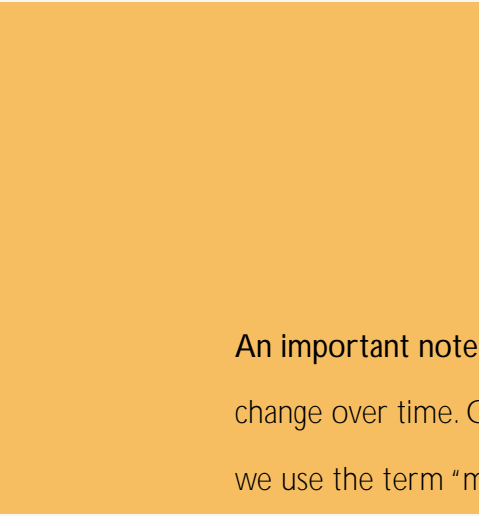


Grow with America

Best Practices in Ethnic Marketing and Merchandising



A Study Conducted for The *Coca-Cola* Retailing Research Council of North America
by Cultural Access Group and About Marketing Solutions, Inc.



An important note about terminology: The meanings of the words “ethnic” and “mainstream” change over time. One hundred years ago, the majority of people we refer to today when we use the term “mainstream” would have been considered “ethnic” Americans (Italian, Irish, Polish, German). Fifty years from now, it’s likely that the groups referred to in this report will be considered part of the new American “mainstream” as well.

Overview

The ethnic composition of the American marketplace is changing. Today, nearly one-third of the U.S. population is represented by Hispanics, Asian Americans, and African Americans. By 2040, these groups are projected to represent half of the American marketplace.

What significance does this have for food retailers? It means that retailers who compete effectively for these customers will be in a position to profit from this growth. Those who ignore the changing makeup of the marketplace — or make only token efforts — will not find success.

The grocery industry is in its infancy with regard to ethnic merchandising.

While the industry has successfully created ever-greater efficiencies for decision-making about product assortment, category management, and consumer merchandising, today's challenge is to develop practices that build flexibility into these organizations to respond to consumers on a local level — to become more market-driven in an increasingly diverse marketplace.

This report documents the best practices of retailers who have been the most successful in attracting and retaining ethnic customers. It focuses on consumers of Hispanic, Asian American, and African American backgrounds as they are the largest and fastest-growing groups. However, these best practices apply broadly to ethnic merchandising regardless of the local population's background.

The Big Question: How much more business would you do if your supermarkets catered more effectively to ethnic America?

Today, ethnic populations represent approximately one-third of the U.S. population and are expected to grow another 40% by 2010. Combined, African Americans, Hispanics, Asian Americans, and other ethnic groups spent more than \$142 billion on food at home in 2000. Although ethnic populations currently represent 31% of the overall U.S. population, they are responsible for 37% of all supermarket sales. On an annual basis:

- The largest U.S. ethnic group—the Hispanic market—spends approximately \$54.4 billion.
- The rapidly growing African American market generates more than \$51.5 billion.
- The fastest-growing U.S. ethnic group—the Asian American market—spends \$25.3 billion.

Key statistics on food purchasing and preparation make it clear why ethnic markets are so attractive.

- Ethnic households eat at home more often—four to five nights a week.
- Ethnic consumers prefer to cook from scratch and use fresh ingredients.
- The market baskets of ethnic consumers are 20% larger than those of nonethnic consumers.
- These consumers shop more often—two to three times per week.
- Ethnic food consumers shop longer—40 to 60 minutes per trip.

“I think that most supermarkets don’t realize the power of these markets and they want to target the middle class. Well, we’ll take all the fallout you want, because when I look at some of our stores that are up 15% to 18%, I think it’s strictly because of the impact that the ethnic business is having... a lot of our increases are coming in urban areas from Hispanic and Asian groups.”

Supermarket President

The Challenges

While there are tremendous upside opportunities, supermarkets must overcome a number of challenges to realize the full potential of ethnic markets. Based on interviews with more than 50 manufacturers, distributors, wholesalers, trade publications, and trade organizations, key challenges include the following.

- The commitment from top-level supermarket management to make ethnic marketing a priority is rather limited.
- Management resources dedicated to driving ethnic marketing initiatives are relatively scarce.
- Efficiency-oriented business models make it difficult for many supermarket chains to customize their offerings to ethnic consumers.
- Product assortment strategy decisions are centralized rather than based on the needs of local ethnic markets.
- Product assortment decisions are category-oriented rather than market-oriented.
- Data mining of ethnic consumer purchasing patterns is limited and is often delegated to vendor “partners.”
- Ethnic marketing initiatives are often tactical, rather than strategic, and are driven at the local level rather than by the entire organization.
- Ethnic marketing initiatives typically lack continuity and are based on short-term, revenue-generating promotions and events.
- Investment in ethnic marketing is limited and typically focused on advertising and promotions, rather than on an understanding of the cultures.
- For the most part, the industry workforce is still very homogenous, and diversity initiatives related to staffing and suppliers are still not common.

To capitalize on the opportunity growing ethnic markets represent, supermarket retailers must address these challenges.

“Everyone is saying this stuff, but few people are truly executing against it. We hold the divisions accountable for incremental ethnic growth above baseline and above budget. Once you commit to the budget and you put it against the goal and the reward structure, all of a sudden you have a lot of corporate energy happening.”

Executive VP

Study Objective

The Coca-Cola Retailing Research Council of North America commissioned this study of best ethnic marketing practices to give retailers the tools for attracting and retaining ethnically diverse customers. The study identifies key actions that supermarkets must take to be successful ethnic marketers.

Approach

This 10-month study is based on in-depth analysis of consumer and industry information and more than 110 interviews with individuals who are successfully marketing food to ethnic America. The study was carried out in three phases.

Phase I—This phase involved an in-depth review and analysis of the food shopping patterns, consumption patterns, and meal preparation habits of Hispanics, African Americans, and Asian Americans in order to develop a clearer understanding of the food culture of these ethnic markets.

Phase II—In this phase, extensive interviews were conducted with food industry leaders and suppliers who face ethnic marketing issues and challenges in order to:

- Identify preliminary marketing and merchandising practices to be validated in Phase III interviews.
- Develop a list of retailers recognized for their success in ethnic marketing for Phase III interviews.

Phase III—The final phase involved extensive interviews with top executives from the supermarkets identified in Phase II for excellence in ethnic marketing (41 different chains and independents) to validate actionable best practices.

Grow with America

Best Practices and Key Take-aways

1. Learn about your ethnic customers so you can serve them better.

Find out about the needs and preferences of your ethnic customers •
Threshold concepts: Define how you want to serve your ethnic customers

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2. Define your ethnic merchandising “look” and organize to execute it.

Position products strategically • Organize to support the strategy • Reconcile segment and category management • Define store clusters to help customize offerings

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3. Tailor your offering to appeal to your target customers.

Use key assortment and merchandising triggers • Lead with key categories and brands •
Cultivate distributor relationships • Execute the plan at the store level

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4. Enhance the in-store experience and connect with the community.

Use in-language communications • Create multiple points of contact • Develop and implement a community relations strategy • Develop a community supplier base

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5. Recruit and retain a diverse staff to help you successfully serve your target customers.

Create a culture of diversity • Recruit from the local community •
Make training and development culturally relevant • Be flexible and adaptive

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6. Develop a marketing plan that communicates value at all contact points.

Select the right vehicles • Make your messages relevant • Create relevant promotions

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Best Practice 1

Learn about your ethnic customers so you can serve them better.



