiser, enhancing message credibility, making it more enjoyable for viewers, increasing brand recall ratings, and repositioning the product in terms of its target market.

The practice of using celebrities is not without limitations. These include the transient nature of the celebrity's popularity/appeal, the high cost of celebrity endorsements, and exaggerated credibility (Patti and Frazer 1988). Despite these shortcomings, it is likely that this format will continue to remain popular with marketers. The choice of celebrities is guided by two interdependent principles: the compatibility of the individual with the product, and the

acceptance of the individual by the target audience (Cohen 1988). Celebrities such as Bill Cosby, Michael Jordan, and Mary Lou Retton fit both criteria, and consequently are assumed to appeal to a variety of age, income, racial, and ethnic groups.

The current practice of using celebrities of varying ethnic, racial, and gender orientations for commonly used products suggests that advertisers view these celebrities as capable of cutting through racial, gender, etc., barriers, and appealing to the population at large. In other words, a black celebrity such as Bill Cosby is assumed to be equally appealing to all types of consumers, regardless of race. Similarly, a white celebrity, e.g., John Madden, is assumed to have wide cross-racial acceptance. While this popular assumption is intuitively appealing, its validity has not been rigorously assessed.

A review of previous studies which have examined the effects of actors' race (in both print and television commercials and point-of-purchase displays) on white and black consumers' reactions reveals two important conclusions. First, white consumers do not react negatively to the use of black actors/models in commercials and displays. Second, black consumers have a more positive affect on and high recall of products/advertisements that had black models/actors (Barban and Cundiff 1964; Cagley and Cardoza 1970; Bush, et al., 1979; Szybillo and Jacoby 1974; Tolley and Goett 1971; Muse 1971; Choudhury and Schmid 1974; Schlinger and Plummer 1972; Whittler 1989, 1991; Whittler, et al., 1991; Whittler and DiMeo 1991). None of these studies, assessed the impact of celebrity race on the subjects' ability to correctly associate celebrities with the products they endorse. Furthermore, these studies did not consider the influence of the subject's race on his or her ability to correctly identify celebrities with the products they endorse. For example, do black consumers remember black celebrities better than they do white celebrities? Conversely, do white consumers remember white celebrities better than they do black celebrities? More important, how do black and white consumers view Hispanic celebrities?

One way to test these questions would be to provide respondents a list of celebrities of various races and ethnic backgrounds and a list of products that they endorse, and

ask subjects to match the celebrity to the product the celebrity endorses. If black consumers demonstrate a higher accuracy rating in associating black celebrities with their product endorsements over white or hispanic celebrities, then we can conclude that associability is strongest for black consumers when the celebrities and subjects are of the same race. A similar conclusion can be drawn where white subjects exhibit a higher accuracy in associating white celebrities with the products they endorse over black or Hispanic celebrities.

The authors will explore differences based on race of respondents in associating celebrities of varying races and ethnicity with the particular brand the celebrities endorse. The accuracy of intra-race celebrity-product association response rates are hypothesized to be higher than those of inter-race response rates. Specifically, we posit:

- H1: There will be a significant difference between the mean scores of black and white respondents in their ability to correctly associate:
- a) white celebrities with the products they endorse
 - b) black celebrities with the products they endorse
 - c) hispanic celebrities with the products they endorse.

Evidence suggests that racially-sensitive subjects identify more strongly with actors/models of their own race and perceive racially-dissimilar actors as having attitudes dissimilar to their own (Dienstbier 1972; Goldstein and Davis 1972; Whittler 1989). Therefore, greater understanding of the effects of racial similarity/dissimilarity of celebrities and subjects may be gained by examining the message recipient's racial attitudes.

Studies by Whittler (1985, 1989, 1991), Whittler and DiMeo (1991), Whittler, et al.,(1991), and Chaiken (1980) indicate that message recipients use either systematic or heuristic processing methods in evaluating commercials. For example, subjects who are concerned with racial issues tend to use a heuristic process when evaluating advertisements. They expend low cognitive effort in processing the validity of a message or in analyzing the arguments presented in the advertisement. Instead, these subjects pay more attention to salient communicator cues such as physical characteristics, non-verbal behavior, voice quality, and race of the actor (Whittler 1989, 1991; Whittler and DiMeo 1991).

Whittler (1989) found evidence that racially-concerned persons are more likely to engage in heuristic processing than racially-unconcerned persons. Specifically, he found that high-prejudice white respondents find it more difficult to identify with black actors than with white actors. Alternatively, high-identification black respondents relate to

black actors better than to white actors. In another study, Whittler (1991) concluded that high-prejudice whites express less interest in obtaining additional information when a black actor is featured in a commercial. He also discovered that high-prejudice white respondents find it more difficult to identify with a black actor than do low-prejudice white respondents. In another study, Whittler and DiMeo (1991) conclude that low-prejudice whites perceive no difference between their similarity to white or black actors, whereas high-prejudice white respondents perceive themselves to be less similar to black than white actors. In the same study, high-prejudice whites identify more strongly with white than black actors.

While none of these studies specifically examined the impact of the race of celebrities appearing in television commercials on viewer perception, they nonetheless reinforce the fact that racial predispositions of message recipients affect source and message credibility of the commercial and the ability of the subject to recall the brand. We feel it is therefore important to assess the racial predisposition of black and white consumers as it may affect their ability to associate celebrities and products. Specifically, we hypothesize:

H2: There will be a significant differences among mean scores of high-identification black respondents and low-identification black respondents in their ability to correctly associate:

- a) white celebrities with the products they endorse
- b) black celebrities with the products they endorse
- c) Hispanic celebrities with the products they endorse.

H3: There will be a significant differences among mean scores of high-prejudice white respondents and low-prejudice white respondents in their ability to correctly associate:

- a) white celebrities with the products they endorse
- b) black celebrities with the products they endorse
- c) hispanic celebrities with the products they endorse.

Methodology

The study reported herein is part of a larger study attitudes on of black and white subjects toward television advertising. The first stage of the study involved constructing the survey instrument which consisted of a matching exercise in which respondents attempted to match celebrities and the product/organization they endorsed in television advertisements. This portion of the questionnaire was developed with the assistance of marketing students and a faculty committee who noted television commercials with celebrities which aired during the fall 1992 network television season. When the individual lists were combined,

a total of 46 different celebrities were noted. From this list, the committee shortened the list to 15, based on popularity of the celebrity. The list contained six white, seven black, and two Hispanic celebrities; of these, three were female.

Part two of the questionnaire yielded a measure of the respondents' racial identification (for black subjects) or prejudice (for white subjects). Subjects of both races responded to a 34-item instrument labeled *"Social and Political Attitudes Questionnaire,"* which required respondents to rate, on a seven-point scale, their level of disagreement or agreement with each statement. The 13-item *"Black Identification With Black Culture Scale"* (Whittler, et al, 1991) was embedded in the questionnaire for black subjects, while the 10-item *"Subtle Derogatory Beliefs Subscale of the Multifactor Racial Inventory"* (Woodmansee and Cook, 1967) was embedded in the questionnaire for white respondents. Both scales have been validated and shown to be reliable by their respective authors. It should be noted that different phenomena were being measured. The 13-item sub-scale measured how strongly black respondents identified with black culture, while the 10-item sub-scale measured the prejudice of white respondents toward black people. Thus, while the sub-scales measured racial attitudes, they were not identical.

Data were collected from college freshmen and sophomores of varying majors at two universities in Texas between December 1992 and January 1993. The universities were chosen because of their racial homogeneity. Based on enrollment and its mission, University #1 was defined as a black school, and University #2 a white school. Both campuses are similar in size, with an average enrollment of 6200 students (primarily commuters), and are located in rural areas. The students were advised that they would be participating in a study which examined the perceptions of college students toward advertising.

Although the use of student subjects has raised some concerns in academic circles, Szybillo and Jacoby (1974) argue convincingly for their inclusion, positing that they constitute a market segment with considerable economic impact. Others have included student samples (Barban and Cundiff, 1964; Guest, 1970; Cagley and Cardoza, 1970; Muse, 1971; and Choudhury and Schmid, 1974) in various studies that have assessed the attitudes of subjects toward black and white actors in advertising. Our use of student subjects is thus consistent with other studies in this area of research.

After the survey was completed, a debriefing period was allowed for students to ask questions and guess the nature of the study. While some students posed questions about various social and political issues in Part 2 of the

instrument, no student correctly guessed the intent of the study. A total of 188 usable questionnaires were collected. Non-black respondents' questionnaires were removed from those collected at University #1, while those from non-white subjects were removed from those collected at University #2. Usable questionnaires from 98 black respondents and 90 white respondents were available for data analysis.

Data Analysis

The first stage in data analysis involved calculating scores for the matching exercise. Percentage-correct scores for each of the black, white, and Hispanic groups of celebrities were calculated, as was an overall percentage-correct figure. Race of respondent was also included in the database.

In the second stage, scores from the racial identification and prejudice scales were tallied. A number of the statements which were stated in the negative had to be reverse-coded. Scores for black and white subjects were summed, and then converted by calculating an overall percentage score. For example, on the sub-scale for the black respondents, the possible range of scores is 13 to 91. A respondent's score was divided by 91 and that figure multiplied by 100 to yield a standard score. For example, a black respondent with a total score of 61 had a standardized score of 67. On the sub-scale for the white respondents, a range of scores from 10 to 70 is possible; scores were divided by 70 and then multiplied by 100 to yield a similar conversion measure.

The median value of the standardized scores was used to categorize respondents into either "high" or "low" racial identification or prejudice groups. Subjects with scores at or below the median value were designated as "low," while subjects with scores above the median were designated as "high." Justification for this method is provided by Bush et al., (1979), who used a similar approach with scores from a somewhat different prejudice scale. There was a significant difference in the mean scores of the "high" identification black subjects (n=45) and "low" identification black subjects (n=52) [$F=174.33$; $p=0.00$]. Similarly, there was a significant difference in the mean scores of the "high" white prejudice subjects (n=41) and "low" white prejudice subjects (n=49) [$F=150.86$; $p=0.00$]. This confirms their respective categorizations.

Further analysis consisted of three ANOVAs that examined mean scores on the matching exercise, broken down by respondent's race, racial identification, and prejudice. The first ANOVA tested race of the subject and three

percentage-accuracy measures (percentage correct of white, black, and Hispanic celebrities) from the matching portion of the instrument (see [Table 1](#) below).

Results significant at the 0.05 level were observed for mean scores for the white, black, and Hispanic accuracy measures, indicating a significant difference in the ability of white and black subjects to correctly match celebrities and their products. We thus retain H1a, H1b, and H1c.

The second ANOVA tested "high" and "low" black identification groups against three categories of accuracy from the matching exercise (see [Table 2](#) below). Since none of the means are significantly different we reject H2a, H2b, and H2c.

The third ANOVA compared the mean scores on the matching exercise for both the "high-" and "low-prejudice" white respondents (see [Table 3](#)). We reject hypotheses H3a and H3b, while retaining H3c.

Discussion of Results

Among the black respondents, accuracy ratings for white, black, and Hispanic celebrities respectively are 53.0%, 84.1%, and 24.5%. Similarly, the accuracy ratings for the white respondents are 71.5%, 69.2%, and 37.2%. When categorized into high and low identification groups, the black respondents showed no significant differences in their accuracy ratings across all types of celebrities. White respondents, when categorized into high and low prejudice groups, show a significant difference in their accuracy ratings of Hispanic celebrities, but show no differences for other celebrities.

Black subjects included in this study obtained the highest accuracy rating in their ability to associate black celebrities with endorsed products. In other words, they were able to identify black celebrities more consistently over white and

Table 1

| | F | Probability |
|------------------------------------|----------|--------------------|
| Race X %white correct responses | 22.06 | 0.0000* |
| Race X %black correct responses | 23.53 | 0.0000* |
| Race X %Hispanic correct responses | 5.36 | 0.0217* |

Table 2

| | F | Probability |
|---|----------|--------------------|
| High-Low I.D. blacks X %white correct responses | 0.87 | 0.3524 |
| High-Low I.D. blacks X %black correct responses | 0.28 | 0.5952 |
| High-Low I.D. blacks X %Hispanic correct responses | 0.88 | 0.3506 |

Table 3

| | F | Probability |
|---|----------|--------------------|
| High-Low white prejudice X %white correct responses | 1.48 | 0.2268 |
| High-Low white prejudice X %black correct responses | 0.34 | 0.5590 |
| High-Low white prejudice X %Hispanic correct responses | 5.32 | 0.0235* |

Hispanic celebrities. We find this conclusion to be consistent with previous research in that black subjects react positively to the use of black actors/models in advertising. We also observed that, regardless of their scores on the "Black Identification With Black Culture Scale," black respondents, when dichotomized into high- and low-identification groups, did not display any significant differences in their ability to match white, black, or Hispanic celebrities with their endorsed products.

White respondents, on the other hand, were able to equally match both white and black celebrities with endorsed products, but displayed a low associability to match Hispanic celebrities with endorsed products. It appears that white subjects did not react negatively to black celebrities and identified them correctly with product endorsements almost to the same degree as white celebrities. This finding is consistent with previous research that showed that white respondents did not shun the use of black actors/models in commercials and displays.

Subjects of both races displayed a lack of awareness of Hispanic celebrities based on their low percentage of correct responses in the matching exercise. The degree of awareness was relatively lower for the black than white subjects. This points out that among minority celebrities, Hispanic celebrities are perhaps less recognized to "universal" audiences than are black celebrities. They are thus more marketable to a specialized audience.

Based on the results, it appears that race of the respondent plays a role in the accuracy ratings of associating celebrities of the same race, especially for black respondents. Thus, while race appears to be an important cuing factor or black respondents (heuristic processing), we are unable to conclude the same for the white respondents.

Limitations of the Study and Directions for Future Research

A number of factors may serve to limit the findings of the study. For example, participants were limited to only those who were of the same race as the predominant racial group at each institution. This resulted in our eliminating over one dozen respondents. Perhaps a future study could be more inclusive of other racial and ethnic groups: or, better yet, a more diverse environment could be sampled so that there is no reason to eliminate subjects.

A second limitation may be part one of the survey instrument which contains the names of celebrities and the products they endorse. Some celebrities endorse more than one product and this may have caused confusion to some respondents in completing the exercise.

Third, the study included celebrities used only in network television commercials. While some of these celebrities appear in other media forms, the study did not include any celebrities appearing in print or radio advertisements. We implicitly assumed that television is the primary medium for celebrity sponsorship, and further theorized that the subjects use television as their primary form of media exposure. Future studies could perhaps broaden the scope to include celebrities used in other media forms.

Fourth, some of the celebrities chosen were associated with sports with which certain minority groups did not actively associate themselves. The ability to recognize such names may have thereby been limited.

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Available upon request.

AN ANALYSIS OF FREQUENCY PORTRAYAL OF MINORITY MODELS IN MAGAZINE ADVERTISEMENTS

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Abstract

Historically, studies that have addressed the frequency of minority models in magazine advertising have focused primarily on African-Americans. This paper broadens the scope of inquiry to include African, Asian and Hispanic Americans to determine the frequency of appearance of models from these minority groups in proportion to their representation in the population. Sixty-one randomly selected consumer magazines yielded a sample size of 811 advertisements for the content analysis performed by four judges. The results indicate that marked inconsistencies are evident between the number of advertisements which include diverse ethnic groups, and that frequency of usage portrayal appears to fall into product/service specific categories.

Introduction

Previous research on the frequency of minority models in magazine advertisements has primarily focused on African-Americans. For example, when the frequency of ads is compared to the percentage of African-Americans in the population, results consistently indicate that they are under represented in relation to their proportion of the population (Bush et al 1980; Cox 1970; Humphrey and Schuman 1984; Kassarian 1969 and Shuey et al 1953; Sterns et al 1987; and Stevenson 1989). Since the late 1960s, under representation of minorities has been a hotly debated issue between minority special interest groups and the advertising industry (Bush et al 1980). This issue is under such scrutiny that any content analysis investigation usually includes the percentage of total ads that contain African Americans. This a priori criterion, discussed in Wheatley (1971), states that the frequency level of the ads should be in proportion to the total African-American population. However, it may be safely assumed that although the original a priori criterion was developed to accomplish social goals indigenous to the African American population, the composition of the American population as a whole has made significant demographic and ethnographic shifts which warrant further investigation in the magazine advertising sector.

Therefore, the intention of this paper is to broaden the scope of inquiry to include not only African Americans, but also Asian and Hispanic Americans, and to examine the frequency of minority models in magazine advertisements relative to their representation in the population.

Background

The population of the United States experienced a 9.8% growth during the 1980s. The composition and growth of the nation's racial and ethnic groups, according to the 1990 Census Report is as follows: 80.3% White, 12.1% Black, 8.5% Hispanic, 2.9% Asian or Pacific Islander, 0.8% Native American, Eskimo or Aleut, 3.9% other races. By the year 2000, 30% of Americans will be Hispanic or classified as a racial minority, a change of 10% since the 1980 census, and 80% of all new workers will be minorities and/or women. While Asians are growing at the fastest pace, by 2015, Hispanic-Americans are projected to comprise the largest minority group in population growth (Dunn 1991).

The median income for African-American families had been increasing from 73% of the income for Caucasian families in 1978 to 85% in 1988, indicative of a 12% growth margin. One third of all black households earns incomes of \$35,000 or more, and by the year 2000 it is expected that more than half of all black workers will be designated as middle-class in terms of income classification (Miller 1990). Currently, Hispanic-American households represent a substantial growing market segment with aggregate 1984 after-tax estimates of buying power of about \$84.4 billion, and median family income of \$17,978. The Bureau estimates that the purchasing power of Hispanic-Americans will reach \$172 billion in 1990 (U.S. Census Bureau 1988). The Asian population presents a slightly different demographic picture as compared to African and Hispanic Americans. In general, the population is considerably younger, well educated and more affluent. They are represented far beyond their population share at every top-ranking university in the United States. For example, their contingent in Harvard's freshman class has risen from 3.6% to 10.9% since 1976.

Doener (1985) indicates that nearly half of Asian Indians fit into high status professional categories, almost twice the rate for the Caucasian population. Usdansky's (1992) examination of the 1990 census indicates that overall, the median household income of Asian-Americans (\$38,450), exceeds the median incomes of Caucasians (\$31,320), Hispanics (\$29,940), and African-Americans (\$19,758). The census data clearly indicate the upward growth in terms of demographic and socioeconomic factors for the three diverse minority groups. However, in view of the results of the African American studies, where the frequency of minority models is clearly under represented, when compared to the population proportion, it is expected that the Hispanic and Asian groups will also reflect under representation.

Methodology

From approximately 600 consumer magazines available in the local library, 61 magazines were chosen for the study. The content analysis used the July 1990 issue of the selected monthly magazines and for the weeklies, the earliest July 1990 issue was chosen. This method closely follows Stearns et al (1987) approach. All advertisements sized 1/2 page or larger, containing real, identifiable people were judged, with the final sample of advertisements totaling 811. The sample excluded all ethnically oriented magazines. In order to initially classify the minority model category, (either African, Asian, or Hispanic-American), an ad would be classified as one of these three categories regardless of whether Caucasians were portrayed in the ad. This classification approach follows the same method as discussed in Humphrey and Shuman (1984).

The authors examined each magazine for advertisements that fit the predetermined requirements and identified any model that represented an African, Asian or Hispanic American, and recorded the minority model category and page number of that particular advertisement. Two judges (librarians) were then asked to evaluate the advertisements in the same manner. All four persons agreed on model race 95% to 99% of the time for all the non-Caucasian advertisements. Comparing the two records led to the conclusion that there was little, if any, discrepancy in the selection of the advertisements that purportedly contained an African, Asian or Hispanic American. However, a few advertisements that contained Hispanic models generated some skepticism, and in these cases, a majority vote predominated. The type of product/service presented in each of the advertisements was also identified.

Results

Of the total 1,823 advertisements, 811 (45%) conformed to the specifications of 1/2 page or larger and exhibited a clearly defined model personage that was not Caucasian. Of the 811 ads used in the content analysis, African-American models were used in 48 or 5.8%, Asians in 24 or 2.8%, and Hispanics in 12 or 1.5%. As shown in [Table 1](#), when the percentage figures are compared to the population percentages for each group, the differences are striking.

