

## Targeting Asian-Indian American Consumers

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### ABSTRACT

Most U.S. marketers are woefully ignorant about most foreign cultures and do not understand that to be successful, it is important to build a positive relationship with ethnic niche markets. This paper discusses the market potential of the Asian-Indian American market by highlighting the demographic characteristics and the changing population density of this ethnic market.

### Keywords:



## INTRODUCTION

Present day marketers face many challenges. Challenges such as increasing competition, a majority market that is decreasing in size, the emergence of many minority niche markets that are demanding that marketers cater to them on their own terms, increased sophistication of consumers, decreased effectiveness of marketing tactics, emergence of new marketing tools, and advancements in technology and communications. Few marketers understand the fact that by the year 2050 there will be no racial majority in the United States (RAND 2001). Outdated is the notion that the United States is a “melting pot” where many races mix together since the nation now appears to have many distinct ingredients that never quite blend.

While some large companies such as AT&T, American Express, CitiBank and VISA are doing a better job of catering to minority customers, many minority consumers are still frustrated by the lack of products that are available to meet their needs. In addition, many of these consumers are “turned off” by the mainstream images that are still used to promote the majority of products and services currently offered in the United States. It would be a great mistake to assume that a company could employ the same marketing approach to all minority groups.

One minority niche that exists within the American marketplace is the Asian-American market that includes the following six sub-groups: Asian-Indian Americans, Chinese-Americans, Filipino-Americans, Japanese-Americans, Korean-Americans, and Vietnamese-Americans. The Asian-American market values and rewards companies that build a relationship by understanding and catering to their specific needs.

This paper covers the third largest Asian-American group residing within the United States today, the Asian-Indian Americans, whose beliefs, demographics and other characteristics that are relevant to the consumption process will be described. In addition, the paper emphasizes the importance of relationship marketing when targeting this burgeoning niche market. Responding to the dramatic demographic changes underway in developed countries involves an understanding of the demographic trends as well as an understanding of the growing diversity within the population. The information provided in this study is offered to alert the reader of the market potential that is available within this group and how to reach it, but is by no means all-inclusive.

Asian Indians first immigrated to the United States in the early 1900s. This first group of Asian-Indian immigrants was either students who came to study in America or Sikhs, members of a religion that originated as an attempt to compromise between the differences of Hinduism and Islam, who came to the United States to escape intra-Indian discrimination. Most of these early immigrants were farmers or otherwise self-employed (Rossman 1994). Before the Immigration Act was passed in 1965, there were only about 25,000 Asian-Indians in America. However, in the years subsequent to 1965, Asian-Indian immigration has flourished. Based on the 2000 Census the Asian-Indian American population is now the third largest Asian-American subgroup. In spite of their recent and sizable population boom, Asian-Indian Americans continue to be all but invisible to mainstream Americans. There are two discernible reasons for the invisibility of Asian-Indian Americans.

First, they do not have the conventional attributes of an alien population but, rather, are ethnically and culturally related to the majority in this country. Because India was a British colony for many years, many of them have learned the English language and have adopted some western attitudes and behaviors.

Second, Asian-Indian Americans are Asian, but they are not Oriental. They are a product of many invasions over several centuries. India is a country with many different ethnic and religious groups. The main ethnic groups are blends of Caucasoid, Mongoloid, Australoid, and Negroid. India is composed of 72 percent Indo-Aryans (Aryans are people who settled in Iran and northern India), 25 percent Dravidians (the original inhabitants of India) and 3 percent Mongoloid (made up from Mongolia, Korean, Japanese, Turks and Chinese) and other (CIA 2003).

The religious composition of the Indian people include 81.3 percent Hindu, 12 percent Muslim, 2.3 percent Christian, 1.9 percent Sikh, and 2.5 percent from other groups including Buddhist, Jain, and Parsi. The religious makeup of Asian-Indian Americans somewhat mirror the composition in India.

Many languages are used in India and these include English, which enjoys associate status but is the most important language for national, political, and commercial communication, Hindi, which is the national language and primary tongue of 30 percent of the people, and 14 other official languages.

India is multicultural with various practices relating to food, clothing, the use of symbolic forms, and rituals have regional as well as sub-cultural variations, while they also have many common threads at the religion, social and semantic levels (Venkatesh 1994). The Indian society is stratified hierarchically and laterally on the basis of caste, which is a social category that is unique to India, which has some resemblance to race and class-based stratification (Venkatesh 1994).

Asian-Indian Americans can be into three distinct segments. The first is the highly educated group that immigrated to the United States in the 1960s for professional opportunities. The second segment was also highly educated and came to the U.S. in 1970s. The difference between the first and second segment is that, in the second segment both husband and wife were educated and worked outside of the house. The third segment of Asian-Indians is immigrants who were sponsored by an established family member in the U.S. This group is not very educated and is mostly small business owners (Mogelonsky 1995).