Although customers of a particular ethnic group may be similar in appearance or speak the same language, that doesn't always mean they have the same grocery shopping needs. Retailers who market successfully to ethnic customers realize the need to develop a deeper understanding of the culture of these groups.

Country of origin, cultural heritage, language nuances, recent histories—all influence food consumption. Successful retailers use these factors to drive decisions about product assortment, staffing, and marketing in order to appeal to the customers they are targeting.

Find out about your ethnic customers' product preferences and shopping behavior.

Successful retailers make a concerted effort to learn—firsthand—more about their ethnic customers. These are some of the methods they use.

- Ask ethnic employees to recommend restaurants and then bring them along to explain the dishes. How are meals prepared? When are they eaten? What are the ingredients?
- Bring prepared and packaged ethnic foods to merchandising meetings to introduce buyers, merchandisers, and category managers to new items and brands.
- Surf the Internet and look through cookbooks for recipes. Take note of staple ingredients that often come up: condiments, herbs, produce, meats, and grocery items.
- "Mystery shop" leading ethnic supermarkets on a regular basis.
 - Observe the shopping experience.
 - Ask questions about certain product or brand preferences.
 - Watch the interaction among employees and customers in service departments.
 - See how product categories and departments are merchandised.
 - Note pricing structures, particularly for perishables.
 - Check store signage.

The Beautiful Cookbook series offers engaging and educational insights, or go to www.sallys-place.com and look under Food, Ethnic Cuisine, for some great information about cuisines from around the world.

- Tap the experience and expertise of national and ethnic food manufacturers.
 - Invite selected manufacturers to teach ethnic marketing classes to key staff members.
 - Work with manufacturers to “mine the data” and develop ground-up programming.
 - Draw upon the expertise and research of manufacturers to help develop ethnic strategies.

Build working relationships with distributors who will help you access and understand ethnic food products.

Successful retailers search out distributors by identifying their brands in ethnic supermarkets, talking to local and national manufacturers, and attending specialty trade shows.

They identify the right distributors, then work with them to learn about other ethnic products that might also be appropriate for target customers.

These same retailers advise that, before meeting with the distributors, you develop a clear understanding of the ethnic makeup of your customers—ideally by store cluster. This places you in a better position to help guide the right buying decisions.

Define your offering based on a strong understanding of each ethnic group's food consumption profiles.*

One key question to consider in this regard is, how much U.S. culture have your customers adopted? Immigrants arriving within the past 10 to 15 years will not be anxious to adopt mainstream American cultural tastes at the expense of their own. Rather, they will readjust according to the products they find in this country. Successful retailers use this information to develop and shape their merchandising strategies.

* Appendix A contains detailed information on ethnic food profiles. Additional food profiles may also be available from manufacturers, distributors, and marketing consulting companies.

Effect of Integration into U.S. Culture on Immigrant Customer Food Purchase Behavior

Newly Arrived	Newly Established	Firmly Established
Foreign born Low to moderate income Resident under 10 years Native language dominant	Foreign born Moderate income Resident 10–20 years Native language dominant or preferred	Foreign and U.S. born Moderate to high income Resident 20+ years Bilingual or English language preferred
Preferences	Preferences	Preferences
Fresh ingredients Traditional homemaker Ethnic brands Frequent shopping Neighborhood and chain	Fresh and packaged ingredients Some convenience orientation Ethnic and national brands Shopping 1–2 times a week Chain and neighborhood	Packaged and fresh ingredients Convenience oriented National and ethnic brands Shopping once a week Chain

Determine how you want to serve your ethnic shoppers.

The bar to attracting ethnic customers—the “threshold level”—is higher in more established ethnic markets than in those just emerging. As a rule, the more shopping alternatives available to ethnic consumers in a given market, the greater the effort a mainstream supermarket chain must make to become an acceptable and legitimate shopping destination for these consumers.

Consider your market environment and the opportunities available before deciding which of the following retailer concepts will best serve your needs. Then develop the strategies and create the systems to achieve the selected concept. (See chart, next page.)

Most of the companies using this report will probably move from a nonethnic approach to a multicultural approach.

Retailer Concepts

	Nonethnic Store	Multicultural Store	True Ethnic Store
Positioning	Secondary store — Emergency food shopping	Primary store — Most of grocery shopping	Primary store — Most ethnic food shopping, secondary for nonfoods
Marketing Approach	Minimally adaptive to ethnic mix	Completely adaptive to ethnic mix	Strong ethnic orientation
Category Management	Driven by high volume movement across chain	Considers additional filters to assess and adapt ethnic product mix	Driven by high volume movement across a chain
Product Assortment	More in line with main- stream customer demands but offers some ethnic products; skews national labels, ethnic labels are limited and lack authenticity	Good balance of what customer mix wants; balance of national and ethnic labels; maximizes crossover appeal	Skews entirely to ethnic needs; strong ethnic label skew; emphasis on key national brands
Merchandising Style	Standard — remains unchanged regardless of ethnic mix	Adapts to ethnic mix on a store-by-store basis	Skews completely to ethnic preferences
Sourcing/ Distribution	Warehouse distribution — minimal DSD	Uses distributors selectively and DSD where appropriate	Strong distributor and DSD use

Best Practice 2

Define your ethnic merchandising “look” and organize to execute it.



Successful retailers approach the development of an ethnic merchandising “look” from several directions.

Demonstrate a commitment to ethnic customers through product positioning.

Having the right assortment and the right merchandising are the most important keys to successfully attracting ethnic customers. For example, key ethnic products should be positioned so they are immediately visible to customers as they enter the store.

“I think if you go into successful supermarkets that are heavily geared toward, say, a Hispanic community or an African American community, they don’t beat people over the head with ‘look how ethnic we are.’ But what they do is recognize that there are some differences between the way African Americans or Hispanics shop and the way other groups shop. You recognize that, and you own that, and you make that part of your merchandising philosophy.”

VP Merchandising

Some retailers create a store-within-a-store concept to achieve initial impact. Merchandising ethnic products in this way projects a “critical mass” for a product assortment that would otherwise get lost in the store. However, this solution requires a significant amount of space to achieve credibility.

Certain product categories can be integrated over time. For instance, a 4-foot to 8-foot section of ethnic detergent or cookies has enough critical mass to live on its own in the regular aisle. And 8 feet of space offers enough assortment and presence to merchandise certain products as a separate section, adjacent to similar nonethnic products.

Staples such as rice, beans, noodles, and sauces should be treated differently. Combining them into one larger set shows a more complete assortment for the category. On the other hand, Americanized ethnic foods that appeal to nonethnic palates, such as bottled salsas and taco shells, should be merchandised in other parts of the store.

“In our stores, we can’t give away jarred salsa. It may be #1, but it’s because white people started buying it. Hispanics don’t buy that stuff.”

VP Marketing

Organize to support the strategy.

Among successful ethnic retailers, a senior executive acts as a liaison between the operations and merchandising divisions. He or she coordinates gathering and distributing market intelligence to category managers and store personnel. These executives are empowered by senior management to influence ethnic buying and merchandising decisions at both headquarters and store levels.

Successful retailers generally don't delegate strategic responsibility to store-level personnel. They caution that store managers are experts in operations—not marketing strategy. Although a knowledgeable store staff is essential to successful execution, strategy must be driven at the senior level.

These retailers communicate ethnic product movement and opportunities to stores on a weekly basis, along with recommendations for products to carry and feature in ads. They also use monthly newsletters about ethnic products and store sets to help branches understand the new products coming into their stores.