These figures indicate an inconsistent behavior between the number of advertisements portraying minority models, in the African and Hispanic groups, as compared to their respective groups' proportion of the population, while the results for Asian Americans appear to indicate that their representation is fairly close to the a priori criterion previously discussed when compared to the Hispanic and African groups. Interestingly, while Hispanic Americans comprise 8.5% of the total population, as compared to African Americans (12.1%), Hispanic Americans median income (\$29,940) is close to ten thousand dollars greater than African Americans (\$19,758), but the frequency of portrayal of African Americans is 4 times as great as the portrayal of Hispanic Americans. However, the latter clearly possesses more purchasing power. While Asians are portrayed in half the number of advertisements as African Americans, their median income (\$38,450) and purchasing power exceed not only the other two minority groups, but also Caucasians' median income (\$31,320). [Table 2](#) presents a more detailed representation of the actual magazines used in the sample, as well as the minority model group and associated product category. Overall, of the 61 magazines sampled, fourteen (14) magazines, which had qualified 1/2 page people ads, did not portray any of the three minority groups. [Table 2](#) displays, for each magazine, the total number of all ads in the issue, the number of 1/2 page qualifiable people ads, the minority group, and the product shown in the ad. For each minority ad and associated product category, the percentages were developed based on the number of minorities in a particular ad in relation to the total number of qualified people ads and the total number of all ads in the issue. In general, the percentages indicate varied results from one product category/minority model to another, and across the magazines. While some results show that the percentage of minority ads to qualified people ads appears to be meeting the a priori criterion, in terms of the population proportion for a particular group, this assessment seems to be limited to magazines that did not evidence a large number of 1/2 page qualified people ads. In several of the magazines, where the number of

Table 1
Frequency of Magazine Ads - African, Asian and Hispanic Models

| Minority Group | Frequency of Ads (Total % of 811) | %of Group in U.S. Population | Difference |
|----------------|--------------------------------------|---------------------------------|------------|
| African | 48 (5.8%) | 12.1% | (6.3%) |
| Asian | 24 (2.8%) | 2.9% | (0.1%) |
| Hispanic | 12 (1.5%) | 8.5% | (7.0%) |

Table 2
Analysis of Magazines Chosen for Study Sample
by Ethnic Group and Product Category

- a. T.A. is the total number of ads in any one magazine issue whether or not the ad included people.
b. P.A. is the total number of ads that qualified for content analysis - 1/2 page and a clearly identifiable model.
c. Where parentheses are indicated next to minority group identification, this indicates the number of minority models in the ad. Unless otherwise indicated, one model appeared.

| Magazine | TA ^a (n) | PA ^b (n) | Minority Group | Type of Ad | %PA | %TA | %PA/ TA |
|----------------------|------------------------|------------------------|---|---|--|-----------------------------------|------------|
| 1. Audubon | 131 | 8 | Hispanic | Non-Profit | 12.5 | .7 | 6.1 |
| 2. American Photo | 115 | 16 | Black | Film | 6.6 | .8 | 13.9 |
| 3. American Health | 34 | 18 | Black(2) ^c Black Asian | Auto Yogurt Yogurt | 5.5 11.1 5.5 | 2.9 5.9 2.9 | 52.9 |
| 4. Dog World | 31 | 9 | Black | Dog Show | 11.1 | 2.3 | 29.0 |
| 5. The Teaching Home | 18 | 7 | Black Asian | College College | 14.2 14.2 | 5.5 5.5 | 38.8 |
| 6. Entertainment | 15 | 8 | Asian Black | Movie Ad Movie Ad | 12.5 12.5 | 6.6 6.6 | 53.3 |
| 7. PC Magazine | 158 | 40 | Hispanic Asian Asian(3) Asian Hispanic Black | Printer Printer Monitor Computer Computer Computer | 2.5 2.5 7.5 2.5 2.5 2.5 | .6 .6 1.8 .6 .6 .6 | 25.3 |
| 8. Yachting | 36 | 19 | Black | Phone | 5.2 | 2.7 | 52.7 |
| 9. Working Mother | 54 | 26 | Black(2) Black | Fragrance Bath Product | 7.6 3.8 | 2.7 1.8 | 48.1 |
| 10. Seventeen | 38 | 32 | Black Black Black | Fashion Deodorant Shoes | 3.1 3.1 3.1 | 2.6 2.6 2.6 | 84.2 |
| 11. San Francisco | 15 | 8 | Hispanic | Dept. Store | 12.5 | 6.6 | 53.3 |

| | | | | | | | |
|----------------------------|----|----|---|--|----------------------------------|---------------------------------|------|
| 12. Sports Illustrated | 19 | 6 | Black | Cigarette | 16.6 | 5.2 | 31.5 |
| 13. Southern Living | 73 | 28 | Black Asian Black | Catalog Sales T-Shirt Liquor | 3.5 3.5 3.5 | 1.3 1.3 1.3 | 38.3 |
| 14. Reader's Digest | 45 | 12 | Black | Armed Forces | 8.3 | 2.2 | 26.6 |
| 15. People | 48 | 20 | Black Black Asian Hispanic | Charcoal Non-Profit Non-Profit Non-Profit | 5.0 5.0 5.0 5.0 | 2.0 2.0 2.0 2.0 | 41.6 |
| 16. Road & Track | 60 | 8 | Black | Auto | 12.5 | 1.6 | 13.3 |
| 17. Redbook | 48 | 15 | Black Asian Hispanic Black(2) Asian | Non-Profit Non-Profit Non-Profit Yogurt Yogurt | 6.6 6.6 6.6 13.3 6.6 | 2.0 2.0 2.0 4.1 2.0 | 31.2 |
| 18. Outdoor | 44 | 18 | Black Black Black(2) Black | Foot Deodorant Armed Forces T.V. Station Charcoal | 5.5 5.5 11.1 5.5 | 2.7 2.7 4.5 2.7 | 40.9 |
| 19. Organic Gardening | 13 | 7 | Black | Tractor | 14.2 | 7.6 | 53.8 |
| 20. Newsweek | 16 | 6 | Black Asian Hispanic | Non-Profit Non-Profit Non-Profit | 16.6 16.6 16.6 | 6.2 6.2 6.2 | 37.5 |
| 21. New York | 11 | 6 | Asian Asian(2) | Sportswear Phone-Overseas | 16.6 33.3 | 9.0 18.1 | 54.4 |
| 22. Cosmopolitan | 87 | 60 | Asian Black Asian Black Hispanic | Catalog Catalog Non-Profit Non-Profit Non-Profit | 1.6 1.6 1.6 1.6 1.6 | 1.1 1.1 1.1 1.1 1.1 | 68.9 |
| 23. Ladies Home Journal | 68 | 38 | Black Black | Fabric Softener Hair Color | 2.6 2.6 | 1.1 1.1 | 55.8 |
| 24. Life | 32 | 16 | Black(2) | Cruise | 12.5 | 6.5 | 50.0 |
| 25. Bon Appetit | 48 | 17 | Black(2) Asian | Auto Soy Sauce | 11.7 5.8 | 4.1 2.0 | 35.4 |
| 26. Better Homes & Gardens | 53 | 23 | Black Black(2) Black Asian Hispanic | Lemonade Film Yogurt Yogurt Yogurt | 4.3 8.7 4.3 4.3 4.3 | 1.8 3.7 1.8 1.8 1.8 | 43.3 |
| 27. Bazaar | 33 | 25 | Hispanic Asian | Jewel Shampoo | 4.0 4.0 | 3.3 3.3 | 75.7 |
| 28. Gourmet | 33 | 19 | Asian | Oriental Sauce | 5.2 | 3.0 | 57.7 |

| | | | | | | | |
|-----------------------|----|----|--|---|---------------------------------|---------------------------------|------|
| 29. Good Housekeeping | 80 | 44 | Black Black Black Asian Hispanic | Pregnancy Test Juice Yogurt Yogurt Yogurt | 2.2 2.2 2.2 2.2 2.2 | 1.2 1.2 1.2 1.2 1.2 | 55.0 |
| 30. Golf Digest | 48 | 21 | Black | Championship | 2.0 | 4.7 | 43.7 |
| 31. Glamour | 61 | 39 | Asian Black Asian Hispanic | Oriental Shampoo Non-Profit Non-Profit Non-Profit | 2.5 2.5 2.5 2.5 | 1.6 1.6 1.6 1.6 | 63.9 |
| 32. Fortune | 47 | 20 | Black Black Asian | Computer Stock Exchange Stock Exchange | 5.0 5.0 5.0 | 2.9 2.1 2.1 | 42.5 |
| 33. Family Circle | 61 | 27 | Black | Juice | 4.4 | 1.7 | 44.2 |
| 34. Esquire | 47 | 24 | Black Black | Auto Cruise | 4.1 4.1 | 2.1 2.1 | 51.6 |
| 35. Woman's Day | 52 | 12 | Black Asian Hispanic | Non-Profit Non-Profit Non-Profit | 8.3 8.3 8.3 | 1.9 1.9 1.9 | 23.1 |
| 36. Vogue | 70 | 46 | Black Black | Visa Shampoo | 2.1 2.1 | 1.4 1.4 | 65.7 |
| 37. Vanity Fair | 32 | 17 | Black | Cloth | 5.8 | 3.1 | 53.1 |
| 38. Town and Country | 35 | 18 | Asian(3) | Trip To Orient | 16.6 | 8.5 | 51.4 |
| 39. Money | 55 | 16 | Asian Black Asian | Computer Auto Publishing | 6.2 6.2 6.2 | 1.8 1.8 1.8 | 29.0 |
| 40. St.Paul | 41 | 12 | Hispanic Black Asian Hispanic | Kitchen Acces. Public School Public School Public School | 8.3 8.3 8.3 8.3 | 2.4 2.4 2.4 2.4 | 29.2 |
| 41. Mc Call's | 48 | 20 | Black Asian Hispanic | Non-Profit Non-Profit Non-Profit | 5.0 5.0 5.0 | 2.0 2.0 2.0 | 41.6 |
| 42. Los Angeles | 77 | 28 | Asian | Real Estate | 3.5 | 1.3 | 36.6 |
| 43. Inside Sports | 25 | 13 | Asian Black(2) | Oriental Beer T.V. Station | 7.6 15.3 | 4.0 8.0 | 52.0 |
| 44. House & Garden | 26 | 4 | Black | Furniture | 15.3 | 3.8 | 25.0 |
| 45. Nevada | 29 | 14 | Asian | Hawaii - Airline | 7.1 | 3.4 | 48.2 |
| 46. Nashville | 9 | 4 | Black | Night Club | 25.0 | 11.1 | 44.4 |
| 47. The New Yorker | 9 | 5 | Black | Cigarette | 20.0 | 11.1 | 55.5 |

qualified ads is greater than 15, the percentages appear to be below the population proportions. However, when the frequencies for the models are compared to the overall number of ads, the disparities are more pronounced. The percentages presented here are not intended to infer a conclusive analysis since our interests are focused on the overall frequency summaries as compared to the groups' respective representation in the population. However, it is interesting to note that although the Asian group has the smallest proportion of the population, (2.9%), their overall representation in relation to the percentage of 1/2 page people ads and the total number of ads in the magazines appears to be on target in many instances. However, upon examining the products/services associated with the Asian ads, all but the computer ads are predominantly ethnically oriented to and for the Asian group (i.e. Kikkoman Soy Sauce, vacation/business trips to the Orient, Christian Charities, Oriental style shampoo, etc.). Clothing, alcohol and tobacco advertisements were typically portrayed by African Americans as well as health and beauty aids. This result is no surprise because African Americans comprise approximately between 19 and 34 percent of these markets (Zinsmeister 1988). Hispanics appeared more often in apparel and toiletry advertisements but they are consistently evident in non-profit organization ads. Overall, the Hispanic group appears to be represented across fewer product/service categories than either the African or Asian groups.

Discussion

The results of this study suggest that advertisers may not be as frequently portraying minority models in relation to their proportional representation in the population. For African and Hispanic Americans, this is clearly shown in the results in [Table I](#). However, the results for the Asian American group, while being on target relative to their population proportion, may be somewhat misleading. The detailed analysis shows that while the frequency of presentation is congruent with the a priori criterion discussed in Wheatley (1971), the actual breadth of exposure, relative to the type of product/service shown in the ads is very much limited to ethnically oriented products. The only true exception, is the representation of Asians in the computer ads which is on target with the rate of business ownership by Asian Americans as 57 per 100 (Usdansky 1991). Purchasing power, indicated by median

income figures, raises some questions as to whether or not the a priori criterion, should be held as an absolute yardstick in future content analysis studies. Although African Americans have historically been under represented

in magazine advertisements, the findings in this study indicate that of all three minority groups, they are portrayed the most frequently across a greater variety of magazines and product service categories. However, they have the least amount of purchasing power of all three groups.

We do not recommend discarding the a priori criterion per se, since proportional representation in advertising, regardless of the medium, is important as multi-cultural diversity and ethnographic segmentation assumes a more important role in marketing segmentation processes. However, we recommend that future researchers consider approaches that would direct their efforts on analyzing not only the frequency of occurrence of minority models in advertisements and related product service categories, but also to evaluate the market segments served in terms of geographics (i.e. national, regional or local) as compared to demographic factors of minority populations, purchasing power and projected growth into the year 2000. Simply assessing and comparing national population figures may be underestimating the actual percentage of minority advertisements.

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Due to page and cost limitations, all references will be available upon request from the authors.

A SELECTED BIBLIOGRAPHY ON MARKETING TO AFRICAN AMERICANS AND HISPANICS SINCE THE LATE 1970s

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Abstract

This research effort reports an identification of selected research references focusing on the buyer behavior patterns of African American and Hispanic consumers published since the late 1970s. Specifically, the bibliographic published literature is sectioned off as data based studies, dissertation studies and published articles.

Introduction

The African-American and Hispanic populations clearly satisfy the market segmentation requisites of being viable, accessible, profitable and highly concentrated to be successfully tapped by marketing managers. However, to date, reported empirical research findings continuously identify research voids, gaps and priorities in attempting to penetrate these ethnic group segments, at least for selected products and/or brands. While some study findings have been corroborative, most study findings have often been inconclusive, contradictory and unclear. The general body of knowledge on cultural value consumption patterns between African-Americans and Anglos revealed that differentials exist mainly because of socioeconomic status rather than ethnic behavior. Hispanics and Anglos cultural value consumption patterns differentials exist as a result of ethnic behavior rather than socioeconomic status. These findings are clearly delineated in the works of Rokeach and Parker (197), Valencia (1989) and Webster (1990).

The bibliography is a compilation of over 200 readings and references regarding marketing to African-American and Hispanic consumers since the late 1970s. Pressley (1976) and Barry, Harvey and McGill (1976) presented excellent bibliographic works on marketing to African-American consumers. It is hoped that this manuscript will aid marketing practitioners, researchers, and students in their literature review when studying the buyer behavior patterns of African and Hispanic American consumers. [A complete copy of this article including figure diagrams of data base and doctoral dissertation studies will be furnished upon request].

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The Effect of Ethnic Acculturation on Advertising Perceptions: An Investigation of Mexican-American Consumers

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Abstract

This paper investigated the influence of ethnic acculturation levels on attitudes toward advertising. The respondents were classified using the ARSMA and compared to a sample of Anglo consumers. The findings indicated differences among the sub-groups based on ethnic acculturation.

Introduction

Since cultural sensitivity is a key to communication efforts (Adweek, 1989), businesses need to understand how their targeted ethnic audiences perceive advertising. The concept of ethnicity is viewed as a complex subjective process and can be defined as "the dynamic interrelation of two or more groups who see themselves in a we-they dichotomy" (Melville 1987, p. 71). Ethnic acculturation refers to the degree to which a person identifies with a particular ethnic group. Based on the proposal that ethnic acculturation plays an important role in consumers' attitudes and behaviors (Gronhaug and Rostvig 1978), this study examines the effect of ethnic acculturation on perceptions of advertising.

Background

While ethnicity partially influences consumers' attitudes and behaviors; the intensity of affiliation may better differentiate behavior and identify distinctive groups (Deshpande, Hoyer and Donthu 1986; Valencia 1985; Alba and Chamlin 1983). The extent to which an individual identifies with their ethnic group, in comparison to another (usually dominant) group encompasses the concept of ethnic acculturation (Berelson and Steiner 1967). This concept has been used as the opposite of ethnicity; where one is either a part of one group or completely acculturated into a new ethnic group. Chang (1972) suggested the need for a third category, while Kim (1977) proposed a continuum. Although ethnic groups are continuously evolving, the complexity of measuring these changes requires an assumption that the ethnic acculturation of an individual be studied in the context of a changing process and the

new/host culture be held constant for measurement. The measurement of ethnicity has usually taken two basic forms: (1) assignment of ethnicity by the researcher, or (2) self-designation by the subject. Since researchers disagree, a combination of these two measures is recommended (Handleman 1977).

The Hispanic population has been a part of much of the research on ethnicity. Businesses and academic researchers face a risk of treating Hispanic consumers as a homogeneous market and segmenting them as one distinct group. Usage of this simplistic method may be attributed to the type and availability of data, convenience, and the lack of methodologies to further classify the Hispanic market (Marin and Marin 1991).

"For marketers, there is no such thing as a mass Hispanic market, but a lot of opportunities to market to Hispanic diversity," (Schwartz 1988, pg. 43, 45). Further, "Hispanics in the United States are in a state of cultural flux" (Valencia 1985, p. 118). Differences exist among Hispanics via ancestry and can include race, self-identification, immigration status, generation and acculturation level (Castro and Baezconde-Garbanati 1987, Hayes-Bautista 1983).

The limited portrayal of minorities in the mass media (e.g. Greenberg and Bautista-Fernandez 1980) shows that Hispanics are largely absent from television in the U.S. (Czepiec and Kelly 1983). "Hispanics are underrepresented, at least with respect to their proportion in the population, in general network television advertising" (Wilkes and Valencia 1989, p. 25).

In addition to limited exposure in the media, the portrayal of Hispanics in the mass media has also been investigated. In general, Hispanic characters tend to be portrayed in a somewhat negative light (Faber, O'Guinn and Meyer 1987, Gutierrez 1978), or in background roles (Wilkes and Valencia 1989). In contrast, Anglos were more likely to believe that the media's depiction was acceptable or fair (Faber, O'Guinn and Meyer 1987).

The ability to create a message that will effectively reach a targeted ethnic market is partially dependent upon the portrayal of an ethnic group in an advertisement (Aaker and

Stayman 1990). In fact, the recall of major selling points, willingness to consider the product, and perceptions of the advertisements's effectiveness and appeal have been found to be affected by role portrayal in advertisements (Courtney and Whipple 1980). For example, Hispanics in general tend to have favorable attitudes toward and buy brands targeted at their ethnic group (Hoyer and Deshpande 1982). Thus, perceptions appear to influence advertising effectiveness to the extent they generate role-related thoughts. To account for these influences, advertisers must be attentive to the relationship of role portrayals and the expectations of the audience of interest (Leigh, Rethans and Whitney 1987).

A viewer's level of involvement has been shown to have a motivational influence on the attention and comprehension processes (Celsi and Olson 1988). This suggests consumers who have reasons to be involved with an advertisement will be more receptive to it and its message. It seems logical that ethnicity and acculturation levels of the audience may also influence the probability of becoming involved with an advertisement or its message. "To better understand the role that the media plays in the acculturation...of ethnic minorities, it is important to understand both how the media portray these minority groups and how these portrayals are perceived by members of these minorities and the host society" (Faber, O'Guinn and Meyer 1987, p. 157). Faber, O'Guinn and Meyer (1987) and Burgoon et. al (1983) have shown that differences in perceptions toward advertisement ethnic role portrayals exist between ethnic groups and suggest differences within groups might also exist. In addition, Wilkes and Valencia's (1989) research on Hispanics revealed additional tentative evidence that one's level of ethnicity may influence perceptions of advertising. This position is consistent with prior conclusions on mass media selective perception (Faber, O'Guinn and Meyer 1987).

Finally, Hispanics in general have been found to possess more negative attitudes toward advertising than Anglos (Pruden and Longman 1972). Schlossberg (1990) found Hispanics to be critical of advertising that does not cater to their cultural practices and beliefs. The extent of these criticisms varied among three groups: [1] Traditional positives; [2] Media Critics; and [3] Betweeners. This type of group classification suggests a similar classification may be possible using ethnic acculturation.

The study of the relationship of ethnic acculturation and various attitudes toward advertising seems to be a logical progression of research. Answers to basic questions should provide a better understanding of how to effectively communicate to ethnic audiences. The focus of the study is to identify the effect of ethnic acculturation on attitudes

toward advertising by addressing two research questions: (1) Do members of an ethnic group that are acculturated at different levels perceive advertising differently? (2) Do more highly ethnically acculturated individuals exhibit attitudes which are different from the dominant/host culture?

Methodology

The sample was solicited from various organizations in Southern California. This location was selected because of its diverse ethnically acculturated Hispanic, predominantly of Mexican heritage, population. In order to thoroughly evaluate and make an ethnic acculturation comparison of the attitudes of the U.S. Hispanics studied, Anglo-Americans were also included.

Two versions of the research instrument, English and Spanish, were utilized. To obtain an equivalent translation of the questionnaire, the "double translation" (also know as the "back translation" method) was selected as an effective technique (Marin and Marin 1991).

Attitudes toward advertising were obtained with items (modified for Hispanics) used in similar studies (Lundstrom and Sciglimpaglia 1977; Sciglimpaglia, Lundstrom and Vanier 1979; Festervand and Lumpkin 1985). The respondents' type and level of ethnicity was assessed using the Acculturation Rating Scale for Mexican-Americans (ARSMA) (Cuellar, Harris and Jasso (1980).

The respondents were to be assigned to an ethnic acculturation category based upon their average score on an acculturation continuum: LOW (1.00-2.34); MEDIUM (2.35-3.66), or HIGH (3.67-5.00). The Anglo respondents should be classified as a fourth dimension on the extreme high end of the scale (5.0).

Discussion of Results

A sample of 290 participants was obtained who had demographic characteristics similar to those for the Hispanic population in this area. The resulting classification of the respondents into the three levels of acculturation yielded the following: 16% as LOW; 61% as MEDIUM; and 23% as HIGH.

The reliability of the ARSMA was tested ($r = .95$). Further, the average score of the Anglo respondents (4.55), placed them on the high end of the ethnic acculturation continuum, as expected. The MANOVA produced a significant multivariate function (Wilks lambda, $p = .000$) and the univariate tests revealed significant differences for all of the dependent variables (see [Table 1](#)).

In comparison to the HIGH and Anglo respondents, the LOW and MEDIUM groups stated they would place more credibility on advertisements directed toward Hispanics. The HIGH and Anglo groups did not differ on this issue. These results also held true for an advertisement promoting a new product with benefits they found attractive that portrayed Hispanics either offensively or inaccurately.

If an advertisement for a product the respondents currently used adopted a campaign that portrayed Hispanics offensively, the MEDIUM group would discontinue usage while the Anglo group would not. Although the LOW and HIGH groups did not produce a significant difference, they did express more willingness to discontinue using the product than the Anglo group as well. Given this same scenario for inaccurate portrayals of Hispanics, the LOW and MEDIUM groups responded more negatively toward continued use of the product than the HIGH and Anglo groups.

The LOW and MEDIUM groups would not buy a product from a company that used an offensive portrayal of Hispanics, in contrast to the HIGH and Anglo respondents. A similar finding was also found for the case of an advertisement with an inaccurate portrayal of Hispanics.

The Anglo respondents felt there was less of a need to have more Hispanics in advertisements than the LOW and MEDIUM groups. Although not significant, the HIGH group also felt differently on this issue than the MEDIUM respondents.