Helweg (1987) finds that individualistic models of emigration decisions do not apply to Asian Indian emigrants; their concern is more with bringing honor to their extended families. Getting a prestigious foreign education in England or America is one way to do this, and this is most commonly the purpose for which Indians initially come to the United States. Even with good intentions to go back, after obtaining a graduate education many Indians decide to stay and work in the United States, often arguing that this will allow them to accumulate money and better prepare them to get a good job in India. After they experience America as students, material desires often dominate desires to return to family, friends and India. Both because of considerably poorer job and income prospects in India and because of the potential for bringing their families shame by appearing to return to India as failures, most of those who begin working in the United States continue to do so (Mehta and Belk 1991). With explosive economic growth that India is experiencing, an increasing number of Indian students and naturalized citizens are opting to return to India to look for professional career opportunities.

Asian-Indian Americans have not developed the cultural and political organizations and ethnic neighborhoods that are typical of most Asian-American groups. This is because their high levels of education and professional opportunities coupled with the vast cultural diversity of their native country have either made it unnecessary or difficult for them to do so (FIND/SVP 1995).

## DEMOGRAPHICS

The Asian-Indian American population has increased tremendously over the last two decades. In the ten years between 1980 and 1990, their population increased from 387,223 to 815,447, an increase of 110.6 percent. This increase was the third largest population increase among Asian-American minorities, making Asian-Indian Americans the fourth largest Asian-American group. Between 1990 and 2000 their numbers grew to 1,678,765, which is an additional increase of 106 percent. Asian-Indian Americans are now the third largest Asian demographic (FIND/SVP 1995 and U.S. Census Bureau 2000).

Like other Asian Americans, Asian-Indian Americans reside mainly in urban communities, but their population distribution more closely resembles that of the entire United States population. According to the 1990 Census, approximately 50 percent of the Asian-Indian American population was distributed among the country's four largest cities and surrounding areas--New York, Los Angeles, San Francisco, and Chicago (FIND/SVP 1995). With regard to the clustering of Asian-Indian Americans in metropolitan statistical areas, 95 percent or 815,447 were reported to be inside MSAs and 5 percent were outside MSAs in 1990 (FIND/SVP 1995).

Of the 1.68 million Asian Indians living in the U.S., more than 1 million of them were born in India (FIND/SVP 1995). This would indicate strong ties to the culture of their birth. The median age for the foreign born population decreased slightly from 29.6 in 1980 to 29.4 in 1990. This figure compares to a median age of 31.2 in 1980 and 34.8 in 1990 for the Asian-Indian American population as a whole, which reflects an increase. By comparison, America's Caucasian population had a median age of 31.3 in 1980 and 32.4 in 1990 (FIND/SVP 1995).

Asian-Indian Americans are a highly educated group. In 1990, 54 percent of Asian-Indian Americans had completed a bachelor's degree or higher. By 2000, 65.8 percent of U.S. born and 68.1 percent of foreign-born Asian-Indian Americans had 4 or more years of college. This rate of educational attainment is higher than that of any other ethnic group residing in the United States today. By comparison, Caucasians had a low rate of educational attainment for the same time period, only 23 percent of Caucasians had completed four or more years of college in 1990. This number has increased to over 30 percent in 2000 (FIND/SVP 1995 and U.S. Census Bureau 2000).

Asian-Indian Americans are very well represented in professional vocations. In 1990, 77 percent of Asian-Indian Americans held a professional position, 44 percent were in the managerial/ professional category and 33 percent were in the technical/sales/administrative category. The numbers, in 1990, for the Caucasian population were lower in both of the job classification categories, 33.3 percent for the managerial/professional category and 30 percent for the technical/sales/administrative category. Asian-Indian Americans included 1 percent in farm, 5 percent in craft and 9 percent in laborer occupational categories (FIND/SVP 1995).

In 1989, Asian-Indian Americans had the highest median household income of any Asian-American group at \$44,696. The comparable figures for Caucasians and Asian Americans as a whole were \$30,406 and \$36,101 respectively (FIND/SVP 1995). In 1999, the median household income for Asian-Indian Americans increased to a high of \$68,100. Again, the educational attainment, the propensity of Asian-Indian Americans to live in urban areas, and the number of wage earners per household are factors contributing to the higher median household income for this ethnic minority (U.S. Census Bureau 2000).

## **PSYCHOGRAPHICS**

Psychographic aspects include importance of family, respect and value of age, religious beliefs, food and beverage consumption, and beliefs in simplicity and fatalism. The well being of the family is very important to Asian-Indian Americans (Rossman 1994). In addition, like most other Asian Americans, the family unit is considered to be more important than the individual. Asian-Indian Americans have large families and many extended families either live together or live within the same vicinity.

As is the case in most of the other Asian-American societies, age is highly valued within the Asian-Indian American culture. As such, elders are respected and revered. Also, the younger members of the family usually care for the elders within the family unit.