“Rather than having the category manager drive the process of a specific category or brand, she is the resident ‘agent’ on ethnicity and its changing look. She exists as the prism. All the funding and all the ideas and all the thoughts from the brands come in through her, and she disperses them to the stores as opposed to having many champions.”

Executive VP

Reconcile ethnic merchandising and category management.

While successful retailers use traditional category management as a foundation, they adapt it on an as-needed basis. They use different filters to determine what works or doesn't work in certain stores in order to manage merchandising and product categories.

“We look at category management as the map of where to go. But if we measured strictly by category management, we would probably throw out some things that really appeal to our customers.”

Senior VP Marketing and Sales

- They work with manufacturers and brokers to develop product category indices and penetration data to determine what sells best to different ethnic groups. This information helps define assortment and merchandising activity.
- They visit stores often to gauge the situation firsthand, since many feel that syndicated data doesn't always reflect local market situations.
- They don't rely on numbers alone. Sales data is useful for evaluating product movement, but it doesn't help identify new opportunities. To supplement this information, many retailers talk with local vendors to get a more accurate picture of how a category or product may be moving.
- They monitor their ethnic product assortment regularly. Successful ethnic merchandisers use sales data to identify which products and categories require expansion and which require less space or need to be eliminated.
- They benchmark threshold by measuring the “rhythm” of the total store's business—whether it is going up, going down, or equal to overall goals and objectives. They're aware of competitive activity related to their ethnic product assortment and pricing strategies, and see competitor reactions as a good indication that other stores are concerned about losing ethnic customers.

“It's not enough to know what we are selling in our stores. We want to know what our missing opportunities are. In order to do that, we need to get out there.”

Senior Ethnic Buyer

“In meat, we have a mining system that allows a store to look at the scan data for stores with similar demographics and compare individual item sales. This lets a store identify those items that other stores are having success with (and are selling to a similar demographic) that aren't being sold at that store.”

Chief Marketing Officer

Customize offerings based on different store groups or clusters.

Separate the sales data for ethnic store clusters and then use that data subset to identify microcategory management issues. Following the approach taken by some of the successful retailers, segment stores according to local market demographics. Here's how.

- Use census data to identify the concentration and composition of various ethnic segments within the overall market area.
- Conduct this analysis for each individual store's trade area.
- Identify all stores with a high Hispanic, Asian American, and/or African American customer base (at or above the market average), and designate these as "ethnic stores." This cluster of stores represents the first tier.
- Identify a second group of stores that are 10% to 15% below the market average. This cluster represents the second tier.

Some retailers also segment their stores based on shopping behavior, allowing them to group stores based on the movement of specific products.

"We said OK, every time we send out some product or distribution of product, the category manager has to look at the grid and say: Where is the store in the grid? We may end up only distributing a product to 19 stores because they are the only 19 stores where that product makes any difference. The other stores won't even get the product."

Senior VP Marketing and Sales

"We merchandise every store based on the area. We look at the demographics, what sells, and the competition. We really micromanage or micromerchandise."

President

"We utilize Spectra data and scan data that allows us to identify how customers shop different stores. This allows us to cluster stores demographically (or actually based on how customers buy) as opposed to doing it geographically. This results in stores within the same city being merchandised differently."

Chief Marketing Officer

Best Practice 3

Tailor your offering to appeal to your target customers.



Developing the right assortment is an evolutionary process, so flexibility is an asset. Experiment with new items, evaluate their effectiveness, and then try again.

Use key assortment and merchandising triggers.

According to successful merchandisers, offering the right product assortment is essential. Next in importance is executing a merchandising plan that communicates effectively to ethnic shopping needs as soon as the customer walks in the door.

Key triggers include:

- Offering fresh groceries and produce
- Providing a broad and appropriate assortment of produce and meats
- Pricing according to ethnic sales volume
- Highlighting products that are critical to daily cooking patterns
- Catering to service preferences (especially in perishables and meats) to give customers more choices

“We had a 20% growth in 1999 and compounded that with a 29% growth last year based on the ethnic products we are selling, and that’s just in grocery. It doesn’t really take into account the increase we had in the produce department, the meat department, and the dairy department.”

President

Critical Ethnic Brand Categories

Categories	Hispanics	Asian Americans	African Americans
Rice	X	X	
Noodles		X	
Sauces	X	X	X
Canned Juices	X	X	
Canned Fruit	X	X	
Corn Products	X		X
Spices	X	X	X
Flours	X		X
Canned Vegetables	X	X	X
Sodas	X	X	
Legumes	X		X
Juices	X		X

Lead with key categories and brands.

Ethnic brands frequently satisfy a flavor or scent from a consumer's home country or tradition of cuisine that would otherwise not be available in the United States or in certain regions. Successful retailers report that it's important to carry ethnic brands in certain categories to attract target customers.

Many U.S.-based ethnic food manufacturers provide a large product assortment targeted to Hispanic, Asian American, and African American consumers. While many of these are mainstream brands, there are also several attractive regional brands.

Strong Ethnic and Regional Brands

Hispanics	Asian Americans	African Americans
Badia	Ajinomoto	Allens
Bimbo	Bin Bin	Bull Dog
Bustelo	FOCO	Bush's Best
Cacique	Food Island	Colonial
Doña María	God of Fortune	Country Post
Faraón	Golden Phoenix	Far West Meats
Gamesa	Hinoichi	Franco American
Ganzito	Homal	Glory Foods
Goya	House Foods	Grace
Guerrero	Huy Fong Foods	Hoffy
Herdez	Indo Mie	Homepride
Iberia	Kewpie	Jiffy
Jarritos	Kian Guan	La Fe
Juanitas	Kikkoman	Louisiana
Jumex	Kirin Ichiban	Luck's
Knorr	Meiji	Old Bay
La Cena	Mitsukan	Success
La Costeña	Nestlé	Sunbeam
Maggi	Nong Shim	Sylvia's Soul Food
Maseca	S&B Curry	Taystee
Nestlé	UCC	Texas Pete
Pilon	Vitamalt	Tropical
Productos Maya	Yamamotoyama	Uncle Ben's
Tampico		Uncle Lou's
Vitarroz		White Lily

“Just because it’s a Hispanic brand doesn’t mean that Hispanics are going to buy it.”

VP Marketing

Many successful retailers select brands and products in part because they are stocked by local ethnic supermarkets. However, ethnic brands are not the only key to success.

Internationally recognized brands are popular in Latin America, Asia, and other parts of the world. Among immigrants, this translates to preferences for those brands in the United States. Consequently, national and international brands popular in home countries are the first these shoppers buy when they arrive here—especially when they are also exposed to advertising in the U.S.

Manufacturers with Strong International Brand Recognition		
Nestlé	Colgate Palmolive	Gillette
Coca-Cola	Kellogg's	General Mills
Procter & Gamble	Unilever	Kraft

These companies tailor the flavor profile and packaging of many of their brands to meet the preferences of international consumers, and regularly import these products into the United States. These tailored products can be obtained through the same distributors that international manufacturers use to distribute their specialty brands to ethnic supermarkets.

Cultivate effective distributor relationships.

Distributor relationships are critical to getting packaged ethnic brands delivered to the right stores. Retailers who serve well-established ethnic markets generally have no problem sourcing specialty product distributors. Those seeking to serve more recently growing ethnic populations may need to seek out appropriate sources for specialty products.

Some retailers have created specialized distribution arms. Others work with larger ethnic supermarkets to develop wholesaler relationships. Still others create their own sources.

Execute the plan at the store level.

The following pages contain a department-by-department description of the attributes that ethnic customers find appealing, and what successful retailers are doing to satisfy this customer base.