Conclusion

The necessity for practitioners and researchers to consider the Mexican-American/Hispanic market as heterogeneous was reinforced by this study.

The more similar the Mexican-American respondents were to the Anglo respondents in terms of their ethnic acculturation, the more similar were their perceptions. The implication of the findings center around the need to better communicate to Mexican-Americans, and perhaps to other subcultural groups, via consideration of ethnic acculturation. Therefore, Mexican-Americans, and perhaps all subcultural groups, should be segmented by ethnic acculturation. Future research efforts should address the specific effects of varying acculturation levels for other subcultural groups.

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Table 1
MANOVA for Attitudes toward Advertising

| | Group Means* | | | | Univ. (prob) | Scheffe' Contrasts |
|---|--------------|-----|-----|-----|-----------------|-----------------------|
| | -1- | -2- | -3- | -4- | | |
| I would place more credibility in an ad primarily directed at Hispanics than a similar ad directed toward everyone..... | 3.0 | 2.8 | 2.4 | 2.1 | (.000) | 3,4 vs 1,2 |
| If a new product is introduced with ads that portray Hispanics offensively, I would not buy the product even if it offered benefits I consider attractive.... | 3.9 | 4.0 | 3.6 | 3.1 | (.001) | 3,4 vs 1,2 |
| If a new product is introduced with ads that portray Hispanics inaccurately, I would not buy the product even if it offered benefits I find attractive..... | 3.8 | 3.7 | 3.2 | 2.8 | (.000) | 3,4 vs 1,2 |
| If a product I use adopts an ad campaign which portrays Hispanics offensively, I will discontinue using it..... | 3.6 | 3.9 | 3.6 | 2.9 | (.002) | 4 vs 2 |
| If a product I use adopts an ad campaign which portrays Hispanics inaccurately, I will discontinue using it..... | 3.9 | 3.8 | 3.3 | 2.7 | (.000) | 3,4 vs 1,2 |
| If I see an ad with an offensive portrayal of Hispanics, I will not continue to buy other products from the same company, even if I use those products..... | 3.7 | 3.6 | 3.3 | 2.9 | (.000) | 3,4 vs 1,2 |
| If I see an ad with an inaccurate portrayal of Hispanics, I will not continue to buy other products from the same company, even if I use those products..... | 3.7 | 3.5 | 3.1 | 2.9 | (.000) | 3,4 vs 1,2 |
| Ads need to use more Hispanics in the future..... | 4.1 | 4.1 | 3.7 | 3.3 | (.000) | 4vs1,2; 3vs2 |
| There are enough Hispanics in ads... | 2.4 | 2.0 | 2.4 | 2.7 | (.000) | 2 vs 3,4 |
| There is a fair representation of the number of Hispanics in ads compared to the number of Hispanics living in the United States..... | 2.2 | 2.1 | 2.5 | 2.6 | (.028) | 2 vs 3,4 |

Multivariate Wilks (p=.000)

Group 1: LOW acculturated

Group 2: MEDIUM acculturated

Group 3: HIGH acculturated

Group 4: Anglo respondents

SEGMENTING THE ASIAN AMERICAN CONSUMER MARKET: AN ACCULTURATION APPROACH

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Introduction

As a country of immigrants, the United States has been called a "melting pot." The name itself indicates that all newcomers will be eventually assimilated into the mainstream society and become "Americanized." Yet over time this has not become a reality. Ethnic diversity in the U.S., instead of fading away as some of the social theories predicted, have endured or even increased (Shoemaker et al, 1986). Instead, America today has become a "salad bowl" in which every group of immigrants has been able to maintain its own distinctive ethnic identity to a great extent. The American society is more than ever racially and ethnically diversified. It has become increasingly challenging for marketers to target ethnic consumers using a uniform marketing mix.

This is particularly true for Asian American consumers. They are the fastest growing minority group in the U.S.. By the end of 1993, there will be almost 8 million Asian Americans. During the ten year period from 1980 to 1990, their growth rate was twice that of Hispanics, six times that of African Americans, and 20 times that of whites. The Asian American market, which is about three percent of the U.S. population, is very diversified. It is composed of 22 percent of Chinese (1.6 million), 21 percent of Filipinos (1.4 million), 19 percent of Japanese (848,000), 10 percent of Asian Indians (815,000) and 10 percent of Koreans (799,000), with the remainder from other Asian countries (U.S. Dept. of Commerce, 1992). Asian Americans are also an actively immigrating group. Immigrants accounted for nearly three-fourths of Asian Americans' increase in the 1980s.

Asian Americans have become a very attractive market. Overall they have higher levels of educational achievement and higher incomes than the average American. As of March of 1991, the median family income for Asian Americans was \$42,245. Among them, 60.4% had household income of \$35,000 or more, 53.5% went to college, 50.8% owned houses and 80.1% were married couples. The high level of Asian immigration to the U.S. has created a youthful population. The average age of Asian Americans is only 30, compared 36 for whites (U.S. Dept. of Commerce, 1992). They have been depicted as

family-oriented and brand loyal. However, there are many variations within the group. The diversity in the Asian American market is reflected in their nationality, language, religious belief, income and geographic location. It is very difficult, if not impossible, to create a uniform marketing mix for the whole Asian American market. If any of the common denominators such as country origins is used in segmenting the Asian American market, many submarkets would emerge so that it would not be cost-effective to use it. All these difficulties in marketing to the Asian American consumers call for a meaningful segmentation of this market and viable strategies to reach these consumers.

An Acculturation Segmentation

As more immigrants come to the U.S., acculturation has become the subject of study for many researchers (Church, 1982). Since Asian Americans are an actively immigrating group, many researchers have studied the acculturation of Asian immigrants (e.g., Cui, Van Den Berg and Jiang, 1992). An acculturation approach to segment the Asian American market may well be advised. Acculturation is the process which new comers become adapted to the host culture through communication and interaction with the host people. Acculturation requires both psychological adjustment and behavioral adaptation through interaction with the host people. Acculturation outcomes should include psychological health, functional fitness and intercultural identity (Kim, 1988). There have been some consistent findings as to the effect of major communication variables on acculturation. Communication competence, cultural empathy and social interaction with the host people have been found to be important facilitators for communication with the host people and acculturation. (Cui, Van Den Berg and Jiang, 1992).

Most previous studies of acculturation are based on the implicit assumptions that 1) sojourners are naturally pressured to adapt to the host culture, 2) acculturation is necessary for satisfaction with life and proper functioning in the host society, and 3) interaction with the host society is necessary for acculturation. This is a reflection of the cumulative-progressive view of acculturation which

suggests that all cultural strangers will eventually become integrated into the host culture (Kim, 1988). But more recently, there has been a renewed interest in the role of ethnic communication on acculturation, i.e., how the tendency of sojourners to communicate with their ethnic fellows affects their adaptation to the new cultural environment (e.g., Cui et al, 1992; Inglis and Gudykunst, 1982). These studies provide an alternative explanation of acculturation.

They suggest that ethnic communication actually helps acculturation, because intra-ethnic network would provide stability and continuity in the process (e.g. Breton, 1964; Inglis, and Gudykunst, 1982). The argument for this viewpoint is that communication with ethnic fellows provides social and emotional support during the transition period.

Patterns of Acculturation

This approach rejects that acculturation is a single cumulative-progressive process and adopts the pluralistic-typological view that intercultural experience may result in different acculturation patterns: assimilated, acculturated, separated and marginalized, based on sojourners' communication behavior in the host society (e.g., Berry, Kim and Boski, 1988; Van Den Berg, 1984). The pattern of acculturation can be determined by a set of contingencies. Cultural strangers do not always end up being assimilated by the host society. If someone totally embraces the host culture and abandons the home culture, the outcome is assimilation. When a balance is found between the host culture and the home culture, the result is acculturation or integration. However, if a culture stranger does not embrace the host culture and retains the ethnic culture, it results in separation from the host society. There are many ethnic enclaves in this country where immigrants maintain their original lifestyles and are not affected by the host culture. If a cultural stranger rejects both the home and host cultures, he/she will become marginalized. Therefore, assimilation or acculturation does not always happen. Acculturation is just one of possible outcomes of one's intercultural experience. In this sense, the pluralistic-typological view of acculturation is more inclusive and the cumulative-progressive process of acculturation. But these two views of acculturation can be reconciled (Kim, 1988).

First, researchers need to recognize that there are two opposite forces that affect sojourners' experience in the host society: acculturation and ethnic affirmation. Although many immigrants have integrated into the society, they still maintain strong ties among themselves through various ethnic organizations. Ethnic affirmation suggests that some sojourners and immigrants attempt to

retain their ethnic identity through communicating with ethnic fellows. The lack of communication competence and cultural empathy may also contribute to immigrants' tendency to rely on intra-ethnic communication for social and emotional support. An ethnic network often leads to increased ethnic communication, since ethnic fellows and institutions provide readily available support (Kim, 1980; Breton, 1964). The "institutional completeness" of an ethnic community such as the existence of ethnic newspaper, church and ethnic organization can help them to retain their ethnic identity (Inglis and Gudykunst, 1982).

The Time Dimension

The length of residence in the new country is also an important component in the acculturation process. The effect of ethnic communication on acculturation tends to change over time. Kim (1980) attempted to clarify the role of ethnic communication in acculturation by introducing the time dimension. The effect of ethnic communication is examined in two time periods: in the initial stage of staying in the host country and beyond the initial stage. During the initial period, lack of communication skills in the host language and cultural empathy may discourage the cultural strangers to engage in intensive interaction with the host people and lead them to rely on ethnic network for social and emotional support. Ethnic communication could help acculturation in the initial stage, because the ethnic network provides security, stability and continuity during the transition process. Therefore, ethnic communication has the greatest functional value in the initial period of contact with the host culture (Kim, 1980). Intra-ethnic communication also helps the sojourners to build the confidence needed to communicate with the host community (Inglis and Gudykunst, 1982). During this period, national fellows act as interpreters of the host culture to sojourners. In fact, ethnic communication helps them in social interaction with the host people, thus has a positive effect on acculturation. Over time, some sojourners may improve their communication skills in the host language, develop cultural empathy and become adapted to the host society.

On the other hand, heavy contact with one's ethnic network can become dysfunctional for the sojourners if this tendency continues to be the dominant communication pattern beyond the early stage of sojourners' contact with the host culture (Kim, 1980). Beyond the initial stage, ethnic communication may retard interaction with the host people and acculturation. In this case, an ethnic network becomes a negative factor in sojourners' interaction with the host people and acculturation to the new society. Exclusive ethnic communication without embracing the

host culture beyond the initial stage would probably result in separation from the host culture. Over time, the differences in the improvement of sojourners' communication competence and cultural empathy may lead to different acculturation patterns: assimilated, acculturated, separated and marginalized (Kim, 1988). Therefore, the temporal dimension needs to be considered in assessing the effect of ethnic communication on acculturation. A conceptual model which integrates the time dimension with other communication variables may be necessary to segment the Asian American market.

In reality, one cannot readily observe the results of the process within a short period of time. Only across generations of immigrants, we can understand the different patterns of acculturation. The first generation of immigrants who come to the host country with little communication competence and social interaction with the host people would be less likely to be assimilated or integrated into the host society, even though minimal behavioral adaptation is necessary for proper functioning in the host culture. Many new immigrants speak little English and know little about the American culture. They tend to remain in their ethnic community, such as China Town, separated from the mainstream society.

But the differences between the first generation of immigrants and the following generations are readily noticeable. Second or third generations of immigrants who grow up in the host society with better communication competence would participate more in social interaction with the host people. They often move out of their ethnic community and are more likely to be assimilated or integrated. They probably speak only English and identify themselves more with the Americans than with their ethnic fellows. Actually, they are more American than Chinese or Korean. Various ethnic communities have special names for these younger generations of immigrants, such as ABC standing for "America Born Chinese," or "second generation Japanese," and so on. There is certainly a "generation gap" between the first generation of immigrants and the following generations. Furthermore, we believe that sometimes immigrants from one Asian country may have more in common with immigrants of the same generation from a different Asian country than with immigrants of a different generation from the same country, because the distance between Asian cultures is much smaller than that between the American culture and any Asian culture.

Four Segments of Asian American Consumers

Given the heterogeneity of the Asian American population, any dimension such as nationality or language

will produce too many small segments for them to be useful. Based on previous acculturation studies of immigrants, it is not difficult to see that this framework has significant implications for marketing to Asian American consumers. Because the Asian American population consists of a large proportion of recent immigrants, and if the trend continues, segmentation of the Asian American market using the acculturation concept would generate sizable and stable segments which are different from one another. And within each segment, they share some important common characteristics.

Therefore, we propose segmenting the Asian American market using the acculturation concept. The four patterns of acculturation, i.e., assimilated, acculturated, separated and marginalized, represent the four segments. The pattern of acculturation can be predicted by several dimensions: generation of immigrants, host cultural communication and ethnic communication. Each of the four segments and its characteristics are described in [Table 1](#).

The assimilated group is probably the largest segment. It consists of second and the following generations of Asian Americans which have been "assimilated" by the American society. Despite of the influence from earlier generations, they have largely adopted the values, communication and behavioral patterns of the American society. They engage in little ethnic communication, if any, such as speaking ethnic language and reading ethnic newspaper. They grow up educated in this country, have probably moved out of their ethnic community, and become successful and established in the society. On average, they are financially better than the new comers.

The acculturated segment refers to Asian Americans who are recent immigrants to this country. Having been in the country long enough, they have largely adapted to the American culture and become functional in the society yet still retain their ethnic identity to a great extent. Many of them are bilingual, using both ethnic media and host communication vehicles. They are in transition from immigrants to the mainstream society, attempting to achieve the "American Dream."

The separated group refers to those new comers who are the first generation immigrants. Many of them come from their home countries directly to their respective ethnic communities. They may not speak the host language, thus relying heavily on ethnic communication for economic and social support. Their use of the host media is minimal, for information or entertainment. Not yet

Table 1. Four Segments of Asian Americans and Their Characteristics

| Pattern of Acculturation | Time Dimensions | Characteristics |
|-----------------------------|--|--|
| Segment I: Assimilated | the second and the following generations | They have integrated into the mainstream society and adopted the values and communication patterns of the host people. They are probably educated and have succeeded in the host society.. They probably have moved out of their ethnic community and use little ethnic media. |
| Segment II: Acculturated | the first generation | These recent immigrants have largely adapted to the American society yet still retain their ethnic identity to a great extent. Many of them are bilingual. They use both ethnic media and the host society media. They are achievers in the new society. |
| Segment III: Separated | the first generation | These new immigrants have not become adapted to the host society. They rely heavily on ethnic community for economic and social support. They use mainly ethnic media for information or entertainment. They are survivors. |
| Segment IV: Marginalized | the first generation | This small group of immigrants not only deny their own ethnic or political background but also reject the host society. Their reaction to either ethnic communication or host communication is uncertain. They are the "marginals." |

adapted to the new society, they are limited now to their ethnic community for survival.

The marginalized group is the smallest segment. They mainly refer to people who not only reject their own ethnic background but also can not embrace the host culture. These people may have decided to alienate themselves from both the ethnic community and the host society for political or other reasons.

Discussion

The present research applies the acculturation concept to segment the Asian American consumer market. This approach has important implications for marketing to ethnic consumers. One of the important contributions of this research is the proposed segmentation of Asian Americans which integrates patterns of acculturation and media usage. Instead of treating each group of Asian American consumers from a particular country or cultural background as one submarket, segmenting the Asian American population market using the concept of acculturation may help to identify a market segment across all Asian American groups that is probably larger and more stable. Asian American consumers from the same generation yet different countries may have more in common in terms of product preference and media usage than those from the same country yet different generations.

Therefore, such a target group of Asian American consumers would indicate to any marketer which marketing strategy, standardized or customized, including both product and communication, is more feasible and cost-effective.

A firm attempting to reach Asian American consumers may elect to apply a particular strategy or a set of strategies based on acculturation segmentation of the market. For instance, for the first generation of new immigrants from Asia, a firm may customize both its products and communication, since the first generation of Asian Americans tend to be separated from the mainstream society, remain in their ethnic community and prefer products that have an ethnic flavor. For other Asian Americans who have stayed in the U.S. long enough to become integrated into the society yet still maintain strong ties with their ethnic fellows, standardized product with customized communication may be more appealing to them. For the second or later generations of Asian Americans who have become fully integrated into the society, a standardized strategy both in product and communication would prove to be more cost-effective. Thus, depending on the pattern of acculturation and the time dimension, a marketer can determine the degree of ethnic affirmation or acculturation of a particular group of ethnic consumers and apply a marketing strategy that best

fits into the product preference and media usage patterns of that group. Yet the applicability of the acculturation segmentation of Asian American consumers needs to be tested with empirical data.

Due to limited knowledge on ethnic consumer groups, many marketers are often reluctant to reach out to these groups of consumers. Some of them rely on the limited knowledge which may create misconceptions about ethnic consumers. More theory development and empirical research are needed in this area. Understanding the history of immigrants may help marketers comprehend consumer behavior of diverse ethnic groups.

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MARKETING STRATEGIES FOR ASIAN-AMERICANS: GUIDELINES BASED ON HOFSTEDE'S CULTURAL DIMENSIONS

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Introduction

United States is a multicultural society. This provides both opportunities and challenges to the marketers. For most of the products the target market comprises of people from different racial or ethnic backgrounds (e.g. Caucasian, African-American, Hispanic and Asian-American). While much research has examined the consumer behavior of Caucasians, African-Americans and Hispanics and its implications for marketers, very few studies have examined the impact of cultural differences of Asian-Americans on marketing strategies.

Asian-Americans are 5% of the U.S. population. Although, Asian-Americans are less in numbers compared to other minorities like African-Americans and Hispanics, the per-capita income and standard of living was considered to be higher (e.g. Kotkin 1987). Therefore, Asian-Americans have more disposable income, presenting a lucrative market segment for marketers. Asian-Americans can be from Japan, Hongkong, Korea, Malaysia, India, Pakistan, Taiwan, China or Singapore. Hofstede (1980) studied all the above cultures. Although Asian cultures tend to be more collectivistic than Western cultures, some Asian cultures (Japan) are more collectivistic than others. Similarly, some Asian cultures are more masculine (India) than others. Interested readers should refer to Hofstede (1983) for detailed discussion.

Marketers in order to successfully market their products to Asian-American market should take into the consideration the cultural differences in terms of behaviors and communication styles. While every aspect of marketing involves communication, no one would argue the importance of communication for an effective sales presentation. Also, one could make case for communication styles affecting other aspects of marketing such as advertising, this paper specifically considered only sales presentations since it provides a unique situation in terms of an intercultural contact. The purpose of this study is to provide guidelines for marketers in improving the sales presentations involving Asian-Americans. These guidelines will be based on the cultural dimensions proposed by Hofstede (1981). In the next section, we will briefly

discuss the cultural dimensions proposed by Hofstede (1981).

Hofstede's Cultural Dimensions

Poyatos (1983) gave the most comprehensive definition of culture to date. According to him, a culture is a series of habits shared by members of a group living in a geographic area, learned but biologically conditioned, such as the means of communications, social relations at different levels, the various activities of daily life, the products of that group and how they are utilized, the peculiar manifestations of both individual and national personalities, and their ideas concerning their own existence and their fellow people.

According to Gutknech (1982) culture serves three functions: legitimation, motivation and integration. First, culture provides socially legitimate patterns of interpretations and behavior for dealing with culturally relevant problems. Second, it provides a hierarchical motivational structure that links people's identity to culturally relevant roles and values. Finally, it provides a symbolically integrated framework that regulates social interactions and goal attainment through the creation of cultural meanings.

All nationalities possess unique characteristics that need to be understood. For instance, the Arabs dislike deadlines. An Arab faced with a deadline tends to feel threatened and backed into a corner, whereas Americans often try to expedite matters by setting deadlines (Ricks, 1983). In many parts of Latin America, cutlery or handkerchiefs should not be given because these imply terminating a relationship or that a fearful event is likely. However, a complete knowledge and understanding of a foreign culture is almost impossible to acquire.

Hofstede's (1980,1983) factor analytically derived four dimensions can be considered for studying sales presentations in an intercultural context. Hofstede studied over 50 cultures and his dimensions can be used to make extremely specific predictions of cultural differences (Gudykunst et al., 1988). Hofstede's dimensions have been used to explain behavior at the interpersonal level, like

equity and equality norms across cultures (Bond et al., 1982), perceptions of interaction episodes (Forgas & Bond, 1985), perceptions of communication associated with relationship terms (Gudykunst & Nishida, 1986b), and cultural differences in affective communication (Gudykunst & Ting-Toomey, 1988) -all interpersonal phenomena. Thus we find Hofstede's four dimensions to be relatively robust in predicting cultural differences, in this case, asian american cultures. Hofstede (1980, 1983) identified four factor analytically derived dimensions of culture. They are, individualism-collectivism, Power distance, Uncertainty avoidance and Masculinity-Femininity.

Individualism-Collectivism

This dimension has been identified as a major component of cultural variability (Parsons & Shils, 1951). In individualistic cultures, "people look after themselves and their immediate family only", whereas in collectivistic cultures "people belong to ingroups or collectives which are supposed to look after them in exchange for loyalty" (Hofstede, 1980 p.390). Individualistic cultures score high on McClelland's (1961) achievement motive where as collectivistic cultures score high on the affiliation motive. The U.S. is an example of individualistic culture, while Japan is a collectivistic culture. People in individualistic cultures tend to manage their impressions differently from people in collectivistic cultures. For example, in an organizational setting in the U.S., the evaluation of a worker would be based on individual performance whereas it would be based on one's contribution to the group in Japan.

Power distance

Power distance is defined as " the characteristic of a culture, that defines the extent to which the less powerful person in a society accepts inequality in power and considers it as normal" (Hofstede, 1984, p.390). Arab countries are good examples of high power distance cultures and Austria is a low power distance culture. In high power distance cultures, parents value obedience in their children more than those in low power distance cultures. Power distance has important implications for sales presentations. In high power distance cultures subordinates try to manage their self- presentations by pleasing their superiors (e.g., giving gifts), conversely, in low power distance cultures where the relative inequality between superior and subordinate is lesser, subordinates tend to manage their images in the eyes of superiors through their performance.