PRODUCE

The produce department is often the most important department to ethnic shoppers. The key to success is delivering the right produce mix for these groups.

Merchandising

Provide larger produce sets—20% to 40% larger than standard spaces.

Use mass displays (bins, waterfall displays, bigger sections overall) to convey a message of value, freshness, and variety.

Offer less basic variety (of the kind found in suburban mainstream stores), and then build an ethnic assortment layer on that base.

Quality

In produce, quality is critical to ethnic customers. For example, Asian supermarkets wrap their vegetables in plastic to minimize potential damage caused by handling.

Strike a balance between price and grade. Some chains that pull from warehouses have separate ethnic produce buyers so they can strike this balance.

“We’ll have all the basic produce, but we won’t have six types of apples like we do in our suburb stores. We’ll have one or two, but we’ll have all the right types of ethnic items in large quantities.”

VP Merchandising

“You can’t afford to bring in a lower grade of product because you think that the Hispanic is value-conscious versus quality-conscious. We carry top-grade produce throughout the whole department. We don’t compromise quality because they [Hispanics] represent 20% of our business.”

VP Perishables

Pricing

Price competitively, using ethnic supermarkets as a benchmark.

Expect lower margins but very fast movement.

Use multiunit/multipound pricing to convey value.

Adopt a simple pricing structure (e.g., three for \$1).

“What customers are going to ask is, do they price stuff like they understand it’s a staple? That is one of the challenges, one of the things that retailers struggle with. Sometimes they treat the staple foods of another culture as specialty items and overprice them.”

VP Marketing

MEAT

The meat department is also a very important section. Stores catering to ethnic customers do significantly higher levels of business in the meat department than nonethnic stores.

Merchandising

Expand service counters and self-serve counters, both to satisfy the service expectations of ethnic customers and to accommodate a greater variety of meat items (offals, tripe, etc.).

Offer the cut preferences of your target customers; ethnic groups frequently prefer thin cuts.

Be prepared to meet seasonal or holiday requests such as whole pigs or pig heads.

Carry marinated meats and use authentic spices that are consistent with the specific preferences of your customers.

Provide space and containers for fresh fish and shellfish.

Quality

Offer the highest-quality meats. Although cuts can vary, quality is crucial.

Select fresh seafood. This is critical for all ethnic segments, and is particularly important among Asian American customers.

Pricing

Price competitively and according to ethnic sales volume, using ethnic supermarkets as a benchmark.

“The incremental sales we have gained in the meat department alone and the total store far outweigh the profit loss of staffing a service department. We have seen an increase from 70% to 80% in our meat department just by opening a carniceria [service meat department]. We get instant, double-digit growth when we open one.”

VP Marketing

SERVICE DELI/HOT FOODS

Many Hispanics and African Americans visit the service deli on almost every shopping trip. This department is also important to Asian American shoppers, who may use the shopping opportunity to enjoy a meal or snack.

Hot foods is a growing section as ethnic consumers increasingly seek the convenience of prepared foods—especially on weekends. But the offering will not generate incremental sales and profits unless it is authentic.

Meats and cheeses are important to Hispanic and African American customers who purchase items such as bacon, hot dogs, and sausages.

Service

Offer service counters with an authentic assortment and service personnel who speak the language.

Ensure self-serve areas satisfy customer preferences if service counters aren't available.

Quality

Offer hot foods that taste authentic.

Bring ethnic cooks into the store kitchen or the central food preparation area to prepare the foods.

Assortment

Offer a wide assortment of fresh white cheeses and cream cheeses, as well as chunk and sliced cheese.

Include deli meats like ham, head cheese, and bologna.

Carry national brands, store brands, and ethnic brands.

Provide universally appealing items like roasted and/or fried chicken.

Pricing

Price competitively and according to ethnic sales volume, using ethnic supermarkets as a benchmark.

Price hot foods by the pound.

“We offer fried catfish on Fridays and we can't cook it quick enough—the wait is as long as two hours sometimes, and people drive over 10 miles to our stores to buy it.”

President

BAKERY/TORTILLAS

Bakeries offering an authentic assortment of breads are popular among both Hispanics and African Americans. Sweet baked goods are very popular among Asian American consumers, although these customers frequently purchase such items at separate bakeries adjacent to Asian supermarkets.

Many successful Asian American retailers have separate bakery shops on the premises, or bakeries are available within the same shopping complex.

Freshly made tortillas are a big draw among Mexican, Salvadoran, and Guatemalan customers.

Preferences for corn or flour tortillas vary among Hispanic countries and regions. In addition, fresh-baked pan dulce (sweet bread) and bolillos or palanquetas (similar to French bread) are extremely popular among Hispanic shoppers. Cakes are extremely popular among Hispanics, while cakes and pies are especially favored by African Americans.

“We make sure that we always have sweet potato pie and cornbread in our heavily African American stores, and sweet breads and tres leches (three-milks) cake in our Hispanic stores.”

VP Merchandising

Merchandising

Set extra cases to display an assortment of breads and cakes.

Merchandise tortillas next to the bakery or display prominently at the entrance to the store in large packs (100–120 count).

Quality

Ensure authenticity. If it can't be made the way ethnic customers want it, bring it in from the outside. *(See Appendix B for examples.)*

Provide freshly made tortillas if possible. Packages of warm tortillas with visible condensation are extremely appealing.

Assortment

Hispanics, Asian Americans, and African Americans tend to prefer white bread over grain bread.

Hispanics, Filipinos, Vietnamese, and African Americans prefer sweet breads and rolls over sliced white or grain breads.

Among all ethnic groups, cakes and desserts are typically impulse items or are purchased for celebrations.

OTHER SERVICES

Financial

Many ethnic groups prefer to conduct financial transactions in person, and some population segments even seek to pay bills with cash. Many successful retailers offer technology that allows customers to transact with EBT, saving the customers time and helping ensure that the customers spend money in their stores.

Financial Services Important to Ethnic Customers

Money Transfers	Utility Payments	Money Orders
Cable Payments	Check Cashing	License Tags
Calling Cards	Postage	Income Tax Preparation

Immigrant customers find the availability of financial services at their stores “valuable” because they:

- May be unfamiliar with the traditional banking system
- May lack sufficient documentation to open bank accounts
- May prefer to pay bills in person
- May lack required transportation

Pharmacy

Successful retailers also have pharmacists on staff who speak the language of their ethnic consumers. Many of these customers prefer to check with a pharmacist before visiting a doctor, which makes the pharmacist a trusted, primary source of health information.

Outside Vendors

Product offerings can be enhanced by leasing space to outside vendors in the front of your store or complex.

Some retailers rent space right outside their stores to mobile vendors who sell food or ice cream, or lease space in front of the stores to vendors offering unique merchandise.

Candidates for Leased Categories

Bakeries	Clothing	Beauty Supplies
Music	Jewelry	Phones and Pagers
Teas/Herbs		

This approach enhances the store environment and communicates to customers that the retailer understands their needs outside of food shopping. In some markets, independent ethnic food retailers frequently build complexes and lease out store fronts in the front of the stores or adjacent to their supermarkets.

“Most of our store locations allow [lease to] vendors at the front or along the side of the store. They sell a variety of merchandise that is representative of what the community would find in its country of origin, ranging from toys to specialty foods such as roasted corn and Mexican popsicles.”

***Director
New Business Development***

Best Practice 4

Enhance the in-store experience and connect with the community.



It's important for successful ethnic retailers to establish a relationship with the communities in which they operate. Here are some of the steps they take to make ethnic customers feel welcome.

“There are retailers out there that tell their employees, ‘Don’t speak any language other than English.’ We don’t have that practice. We recognize that a significant number of our customers are going to be more comfortable with their own language.”

VP Human Resources

Enhance the shopping experience through use of in-language communications.

Ensure that the customer's native language is used in the store. The use of a native language, in both written and verbal communications, increases shopper comfort.

- Display bilingual signs over the aisles, on the shelves, and on the packaging for meats and produce.
- Ask employees who speak another language to wear badges that communicate their ability to do so.
- Encourage customers to ask questions and interact with store employees who are proficient in the appropriate language.
- Play music selections from native countries that are appropriate to the ethnic customer base.
- Ensure that intercom announcements are repeated in the dominant language of ethnic customers.

Be prepared for some degree of negative customer feedback regarding ethnic merchandising decisions such as bilingual signage — particularly among older, nonethnic customers. Train the staff to respond with a clear message that these activities don't in any way compromise efforts to serve nonethnic customers. Emphasize that increased product variety and a greater assortment benefit all customers.

“It’s also in how you present the product assortment: signage overhead in several languages and floor tiles welcoming customers in seven different languages.”

VP Merchandising and Buying

“You do get a little bit of backlash, but you have to be prepared for that. I think that for the most part those are the exceptions, and I don’t see us changing the way we do business because of it.”

VP Merchandising and Buying

“In all the departments, we have at least one person who can take calls and communicate in Spanish. We know a significant number of our employees and a larger number of our customers need to have that. They are just not comfortable communicating in English; it’s a second language for them.”

VP Human Resources

Provide several “points of contact” for your ethnic customers.

Evidence that the store is being responsive and sensitive to the needs, desires, and preferences of ethnic shoppers includes the following:

- Authentic product assortment and merchandising
- Store cleanliness
- A diverse staffing mix
- In-language communications
- Relevant community outreach

The presence of ethnic staff in key areas of the store is reassuring to ethnic consumers. Make sure these employees are positioned at the front end and in perishable service departments where they have the most contact and interaction with customers.

Develop and implement an ethnic community relations strategy as a part of the store manager’s goals and objectives, and provide appropriate staff training and tools.

- Educate staff about the culture and values of the customers who shop in their store.
- Identify relevant community-based organizations for potential partnerships.
- Establish a relationship with ethnic community leaders and organizations.
- Engage in relevant ethnic community activities, such as:
 - Working with local churches or neighborhood organizations that provide education, employment services, and job training
 - Supporting schools through Adopt-A-School programs
 - Holding fundraising events on parking lots in collaboration with community organizations
 - Sponsoring neighborhood cleanup drives and ensuring employee participation

Provide adequate funds to local store managers so they and their staff can participate in these activities.

Utilize headquarters' support to cultivate relationships with local community leaders.

Community-based organizations often act as the voice for the local community and may seek corporate support. Many successful retailers believe that senior management involvement in these organizations is critical to gaining credibility in the communities in which they do—or intend to do—business. In many cases, supermarket presidents and senior vice presidents sit on the boards and chair regional chapters of these organizations, which helps position their stores as important members of the local community.

Develop procurement programs with local minority suppliers.

Successful retailers believe their community relationships should be reciprocal: The community invests in the retailer, so the retailer should invest in the community.

To achieve credibility in the ethnic community, successful retailers go beyond charitable support. They provide opportunities to local minority businesses, including vendors engaged in construction, information technology, accounting, consulting, and other professional services. The goal is to develop a supplier base that closely mirrors the customer base.

To prepare for doing business with local, ethnic-owned businesses:

- Identify local ethnic vendors who can provide services and products.
- Ensure that RFP procedures, processes, and language are amenable to ethnic-owned, small business participation.
- Work with selected ethnic vendors to help them qualify to do business with your company.
- Provide constant and honest feedback to help these vendors improve their services and grow their businesses with you.
- Determine spending goals among the vendors based on the proportion of total dollars spent across procurement areas.

“Our company commits large amounts of money, time, and resources to various kinds of community outreach. We try to drive a lot of that through stores. It gives us the greatest impact in the community. We honor our employees each year who do a great job of it. We give out awards for those employees who best exemplify volunteerism and service to our communities. We identify those folks store by store. We really go out of our way to express how much the company believes in that and how much we appreciate employees who do that.”

VP Human Resources

“When done appropriately, you can really help to generate and rejuvenate economies in certain areas. If I make sure that I buy 32-oz. industrial mop heads, of which we buy thousands a year, from a local manufacturer who's within 3–4 miles of our stores, he is then going to employ more individuals in that area.”

VP Supplier Diversity

Best Practice 5

Recruit and retain a diverse staff to help you successfully serve your target customers.



A diverse staff helps prepare successful retailers to learn how to think *like* their ethnic customers rather than just think *about* them. It also provides valuable connections with these important customers.

Benefits include:

- A channel for invaluable “real-time” customer feedback
- An authentic understanding of relevant product assortment and customer needs
- The creation of a familiar and comfortable shopping experience and environment
- Stronger credibility as a member of the community
- An effective connection to the community

Develop and maintain a diversity philosophy.*

Successful retailers connect with their ethnic consumer base in a meaningful way because they create a “customer-centered” relationship with ethnic shoppers. The reward? Increased loyalty, greater market share, and higher customer retention.

The retailers’ diversity mindset reflects the customers they serve and helps them make better decisions. It also fuels the innovation that makes their stores more responsive and adaptive to the surrounding community.

Advantages include broader thinking at all levels of their organizations as employees add diversity in middle management and executive positions.

“Clearly, the more employees you have who share that cultural and historical background, the better you are going to understand...the more sources of information you have regarding customers and cultures.”

VP Human Resources

These retailers also know that the best motivation for new employee loyalty is to be able to look up the ladder and see other people who look like them.

* Appendix C details steps for creating a successful diversity program as well as examples of goals and measurement tools for diversity programs.

“When a person looks at their department manager or their assistant store director, and sees someone who looks like them and has the same cultural background, that means something significant in the minority community, whereas it doesn’t mean anything to mainstream America.”

Store Director

Leverage community relations to strengthen employee recruitment efforts.

Successful retailers frequently assign customer service managers responsibility for identifying employment recruiting opportunities within the community.

Headquarters supports these efforts by meeting with district managers and store managers to discuss the ethnic mix in their market. Targeted hiring decisions are then made to develop an employee mix that reflects community demographics.

Community-based organizations are often an excellent source for ethnic employees. Store managers find that churches, local community support groups, and advocacy organizations generate solid leads.

Successful retailers also recruit from local high schools. They regularly speak to high school classes to make ethnic students aware of career choices and available internship opportunities in the supermarket industry.

Employee referrals are often the most reliable way to identify good ethnic candidates. In fact, this type of recommendation actually serves as a screening filter because ethnic candidates are less likely to disappoint a friend, community organization, or family member who recommends them for a position.

“In recruiting, not only do we hire from the community but we get involved in community organizations. When opening a brand new store in ethnic areas, we seek out community organizations that may be interested in helping that particular group of people get jobs. A lot of times we give them priority over other people who come to us on that.”

Store Director

Provide culturally relevant employee training and development.

Many successful retailers have adapted training and personnel materials to the increasingly diverse workforce—incorporating language and visuals that are culturally sensitive and reflect the diverse workforce they are attempting to create. These include:

- In-language training sessions and in-language training materials (including human resource manuals, procedures, and signage)
- In-language lists of products and prices for checkers
- English as a Second Language (ESL) courses. Some stores support a flexible schedule to allow employees to attend this training on their own. Some also support flexible schedules to allow employees to earn a General Education Degree (GED).
- Vocational training and education on supermarket industry terminology and skills
- College tuition for ethnic employees with the potential for advancement

Be flexible and adaptive.