Uncertainty avoidance

Uncertainty avoidance refers to "a characteristic of a culture that defines the extent to which people within a culture are made nervous by situations that they consider to be unstructured, unclear or unpredictable, and the extent to which they try to avoid such situations by adopting strict codes of behavior and a belief in absolute truths" (Hofstede, 1980, p.390). Japan and Singapore are examples of strong and weak uncertainty avoidance cultures, respectively. According to Hofstede, cultures of high uncertainty avoidance display emotions more than low uncertainty avoidance cultures. In addition, low uncertainty avoidance cultures exhibit lower stress levels, weaker super egos, and greater acceptance of dissent, and more risk-taking than high uncertainty avoidance cultures. Based on this dimension we can say that the sales presentations of individuals from high uncertainty avoidance cultures tends to be less successful in a novel situation than individuals from low uncertainty avoidance cultures.

Masculinity-Femininity

According to Hofstede (1980), high masculinity refers to " the high value placed on things, power and assertiveness while systems in which people , quality of life and nurturance prevail are low on masculinity or high on femininity" (Hofstede, 1980 p.390). Norway and Japan are examples of feminine and masculine cultures, respectively. Masculine cultures emphasize differentiated sex roles, performance, ambition and independence, whereas feminine cultures place important on overlapping social roles for the sexes, quality of life, service and interdependence. Therefore, a person from a masculine culture may not be successful in his/her sales presentations when dealing with a woman from a feminine culture, since women are not treated equally in many masculine cultures and are not expected to perform a variety of tasks. This dimension is more important in an organizational context considering an increase in numbers and jobs of working women.

Marketing Strategies for Asian Americans: Guidelines based on Hofstede's dimensions

Based on Hofstede's cultural dimensions, research in cross-cultural psychology had identified several differences in the communication styles of asian-americans (e.g. Gudykunst et. al. 1988). Therefore, in order for marketing strategies such as sales presentations to be successful, the sales person should take into consideration the different communication style and adapt their sales presentation to suit the behaviors of asian americans.

In this section we will examine the cultural differences in asian-american communication styles with specific

reference to verbal self- presentations. Verbal interaction styles reflect and embody the affective, moral and aesthetic patterns of a culture (Gudykunst et al.,1988). Research has identified three styles of verbal communication: elaborate versus succinct, personal versus contextual, and instrumental versus affective .

Direct vs indirect style

According to Ting-toomey (1988), members of individualistic cultures tend to maintain congruence between their private and public self image, while in collectivistic cultures, the self is a situationally and relationally based concept. Similarly, in individualistic and low context cultures, where a direct mode of interaction exists in day to day life, a direct behavior is viewed as less dangerous than an ambiguous mode of interacting. In contrast, the same behavior would be considered highly threatening and unsettling in a high context and collectivistic culture.

Knowledge about facework among different cultures could increase one's effectiveness at sales presentation in an intercultural situation. With increased global business, negotiations have become a common phenomena among different cultures and effective sales presentation plays key role in the negotiation process. According to Ting-Toomey (1988), individualistic and low context cultures consider negotiation as an overt communication process based upon immediate cost-benefit expectations. Hence, it follows a linear, logical pattern. In collectivistic, high context cultures, however, negotiation is considered as an accumulative, long term process based on long-term cost-benefit comparisons. It follows a spiral logic pattern. In order to succeed in effectively managing sales presentations while interacting, one must consider the predominant mode of interaction. For example, an individual from individualistic culture will directly ask another for a favor. But, in collectivistic cultures, individuals ask others favors indirectly through third party. Similarly, negotiations or conflict resolutions are often indirect and involve third party in collectivistic, high context cultures. These findings imply:

Proposition - 1: For a sales presentation to be effective, the sales person should use a direct mode of interaction if the asian americans are from high individualistic cultures.

Proposition - 2: For sales presentation to be effective, the sales person should use an indirect mode of interaction if the asian americans are from a low individualistic cultures.

Elaborate vs Succinct style

This dimension deals with the quantity of talk that is valued in different cultures. Therefore, an elaborate style refers to the use of rich, expressive language in everyday conversation, while a succinct style includes the use of understatements, pauses and silences (Grice 1975). The linguistic patterns of Arab cultures reflect the use of an elaborate style of verbal communication. In studying the Arab language, Shouby (1970) notes that, "fantastic metaphors and similes are used in abundance, and long arrays of adjectives to modify the same word are quite frequent". In analyzing the differences between Arabs and Americans, Prothro (1970) found that mere statements of Arabs are considered extreme by Americans. With regards to the succinct style, the other end of the continuum, Johnson and Johnson (1975) found that the Japanese often use indirection, circumlocution and silence in everyday language. Furthermore, Hall (1983) found that *ma*, or silence is dominant in Japanese communication. Therefore, individuals from moderate uncertainty and high context cultures tend to use an elaborate style; individuals in low uncertainty avoidance, low context cultures use exacting styles, and people from high uncertainty avoidance cultures use a succinct style of verbal communications.

Based on the findings reviewed above, it appears that quantity of talk in a situation is related to the effectiveness of sales presentations between cultures:

Proposition-3: For sales presentations involving asian americans to be effective, the sales person should use an succinct style of verbal sales presentation since majority of them belong to high uncertainty avoidance.

Personal versus Contextual Style

According to Gudykunst et al. (1988):

Verbal personal style is individual-centered language, while verbal contextual style is role-centered language. Verbal personal style refers to the use of certain linguistic derides to enhance the sense of "I" identity, and verbal contextual style refers to the use of certain linguistic signals to emphasize the sense of "role" identity. In the verbal personal style, meanings are expressed for the purpose of emphasizing "personhood", while in the verbal contextual style, meanings are expressed for purpose of emphasizing prescribed role relationships (p.109).

Mishra (1982) studied the differences in Indian English and British English speaking people and observed that Indian English speakers provide many minor contextual parts of a story, before presenting the main thesis. In contrast, speakers of British English provide the topic first and then present the relevant information. Examples of

similar findings for other cultures abound. For instance, Young (1982) found that the Chinese use an extensively contextual style. Okabe (1983) found that Japanese is a status oriented language or context oriented language. Similarly Yum (1987b) found that Korean is also context oriented language. Thus, cultures high on power distance, collectivistic cultures tend to use a contextual style; conversely, while cultures low on power distance, individualistic cultures prefer a personal style of verbal interaction (e.g. Young 1982). Thus, we propose the following:

Proposition-4: Sales presentations tend to be more effective, if the sales person uses a contextual style of verbal sales presentation when interacting with asian americans who primarily are from collectivistic, and high power distance cultures.

Instrumental versus affective style

Gudykunst et al (1988) noted that "instrumental verbal style is sender-oriented language usage and the affective verbal style is receiver-oriented language usage. The instrumental style is goal-oriented in verbal exchange and the affective style is process-oriented in verbal exchange"(p.112). Adelman and Lushing (1981) found that Arabs use a dramatic, affective style of verbal communication in everyday discourse. For Americans, the digital level of verbal communication is the prime concern for effective face-to-face communication. Other studies found the Japanese and Korean languages emphasize an affective, intuitive style (Okabe, 1983; Park, 1979). Conversely, members of individualistic cultures tend to engage in a instrumental style of verbal communication. Denmark, the Netherlands, Switzerland and the U.S. are some of the cultures that use instrumental styles of verbal communication, while most Arab, Latin American and Asian cultures use an affective style of verbal interaction. Thus, we propose that:

Proposition-5: Sales presentations will effective if the sales person uses an affective style of verbal sales presentation when interacting with asian americans who primarily belong to collectivistic cultures.

Conclusion

The major objective of this paper is to address the cultural differences between asian americans and the rest of the U.S.. Based on Hofstede's cultural dimensions, we developed several propositions that might guide a sales person in adapting his/her sales presentation to the asian american customer. The propositions on the dimensions of cultural variability proffered in this paper are post hoc and,

therefore, must be considered hypotheses for future research. Although this study attempts to predict sales presentation effectiveness based on Hofstede's cultural dimensions, one should consider certain limitations of these propositions. Firstly, these propositions are not immediately applicable since empirical research is needed in order to further provide support these propositions. Also may find several segments withing asian american market such as Japanese, Chinese and Indian. This study does not attempt to differentiate among these segments and ties all the different races into one market - asian american. Future research should further explore in order to identify cultural differences among different segments in order to improve the intercultural interaction. Another variable that one should consider is the degree of acculturation. Individuals with high degree of acculturation may not have any differences in their communication styles from the western cultures. This study is an initial attempt to recognize the differences in communication styles in aiding marketers. We hope we have raised an important issue that stimulate further investigation. The fruits of this stream research would go a long way in attempting to minimize potential *faux pas* when dealing with asian american cultures.

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THREE ATTITUDINAL FACTORS OF NATIVE AMERICAN PURCHASE BEHAVIOR: A STUDY OF THE PLAINS INDIAN CONSUMER OF NORTH DAKOTA

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Abstract

The Native American population receives only a fraction of the attention devoted toward other minorities. However, their purchasing power, attitudes, and consumption patterns are extremely important to those serving their market. Presently, little research has been directed toward the consumer behavior of Native Americans. The present study was exploratory and investigated Native Americans in North Dakota and their attitudes toward price, brand choice, and advertising. Results indicate Native American consumers are more attentive to price, have a propensity to purchase generic brands, and are subject to family influence.

Introduction

Subculture research in consumer behavior is becoming more important every day. The population projection for the year 2080 anticipates a make-up of 11% Asian-Americans, 19% Hispanic-Americans, 16% African-Americans, and 55% non-Hispanic white (Anderson 1991). This projects a significant change from the 1990 composition of 3% Asian-Americans, 8% Hispanic-Americans, 13% African-Americans and 76% non-Hispanic white. Two important streams of consumer research are directed toward African-Americans and Hispanic-Americans. However, Native Americans have received little attention in consumer behavior literature.

Similarities between Native Americans and Hispanic-Americans are easily identified. For example, ties to their cultural heritage are important. Native Americans and Hispanic-Americans are strongly tied to their communities. The literature is rich in empirical work devoted toward Hispanic-Americans. The similarities between Hispanic-Americans and Native Americans suggests that some of the Hispanic-American consumer research findings may have application to Native American populations also. Our exploratory research draws heavily from previously published literature on the Hispanic-American consumer in its hypothesis generation.

Three specific areas examined by our research are: attitude toward price, attitude toward the brand, and attitude toward advertising. Consumer behavior research indicates that Hispanic-Americans are very sensitive to price (Hoyer and Deshpande 1982), very price oriented and careful in shopping (Sturdivant 1969), and place much importance on price (Webster 1991).

Hispanic-Americans are very price oriented and careful in shopping (Hoyer and Deshpande 1982). It is posited that Native Americans are extremely price sensitive, check prices more frequently, and purchase the least expensive items possible.

H_{1a}: Native Americans will check prices with greater frequency than non-Native Americans.

H_{1b}: Native Americans will purchase the least expensive items more often than non-Native Americans.

Hispanic-Americans tend to buy high prestige brands (Hoyer and Deshpande 1982), are not likely to buy new and different products (Valencia 1982), and are highly brand loyal (Gadsden 1985, Sturdivant 1969). Accordingly, Native Americans are expected to be very brand loyal due to lower perceived risk in purchasing brand name items.

H_{2a}: Native Americans, when compared to non-Native Americans, perceive branded products more favorably than generic products.

H_{2b}: Native Americans, when compared to non-Native Americans, will switch brands more frequently.

Hispanic-Americans were determined to value advertised brands (Loudon and Della-Bitta 1979) and have favorable attitudes toward advertising (Guernica 1982). Native Americans are expected to exhibit a propensity to purchase advertised brands.

H_{3a}: Native Americans place a higher importance on advertising than non-Native Americans.

H_{3b}: Native Americans, when compared to non-Native Americans, buy advertised brands frequently.

Methodology

In initial discussions, Native American tribal and community leaders expressed a concern about the excessive surveying of their populations, the potential mis-use of the information gathered, and the reluctance of the tribal residents to provide information to non-Native Americans. A methodology that addressed these concerns emerged. Central to this methodology was the concept that business students at the three tribal community colleges would actively participate in all phases of the research. This approach provided an academic experience not otherwise available for the students and facilitated access to the tribal populations. This project was incorporated by community colleges into existing marketing classes to provide hands-on experience. Use of the survey results are limited to academic, noncommercial purposes unless specifically authorized by the tribal community colleges.

A questionnaire was developed and administered to residents of three reservations and two rural communities of non-Native Americans in North Dakota. The reservations sampled were Turtle Mountain, Standing Rock, and Fort Berthold. The Turtle Mountain Reservation population consists largely of Chippewa and Metchif tribes. The Standing Rock Reservation is predominantly Sioux. Three Affiliated Tribes make-up the population of Fort Berthold. The rural communities were Mohall and Garrison. These communities were approximately the same size and distance from major shopping areas as the reservations studied.

Questionnaire

The questionnaire included three major sections. The first section consisted of a series of statements with five point Likert-type responses. The responses ranged from 1 (strongly disagree) to 5 (strongly agree). These statements were designed to measure a respondent's attitudes toward price, advertising, and branding. (Items are included in [table 1](#).) The second section was a series of paired comparisons of factors relative to the purchase of a major item such as an appliance. The third section captured standard demographic information such as age, income, gender, educational level and primary tribal background.

Sample

Population listings of reservation inhabitants proved difficult to gather. This was due to many tribal members not having telephones and the rural nature of the population. Data was gathered by Native American community college students through convenience sampling. These interviewers were trained in interviewing techniques through role playing exercises. Each residential area of the reservations were

contacted. Households were randomly selected and respondents were required to be over eighteen years of age.

A total of 417 Native American surveys were completed. Turtle Mountain Reservation returned 156, Standing Rock Reservation returned 154, Fort Berthold returned 107. There were 87 non-Native American surveys from the Mohall and Garrison communities.

Results

Native American responses were compared to non-Native American responses through t-tests. Responses from the three reservations were combined and the means were contrasted with the combined responses from Mohall and Garrison. The results are presented in [table 1](#).

The area of the survey that contained the most striking results was that related to price. Native Americans were less concerned about the price they paid for a product than non-Native Americans (Item 4). Native Americans indicate that they check prices more frequently than non-Native Americans (Item 2). This supports H_{1a} . Curiously, this mean response does not appear consistent to the Native Americans' response on Item 3 that is marginally significant. H_{1b} is marginally supported, yet responses appears to contradict Item 4. More investigation is necessary in this area.

Native American respondents expressed a greater affinity than non-Native Americans for generic items name than brand items (Item 5). While statistically significant responses were in the opposite direction from that hypothesized. Hence, H_{2a} is not supported. The Native Americans also demonstrated no difference in their inclination to switch brands than did non-Native Americans (Item 6). This supports H_{2b} .

Native Americans' responses to advertising indicated they placed no higher an importance on advertising than non-Native Americans and no difference from non-Native Americans in their purchase habits of advertised brands (Item 9 and Item 10). Neither H_{3a} nor H_{3b} are supported. One response that was not anticipated concerned the importance of advertising when compared to the recommendations of a family member. Native Americans tended to place greater importance on advertising than recommendations of family or friends (Item 11).

Conclusions

Native Americans have some characteristics of consumer behavior in common with Hispanic-Americans. Their

Table IX
Response Means

| Attitudinal Factor | Non-Native American | Native Americans | t-value df= 502 | p |
|---|---------------------|------------------|--------------------|------|
| Price | | | | |
| 1. You get what you pay for. | 2.517 | 2.7530 | -1.83 | 0.06 |
| 2. I check prices of even small items such as candy. | 2.874 | 2.5923 | -2.28 | 0.02 |
| 3. I purchase items that I want regardless of price. | 2.7931 | 2.5516 | 1.84 | 0.06 |
| 4. I purchase items that I want regardless of the price. | 3.5517 | 3.0120 | 3.90 | 0.00 |
| Brand | | | | |
| 5. I usually buy generic products rather than brand name items. | 2.8966 | 3.2446 | -2.63 | 0.00 |
| 6. I don't switch brands frequently. | 2.7586 | 2.7890 | -0.24 | 0.81 |
| 7. Name brand products are better quality than generic items. | 2.8621 | 2.7890 | 0.54 | 0.59 |
| 8. I will go out of my way to get the brands I want. | 3.2989 | 3.1295 | 1.19 | 0.23 |
| Advertising | | | | |
| 9. I feel that ads are an important source of information about products. | 2.4368 | 2.3933 | 0.35 | 0.78 |
| 10. I tend to buy products that I see or hear advertised. | 2.9540 | 2.8201 | 1.10 | 0.27 |
| 11. Advertising is not as important to me as a recommendation of friend or family member. | 2.1839 | 2.6547 | -3.95 | 0.00 |
| 12. Products that are advertised heavily tend to be more expensive. | 2.2874 | 2.3405 | -0.43 | 0.66 |

attitudes towards price and brands are similar, but their attitudes toward advertising are more similar to non-Native Americans than Hispanic-Americans.

This exploratory study provides some insights into purchasing behavior and attitudes of Native Americans residing on three separate reservations. Although this study is extremely limited, it addresses an area of consumer behavior not dealt with previously. The significant

differences indicate that more research is warranted. One area warranting further study is the differences between specific tribes. This study should also be expanded to include other geographic regions of the United States. By consolidating results of subsequent research, a significant contribution can be made to the body of knowledge of consumer behavior. While one might feel that this group is too small to merit study, their natural resources, land, and and political clout make them a potentially important market.

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AN EXAMINATION OF THE ETHICAL DISPENSATION OF HEALTH CARE IN THE UNITED STATES

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Abstract

This paper examines public policy and private sector initiatives in the management of health care. The cost of providing basic medical treatment for all Americans is a dominant aspect of this topic. In addition, there is the consideration of the accessibility of health care to minority subcultures. A specific area of medical care that is addressed in this article is organ and tissue transplants and how minorities can better avail themselves of these donor and treatment options.

Introduction

Health care expenditures in the United States are increasing so rapidly that they dominate the reporting of current events in all news media. Containing medical costs and making health care available to all Americans was a major theme of the 1992 election campaign. The significance of this issue was further amplified when the newly elected President Bill Clinton named his wife, Hillary Rodham Clinton, as the major overseer of a task force to redefine how health care is administered and funded in the United States.

While these broad issues of medical treatment are pressing concerns of national attention, an associated, and equally important issue is facing minority population groups that is directly related to their specific needs. Have African-Americans, Asian-Americans, and Hispanics been considered in the development of the existing marketing mix for health care and will their needs be addressed in the inevitable newly devised programs?

First, this paper discusses the burgeoning cost of health care that has caused it to become the spotlight of national focus. Second, attention is directed to the controversy over whether minorities receive medical treatment on par with the white population of the United States. Third, the study addresses some of the possible reasons for disparities in therapy approaches. Fourth, there is a discussion of organ and tissue transplants and whether minority groups are being made aware of donor

programs. In conjunction with the subject of donating organs and tissues is the issue of whether Hispanics, Asian-Americans, and African-Americans are on the recipient end of receiving the procured organs.

The Cost of Health Care

The expense of medical care is rising at such a pace that medical expenditures have grown from 4.5 percent of the Gross National Product in 1955 to 11.4 percent in 1989, for a total expenditure of \$542 billion. Another way to look at the amount is to consider it to be \$1,500 for every man, woman and child (Luthans and Davis 1990). The cost of paying for medical treatment is considered a serious social problem as middle and low-income people find it increasingly difficult to afford the quality medical care that Americans have come to expect. Public policymakers are taking a greater interest in medical costs because city, state, and federal governments are paying for a large percentage of hospital care. Misek and Reynolds (1982) stated that in the thirteen years immediately following the 1966 inception of Medicare and Medicaid, publicly financed expenditures for health care increased to approximately 40 percent of the payments being made. Additionally, third-party insurers such as Blue Cross, Blue Shield, employers and their medical insuring agents are pressuring health care providers to contain, if not lower, medical costs.

Minority Access to Medical Treatment

American society is in the midst of pivotal lifestyle transformations that are impacting the delivery of health care. Significant among the changes is an aging population. Yet, as life spans for all Americans lengthens, the disparity between the longevity of whites and African-Americans remains stubbornly significant. White Americans have an average life expectancy of 76 years in comparison to the 70.3 mean life expectancy of African-Americans (Gorman 1991).

Louis W. Sullivan, M.D., the previous Secretary of Health and Human Services (1991) stated that the increased risk of illness and death continue throughout the lives of black Americans as they are at greater risk of cancer, heart disease, stroke, acquired immunodeficiency syndrome, and other ailments. Dr. Sullivan linked the decline in the health

status of African-Americans to not only lifestyle differences from the general population, but also discrimination and racism in the American health care system.

Brooks, Smith, and Anderson (1991) spoke out even more strongly by equating the American system to medical apartheid. These authors related the United States of America to the Republic of South Africa as being the only industrialized countries that perceive health care as a privilege. George D. Lundberg, M.D., editor of the *Journal of the American Medical Association* (1991) stated that the basis for this proclamation stems from a number of facts. For one thing, South Africa and the United States are the only developed countries having no national health policy ensuring access to basic health care to all citizens. These are also the only two countries that have a considerable sized underserved population that is ethnically dissimilar from the group controlling health care. Having renowned physicians who represent major medical institutions and organizations make such statements is extraordinary and lends credibility to the assertion of institutionalized racial discrimination in the access to health care in America. Even more cautious researchers who use moderate language counsel that stress associated with racism and various forms of discrimination within our health care system are possible factors in the health problems visited upon minorities (Gittelsohn, Halpern, and Sanchez 1991; Polednak 1991).

Americans of Hispanic and Asian American descent, in addition to African-Americans are less likely to have health insurance and access to medical care than the white population. Lacking insurance, these minority groups are more likely to use hospital facilities than private physicians as sources of primary care. Once hospitalized, patients without insurance have been found to have significantly fewer expensive diagnostic studies and an increased risk of in-hospital death (Hadley and Steinberg 1991).

Some people may point to the availability of free clinics as a point of access to medical treatment by minorities who are members of the working poor. Yet, the waiting time required of patients at these facilities is generally so long that it means lost wages for those who can least afford them. Many patients become impatient and leave without treatment, only to return at a later point in time when their illness has become more critical.

Access to care does, of course, mean having the financial wherewithal to secure medical treatment, it is additionally a function of patient perceptions of their ability to receive quality therapy, availability of care to prospective patients, and the referral network that would channel patients to the appropriate specialists (Gittelsohn, Halpern, and Sanchez 1991). Restricted access to care also results when health

care providers use social class as a determinant of patients ability to pay and when the dispensers of medical treatment are influenced by language and cultural barriers that exclude Hispanics, Asian-Americans, and Blacks from the system (Lundberg 1991).

Minorities that are clustered in urban neighborhoods and rural areas find that medical practices have largely abandoned these environs and migrated to less accessible medical centers in suburban areas (Brooks, Smith, and Anderson 1991; Lundberg 1991). A 1986 study found African-Americans seeing physicians at a significantly lower rate than whites. The white population averaged 4.4 visits per year while African-Americans visited a doctor on average 3.4 times per year (Blendon et al. 1989).

Access to health care for Blacks has also been affected by the undersupply of black physicians. Black physicians treat more patients of African-American lineage than do physicians of other racial groups. Unfortunately, the number of African-American physicians available to attend to their own ethnic group has been steadily declining from a total of 26,000 in 1984 to 16,000 in 1990 (Gorman 1991). This decline has been attributed to the cut backs in medical student scholarships that profoundly impact the ability of minorities to attend medical school.

The Deselection of African-Americans in Surgical Procedures

White patients are more likely than black patients to undergo discretionary surgeries. This is partially a function of income (Gittelsohn, Halpern, and Sanchez 1991). The difference is also fueled by the fact that African-Americans are less likely to have any medical insurance, private or otherwise. Blacks possessing private insurance coverage are 72.5 percent of all African-Americans as opposed to 85.1 percent of the whites having private insurance. Blacks are also concentrated in states whose Medicaid programs provide the lowest levels of coverage (Blendon et al 1989).

America's dual standard health care system for whites versus people of color has been noted even when the patients' ability to pay for medical treatment is ruled out as a factor. For example, technological improvements in the field of medicine have made organ and tissue transplants an increasingly viable option for both sustaining life and improving the quality of life for men, women, and children. A report released by the Inspector General of the Department of Health and Human Service found that of 17,000 individuals waiting to obtain a kidney transplant during the period spanning October 1, 1987 and March 31, 1989, whites waited an average 7.6 months, while Blacks waited 13.9 months, almost twice as long (Sullivan 1991).

Sex and age were also factors leading to a system where young, white males received the highest priority for transplant procedures and older, black females were least likely to become recipients of kidney transplants (Kutner and Brogan 1990). Another factor that negates the objectivity of the system is the desire of some donors to specify who is to receive their organs. Such specifications are against the policy of the United Network for Organ Sharing (UNOS), but it is believed that the practice may indeed occur. Other list-jumping occurs when a potential recipient is able to gain the support of the media or powerful politicians to promote their case.

Probably the most controversial exception to the UNOS formally stated criteria for organ transplants is when wealthy foreigners donate large sums to medical centers, which leads them to receiving organs before Americans (Hayes 1988). International patients travel to the United States for transplants because donated organs are in even shorter supply in their native countries. For example, Buddhist religion stresses that bodies must be intact to pass on to the next life. Therefore, few family members are willing to capitulate to the request for organ donation if they are believers of Buddhist tenets.

Patients in countries such as Japan face the additional hurdle of many of their physicians and laymen not embracing the philosophy that an individual can be brain dead. Acceptance of the concept of brain death is necessary for physicians to remove the vital organs of patients with no brainwave activity while the organs are still functioning and healthy. Wealthy patients needing organ transplants who reside in countries where religion and other cultural traditions create barriers to the transplant process avail themselves of American organs and treatment by making substantial gifts to the medical facilities where they seek treatment.

Physicians bring with them all of their biases, preferences, and other subjective selection criteria when they choose who to inform of the option of organ transplants and who to refer to the appropriate specialists and medical transplant facilities. However, it is unfair to give the impression that African-Americans are deprived of these life-preserving options completely because of racial prejudices. Another critical reason why Blacks do not receive organ transplants has to do with the fact that health professionals have increased difficulty in successfully matching tissue types of donated organs to African-American recipients. Much research still needs to be conducted before the reasons for this predicament is fully understood. Presently, the best understanding appears to be that African-American, Asian-American, and Hispanic recipients seem to match up best with donors who are of the same ethnicity. Unfortunately,

minorities are less likely to donate their organs for transplant than are whites (Kutner and Brogan 1991).

Future Research: Encouraging the Minority Population To Become Organ and Tissue Donors

Minorities must become an increased part of the organ and tissue donor pool if more minority recipients are to achieve successful tissue matching and qualify for transplant procedures. A number of concerns felt by potential organ donors need to be considered and addressed. They include the following:

1. What are the religious ethics of organ donation?

The majority of western religions consider organ donation to be a humanitarian action that is consistent with their beliefs. However, if the potential donor has questions, he or she should consult their clergy.

2. What if I change my mind and later decide against donating my organs?

Changing your mind is easy to do by destroying any donor form you may have completed or marking out the donor information you may have noted on your driver's license.

3. Can my family either make the donation or block my desire for donation of my organs after my death?

Yes, on both counts. Therefore, you should discuss your desires with your next of kin in advance so that they clearly understand your wishes.

4. Will organ donation affect my hospital bill?

No, the organ and tissue procurement agency will assume the costs of removing your organs.

5. Will it be possible to have an open-casket funeral if my organs have been removed for donation?

Yes, because the donor's appearance will not be changed in any way even if it is the eyes that were donated.

6. My biggest fear is that my organs may be harvested prematurely, by that I mean that the same conscientious efforts will not be used to preserve my life as might be used if I had not agreed to be an organ donor.

This should not be a consideration in your deciding whether or not to donate your organs or tissues. The quality of medical and nursing care will be the same

regardless of your decision to become an organ donor. The attending physician who will treat you may in no way be associated with the donation or transplantation of organs and/or tissues.

Future investigation would look to see how these concerns can best be minimized so as to encourage the minority population to sign up to donate their organs and tissues. Such research would also explore whether educational programs making African-Americans, Asian-Americans, and Hispanics aware of the need for their participation would encourage more minorities to sign donor cards. Finally, future research is desired to see if there might be incentives that could be pragmatically offered to promote donor sign-up.

A paradigm for developing on-going donor programs can be found in the March 30, 1993 bone marrow drive held by the Alpha Phi Alpha Fraternity Incorporated and the Alpha Angel Organization of the University of Akron. An interview with Angela Means, organizer of the bone marrow drive, revealed that their promotional campaign was well supported by the local media. Both the university community and the greater Akron and Cleveland areas responded to their request for minorities to be tested for inclusion in the National Marrow Donor Registry.

Conclusion

The marketing of medical treatment to the minority population in the United States is receiving increased attention in recent years and rightfully so. Using the commonly employed marketing mix of the four P's (product, price, promotion, and place), the importance of studying health care can be recognized. An examination of the four P's also focuses attention on the questionable ethics exercised in the allocation of medical resources among the American population.

The price of health care has become such a staggering burden to individuals and employers that conventional wisdom finds that the cost and payment issue must be addressed and revamped for the entire American population. The minority population will find the price to them more tolerable once the issue is better managed for the population as a whole.

Health care as a product is constantly in the process of being redefined. Is it a matter of preventative medicine that would modify lifestyles to reduce the incidence of heart disease, cirrhosis of the liver, lung cancer, and acquired immune deficiency syndrome? Or have minorities who suffer the indignity and stress of racial discrimination developed a pattern of escape and coping that makes these

diseases inevitable; therefore, medical care means dealing with these diseases after they have developed?

Access to adequate medical treatment represents the place in the marketing mix. The criteria for access consists of:

1. Insurance, private and/or public, that allows all citizens the entry to basic health care opportunities.
2. Medical care providers who are situated in locales that are within practical reach of those needing medical attention, whether the patients be located in urban, suburban, or rural areas.
3. A health care system that is free from cultural and language barriers that serve as obstructions to minorities receiving the same level as medical treatment as the dominant segment of society.

Promotion needs to be attacked from three different vantage points. First, minorities must be educated in terms of healthier lifestyles that deter the onset of illnesses and diseases that are preventable. Second, the education program should be extended to make Asian-Americans, African-Americans, and Hispanics aware of the health care options available to them in terms of alternative treatments and organ transplants. Third, these minority groups should be informed of organ and tissue donor programs and encouraged to participate using promotional techniques that are culturally relevant. The increased participation on the part of minorities enlarges the donor pool overall and it has the additional advantage of providing organs for minority patients who are currently finding it difficult to be successfully tissue type matched.

Clearly the ethics issue that faces America in the arena of health care rests on many shoulders. Public policy determining payment plans and the priorities established by government officials is only one aspect. Health care providers can do much on an individual level as well as through organizations such as the American Medical Association and the National Medical Association to shape the treatment afforded minorities. Perhaps the most crucial area of all is that of minorities taking responsibility for their own health and well-being and making the personal sacrifices to help other individual live longer and more productive lives.

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RACIAL DIFFERENCES IN PATRONAGE BEHAVIOR TO A MUSEUM OF FINE ARTS

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ABSTRACT

This article examines the differences between blacks and whites with regard to their patronage and use behavior of a fine arts museum in the Southeastern U.S. Significant differences were found between the races with regard the knowledge of the museum, attendance to the museum, reasons for attendance, media usage and demographic characteristics. Strategy implications are suggested as a means of reaching the underserved minority segments.

INTRODUCTION

An issue which has received increased attention recently among museum administrators and marketers in the United States is the lack of attendance from minority segments of the population. The primary groups of concern are the black and the hispanic sub-cultures. Numerous efforts have been made to attract these so called "underserved" segments, in the form of special sub-culture exhibits, events and educational programs. A number of grants have been made available from various foundations to accomplish these ends.

In 1992, AT&T committed itself to financially back ten shows of "artists of color" to show concern for blacks and other minorities. The Lila Wallace-Reader's Digest Fund recently provided a \$1.5 million grant to the Indianapolis Museum of Art to reach "diverse and underserved populations." The same Foundation provided a \$1 million dollar grant to the Shakespeare Festival of The Arts in Montgomery, Alabama to reach minority audiences (Lila Wallace Fund). The Metropolitan Life Foundation awarded a number of similar grants in 1992 (Metropolitan Life Foundation). Due to the cuts in funding to museums and art institutions everywhere, these organizations are stepping-up marketing efforts to all segments of the community in search of support (Skolnik 1992).

However, many in the museum management profession argue the existence of disparity between the races with regard to participation in or patronage to museums. Cole (1992) argues that blacks are oblivious to the opportunities and pleasures offered by museums. However, a question of importance is to what extent minority attendance to

museums is lacking and why? This study examines the differences in museum patronage behavior between white and black citizens at a fine arts museum in a Southeastern U.S. city.

Based upon survey data of area households, the study focuses on the degree to which the black residents are "underserved." The museum which was the subject of the study (referred to as the "MMFA Museum" henceforth) is a 70 year old institution which recently moved into a multi-million dollar new building in a city owned and managed cultural park. Though the new building funding and much of the museum's collection are private sector donations, it is publicly owned and operated. Historically, the MMFA museum was a "white" institution and its major supporters in the community are from the established white population. The management of the museum is concerned with the lack of minority involvement.

It should be noted that there are a substantial number of African-American Art Museums which serve the African American culture in the United States (Austin 1982). According the African-American Museum Association, there are 80 of these institutions, which are primarily concentrated in the Northeast U.S. Numerous other museums do exist around the country to serve various minority cultures such as Asian and Jewish. However, the largest most established art museums in the U.S. have an Anglo-European heritage which is reflected in the collections and displays. According to a 1987 study, more than 90 percent of the exhibits from 1980-1987 in the major galleries of New York City were devoted exclusively to the work of white artists (Sturgis 1990).

BACKGROUND LITERATURE

A review of the marketing literature reveals a significant stream of research in the areas of minority marketing and ethnic consumption patterns going back as far as the 1950's (Alexander 1959). Andreason (1980) noted a decline in the interest in disadvantaged consumers among the academic community in the 1970's. However, interest in minority segments seems to continue to be strong due the fast growth in these populations, particularly Hispanic. Most of this research addresses the impact of race on

consumption behavior, and is focused primarily on Black and Hispanic consumers (Stamps 1986). Other fields of scientific inquiry have addressed this issue as well, including anthropology, sociology, political science and geography (Green 1990). A number of studies have identified differences in black and white consumers (for a review see Assael 1984, Green 1990 and Stamps 1986). These studies have identified differences in product purchases, brand purchases, price behavior, shopping behavior, media behavior and demographic differences.

In summary, black consumers are younger, less affluent, less educated, and more likely to reside in inner-city areas (Engle et.al. 1990). Purchasing patterns for product categories is another difference which has been identified in which blacks have been found to differ from whites (Larson 1968). Blacks have been described as more brand loyal than whites (Advertising Age, May 18, 1981, p. S-2). With regard to specific brand choices, Larson (1968) found differences in the two groups. Differences have also been found with regard to media behavior (Choudhury, et.al. 1976, Glasser and Metzger 1975).

A review of the trade literature reveals a great deal of interest in minority markets, and specifically in the black segment. Hundreds of articles dealing with minority marketing on an industry specific basis were identified by the authors in almost all fields including banking, insurance, travel, foods, hotel and restaurant, entertainment, beverages, food, cosmetics, clothing and even art. These are too numerous to address here.

The marketing literature addressing museum marketing is scant, and limited to several articles in trade magazines, but in a very limited way through trade publications. However, marketing activity and strategy is nothing new and has long been practiced by major museums in the United States. The Smithsonian Institute, for example, has applauded for their effective use of direct mail (Rosenfield 1992). With regard to the marketing of museums to the black population, no marketing literature was identified.

METHODOLOGY

Data for this study were collected from 412 households by telephone interview from a three county metropolitan area in a Southeastern U.S. State. The culture and demographic make-up area would be classified as conservative, or, traditional "deep South." Thirty five percent of the population of the three county area was Black according to the 1990 Census. A random digit dialing procedure with four "call back" attempts was used to select the sample from a sampling frame of 3000 phone

numbers. Respondents were asked to categorize themselves by race. The authors acknowledge that this sample from one city cannot be generalized to the general population.

In relation to the population of the area, black respondents were under-represented in the sample. Though 35 percent of the population is black, black households represented only 24 percent of the sample. This is in part explained by the fact that a higher percentage of black households in the area do not have telephones. Chi-square statistics were computed to determine the significance between white and black groups ($p < .05$ is used as a level of significance).

RESULTS

AWARENESS AND KNOWLEDGE OF THE MUSEUM

White respondents were more likely to be aware of the museum than black residents. A statistically significant difference ($p < .05$) was found between white and black respondents with respect to awareness of and knowledge of the MMFA Museum. Respondents were asked to "name any museums in the area," with an open ended question. Forty one percent of all respondents were able to name the MMFA Museum by name. However, 45 percent of white respondents were able to name the museum, as opposed to only 30 percent of blacks.

Those who did not mention the MMFA Museum on an open ended basis were asked if they had heard of the museum on an aided recall basis. More white respondents indicated they had heard of the museum than black, but this was not significant at the .05 probability level.

A significant difference ($p < .05$) was found to exist between black and white subjects with regard to their knowledge of the admission fee charged. While 53 percent of whites did not know what the museum fee was, 72 percent of blacks were not aware of this.

With regard to knowledge of the "sources of funding and ownership" of the MMFA, again the two groups showed highly significant differences ($p = .003$ level) Though 24 percent of the white group were knowledgeable of the source of funds that the museum operated on, only 8 percent of blacks indicated having this knowledge. This is interesting, since the MMFA Museum is a public facility.

USAGE

With regard to attendance to the MMFA Museum, a significant difference ($<.05$) was found to exist between the two groups. While 42 percent of white residents indicated they had been to the MMFA Museum, only 29 percent of blacks had attended.

REASONS FOR ATTENDING THE MUSEUM

Respondents were asked to rank the importance of a list of possible reasons they attended the museum. Though the groups showed differences in the reasons they ranked as important, the chi-square was not significant at the .05 level.

Respondents were also asked why they did not attend the museum. Race was a highly significant factor in explaining differences in why residents did not attend ($<.05$)

MEDIA USAGE

Respondents were asked where they had seen or heard information about the museum. A significant difference ($<.05$) existed between the two groups with regard to their indication of which media they recalled seeing or hearing information about the museum. Whites reported using more print media (newspaper and direct mail) than blacks, who indicated they had learned more from broadcast media (radio and television).

DEMOGRAPHIC DIFFERENCES

Statistically significant differences were found between blacks and whites in the sample with regard to demographic characteristics. Whites exhibited higher income ($<.001$), higher education ($<.05$), had more professional jobs ($<.01$), and were older ($<.05$) than blacks in the sample.

CONCLUSIONS AND IMPLICATIONS

It can be concluded that the situation with the MMFA Museum is similar to that of others around the U.S. in that the black population is underserved. Blacks were less aware of the existence of the museum, less knowledgeable about the museum, its policies and its availability to the public. Fewer blacks had attended the museum less, and they attended for different reasons than whites. Whites and blacks differed with regard to where they reported seeing or hearing information about the museum.

One marketing implication for this and other museums, is that the black segment be targeted for promotion strategy with the objective of increasing awareness and knowledge of the museum. Product implications include the increased display of art which would interest black consumers. Increased involvement with black residents in terms of programs, volunteer use, membership in the patrons society or outreach programs to black organizations. Message implications for promotion strategy suggested are the black community learn to identify with the museum and feel a sense of ownership.

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EMPLOYMENT STATUS AS A BASIS OF SEGMENTATION OF FEMALE CONSUMERS' ADAPTIVE SHOPPING BEHAVIOR

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Abstract

The objective of this research study is to assess the effectiveness of employment status of female head of household for segmenting markets for non-durable goods. Results indicate that employment status correlates with adaptive shopping behaviors of female shoppers.

Introduction

The concept of adaptive behavior deals with the problems facing consumers in an attempt to adjust their lifestyles to accommodate changes of other uncertainties in the economic environment. Households can react to adverse economic situations by increasing family income (e.g., two-income family) or by changing how they spend their income which includes their saving and debt proportions (Converse *et al.*, 1980).

McCall (1977) stated that the continuously rising cost of living, as a major change agent, has contributed to the crucial significance of the supplemental earnings generated by the working wife to the total family income. The second income has become almost essential in the low-to-medium income households. According to one study (U.S. Department of Labor 1982), the money contribution of working wives was around 20 percent among husband-wife families with total annual income between \$3,000 to \$50,000. Zbytniewski (1979) also concluded that the participation of women in the labor force is on the rise.

Marketers have a great interest in recognizing and tracking changes in the demographic trends in the U.S. society because of the long-term marketing management implications of these changes on the business sector. One of the important demographic changes in the 1970s and 1980s was the increasing proportion of working women. In 1940, only 14.7 percent of husband-wife households had a wife employed outside of the home. In 1970, the figure was 40.8 percent. However, in 1982, this figure jumped to 51.2 percent (U.S. Bureau of the Census 1983). In addition, the proportion of women in the labor force increased from one-third in 1960, to over one-half in 1986, and is predicted to continue its growth trend (U.S. Bureau of the Census 1987).

Women have obtained jobs in almost every field of employment. Even though women remain concentrated in the traditionally female occupational fields, in 1982, a substantial increase occurred in clerical and professional occupations (52 percent of all female workers) and in the service occupations (U.S. Department of Labor 1982, p.10).

Joyce and Gultinan (1978) examined the impact of occupation on women's shopping behavior. The findings demonstrated that the professional women differ significantly from housewives and from women with nonprofessional jobs in their shopping behavior. When compared to professional women, nonprofessionals were more responsive to trading stamps, more oriented towards in-store atmospherics and well-known brands, more concerned with in-store information and more amenable to private brands, and (as shoppers) tend to shop around.

Bartos (1977) also indicated that working women do differ from full-time housewives in their shopping behavior. Further, the author emphasizes that there is a need to go beyond this simplistic comparison in order to have a better understanding of these two market segments. Bartos suggested that the focus should be on investigating differences in shopping behavior within the working and nonworking women categories (instead of stereotyping either market).

Another study (Douglas 1975) has also dealt with comparing purchasing behavior orientations of orientations of working and nonworking wives. The findings showed that the differences between these two groups of shoppers appear to be a result of differences in time available for shopping activities. Furthermore, within the working wife category, "women with more progressive views make little use of convenience products and are concerned with economy, while those with more traditional role perceptions tend to have behavior patterns similar to those of nonworking wives (i.e., most inclined to use convenience products and service)" (p.29).

Zbytniewski (1979) concluded that working women, when compared to nonworking women, tend to be less concerned about the distance traveled to go shopping, more interested in purchasing labor-saving appliances, tend to prefer retail outlet with 'one stop shopping,' and rely on in-store stimuli (e.g., displays) in their purchasing decision.

Jackson, McDaniel, and Rao (1985) reported that due to time considerations working wives tend to dislike food shopping and food preparation and are less concerned with the impact of the lack of these two activities on their families.

Objectives of the Study

The objectives of this research are as follows: The first purpose is to examine the effectiveness of several employment status categories in describing shopping behavior orientations of female consumers. The aim is to examine socio-economic correlates of female consumers' shopping behavior orientations. The second purpose is to describe female consumers' adaptive shopping orientations for non-durable goods.