Adopt a progressive hiring attitude by recognizing bright people regardless of educational background or job experience, and invest the time for training. A strong work ethic by an employee far outweighs any lack of academic credentials.

Be willing to make allowances. For example, meetings with employees who speak other languages may take longer. However, those same language differences will work to the store's advantage in connecting with ethnic shoppers.

Best Practice 6

Develop a marketing plan to communicate value at all contact points.



It is not enough to simply create an ethnic merchandising strategy and hire a diverse staff. It's important that ethnic customers are aware of the "value" associated with shopping a particular store.

Use marketing vehicles that reach your target audience.

Successful retailers employ different approaches to promote products commonly used by their ethnic shoppers.

Advertising departments can provide ethnic stores and district managers with options for promoting products from an ethnic shopper's point of view.

Different ad versions and circulars may be used, including:

- Separate and distinct mailers
- Overwraps with ethnic merchandising themes
- Ethnic sections on the front page
- Different versions for city and suburban markets with appropriate product emphasis

Circulars and flyers going to ethnic stores are typically bilingual unless they're placed in an ethnic newspaper. Direct-to-home ads are bilingual if native-language speakers comprise less than 50% of the population in the relevant area. If native-language speakers comprise more than 50% of the target population, then native-language ads are appropriate.

Mass distribution vehicles like ADVO and Penny Saver effectively reach ethnic consumers at home, particularly in markets with a high density of ethnic consumers where ZIP Code or block-level targeting is possible.

Local in-language community newspapers are used regularly for weekly ads, especially when home-targeted vehicles aren't efficient.

Larger chains and independent supermarkets can effectively use television advertising via cost-efficient cable channels available in many markets.

Radio works well, especially to reach Hispanics and Asian Americans.

Many retailers include outdoor media such as billboards, bus cards, bus sides, and subway boards in their media plans as appropriate to the market.

"The bilingual circular goes to stores that index 110 or higher of that ethnic group based on the population in that area."

VP Marketing

“Just because African Americans speak English, it is a mistake to believe that general market efforts reach them effectively. In fact, because African Americans enjoy a rich culture and many unique traditions that are very different from those of other cultures, it is important to include these distinctions when targeting them through advertising.”

VP Marketing

Ensure that your messages are inclusive and relevant.

Successful retailers use marketing research to gain insights about target customers and develop relevant messages. They stress the importance of developing separate television and radio spots via specialized agencies to ensure cultural relevancy and comprehension among their customers.

Ads should represent the types of shoppers found in stores. For example, the ethnic marketing campaigns of successful retailers include people of color in their mainstream English-language ads, in addition to their in-language ads, to represent bilingual and English-dominant customers.

Featured products should be consistent with the group's product usage. Successful retailers create several TV and radio executions of the same core message with different product skews to appeal to their various customer segments.

Some retailers adjust their messages to highlight pricing for urban stores and a brand message for suburban stores.

Successful ethnic merchandising experts point out the importance of establishing relationships with the community *before* communicating your commitment to the market. These retailers caution if you “talk before you walk,” you could undermine your credibility.

Create relevant promotions and events that connect with ethnic customers.

Successful retailers create promotions that play into the everyday lifestyles and attitudes of their ethnic customers. They explore the daily routines, the family dynamics, and the types of activities engaged in by individuals and groups, and they work to become a part of these.

Many retailers focus on children in their ethnic promotions, because children are a primary focus for immigrant groups.

Promotions frequently stress value. For example, Filipino and Vietnamese supermarkets award gifts based on purchase size.

Promotional programs that deliver immediate gratification are the most effective: buy-one-get-one-free, gifts with purchase, in-store cents-off offers.

Target specific ethnic events/holidays for marketing activities.

Successful retailers look at events that can attract a high number of ethnic as well as nonethnic shoppers. Typical “hallmark” events, like Cinco de Mayo, Chinese New Year, and Kwanzaa, are obvious occasions for marketing activities. More important, however, are grassroots events and projects developed in conjunction with local, community-based organizations. Even simple parking lot events can be more meaningful than larger, more commercial events. These retailers also ensure that the right holiday items are available for ethnic shoppers at the right times of the year.

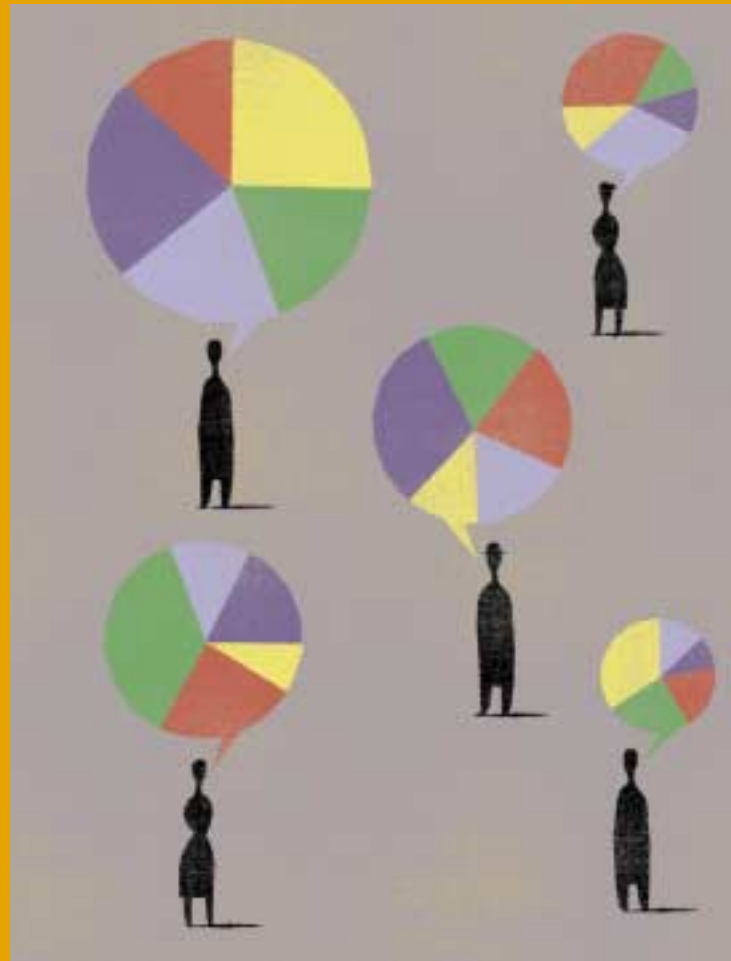
Events centered on children—like building a local playground or supporting a local arts event—are particularly meaningful to ethnic consumers.

“At our sales meeting each week, we talk about...the upcoming holidays and what these ethnic groups are going to require. It’s just part of our philosophy.”

Senior VP Sales and Marketing

Conclusion

Achieving a growth position.



Best-practice retailers make ethnic marketing part of their organization's operating philosophy, and they reinforce it consistently.

- They apply the same discipline to the ethnic market planning process as they do to other potential market segment opportunities.
- They assign a dedicated leader who can impact the business by having cross-functional authority to drive and effect category management, vendor, and store-level decisions.
- They think like the consumer segments they're trying to attract and allow that intelligence to drive category and assortment strategies.
- They develop a vision for ethnic marketing that includes short- and long-term revenue goals.
- They set measurable expectations at all levels of the organization and ensure that goals and reward structures of appropriate divisions are linked to achieving incremental ethnic business.

Consistent commitment positions them for incremental gains in sales, along with increased customer satisfaction and loyalty. It also positions them to grow with America as the marketplace changes.