Sample

The sample of this study was drawn from the mailing list of a household research panel in the southern region of the U.S. The selection of panel members is based upon a systematic technique in which each element has a known and equal probability of selection.

A structured questionnaire was carefully prepared, pretested, and mailed to the panel members. Altogether 512 households were contacted with the rate of return for mailed questionnaires at approximately 97 percent. This translated into 496 returned and usable questionnaires. The high rate of return is due to increased cooperation anticipated with usage of consumer panel.

The research instrument contains two parts, each of which was designed to achieve some major aspect of the stated research objectives. Part I of the research instrument deals with identifying coping strategies used by female consumers to minimize the impact of the economy on their well-being. Furthermore, Part I of the instrument was structured to assess the impact of the changing economic environment on consumers' shopping behavior. The adaptive shopping behavior statements were measured on a one to six point agreement scale.

Specifically, the questionnaire was structured to ascertain the following:

The nature and dimensionality of specific consumers' adaptive shopping behaviors as related to economic and environmental changes (e.g., more price sensitivity, less impulsive buying, shopping distance traveled, trade-off related, and so forth).

Part II of the questionnaire included demographic information of the panel members. These data included current employment status of the female head of household.

Adaptive Shopping Behavior Orientations and Factor Scores

Adaptive shopping behavior statements were measured on a one to six point Likert scale ranging from 'strongly disagree' to 'strongly agree.' Factor analysis was used to provide insight about the underlying dimensions (factors), identify variables for inclusions (as dependent variable) in subsequent analysis, and facilitate testing hypothesized relationships in the study.

The factor analysis was accomplished via the factor procedure with a varimax rotation.

The following four principal components were found: factor one labeled shopping trip related; factor two labeled shopping list users; factor three labeled cost (or price) consciousness; and factor four labeled coupon users ('deal-prone') (See [Table I](#)).

Items related to combining shopping trips have the highest loading on factor one. Not taking chances with new products, an aspect of adaptive shopping behavior, has the highest loading on factor two. The buying of budget-priced and generic product items has the highest loading on factor three. The using of more coupons item has the highest loading on factor four.

The scores on the Varimax rotated components were calculated. This created four dependent factor score variables. These four variables were used in the subsequent analysis. Where missing data occurred in the items, the weighted mean of the available items was used to replace scores on the missing items as long as the respondent had scores on more than seventy-five percent of the items. When more than twenty-five percent of the items were missing, the respondent's factor score was set to missing data.

A high score on factor one means being more concerned about shopping distance travelled and a high tendency for preplanned shopping trips. A high score on factor two means less experimentation with new products. A high score on factor three means a high price sensitiveness level. Finally, a high score on factor four means a high level of coupon usage ('deal-prone').

The Independent Socio-Economic Variables

The employment status of the female respondents were chosen as independent variable in this study.

Analyses of Variance

All of the independent variables were used one at a time to model the four dependent variables. The one way analysis of variance procedure was used to analyze the relationships between each of the independent variables and each of the dependent variables. The Kruskal-Wallis one way analysis of variance by ranks was used to provide an alternative estimate of significance in each instance. These results are summarized in [Table 2](#).

Results

As was stated previously, one way analysis of variance and Kruskal-Wallis one way analysis of variance by ranks was used to analyze the data in this study.

[Table 2](#) indicates that there is significant ($p \leq .05$) relationship between employment status of female shoppers with the use of shopping lists and cost consciousness. In addition, female shoppers who retired from their jobs are more likely to use a shopping list and be more cost conscious than employed, unemployed, or housewife female respondents.

The significance of this study lies in its focusing on female consumers' adaptive shopping behavior for nondurable goods. Since this topical area has been neglected in the marketing literature, it is hoped that this study will stimulate future research which will provide more insight and better understanding of female consumers' adaptive shopping behavior in the marketplace.

Some of the areas that future research might consider are a clearer description of the 'latent traits' or 'factor' which may underlay socio-economic variables such as marital status, family income, education, and other 'social class' variables. This approach of describing how 'social class' variables are related to other demographic variables would be very valuable and useful in selecting the superior segmentation correlate(s). Furthermore, this approach might provide us with a combination of segmentation variables rather than searching from a 'one best variable' solution.

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TABLE 1
Factor Analysis of 20 Adaptive Shopping Orientations

| Variable ^a | Communality ^b | Factor Loadings ^c | | | |
|-----------------------|--------------------------|------------------------------|-----|-----|-----|
| | | 1 | 2 | 3 | 4 |
| B1 | | | | | |
| B2 | .65 | | | .66 | |
| B3 | .63 | | | .77 | |
| B4 | .73 | .79 | | | |
| B5 | .69 | .80 | | | |
| B6 | .61 | .74 | | | |
| B7 | | .61 | | | |
| B8 | .59 | .70 | | | |
| B9 | | | | | .61 |
| B10 | .63 | | | | .74 |
| B11 | .52 | | | | .60 |
| B12 | .68 | .72 | | | |
| B13 | | | | | |
| B14 | .53 | | | .66 | |
| B15 | | | | | |
| B16 | .62 | | | | |
| B17 | .53 | | .67 | | |
| B18 | | | | | |
| B19 | .53 | | .69 | | |
| B20 | .60 | | | | |

- ^aB1: More price conscious
- B2: Shopping at stores with cheaper prices
- B3: Buying budget priced generic (no name brand) products
- B4: Making fewer shopping trips to store
- B5: Combining shopping trips
- B6: Shopping closer to home
- B7: Shopping closer to place of work
- B8: Doing more planning at home before shopping
- B9: Stocking up when products can be purchased at bargain prices
- B10: Using more coupons
- B11: Spending more time (on the average) on shopping
- B12: Trying to minimize on traveling distance to the store
- B13: Doing less impulsive buying
- B14: Willing to buy lower quality products because of attractive lower prices
- B15: Buy for cash only
- B16: Buy only at a discount store
- B17: Buy only what is on our shopping list
- B18: Participate in car-pooling for purchases
- B19: Do not take chances with new products anymore
- B20: Must buy less of everything

^bAmount of retained variation per variable via the factor solution. Communality less than .5 eliminated.

^cLoadings less than .59 eliminated

TABLE 2
Female Employment Status as a ConCorrelate
of Adaptive Shopping Behavior

| Employment Status [*] | Shopping List Users | | Cost Consciousness |
|-----------------------------------|------------------------|----------------------|-----------------------|
| | n ^c | <u>X^d</u> | <u>X^d</u> |
| 1. | 244 | -.0821 | .0882 |
| 2. | 19 | .1206 | .1311 |
| 3. | 98 | .3436 | .3271 |
| 4. | 108 | -.1658 | .0962 |

^a Groups 1 and 4 are significantly ($p \leq .05$) different from Group 3

^b Groups 1 and 4 are significantly ($p \leq .05$) different from Group 3

^c These are sample sizes within each group

^d These are the means of the dependent variable within each group

^{*} 1 = Employed; 2 = Unemployed; 3 = Retired; 4 = House Spouse

SOCIETAL INFLUENCES ON SCHEMATIC PROCESSING IN THE SERVICE ENCOUNTER: DIRECTIONS FOR STUDY

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Consumers have fairly well-developed knowledge structures for many consumption experiences and phenomena (see Smith and Houston 1985; Sujan 1985; Snyder 1992). These knowledge structures, or schemata, furnish us with expectations to which consumption outcomes are naturally compared. Deviations from expectations trigger cognitive processes that can both influence evaluate processes performed during consumption experiences (Stayman, Alden, and Smith 1992) and distract consumers from processing relevant information analytically (Sujan, Bettman, and Sujan 1987). One result of schematic processing is that consumers also have expectations about service providers and salespeople encountered during consumption experiences (Babin and Boles 1992). For example, a consumer that enters a French Restaurant can probably form a vivid impression of his/her waiter even if he/she has never patronized this particular restaurant before. The research described in this paper is aimed at describing variations in consumer behavior resulting from schematic processing in these types of environments. In doing so, it seeks to add to the emerging body of literature on consumer categorization processes and add to our understanding of the mechanism with which certain cultural and societal influences and biases take place.

Conceptual Development

Imagine yourself at the cosmetic counter in a major department store. The sights, sounds, and smells are all very familiar. Among other items, you are interested in purchasing an oil-free skin moisturizer with a pleasant but not overpowering fragrance. Since these are kept behind the counter, a closer inspection will require some help from an employee. While perusing the counter, you notice a slender, white-coated, cosmetic representative approaching you. With your head still down, you are approached and hear a soft, sultry voice ask "may I help you?" As you begin to respond, "yes, I'd like to see some....," you notice that this white-coated cosmetic representative is male. Do you think most consumers in this situation would proceed identically through the sales encounter as if the cosmetic representative had been female? A great deal of evidence, some of which will be alluded to below, suggests no.

The vignette above raises several interesting issues for consumer researchers and social psychologists alike. First, why do the cosmetic representatives wear white-coats? Why are they predominantly female? Why do consumers sometimes react differently to male/female salespeople? Why would most people prefer an older doctor? What happens when consumer expectations are shattered even in a logically irrelevant manner?

Background Material

Questions similar to these have been addressed in a rich body of literature on social schemata and associated behavioral and cognitive implications (see Hoffman and Hurst 1990 or Holland et al. 1989 for an overview). Schemata are cognitive representations of phenomena (objects, things, events, etc.) that organize beliefs and evoke expectations about that particular person or object (Holland et al. 1989). Schemata result from previous experiences with the phenomena and perform many important functions. For example, if you encounter a twisted object laying in the middle of a densely wooded path your "snake" schema may become active, evoking fear, and a most appropriate avoidance response. This reaction would occur even if you later recognized that the twisted object was actually an old branch or piece of rope.

Stereotypes are a specific class of schema that represent our knowledge about members of groups. Like schemata in general, stereotypes exist in well-organized categories and contain widely-shared assumptions (right or wrong) about types of people (Anderson, Klatzky, and Murray 1990). In addition, stereotypes are relatively concrete knowledge structures and as such, they are highly imageable (Bodenhausen 1988). Interestingly, a stereotype's prototypical instantiation, or exemplar, quite likely does not exist but is an amalgamation of previous category-related experiences. The effect of stereotype activation has been studied for numerous categories including age groups (Brewer, Dull and Lui 1981), gender (Hoffman and Hurst 1990), mothers-in-law (Adler, Denmark, and Ramadan 1989), social class (Fiske 1982), politicians (Fiske and Kinder 1981), occupation (Pratto and Bargh 1991), and ethnic orientation (Gilbert and Dixon 1991).

Surprisingly, few studies have examined the effect of social schematic (stereotype activation) processing in an exchange environment (cf. Suján et al. 1987). The following section details specific evidence from this literature in an attempt to explain potential effects due to stereotype activation. Given the focus of this program, special attention will be given to gender and ethnic based effects on consumer processing.

Stereotype Activation in the Service Encounter

While few studies have examined stereotype activation in consumption contexts, several studies have examined how female salespeople in predominantly male oriented occupations are rated across various person attributes (e.g., Swan et al. 1984; Cook and Corey 1991). These studies suggest that where women are rated differently than men, the difference is generally favorable. However, the attributes on which saleswomen are rated higher are those that are also closely related to their role as women rather than as salesperson (e.g., personable, understanding, friendly, etc.). This begs the question of whether or not the dyad involves a buyer and a salesperson or a buyer and a woman. That is, the stereotype that becomes active will influence the information environment due to the changing salience or availability of information. Studies of the effects of stereotype activation in sales and/or service encounters then may help accomplish two goals: (1) Explain variation in performance (either positive or negative). (2) Understand consumer information processing in these contexts.

Cultural Default Values. One cognitive phenomenon that helps determine stereotype activation is the cultural default value applicable in a certain situation. Default values represent expected person characteristics in the absence of specific information and are based predominantly on the frequency of instantiation (Holland et al. 1989). In western cultures, the default value for a generic person is white, nonhandicapped, heterosexual, and young given no additional information (Eagly and Kite 1987). Departures from these default values attract attention and provide a basis for stereotype activation (Smith and Zárate 1992).

Empirical support for these effects is provided in numerous contexts. For example, Zárate and Smith (1990) detail experiments involving subjects classification of photographs varying in race (white and black) and gender. Given a white male cultural default value, subjects categorized black men as black (rather than men) and white women were categorized as female (rather than white). Classification was based upon departures from cultural values. Discrepancies from the cultural default also led to quicker categorization. Interestingly, these effects hold despite

characteristics (race, gender) of the perceiver (Zárate and Smith 1990).

In many service encounters (e.g., surgeon) and sales settings (e.g., industrial sales), the predominance of men would make the default value male, white, nonhandicapped, and heterosexual. Departures provide consumers a basis for alternative stereotype activation. Thus, a consumer keeping an appointment with Dr. Sam Jones, a neurologists whom he/she has never seen, is likely to be quite surprised when Dr. Jones turns out to be 35 years old and female. Given the evidence cited above, a female stereotype is likely more salient than surgeon. Likewise, a buyer encountering a female industrial salesperson is more likely to categorize her as "female" rather than as a "salesman." This leads to an initial research proposition involving replication of previous findings regarding default values in a consumption situation.

P1: Service providers (including salespeople) with salient characteristics that differ from cultural default values are more likely to evoke a schema other than the salesperson schema.

The stereotype evoked has implications for the exchange environment. An active "car salesman" stereotype for example, can influence the amount of issue relevant information recalled by a consumer (Suján et al. 1987; Babin and Boles 1993). This effect occurs through a number of potential mechanisms. For example, a stereotype can be evoked which fails to set an appropriate "frame" for processing issue relevant information. Indeed, a stereotype activated by a default category discrepancy is likely to lead to an increased number of category-related thoughts relative to product-related thoughts (Suján 1985). Thus, the evidence suggests that consumers will process different information depending upon the stereotype activated. Thoughts associated with activation of a "female" stereotype might interfere with thoughts related to certain product-categories. However, it should be pointed out that this does not necessarily equate to a more or less effective salesperson. At most, it might influence the decision strategy (analytical vs. heuristic) used by a consumer. Research hypotheses related to consumer recall of the consumption experience might center around the following proposition.

P2: Consumers encountering service providers with salient characteristics differing from default cultural values will recall different information about a consumption experience than will other consumers.

Stereotypes also evoke emotions as well as beliefs (Fiske 1982). A "pushy car salesman" stereotype generally evokes high levels of despair and skepticism (Babin and Boles 1993). Given even a moderately high level of emotions, processing demands can be created that would lead to less efficient information processing (Stroessner, Hamilton, and Mackie 1992). The emotions evoked, good or bad, are quite likely to intervene between the information environment and subsequent recall. This intervening role ties in nicely with the conceptual underpinnings of emotion itself as mediating relationships between an environment and subsequent reactions (see Babin, Darden, and Griffin 1992 or Cohen and Areni 1991 for reviews).

P3: Emotions, evoked by stereotype activation, will mediate the relationship between schema activation and consumer recall of the service encounter.

Consumer Characteristics

Person characteristics can also influence schema-activation and subsequent effects. Experimental evidence suggests that motivation to complete a task can attenuate stereotype-based discrepancies in information processing (Gilbert and Dixon 1987). These experiments show that if subjects are highly motivated to complete a task, and the motivation is supplied prior to beginning the task, the increased involvement can attenuate stereotype activation. Specifically, the increased involvement inhibited activation of an "Asian" stereotype that was shown to influence other subjects. Inferring from the following reasoning we can surmise that increased involvement will attenuate the effects due to the presence of nondefault valued service providers.

P4: Heightened consumer involvement with the consumption experience will inhibit activation of social stereotypes.

Following directly from this we can also expect more issue-relevant recall under conditions of high consumer involvement regardless of the nature of the service provider.

P5: Consumers' involvement with the consumption experience is positively related to the recall of issue-relevant information regardless of the characteristics of the service provider.

Other potential person characteristics that may influence these characteristics include mood and the match between person and service provider characteristics. Some evidence suggests that mood influences the extent and nature of categorical processing. Some argue that these effects occur directly (Mackie and Worth 1991) while others suggest

moods' influence works through motivation (Martin et al. 1993). However, if positive moods influence the amount of individuating information processed, this could influence the extent to which stereotype-bias is present. This rationale is not well-developed enough to state a specific proposition. However, exploratory investigation of this issue would seem worth-while.

Similarly, exploratory research into the match-mismatch between consumer may provide foundation for further research. Although categorization based on cultural default values appears consistent across perceiver characteristics (Zarate and Smith 1991, cited above), the schema-based emotions associated with stereotype activation may not be. To illustrate, a woman may not have the same emotions evoked by an active "female" stereotype as would a man. An Asian may have a different "Asian" stereotype than would a nonasian. As described above, the different schema-based emotions may influence information processing subsequently. Again, this conceptualization remains too tentative to form any type of formal testable proposition.

Prologue

Experiments to test and explore the questions raised above are currently being designed. Each experiment involves analyzing consumer recall (product, person, etc.) under varying types of stereotype activation. Stereotype activation will be manipulated by altering characteristics between cultural defaults and noncultural defaults. While many details are yet to be resolved, the results are potentially interesting.

White-coated sales representatives may be more effective because they activate different thoughts than would a more common "retail salesperson." Differing customer reactions based upon a salesperson's gender may be due to the changing salience of gender in this situation. That is, if gender becomes more salient than salesperson, perhaps based upon cultural default characteristics, the information environment becomes altered. Ethnic stereotypes may be affected likewise. Thus, experiments manipulating the salience of salesperson characteristics may also be useful.

The eventual aim is to help understand consumer information processing and decision making in a social environment. Given that these effects are ingrained in all cultures, the results may also help explain salesperson effectiveness across all cultures. Salespeople may benefit from this research by understanding how the impact of stereotype activation can be overcome or used to improve the sales environment.

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MARKETING CREDIT/MORTGAGE SERVICES IN UNDER SERVED MARKETS: A PUBLIC POLICY PERSPECTIVE

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Objective/Purpose

This article explores the underlying factors in lending disparities in an attempt to provide some insights and explanations for the phenomenal disparities in lending and credit marketing to White, African American and Latino consumers. The main objective of this article is to explore the possibility that economics and not racial discrimination may underlie the disparity. Secondly, it is argued that public policy inertia may have inadvertently contributed to the problem. Thus, another important contribution of this article is to focus attention on the underlying reasons for lending disparities among African Americans, Latinos and Whites by examining income distribution, age factors, etc. A more ambitious objective of this article is to contribute to the ongoing public policy debate on the social responsibility of financial institutions in marketing of credit and mortgage services to under-served consumers. The significance of this issue to lenders, public policy makers, and other interest groups is an important marketing challenge that will gain increasing currency. African Americans now represent about \$300 billion in annual purchasing power, Hispanics, over \$100 billion, and Asians have more than doubled their purchasing power in the last decade. Asians and Hispanics are the fastest growing ethnic groups in the last decade. Thus it would defy logic to ignore these market segments. No marketer including banks and other financial institutions can afford to alienate these market segments through insensitive marketing efforts such as discriminatory lending practices. If banks are not fully responsible for lending disparities and mortgage inequities then who is?

Methodology

Due to the difficulty involved in getting primary data from lending institutions, where most pertinent credit/loan application information is regarded as proprietary data, this study will be largely based on data collected via: Publicly released primary/secondary data from regulatory agencies and lenders. They were regional federal reserve banks, major secondary mortgage markets (including Fannie Mae and Freddie Mac), banks and other lending institutions. More importantly, Banking officials across the country were an invaluable source of information. Each year,

information about the people who fill out loan applications at banks and other lending institutions is collected under the Home Mortgage Disclosure Act (HMDA) of 1975. HMDA is a disclosure law which provides the public with information about trends in home lending. This action resulted from public policy issues and concerns raised by the anti-redlining movement.

These issues and concerns are embodied in the Community Reinvestment Act (CRA) enacted on Oct. 12, 1977 in response to pressure from consumer advocates. It became effective on Nov. 6, 1978.

Background

In 1988, the Center for Law and Social Justice of Medgar Evers College, CUNY, reported the results of a study it conducted on mortgage marketing in New York City. The study entitled: "Race and Mortgage Lending in New York City, A study on Redlining", examined the extent to which race affects the mortgage lending practices of both commercial and savings and loan institutions to give mortgage credit to persons from minority, low-income, census tracts" at the same rate as White census tracts of similar socio-economic class. In the final analysis, race and economics were found to be a catalyst in the lending process.

Conversely, redlining or the practice of unequal access to consumer loans by lending institutions may have accelerated the decline of minority and poor communities, in effect, creating what are known today as "slums," "ghettos," or more politely, "inner cities" in every major city in America. Indeed, several studies conducted in the past decade have reached similar conclusions. The impact of race related mortgage marketing has been widely reported, though several banking officials in the Atlanta study (Dedman, 1988) argued that the disparity between Black and White loan approvals might be caused by more home sales in White areas. One would be hard pressed to explain why even lower-income White neighborhoods received more of their loans than upper-middle-income Black neighborhoods. One traditional explanation is that Whites of given income tend to have greater wealth concentrations/holdings than Blacks of equal or even greater

incomes. Whether this is true is an empirical issue. Lower-income White neighborhoods (those with a median income below a \$12,849 household income in 1979), the study revealed, received 31% (acceptance rate) of their loans from banks and savings and loans. Upper-middle-income Black neighborhoods (those above the metro area's median of \$18,355 in 1979) received only 17%. In a more recent and elaborate mortgage study of 20 banks it was revealed that minority applicants for home loans were denied between 2 and 4 times as often as White and Asian applicants during 1990 in 10 different cities (F.I.E.C., 1990). It was against this backdrop that Maude Hurd, national President of Association of Community Organization for Reform Now (ACORN), declared that "there is clear evidence that, in city after city, the banking industry has systematically denied credit to whole communities of low-and moderate income and minority residents." However, some have argued that blaming the nations' banks for the plight of the inner city is a long leap, particularly in a market driven economy where profits and return on investment governs. In other words, this is clearly a public policy issue.