Appendix A – Ethnic Food Consumption Profiles

These profiles address food consumption similarities and differences among Hispanics, Asian Americans, and African Americans. When building an ethnic food offering, begin with the pillars of each ethnic diet and then add to this foundation by learning more about the cuisines of each country.

HISPANICS

While Mexican or Tex-Mex food may be very popular, it isn't representative of all Latin American cuisine. Food preparation and ingredients typically vary by the geography and climate of the customer's country of origin.

- In Latin America, corn has been a staple for more than 4,000 years and continues to be the backbone of the Hispanic diet. It's used to make a host of breads, tamales, and tortillas, but preparation methods can vary and products have different names.
 - Corn and flour tortillas are most common in Mexico, El Salvador, and Guatemala, but El Salvador also has pupusas—a corn-based pocket typically filled with refried beans and ground beef.
 - Colombians and Venezuelans make arepas—a thick, round pocket made from corn flour.
 - Most of Mexico, Central America, and parts of South America have their versions of tamales, which can be called humitas in Ecuador or ayacas in Venezuela. All are prepared differently and are wrapped in cornhusks or banana leaves.
 - In the Caribbean and South America, bread—not tortillas—is served with meals. In fact, in South America and the Caribbean, a tortilla is similar to an American egg omelet, and the word taco means the heel of a shoe.

- While beans and chilies round out the pillars of food for the Mexican diet, rice replaces chilies in Central and South America and the Caribbean and is served at every meal—even with other starches like potatoes and pasta.
- Plantains are popular in countries with tropical weather.
- Meats are common in most Latin American countries, but are used sparingly due to their cost. In the United States, however, affordability increases use.
- Seafood is popular throughout Latin America, particularly among island nations and coastal regions.
- A large array of fresh fruits and vegetables completes the Hispanic diet.

In the United States, Hispanics prefer to cook traditional recipes and shop for traditional ingredients. Traditional food is part of their culture and is enjoyed through the flavors and scents that bring memories of home. Hispanics share a passion for food, and home-cooked meals are a traditional way for mothers to convey love and nurturing to family and friends.

Taste is of primary concern when preparing food in Hispanic households, which is why freshness and authenticity are a priority when they shop. For most immigrant cooks, taste will not necessarily be sacrificed for convenience or health considerations.

Hispanic Food Profiles

Mexico

Dishes are flavored with tomato sauces and rich chili pastes except in Yucatan, where pibil sauce made from annatto seeds is favored.

Seafood, poultry, and pork are more commonly consumed in the United States.

Thin meats are preferred because of recipe/preparation requirements.

Beef and pork intestines and bones are used often.

Grilled fish, ceviches, and more tropical flavors are typical of coastal regions like Veracruz.

Stews, moles, and braised meats and poultry are common in Oaxaca and Puebla.

Corn, maize, and beans are staples.

Herbs and spices like cinnamon, clove, cumin, cilantro, thyme, marjoram, and epazote are used regularly.

Central America

Tomatoes and onions are used to flavor food; chilies are used sparingly.

Pork, chicken, and beef are used in stews or are grilled or roasted.

Dumplings and tamales combine Spanish and Mexican flavors: raisins, olives, red pimentos, hard-boiled eggs, and chocolate.

Rice, beans, and corn are staples.

South America

Annatto, coriander, onions, tomatoes, and green peppers provide flavoring to most dishes.

Seafood, poultry, and pork are preferred.

Beef is more common in Argentina and Brazil.

People in the Andean countries also like sausages, rabbit, guinea pig, goat, and lamb.

Potatoes, corn, and rice are staples in Ecuador, Peru, Bolivia, and Colombia.

Italian and German flavors influence many foods in Argentina, Chile, and Uruguay.

Caribbean

Seafood, pork, and poultry are dominant—roasted, grilled, or fried.

Garlic, coconut milk, and adobos provide flavoring.

There is a combination of African and Spanish ingredients and preparation styles.

Root vegetables used include yucca, malanga, and yams.

Okra, black-eyed peas, and pigeon peas are common in dishes. Flavoring greens with smoked meats is popular.

Appendix A – Ethnic Food Consumption Profiles

ASIAN AMERICANS

Asian foods share many similarities, given a broad Chinese influence in East Asia. Generally, the pillars of the Asian diet are rice, noodles, vegetables, and seafood. Compared to the western diet, meats are eaten relatively sparingly, while seafood is abundant and wide-ranging.

- Chinese cuisine and cooking styles date back hundreds of years and vary broadly by region—including Cantonese, Szechuan, Shanghai, and Peking forms of cooking.
- Japanese food emphasizes natural flavors and simplicity, a reflection of Japan's Buddhist culture. Cooking methods are simple, seasonings are uncomplicated, and primary ingredients are limited to what is absolutely fresh and available.
- Korean cooking favors barbecued meats in the Mongolian tradition and includes lots of seaweed and cabbage. Korean cooking possesses strong, hot, and nutty flavors provided by a combination of chilies and sesame.
- Filipino cuisine is a melting pot of Spanish, Chinese, Malay, and native elements, which is a reflection of the country's history. Filipino food emphasizes pork, poultry, seafood, rice, and noodles.
- Vietnamese meals are characterized by abundant fresh greens, often stacked together in lettuce or sheets of edible rice paper along with slivers of meat. The French influenced their taste for terrines and compressed sausages, along with French bread and coffee.

Like Hispanics, Asian immigrants prefer to cook traditionally once in the United States.

Asian American Food Profiles

China

They use a large assortment of vegetables and mushrooms—usually cooked and prepared in combination with other ingredients.

Cantonese cuisine uses natural ingredients, steamed or stir-fried and flavored with soy sauce, ginger, and green onion. Pork and seafood are most popular, while rice is the main staple.

Peking dishes include hot pots, dumplings, and duck.

Szechuan food is flavored with chilies, garlic, and spices. The ingredients are braised, crisply fried, or dry-cooked.

Northern Chinese like soups, noodles, and sesame-covered breads.

Japan

Japanese food contains few spices and emphasizes aesthetics, balance, and natural taste of ingredients. Fresh ingredients are key.

The typical Japanese meal consists of a bowl of rice (gohan), a bowl of miso soup (miso shiru), pickled vegetables (tsukemono), and fish or meat. While rice is the staple food, several kinds of noodles (udon, soba, and ramen) are inexpensive and very popular for light meals.

Seafood is the main part of the diet and includes a wide variety of fish, squid, octopus, eel, and shellfish. While the diet includes very little animal protein, they do eat some pork and chicken.

The flavor of many foods comes from dashi (a stock made of dried fish and kelp); rice wines/sake; and miso, tofu, and Japanese soy sauce (all soy products).

Korea

Korean foods reflect some Chinese and Japanese influences.

Beef, seafood, beans, and rice are the main ingredients.

Chili and sesame pastes and oils give the dishes a spicy and nutty taste.

Main dishes are hot pots with thinly sliced meats that have been grilled, broiled, or stewed.

Meals include many small dishes (panchan) flavored with soy sauce, ginger, bean paste, and toasted sesame seeds.

Kim chi (pickled cabbage) and rice are diet staples.

Philippines

Pastis or fish sauce, bagoong or shrimp paste, and Chinese soy sauce provide salty flavoring while tamarind, mango, and guava provide sour flavors.

Vinegar or citrus fruit juice is used as a marinade.

Pureed eggplant or sweet potato flavored with oil, vinegar, garlic, and seasonings add flavor. Rich, heavy sauces are common.