Literature Review

Several recent studies have examined disparities in mortgage lending in the U.S., see e.g. Canner, Gabriel, and Woolley (1991)¹. Another ground breaking study funded by the Dept. of Housing and Urban Development (Turner, Struyk and Yinger, 1989) synthesize data on Housing discrimination and found evidence that real estate agents are more likely to recommend FHA loans to Black than similarly situated Whites. Fronczek and Savage (1991) draw similar conclusions. Bradbury, Case, and Dunham (1989) explore the geographic distribution of mortgage credit in Boston. In a purely descriptive manner they describe patterns of mortgage lending across 60 fairly internally homogeneous neighborhoods statistical areas. Similar analysis was conducted by Zimmerman (1990). He reviewed Home Mortgage Disclosure Act data compiled by the Atlanta area financial institutions. Zimmerman's sample which will be cited later on in this paper included 153 approved applications from the Atlanta Mortgage Consortium (AMC) and files on applicants who were denied. Several recent studies have also described widespread disparity in credit and mortgage lending along racial and economic lines, and most have concluded that race played a major role in the high rejection rate of minorities (Blacks and Hispanics). Among these studies are "Race and Mortgage Lending in New York City" by the Center for Law and Social Justice (1988) which examined the extent to which race affects the mortgage lending practices of both commercial and savings and loan institutions in New York City. Like the series of articles published by the Atlanta Journal Constitution, titled "the

Color of Money" and the recent rash of reports in major newspapers such as the Wall Street Journal and the New York Times which were based on the federal Home Mortgage Disclosure Act (HMDA) report. They seem to imply that the lending disparities were due to racial discrimination by lenders without providing any real concrete explanation or insight into the underlying causes for the disparities. Banking industry spokesmen on the other hand argue that the HMDA data is not conclusive. Nevertheless, banks and other lenders have come under fire increasingly for failing to market and provide credit services adequately in minority communities. An important dimension of the ongoing debate about the responsibility of banks, centers on recently released federal study which reveal the existence of significant disparities in lending and marketing of credit/mortgage services in minority neighborhoods and a similar but more recent microscopic study by the Boston Federal Reserve in Oct. 1992 which validated HMDA.

The Public Policy Factor

While banks have played a notable role in divestment from the inner city communities, perhaps the most under-examined factor has been the fundamental role the public sector played in legitimizing discriminatory housing practices (Blackwell, 1985). Calmore (1986) noted: policy words are important only insofar as they may be translated into living reality. Thus an understanding of the potential for this transformation is possible only from an understanding of the social condition that gave rise to the policy, and the nature and extent of the social evil to which the policy is directed.² Blackwell (1985) further explained that the historical antecedents for present day conditions and inequities can be found in policy mandates promulgated by federal and local governmental agencies as well in a policy of calculated inaction or "benign neglect".

The framework for these well intended, though flawed policies emerged from a 1932 Presidents conference on home-building and home ownership which precipitated federal government involvement in financing single-family homes by a number of new methods, among these are: (1) the amortization of long range mortgages, (2) provisions for federal insurance of home mortgages, (3) assistance in securing housing credit needed over a relatively long period of time (Glazer, 1967).

New-deal era policy makers established several agencies to help bring these policy objectives to fruition. Among the newly formed agencies were: the Federal Housing Administration (FHA) 1934, and the Federal Home Loan Bank System (FHLB) 1932.

Many housing analysts have argued that FHA policies encouraged housing discrimination and inequity right from their inception. Blackwell (1985) noted that 1935 handbooks dissuaded residential integration by discouraging the granting of mortgages for houses that were not in racially separated areas. Conversely, the FHA had redlined many neighborhoods, separating Black and White residential areas from each other for the purpose of determining eligibility for the FHA home mortgages.³ In essence, the lending institutions can be perceived as followers and not initiators, in terms of mortgage lending discrimination. Blackwell and other observers see the banks, insurance companies, and private lenders as willing accomplices in the process of redlining and segregating residential areas, basing their refusal to invest in home mortgages for Blacks on articulated FHA policies.⁴ Congress in 1949 laid the corner-stone of national housing policy namely, "the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family (West 1978)⁵, the FHA nevertheless continued to give preference to the financing of single family dwellings in the growing suburban ring to the detriment of inner city residents, very little was done to stamp out the practice of blockbusting⁶ and restrictive covenants. The acclaimed "Kerner Commission" report of the 1960s on the causes of urban riots suggested a number of basic strategies for attacking housing problems. Among its more salient imperatives was a demand for enforcement of all open housing laws. Other analysts have argued that the role of public sector agencies in facilitating affordable housing and mortgage services should be clearly defined and focused. This idea underlies the recent writings of Barmore (1990) highlighting the traditional role that the US Department of Housing and Urban Development (HUD) has played in promoting new approaches to housing construction, while the FHA and the Government national mortgage Association (Ginnie Mae) have done the same on the financing side.⁷

Income Factor

Income is another important factor preventing minority qualification. Analysis of census data indicate three income related factors that are detrimental to home affordability: high debt ratio, insufficient liquid assets for down payment, and other expenses such as closing costs and appraisals, and front and back end ratios, that is, not having sufficient income to afford a monthly payment. These factors together or individually do contribute to home ownership disparity revealed in HMDA. Although income has an impact on families, regardless of race and ethnicity, other factors combine to make the impact on Black and Hispanic families even stronger. More often than not, minority

applicants have high levels of non housing related debt, mainly automobile loans, and other consumer installments (such as travel/vacation and credit card payments). Zimmerman (1990) argued that these debt burdens severely reduce the amount of income the applicants have available to support a home loan. The disparity emerges pretty well as an economic gap indicator, albeit as we should expect from the large disparity in earnings and income gaps, somewhat of an over-statement. The overstatements, however, are not systematically great between Whites and Blacks in some categories among Blacks. For the real reasons behind the disparity, a thorough examination of the data is necessary. This should include a probe of each application to see if different standards are used to disqualify minority applicants. Particularly, the fact that Black middle income applicants have a higher rejection rate than lower income Whites. Similarly, another possible culprit, namely the overwhelming number of female head families evidenced in Black families than for families with both male and female wage earners. Census bureau's affordability status data by racial origin shows the ability of each group to purchase the median priced home in their region. Approximately 75% of Black families and a similar proportion of Hispanic families could not afford the median priced home in their region, compared with 43% of White families. Finally, based on the current loan to value and credit rating standards, about 70% of Black and Hispanic families can not qualify for or afford a median priced home. Compared to Blacks and Hispanics, only about 30% of Whites could not afford the median priced house according to the census data while more than half of Hispanic and Black families could not.

The Age Factor

According to census data, Black and Hispanic families tend to be younger than White families on the average and because older families generally tend to have more resources,(financial and others) they are better able to afford a median priced home. In other words, there tends to be a strong correlation between age and affordability to the detriment of Blacks and Hispanics. Evidence shows that the specific age of a household is in direct proportion to affordability status and can be seen for families, with 94% of the household under 25 years of age, but only 27% of the household 55 to 64 years old were unable to buy a median priced home. Also, about half of households between the ages of 34 and 44, and 71% of families 25 to 34 years old, could not buy one. It follows that since Black and Hispanic families are generally younger, the dilemma of under representation in home ownership increases. Although "age" by itself does not explain fully the disparity in home ownership among the races, it is a factor.

Biased Market Factor

John Yinger (1986), author of one of the most cited studies on the effect of race in mortgage market lending in Boston (MSA), based on "fair housing audits" conducted in 1981 in Boston's neighborhoods, employed testers one White and the other Black matched according to their family and economic characteristics, each visit a pre-determined realtor or rental office/landlord. In the final analysis, the White testers got about 30% more available units than their Black counterparts. If these were actual home seekers who also apply for home mortgages, the ultimate data would most likely show a gap of at least 30% or more in favor of White seekers. Conversely, if Black potential home buyers are limited to fewer choices in this manner, the resultant effect would be fewer transactions and thus, fewer loan approvals for Blacks. As suggested by Bradbury et. al (1989), even if financial institutions were unbiased in their lending practices, the result would be a lower volume of actual mortgage lending in Black areas.

The Debt to Income Ratio Factor

When a lender applies the conventional front and back ratios of 28 and 36% in the low-to-moderate income market the effect is a high rate of rejections. Zimmerman (1990) noted that the effect is to place an eight percent limit on the amount of non-housing-related debt payments the applicant can have and still utilize the full 28% limit for housing expenses. Thus the percentage of income available for front ratio decreases as the percentage of non-housing related debt payments (mainly automobile loans, credit, card debts and other consumer installment debts) rises above 8%.

Lets look at another example from Zimmerman, 1990. If an applicant has 20% of gross monthly income in monthly non-housing-related debt payments, only 16% will be available for monthly housing payments ($36-20=16$). Thus, home purchasing power is severely diminished. On the other hand, if front-end and back ratios of 35 and 50 are used, as was the case with the Atlanta Mortgage Consortium (AMC) program during its first year, applicants with 20% of their income in non-housing-related debt would have 30% of their income available to meet the front ratio ($50-30=20$).

Discussion: Implications For Lending Institutions

A review of the role of credit in home ownership reveals a clear disparity in terms of access to credit by some minority groups, particularly, Blacks in low-to-moderate income category. However, a review of demographic projections towards the year 2000 and beyond indicates that these

minorities consumers are growing at a faster rate than non minorities. Thus it is safe to say that lenders can not afford to ignore this market segment for fear of default and high risk, rather they should develop innovative products geared uniquely to meet the needs of this market segment. More importantly, proactive lenders should keep abreast of public policy developments /activities in these communities and new and successful initiatives developed by other institutions. Included are those of the South Shore bank in Chicago and the Greensboro initiative in North Carolina to name but a few. Furthermore, lenders need to understand that although 'profit' is the prime objective in conventional markets, in low-to-moderate income minority markets lenders should think long term not short term. The potential pay-off in this market can be realized over a longer period than is the case in the conventional market.

BUSINESS SOCIAL RESPONSIBILITY: MORTGAGE AND CREDIT MARKETING IN LOW-INCOME COMMUNITIES

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Introduction

Increasingly, banks and other lending institutions have come under fire for failing to market their credit services adequately in lower-to-moderate income communities. An important dimension of the ongoing debate about the responsibility of banks centers on recently released federal study which reveal the existence of significant disparities in lending and marketing of credit and mortgage services to low-to-moderate income and minority communities. In this connection, I would seek to verify this assertion by analyzing the federal report and other available data. While a large number of studies have examined the phenomenal inequity that characterize marketing and lending of credit services in lower income communities, no studies have examined the underlying factors or the benefits of a proactive compliance policy. This article will discuss these factors from the Legislative, Industrial and Consumer perspectives and provide some insights and examples of proactive compliance policy with the Community Reinvestment Act of 1977 and the Financial Institution Recovery Reporting and Enforcement Act of 1989 (CRA/FIRREA).

Previous research has emphasized redlining and lending disparity (Stegman 1972; Bell 1980; Dedman 1988; Shlay 1986; Head and Hess 1987; Balain 1980; Baptiste 1970; Brimmer 1981; Thomas 1991.) Other studies have also emphasized the effect of CRA sanctions on lenders who practice redlining (Watts 1989; Hawkins 1990; Glastris 1989; Miller 1978; Goldin 1989; Peterson 1991; Harney 1990), but none have fully examined the underlying factors behind the disparities reported in the HMDA data; or the benefits of a proactive compliance policy.

Methodology

Since primary data from lending institutions are hard to come by from lending institutions, most of whom regard credit/loan application information as proprietary data, the study is largely based on data collected via two sources: Bankers Conference proceedings and Publicly released secondary/primary data from regulatory agencies, newspapers and lenders. They were regional federal reserve banks, major secondary mortgage markets

(including Fannie Mae and Freddie Mac), banks and other lending institutions. More importantly, Banking officials across the country were an invaluable source of information. Each year, information about the people who fill loan applications at banks and other lending institutions is collected under the Home Mortgage Disclosure Act (HMDA) of 1975. HMDA is a disclosure law which provides the public with information about trends in home lending. This action resulted from public policy issues and concerns raised by the anti-redlining movement.

These issues and concerns are embodied in the Community Reinvestment Act (CRA) enacted on October 12, 1977 in response to pressure from consumer advocates. It became effective on November 6, 1978.

Background

In what is perhaps the most recent and most comprehensive mortgage lending study nationwide ever issued by the federal government, minorities were said to be twice as likely to be rejected for a loan as Whites of similar income group. Similar to the Atlanta Constitution report "The Color of Money" and the Medgar Evers Center for Law and Social Justice Study, "Race and Mortgage Lending in New York City: a study on redlining" (1988). The government study was based on 5.3 million mortgage applications received by at least 9,300 banks and other lending institutions nationwide.¹

Legislative Factor

The strongest attack of the banking industries alleged practices was launched by Rep. Henry Gonzalez, the distinguished chairman of the House Banking, Finance and Urban Affairs Committee, on Oct. 21, 1991. It came in the form of a letter to President Bush in which the Chairman urged the President, in reference to the newly released HMDA data,² to take a personal hand in correcting widespread discriminatory lending patterns revealed in the HMDA report. The Chairman stated: "The cost in human terms is staggering but the failure of the private sector to meet fair lending standards also is creating a tremendous burden for local, state and federal budgets."

Much of the problem the Chairman posited is the result of attitudes of bank officials and regulators who have little understanding of the rest of the country, and whose life experiences and economic circumstances are far removed from those of minority and low income families.³ This often results in lack of access to conventional credit in low income communities. Some have even argued that this condition has created the market for home equity scams in the community where unscrupulous brokers and salespersons promise financing opportunities for consumer products, home improvements, or to pay off delinquent mortgages as a strategy to get an unwitting customer to sign over the deed to their house. (Haas, 1991, p. 1).

The first legislation enacted in response to growing outcry of the anti-redlining movement by congress was the Home Mortgage Disclosure Act (HMDA) in 1975. This was the first of several legislative initiatives designed to encourage regulated financial institutions to demonstrate that their deposit facilities serve the convenience and needs of the communities in which they are chartered to do business; this includes the need for credit services as well as deposit services. HMDA required institutional mortgage lenders to document and report by census tract, the number and dollar value of mortgages they originated or purchased each year. Advocates of the legislation were convinced that such disclosure would provide the nail for the coffins of those institutions engaged in redlining practices.

Similarly, the Community Reinvestment Act (CRA 1977), Gamble (1989) asserted, was introduced on widely shared assumptions, according to its author Senator William Proxmire (D-WI), that a Federal charter conveys numerous economic benefits to financial institutions and in return, it is appropriate for public policy and regulatory practice to require these institutions to serve the credit needs of their communities.

Industry Factor

On the other hand, such perspectives contrast the assertion of John Laware, a high level Federal official who claims there is no firm evidence that banks discriminate against minorities, despite statistics showing Blacks and Hispanics are about twice as likely as Whites to be turned down for mortgage loans.⁴ Laware, a Federal Reserve Governor posits that "it is not possible to determine from data alone whether an individual institution or groups of lenders are discriminating unlawfully against minority applicants."⁵

An industry perspective was also advanced by the economist Gail Bolcar of the American Bankers Association who argued that it is difficult to draw a line between the bank's responsibility for economic development within a

community and public sector responsibility.⁶ She argued that safety and soundness issues prohibits a bank's involvement in meeting certain community need.

Nevertheless, financial institutions are required to include in the plan, marketing and advertising programs for lending products and services that are responsive to the needs of the community, and that will inform and stimulate awareness of those products and services throughout the community, including low and moderate income areas. The HMDA data for selected census tracts suggest that in 1988, there were fewer loan origination in minority areas after controlling for differences in neighborhood income and the number of housing units, wrote A.L. Jones and A.B. Schnare in their Spring 1991 study of community lending and the secondary market.

However, participants in the study which was based on analysis of information obtained from focus groups with primary lenders across the country, as well as interview with Freddie Mac regional offices were quick to point out the limitations of statistics that others present as evidence of discrimination. The study includes 147 individuals from 133 institutions in 12 cities who participated in focus groups in the following cities: Miami, Atlanta, Boston, Chicago, Portland, San Antonio, Dallas, Los Angeles, Washington D.C., Detroit, and Philadelphia (SMM winter 1991), noted that many participants rely heavily on real estate brokers for referrals and brokers may or may not be knowledgeable about the potentials of inner city communities. The lenders further contend that other players and factors, such as poor credit and employment history might contribute to the appearance of discrimination and difficulties in obtaining loans in minority neighborhoods.

The aforementioned study, commissioned by Freddie Mac, among other things attempted to document perceptions of lending institutions concerning secondary market lending requirements and their impact on community lending- in other words, efforts aimed at making mortgage credit available to low and moderate income borrowers, particularly minority communities. Surprisingly, "participating lenders were adamant that overt discrimination is virtually non-existent in the lending industry. In addition to ethical considerations, they believe that competitive pressures are too intense and legal penalties too severe to exclude credit worthy customers on the basis of their race." After all, "everybody's money is colored green" said one participant.⁷

Many knowledgeable experts have argued that minority credit consumers don't necessarily make better or worse credit risk. Wood of Citizen Trust pointed that "I don't see our default ratio being any higher because we're working in

a minority community" (my emphasis) "I wouldn't be in banking if I gave money away. Another Atlanta area banker stated, "If I could make 10 or 20 million on these loans, I'd make them, I don't think a Black borrower brings me any more risks per se" he furthered. According to the study: 1) the appraisal practices could hinder lending in minority neighborhoods. The housing stock is typically older, and many appraisers are less familiar with these areas. 2) Boarded up buildings could be taken as negative signs when, in fact, the neighborhood might be on the rise. 3) Lack of minority lending institutions and minority staff and lending institutions could perpetuate the under serving of the inner city neighborhoods. 4) Differences in wealth by race may also help explain lending by neighborhoods. 5) Down payment requirements are harder to meet by minorities in inner cities, and the ability to receive assistance from relatives is greatly reduced. 6) Because the HMDA data is affected by turnover rates, which is often lower in minority communities, fewer applications for mortgage loans are made. 7) Racial stereotypes color the perception of some lenders.

Blacks are considered to be more likely to default on a loan. Lenders in the aforementioned study noted that statistics on the actual performance of community loans are scant, and that some long standing marketing and underwriting rules may not apply equally for these loans. For example, low and moderate income borrowers may be less likely to "walk away" in the face of declining property value as long as their mortgage payments remain affordable. According to the authors of the study, lenders suggested the need for additional flexibility in several areas, particularly the down payment requirement.

Consumer Factor

Some analysts have noted that the ratings challenge goes beyond legal, that poor ratings could have adverse effects on the public image of some lenders. Indeed, investors are beginning to include CRA performance in their list of considerations. Griffith Garwood, a top official of the Federal Reserve Bank alluded to this fact, "I've heard a lot of talk about foundations taking CRA performance into account as they look at their investments. We know that some local governments are restricting their deposits to institutions with strong CRA records, and in certain areas of the country, that's a requirement of law." Garwood also noted that there is increasing interest in the general public in an institution's CRA record, "every year," he asserted "the American banker does an interesting survey of consumer attitudes. In the last one they did, they asked those surveyed whether they would switch their financial institution if the examination showed that it wasn't

complying with CRA." Interestingly, 1/3 of the respondents said they would take their business elsewhere.⁸

New Product Development Factor

Banks are increasingly responsive to criticism by developing new products specifically targeted to low and moderate income communities. For example, a bank was criticized because it did not advertise or market its credit products. Now the bank advertises its home equity loans on ATM machines at its branches and recently ran one ad for loans in a local magazine.⁹

In the same light, eight mortgage bankers, seven White and one Black lead the Mortgage Bankers Association's task force to study the new report that minorities are turned down for home loans more often than and come up with ways lenders can provide credit to poorly served ethnic groups or geographical areas.¹⁰

Since Mortgage Bankers make 38% of all loans in the United States more than banks savings and loans, and credit unions which was reflected in the Federal Reserve study of 6.4 million loan applications to 9300 lenders which found that 33.9% of applications for conventional mortgages from Blacks, 21% from Hispanics and 22.4% from American Indians were rejected. As compared to 12.9% for Asians and 14.4% for Whites. New efforts by the Mortgage Bankers Association to address the problem will have a significant impact on what the Association's President, Angelo Mozillo described as "a very serious issue to us, not only to our industry but to the country."

By far, the most significant efforts have been made by some of the biggest lenders.¹¹ I. In New York, the Chase Manhattan Bank created Community Development Corporation, a subsidiary, and targeted \$200 million to affordable housing and mortgage programs over the next five years. II. Security Pacific bank of Los Angeles is putting aside \$2.4 billion for housing and small business development in low and moderate income families. California First Bank also provided \$84 million in 1989/1990. III. American Security Bank in the District of Columbia has committed \$250 million for financing a wide array of community lending projects, including rental apartments and single family homes. IV. A coalition of Massachusetts banks have begun distribution of \$1 billion in commitments to help fund new, low income rental apartments and home mortgages at discount costs. V. First Chicago Bank has put \$225 million into its community development lending war chest.

Mark Willis of Chase Manhattan Bank who heads one of the largest Community Development Center's in the nation

outlined two key requirements for profitability: 1. Having the loan paid back. This type of lending if done properly, will yield lower defaults than regular portfolio, particularly because they are well underwritten, and are not generally vulnerable to the vagaries of the luxury rental or home ownership market and they involve government as a partner. 2. The second requirement for profitability, is charging the market rate though some would strongly disagree with that, this requirement is harder to achieve only because it meets with resistance from community groups in the east, where affordable housing generally need some sort of subsidy.¹²

Marketing Factor

Good marketing and communication are important elements in the CRA compliance process. This conclusion is based upon the experience of regulatory agencies. They report that institutions with the most effective programs for meeting their CRA responsibilities and for assuring that their services reach low-and moderate-income segments of the community will have taken several measures including the following: 1. Identified the credit needs within the community, such as those for home mortgages, home improvement and small businesses. 2. Implemented and advertised the availability of services of benefit to low and moderate income persons, such as cashing government checks or offering low cost checking accounts; 3. Created and implemented advertising and marketing efforts through, for example, newspaper, radio, television and brochures designed to inform low and moderate income groups (in languages other than English where appropriate) of available loan and deposit services. 4. Implemented policies, including the use of more flexible lending criteria, consistent with safe and sound practices. 5. Targeted groups, such as small business owners, real estate agents in low and moderate income neighborhoods, in order to inform them of available credit services.¹³

Nevertheless, CRA marketing needs to be carefully targeted to the right groups with that particular need. For example, "a bank in New Jersey which had a substantial amount in Federal grants for low income home improvement lending heavily advertised in their community but with no takers." "why?... they hadn't ascertained what the real needs of the community were." When they got together with the community they discovered that there wasn't a need for home improvement loans. But there was a great need for small business loans. (FHLBS 5th Annual Bryce Curry Seminar Summer 1991, p. 38).