Sinigang—a lightly boiled fish in sour stock with vegetables and fish sauce—is the foundation of the cuisine.

Fish and seafood are the main and favorite source of protein, and rice is eaten three times a day.

Chinese-influenced lumpia (egg roll), sticky noodles, and pancit molo (a wonton-like soup) are favorites.

Spicy chorizo, pochero, guisado, fritata, anchovies, salt cod, and empanadas reflect the Spanish influence.

Vietnam

Nuoc mam, a fish sauce, is added to soups and stir-fries. It is also added to marinades made with lemon grass, lemon juice, and chilies to give a tangy flavor to meats and fish. Soy is rarely used except in the north.

No meal is complete without fresh vegetables and herbs like coriander, mint, dill, basil, and fennel.

Steaming soups bowls (pho) are made with herbs as ingredients or garnish.

Vegetables and meats are rolled into lettuce leaves or rice paper.

Meats are used in small quantities, typically as condiments.

French baguettes and coffee reflect the French influence.

Vietnamese rely heavily on rice, noodles, wheat, and legumes as well as fresh herbs and vegetables.

There is minimal use of oil.

Appendix A – Ethnic Food Consumption Profiles

AFRICAN AMERICAN

African American cooking styles are driven by both a distant African heritage and American traditions (particularly Southern influences), which in turn drive purchasing decisions. There is a tremendous passion for food in African American culture. Recipes are handed down between generations and much pride is taken to select ingredients and brands previously used within the family.

While African Americans have a unique set of food preferences that comprise the pillars of this rich diet, the palate of African Americans also includes the tastes and preferences reflecting the broader general market as well. The following listing only partially describes unique attributes of the African American diet, with a particular emphasis on what has become known as “soul food” and/or Southern cooking traditions.

- Corn is popular in the preparation of much Southern food today and is used to make grits, soft cornmeal mush, and batters.
- Cornmeal is used to make southern spoon breads and cornbread. Ground millet, sorghum, barley, and cassava flour are used for fritters, batters, flatbreads, griddlecakes, and porridges in the American South.
- Rice is a staple, especially in areas like Louisiana where it's an integral part of Cajun dishes.
- Cassava and yams/sweet potatoes are the main root vegetables.
- Pumpkin, squash, eggplant, potatoes, turnips, and cabbage are used frequently.
- Greens are very popular.
- Melons are popular as well as oranges, plums, figs, and grapes.
- Black-eyed and cow peas, as well as red and white beans, are staples.
- Okra is popular in the American South and is used in many dishes to thicken soups and stews.

African American Food Profiles

Seafood, poultry, and pork predominate, and variations of barbecue are a tradition.

Beans and greens are a staple of this hearty diet, and are cooked with salted and smoked meats and fat for flavoring.

Foods are heavily flavored with seasonings, herbs, and condiments. Spicy and salty flavors are preferred.

Grains (hominy grits) are common at any meal.

Squash, sweet potatoes, and yams are widely used.

Most food is pan-fried or stewed.

Highly seasoned, one-pot meals are typical; gravies are very popular.

Lard, shortening, creams, and butter are used freely.

Breads, biscuits, corn bread, and fritters are a typical part of the meal.

For desserts, pies, cobblers, and puddings are favorites. Fruit flavors are preferred over chocolate, and there's an overall preference for sweeter flavors.

Cajun and Creole cooking styles are popular across the board.

Appendix B—Best-practice Retailer Approaches to Determining the Right Bakery Assortment for Ethnic Customers

Approach	Benefit
Hire ethnic bakers to bake goods in store	<ul style="list-style-type: none"> Authentic product High-margin items Encourages frequent store visits Builds relationships
Partner with a local ethnic bakery	<ul style="list-style-type: none"> Authentic product Tailored assortment Partnership can grow to supply large store base Demonstrates support of local business community
Lease space to an ethnic bakery and bring some of its product assortment into the store	<ul style="list-style-type: none"> Authentic product No investment required Tailored assortment Attracts shoppers to your store
Utilize specialty distributors to provide the right assortment	<ul style="list-style-type: none"> Authentic product Cater to the preferences of various groups High-margin products

Appendix C – Five Steps to a Successful Diversity Program

1. Ensure senior management commitment. Successful CEOs dedicate quality time each month to discuss diversity processes and progress with their executives and consistently communicate its importance to the entire organization on a regular basis.
2. Ensure that the organization's vision and core values are consistent with creating a culture of diversity.
3. Sensitize corporate and store-level teams to cultural nuances and ethnic shoppers' needs. Many successful retailers bring in cultural sensitivity consultants to provide one-day and two-day training for corporate and store management.
4. Establish business goals for the human resources department, and develop strategies for achieving them.
5. Establish measurement tools that correspond to each goal.

Goals	Measurement Tools
Improve ethnic employee retention	Track ethnic and nonethnic turnover rates Survey employee satisfaction and attitudes about how the company treats them and how they feel about the company
Increase ethnic new hires	Track ethnic and nonethnic new hires at the store level and corporate level broken down by ethnic group Compare ethnic make-up for the company versus U.S. and local demographics Determine if the ethnic profiles of store and management personnel reflect local demographics
Ensure that ethnic employees are advancing through the company	Measure the percentage of ethnic employees at various levels in the company and break it down by vice presidents, directors, district managers, corporate associates, store management, and department managers; repeat two to three times a year to gauge improvement Track the percentage of ethnic employees (by ethnic group) that are promoted or moved laterally—lateral moves are considered development
Enhance the store's reputation in the community	Track relationships and feedback from community leaders Track the number of referrals from community leaders
Report progress to senior management	Track communications with the CEO, the executive committee, and the diversity group to report on the number of initiatives started since last meeting, the number of meetings with executive committees and with district managers, the types of presentations given, the type of support the organization is asking for, etc. Track the frequency of progress meetings

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Publications

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An Economic Analysis of the Distribution Industry in the United States Arthur Andersen & Company	1980
Social Trends and Food Retailing SRI-International	1980

About the Council

The Coca-Cola Retailing Research Council of North America was created by The Coca-Cola Company to address issues of strategic importance to the U.S. supermarket industry. The Council is responsible for identifying and framing the strategic issues to be addressed.

The process allows for retaining consulting resource(s) to conduct the research and analysis associated with the identified issue, directing and guiding the conduct of the research and analysis, and assuring the results are reported/presented to the supermarket industry in a way that is useful to and actionable by the industry.

The Council consists of 13 supermarket industry executives who carry out the responsibilities and tasks associated with the previously mentioned mandate. They are:

- **Jonathan Berger**, General Manager, North and Central America, *CIES— The Food Business Forum*
- **Gregory Calhoun**, President and CEO, *Calhoun Enterprises*
- **Jack Clemens**, President and CEO, *Clemens Markets, Inc.*
- **David Dillon**, President and COO, *The Kroger Co.*
- **Bill Grize**, President and CEO, *Ahold USA*
- **Dr. Timothy Hammonds**, President and CEO, *Food Marketing Institute*
- **Christian Haub**, Chairman, President, and CEO, *The Great Atlantic & Pacific Tea Co.*
- **Ric Jurgens**, President and CAO, *Hy-Vee Food Stores, Inc.*
- **John Lederer**, President, *Loblaw Companies, Ltd.*
- **Scott McClelland**, Chief Merchandising Officer, *H.E. Butt Grocery Co.*
- **Jeff Noddle**, President and CEO, *SUPERVALU INC.*
- **Al Plamann**, President and CEO, *Unified Western Grocers*
- **Bobby Ukrop**, President and CEO, *Ukrop's Super Markets, Inc.*

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