Consumer Education

Consumer education is an important ingredient for a successful CRA. Consider the experience of General Electric Mortgage Insurance Corporation. Before instituting a nationwide CRA program, GE designed a buyer education program with input from community organizers. In fact it consulted the Guru of Neighborhood Organizations, Gail Cincotta, who is credited for initiating the original effort that lead to the enactment of the original CRA, for advise (Genz, 1991).

Marketing Profit Factor in Low to Moderate Income Markets

Speaking at the 5th annual Bryce Curry Seminar , Richard Genz, the vice president of affordable housing at General Electric Capital Mortgage Insurance Corporation outlined some of the techniques GE used to move into the low to moderate income market. As a mortgage insurance company he asserted, "we make more money if we can underwrite more sharply and alertly with more skill. That, in a nutshell, is why we're interested in low and moderate affordable housing market area."

This approach is in line with the spirit of the CRA which requires lenders to extend services beyond affluent communities. GE, it appears, has gone beyond mere compliance with a law.

Affordable housing and low and moderate income credit market is viewed as an expansion of the core competence of GE. The important question here is how did GE approached this problem. How did it get around age old habits like redlining and standardized profiling of individuals and whole communities based on income and sometimes race?

Genz argued that it is imperative to "get beyond the habits that may develop which are not good business habits; for example, being used to seeing a certain profile, and wanting to see it in the next file, and if we don't, possibly rejecting that profile."

It is imperative to get beyond this 'profiling' (or as some observers call it, redlining) and look at the quality of the loan on its merits. Banks have traditionally tended to look at low to moderate income lending as highly risky and as such a bad way to do business. Genz says, "Specifically, we find no correlation between income and when we look at our book of business, that tells us a lot about one bias that we may need to get around in order to enhance our profitability." In fact, as Richard D. Parsons, CEO of Dime Savings in New York postulates, "at the more progressive institutions, they saw these loans as something they wanted

to do, because they realized that, ultimately its essential to the health of and stability of the communities in which we operate our businesses." Increasingly, bankers and banking officials are adopting this attitude. Sarah Hargrove, Secretary of Banking for the commonwealth of Pennsylvania, argued that investing in the local community, particularly in low to moderate income component of community, does not automatically mean a bad loan. Socially responsible lending, safe and sound banking practice according to her, "can be, and often is, absolutely consistent. Investing in the community in which one operates can have a spiraling, positive impact on that community. Investing in small business, single family home ownership, and multifamily rental housing all adds stability to the community." (FHLBS, 1991 p. 20)

Stability provides a strong and growing market for that financial institution. More importantly, buyers in the low and moderate income market are consumers for whom housing is shelter, "as opposed to a higher income buyer for whom shelter and appreciation and investment may all come into play as factors in the purchase"¹⁴

Conversely, Richard Genz, Richard D. Parsons, Sarah Hargrove, Mark Willis, Griffith Garwood, Donald Maddox, Michael Lappin and Martin D. Lavine joined a growing group of their peers who find elements of both compliance, social responsibility and profit in the CRA equation with emphasis on the latter.

Administrative Structure and Implementation Factor

Administrators charged with implementing this regulatory act face major challenges--mainly due to inherent ambiguities in the language, though not the spirit of the act. In a threefold mandate, the act requires regulatory agencies to: 1. Encourage banks to help meet the credit needs of their entire communities, including low and moderate income areas. 2. Assess their record during examinations. 3. Take their records of service under CRA into account when evaluating proposals for expansion.

With directives like this, it is no wonder Garwood (1991) argues that "carrying out that mandate has been anything but simple. In fact CRA enforcement poses a very significant supervisory challenge in that it compels us to look beyond what happens within the bank itself, focusing on the role of the bank in the community." In essence, the agency's referee role is predicated not necessarily on prudent business decisions beneficial to a lender's stockholders, but on the interplay between the financial institution and its community. "That includes its interaction with individuals, organizations, and local governments to learn about their credit needs" and of course, the degree to

which needs are satisfied. It is this aspect of the act that most bankers find hard to swallow and have difficulty with. "They're not very anxious to encourage loans of 30 years at 8-1/2% or less with nothing down or very little down" says one banker. Though regulators clearly disagree with this assertion. Some contend that the financial institutions should forgo higher yields in offshore assets in favor of home town projects and should be accommodating smaller, less affluent borrowers, instead of quick short term profits which often result in bankruptcy.

Summary

CRA programs lacking effective and aggressive marketing to the targeted population are doomed for failure. An effective CRA program requires active participation of top executives of an institution including members of the board of directors. These participants should be involved in periodic monitoring of marketing and advertising programs to determine the progress and effectiveness of them. Further, determine the extent to which the institution's marketing strategies ensure that products and services are responsive to identified community credit needs.

TRENDS AND STRATEGIES IN THE MARKETING OF CORPORATE IMAGE AND IDENTITY IN A POLITICALLY-CONSCIOUS SOUTH AFRICA

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Introduction

Corporate management in South Africa differs in awareness of and commitment towards a positive organisational image, yet consensus appears to exist regarding the dynamic role and influence of politics on corporate decisionmaking. Failure to project the correct organisational image may under the current politicised business climate lead to corporate victimisation at grassroots level, as was demonstrated during various consumer boycotts and trade union-driven action in the recent past. Projecting an organisational image which is in line with the actual potential of that organisation, including its political standing, will positively influence its main stakeholder groups. This article focuses on the issues involved to project a politically acceptable organisational image to local interest groups and a financially favourable organisation image to international stakeholder groups, and discusses strategies on the marketing of corporate image and identity in Southern African organisations based on the results of an intensive corporate image research survey.

Trends and issues in the current projection of corporate image in South African organisations

Creating a non-racial corporate image

A trend toward non-racial marketing can be identified, signalling the maturation of the South African marketing community. In much the same way that West German commercial television helped stir the consumerist ambitions of Eastern Europeans, the introduction of television in South Africa cannot be overestimated as a factor in this marketing shift. Local advertisers still consider South Africa as a province of the First World, but accept regional similarities to a Third World country - without forgetting that advertising in such countries is at the leading edge of social change in the process of modernisation (Grobelaar, 1993). Demographically, sociologically and economically the South African situation could be compared to that of Brazil. Replacing racial categories with marketing similarities, indicate that lifestyle issues and aspirations transcend the country's colour lines.

Lack of intercultural communication skills

The lack of common ground and different social realities and lifeworlds complicate the communication process. For example, people ascribing to the Western Protestant work ethic may assume it as the rule to work long hours in order to make more money than is basically needed. Their African colleagues may regard it as senseless to work those hard hours while precious time could have been spent in a more pleasant way (Du Preez, 1991). Attempts at reconciling these seemingly unreconcilable cultural differences can only be done by adhering to the requirements of negotiating communication and this in turn can lead to effective business communications in South Africa, with the resultant favourable corporate image projection.

Unfavourable image of the public sector

Corporations in the public sector are becoming increasingly aware of their internal corporate image and the advantages of cultivating positive and motivated employees. Transnet, SA Telecommunications, the SA Defence Force (SADF) and SA Nature Conservation are implementing programmes to build an awareness of internal corporate image. In the case of the SADF a scientific corporate image building plan has been drawn up, based on a survey of existing attitudes and images as perceived by internal as well as external stakeholder groups. The implementation of the internal image building campaign commenced during 1991. The Post Office aims at improving its corporate image by dissolving its enormous deficit with a 30% increase in postal tariffs and by improving service quality. Improving efficiency and developing the communication skills of its 26700 employees to enhance their corporate image, is a priority with Post Office top management (Financial Mail, 1993: 83).

The role of stakeholder groups

An individual, an informal group of individuals with homogeneous attributes, or a formal group of individuals or organisations with similar objectives, constitute a stakeholder group. A corporation will be perceived differently by its various stakeholder groups. Although these images are recognisably different they will have a

common core and will have a tendency to influence each other.

Key stakeholder groups or target markets for the communication of the corporate image must be identified prior to planning the total image. During a recent survey of image-conscious corporations in South Africa (Hugo, 1993: 190), present clients, employees, financial stakeholders, the general public, the government and the local community were identified as the six most important stakeholder groups with whom to develop a positive corporate image.

Improving employee perceptions - internal corporate image

In South Africa a growing awareness of the importance of a positive internal image, is emerging (Market Place, 1991: 6). Although the awareness of the central role of people in organisational effectiveness is increasing, the issue of gaining employee commitment remains unresolved in the majority of organisations. This is a variable over which management cannot gain ultimate control. The way in which individual employees interact with the organisational environment determines whether the employee's perception of the organisation is negative or positive. As positive perceptions engender enthusiasm and a commitment to corporate objectives, management should endeavour to elicit positive perceptions in order to achieve the best return on its human resource asset.

A corporation can influence, but not finally determine how the individual employees perceive their organisational environment. The organisation can, however, determine the nature of the organisational environment that the employee perceives, and into which he must immerse himself, with all his needs, goals, dreams and hopes. A highly mechanistic corporation, with its adherence to a rigid structure and functional regimentation, is unlikely to be able to provide a culture in which the individual can meet more than his basic needs. Negative perceptions will emerge from such a corporate environment, culminating in rising levels of frustration. Corporations with a more flexible and organic structure are most likely to optimise employee commitment, leading to a positive internal image.

During his recent visit to South Africa Parasuraman (1991: 3) advocated internal marketing as an instrument to enhance the internal image of an organisation. The focus of internal marketing is for the corporation to attract, develop, motivate and retain qualified employees who will fit into a team dedicated to serve customers in such a way that they will continue to do business with the corporation.

Affirmative action programmes

Affirmative action programmes seem to be distinguished by their lack of success. In numerous cases the intended beneficiaries had themselves withdrawn. In some places campaigns for a quota system to replace the affirmative action programmes, had been launched. In South Africa ideas on the subject are as varied as the matter is controversial. South Africa's Chief Justice Corbett has expressed concern that the judiciary is dominated by white men, but failed to indicate a solution. South African Development Bank chairman Wiseman Nkhulu sees the most potent rationale for affirmative action as being that "future prosperity depends on the economic productivity, management and technological capability of blacks" (The Executive 1993:27). The dilemma facing South African companies is that, while the future depends on it, there is no quick fix or ready solution.

Corporate advertising

During a recent survey of image-conscious organisations in South Africa (Hugo 1993: 188), the service industry indicated that they annually spend a higher percentage of their total advertising budget (an average of 48%) on corporate advertising than the manufacturing or retail industry. Sixty percent of the total respondent organisations stated that they had undertaken corporate advertising during the previous five years and were requested to indicate which media were used during their corporate advertising campaigns. Print media were clearly the most popular media chosen by the respondents. Novelties such as calendars, pens and T-shirts, were among the other popular media used by the respondent companies, as were broadcast media, direct media, location advertising media and sponsorships.

Strategies on the marketing of corporate image and identity in South Africa

Goal-setting

The most sensitive link in the process of image building is the goal-setting activity. To be meaningful the goals must be those of the manager, identified and set by him as his, rather than imposed upon him as a matter of routine administration. In building the total image it is important that each manager contribute an interlocking piece to the total picture, but it is equally important that the picture should not be destroyed by forcing a piece into place. Larger than the picture itself is the future of the picture and only a growing, developing manager can continue contributing to the successful pursuit of the image concept.

A long-term perspective

In planning the desired corporate image, a tendency exists to sacrifice long-range advantages for immediate benefits. This leads to overemphasis of the essential image, which is directed towards current profits. Although favourable essential images provide the best basis for gaining a favourable reaction to the corporation, few corporations can hope to succeed in the longer term with only that part of its stakeholder groups which receives only short term essential images.

Strategic focus

Top management is responsible for a corporation's fundamental philosophy and strategy, for its mission or raison-d'être and for its long-term goals. In conjunction with the public relations department, top management is responsible for communicating this philosophy to all personnel, customers, potential customers and other relevant stakeholder groups.

As visual identity is the most continuously perceived aspect of overall corporate identity, it falls firmly within top management's responsibility. Top management should therefore develop and maintain a coherent visual communications policy as part of its overall corporate communications task. Maintaining a positive internal image is only possible if management aims at a coherent non-visual identity, concentrating on corporate behavioural norms. In a constantly changing corporate environment, with a multicultural workforce, management should focus on internal stability by negotiating greater productivity with employees and their labour unions before the internal image is damaged by negative attitudes (Pienaar & Spoelstra, 1991: 24). It remains the responsibility of top management to manage the corporation's visual and non-visual identity as effectively as any other major aspect of the business.

Planning the political role

A corporation focuses its image-building efforts on its key stakeholder groups. "Government" was identified as a key stakeholder group by selected image-conscious South African corporations and consequently the role of the present government should not be neglected. According to Bottcher (1991) governmental activities are probably the greatest single determinant of the business climate. He emphasizes that not only is every corporation free to publicize its position on issues which affect it, but it has an obligation to do so. To neglect this responsibility is to invite encroachment of competing interest groups resulting in unbalanced governmental decisions. The representation of all legitimate interest groups will provide the checks and

balances most likely to facilitate governmental decisions that could contribute to the public benefit.

The political role of a corporation further includes free participation of its individual employees in politics. Any policy formulated on the subject must provide a mean between the extremes of excessive political participation and corporate influence or intimidation. Ideally employee activities will represent those programmes and goals sought by the corporation. A policy advocating the right and responsibility of individuals to participate freely in the political process is more likely to result in support, thus strengthening the internal image, than a more restrictive policy. However, informational programmes on the political picture are frequently premised on the false assumption that employees' level of knowledge is higher than is actually the case. Consequently, when communicating with employees on political issues, an employer should identify those issues which it considers crucial, explain why they are crucial, present the corporate position on these issues and provide a rationale for the corporate position.

Communicating the corporate image

Various methods and media are available to communicate the desired corporate image to its main internal and external stakeholder groups. To reach existing and potential interest groups the corporation could communicate a positive image in the following ways:

- * Internal corporate communication.
- * Social and politically responsible actions.
- * Visual communication.
- * Corporate behaviour.
- * Corporate advertising.

Communicating during a corporate image crisis

Formal and informal research techniques to detect a potential corporate image crisis should be developed and implemented. An effective corporate image co-ordinator provides an early-warning system by adhering to a structured corporate image crisis programme aimed at improving the flow of communication between the corporation and its publics. The programme should include the means for conducting research instruments to identify any possible crisis in advance, as well as the planning, pretesting, implementation and evaluation of the image crisis management plan. The plan must be supported by top management and made known to every employee. The basic plan should clearly identify an image crisis management team that is constantly ready for action and an image crisis communications centre that could be activated immediately. A specific corporate executive, selected and

trained to handle the media, should be appointed. In the event of an identity crisis, the image crisis management team should be assembled, the selected corporate spokesman alerted and the plan set in operation immediately. After the crisis has passed, the team should assess the effectiveness of the plan and revise strategies where necessary.

Corporate image assessment

Because every corporation has its own unique set of circumstances the assessment of corporate image cannot be standardized to accommodate different-sized corporations in various branches of industry. The ultimate aim of image assessment is to ascertain the overall opinion of relevant stakeholders, both inside and outside the corporation. Quantifying the image perception held by the various stakeholder groups necessitates the identification of corporate image dimensions that will be instrumental in maintaining future growth and success. This has the advantage of making image tangible and therefore a tool of management. Regular image tracking studies to implement these dimensions will graphically indicate changes in public perception of the corporation.

Managing change/transformation

All corporations are constantly under change, whether internally in terms of products/services, organizational structure and employees, or externally in terms of markets, suppliers, political factors and commitments to shareholders, local communities and other stakeholder groups (Manning, 1988: 77). Managing this kind of change successfully entails the attainment of a favourable corporate image by projecting the required corporate identity. The objective of designing the corporate identity must therefore accommodate the changing corporate environment.

Marketers in South Africa constantly need to stay in touch with their target markets by means of qualitative research, as market requirements are constantly changing in a dynamic political, social and economic environment (Von Ulmenstein, 1991). To reach the perceptive qualities of the selected target market (stakeholder groups), alternative strategies on image formation and control should be evaluated and the most effective selected for the applicable circumstances. Thorough corporate positioning strategies in the industry concerned will be necessary. The decision on positioning will then lead to the determination of strategies for each element of the marketing mix. This fact is vividly illustrated in the South African political arena where the ruling Nationalist Party changed its visual symbols to accommodate members who associated the previous identity with apartheid. Yet the governments concession to transfer

Walvis Bay to the Namibian government without significant trade-offs, is perceived as image-damaging by existing party members.

Planning the marketing of organisational image

In systematically planning the marketing of a positive organisational image, the organisation's primary goals must be met while relating the corporation to its social and political environment in a manner compatible with the public interest. Management decisions will determine to what extent the desired organisational image will be translated into strategies and policies, aimed at projecting the integrated organisational image to the key stakeholder groups. Perceptions of the organisational image achieved, both internally and externally, will be compared with the image objective that has been set and the strategies that has been formulated to project the desired total organisational image. Controllable elements of the corporate image include the corporate identity, projected by means of visible manifestations, as well as the behaviour of corporate employees at all levels. The implementation of image strategies via interpersonal and corporate communications include promotion strategies, corporate advertising and public relations. The total corporate image as perceived by the main stakeholder groups is then measured and remedial strategies implemented if results indicate a deviation from the planned corporate personality.

With objective knowledge of corporate strengths and weaknesses, and the complexity and extreme fragility of corporate image, organisations can positively influence their efforts in the directions required to promote a favourable corporate image. Systematic formulation and review will ensure that all corporate policies are consistent and complementary, thus resulting in an integrated corporate image.

When the strategic decisions and practices of organisations are formulated in interdependent policy mixes, the result is an integrated corporate image formed by a composite of these policies. Corporate goals and strategies are most often expressed in written corporate policies. Therefore the personality, character, culture and philosophy of a corporation are a totality of its policies and practices. The consistent-complementary mix of policies provides the optimum corporate image, where the whole is synergistically greater than the sum of its parts. Marketing management must recognize the interrelationship between corporate verbal messages and corporate action and behaviour and the prerequisite for consistency in positioning the total organisational image in a multicultural society.

Organisational image and the future

The South African market grew increasingly unavailable to many foreign marketers as momentum was gained in the world-wide economic and cultural boycott that the African National Congress (ANC) first called for in 1960. According to Judith Schwartz (Grobbelaar, 1993), a frequent contributor to Ad Week's Marketing Week, who spent five weeks in South Africa researching multiracial marketing, President de Klerk's moves to finally dismantle apartheid since 1990 should lead to a lifting of the sanctions in most corners of the globe. However, South Africa will not effortlessly change into a new post-apartheid society, but multinational as well as local marketers may ease the way with racially integrated brand and corporate advertisements.

In a society which is in the process of transforming itself, it is inevitable that values and relationships will not remain constant. The turmoil in the current South African society will cause traditional values to diminish in importance, creating new opportunities, values and corporate expectations. Organisations should constantly be aware of their image position in the perception of relevant stakeholder groups if they are to adjust to changing values.

The next decade will present a challenge to both local and international marketers, who are already facing the uncertainty of the political and social adjustments in South Africa. To become marketing winners, organisations will need to redefine their strategies around the dynamic nature of their consumers. Market leadership will be achieved through qualitative ideas in new target markets, instead of through quantitative strategies. The key strategic requirement in the existing and future marketing circumstances in a politically-conscious South Africa is to build a corporation and structure that is capable of adapting rapidly to a changing environment, without negatively influencing the image perception of existing and potential stakeholder groups.

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AUTHOR INDEX

| | |
|-------------------------------------|----------|
| Barry J. Babin | 95 |
| James H. Barnes | 63 |
| James W. Clark | 23 |
| Emily M. Crawford | 37 |
| Geng Cui | 68 |
| R. Nicholas Gerlich | 13, 48 |
| Faye W. Gilbert | 63 |
| Suresh Gopalan | 13, 48 |
| Mitch Griffin | 95 |
| Mazharul Haque | 33 |
| Douglas R. Hausknecht | 81 |
| Tony L. Henthorne | 18 |
| M. M. Hugo-Burrows | 109 |
| C. Richard Huston | 23 |
| Tony O. Job | 100, 104 |
| Michael A. Jones | 86 |
| Linda Keup | 78 |
| C. M. Kochunny | 29 |
| David L. Kurtz | 1 |
| Michael S. LaTour | 18 |
| MonLe-Lee | 53 |
| Andy M. Liebman | 53 |
| Margaret Mary Liebman | 53 |
| Cameron D. Montgomery | 73 |
| Lynn F. Muller | 78 |
| A. Ben Oumlil | 90 |
| Jamie Tyrone Pleasant | 8 |
| Paulette K. Polley | 81 |
| Kathleen VanScoyoc Powell | 68 |
| C. P. Rao | 1 |
| Kumar C. Rappalli | 73 |
| Hudson P. Rogers | 29, 33 |
| William S. Sekely | 90 |
| Charles Lewis Sharp | 42 |
| J. R. Smith | 59 |
| Henry L. Stewart III | 33 |
| Sheb L. True | 63 |
| Rick Weible | 86 |
| Alvin J. Williams | 18 |
| Phillip H. Wilson | 78 |