Asian-Indian Americans have diverse religious beliefs. For the most part, Hinduism and Islam are the prevailing religions along with Sikh, which is a blend of the first two. However, there are several other smaller religions such as Christian, Buddhist, Jain, and Parsi that are practiced by Asian-Indian Americans, and each religion has different beliefs.

Since Hinduism and Islam are the two main prevailing religions, marketers interested in this group of Asian Americans should be aware of their food laws. For instance, Hindus consider the cow to be a holy animal and, for that reason, do not eat beef. Muslims, on the other hand, partake of beef but refuse to eat pork. Furthermore, Muslims do not drink alcoholic beverages. It is also worth noting that many Asian-Indian Americans are vegetarians. Among the Asian American there will be variation in food and beverage consumption based on their acculturation to the western culture.

Two additional beliefs that are worth mentioning are simplicity and fatalism. Many Asian-Indian Americans believe in simplicity. As such, they are more than satisfied with simple, sensible comforts. In addition, many Asian-Indian Americans also believe in fatalism, a belief that whatever happens in life was meant to be and cannot be changed.

## **MARKETING TO ASIAN-INDIAN AMERICAN**

In order to successfully market to the Asian-Indian American minority, marketers must not only know where they reside, but they must also know how to reach them. A careful study of the previous psychographic reveals four basic values that are of particular relevance to this group. They are education, family, respect for age, and the importance of traditional values.

To reiterate the information previously offered, Asian-Indian Americans consider education to be of extreme importance. For the most part, they consider the education attained by an individual family member to bring honor to the entire family. The higher the level of education attained, the greater is the honor that is brought to the family. When appropriate, enterprising marketers may use this theme to market a product or service.

Asian-Indian Americans are known to be hard workers and strongly committed to their vision and goals. They are often fully committed to their responsibilities with very low default rate on business loans. They are quality conscious and very loyal to strong brands and will pay the price. However, they are also highly price/value conscious because they have had to work hard for money and will not spend it indiscriminately.

Asian-Indian Americans consider the family unit to be of extreme importance, and most

have great respect for the elders of the family. In addition, they consider traditional values to be particularly important to the continuation of their respective cultures. Marketers may use these values to the advantage of a specific promotional campaign. For example, a marketer might consider using a family theme, where applicable, to promote a particular product or service, like an automobile, or fire insurance. Additionally, an advertiser may equate the respect for the elders in a family to respect for age and apply that respect to an advertising campaign by stressing the tried and proven performance of a specific product or service.

Finally, an advertiser may want to make the most of the need Asian-Indian Americans have to preserve their respective cultures when recognition of that need may help to sell a particular product or service. Marketers who get involved in Asian-Indian American community groups, civic and trade associations through sponsorships can build relationship, gain trust and loyalty of this group. These types of involvements generate word-of-mouth referrals that is extremely effective due to the group's commitment to family and culture

Language and media are important considerations when planning an advertising campaign for any minority. Since Asian-Indian Americans speak English more regularly than they do any of the Indian languages, marketers should use English-language ads with Indian cultural cues woven in seamlessly. However, because they tend to utilize the extensive network of Asian-Indian American print media, marketers may find it rather difficult to reach this group through mainstream media. Therefore, Asian-Indian American print media could be utilized. The following is a list of popular publications targeted toward Asian-Indian Americans: India Abroad, Silicon India, India Currents, India Post, INDUA Business Journal, India Express, India West, South Asian Insider, Kerala Express, Little India, Masala, Mehfil, News India Times, and (New York) India New York.

Since Asian Americans lead in online access and Internet usage (Silverman 2000), to succeed in drawing this traffic, web sites must specialize and appeal to the specific interests of the sub-segments of this group. To effectively reach various groups, companies should segment and then sub-segment the markets they want to hit. Hence, they should recognize the major sub-groups that make up the Asian-American market such as the Asian-Indian American. Customization is important. In 1998 Charles Schwab, the leading online discount brokerage firm launched a Chinese-language website and found that the average balance maintained by Asian investors are 10-20 percent higher than a typical client and that they trade twice as often. Due to the high cost of acquiring new customers, it will be important to recognize the difference between mass marketing and niche marketing (Silverman 2000).

## CONCLUSION

Competition within the American marketplace is heating up, and the face of today's America is changing. More and more companies seem to be competing for a piece of the ever-growing, ever-changing pie. Realizing this, many organizations have begun to look for different ways to expand their companies and increase profits. Since America's mainstream population has begun to grow more slowly than ever before, American organizations will need to look to other growth markets as a way to increase sales and profits. Those organizations that refuse to keep pace with the changing marketplace will begin to see decreased market share and, ultimately, profits. Short of going global, one way to stay abreast of the situation is to target one or more of the emerging minority markets. One such market, the Asian-Indian American market,

is very promising.

Due to current immigration and birthrates that are higher than those of the Caucasian population, Asian-Indian Americans are presently one of the fastest-growing minorities in the United States. Many forecasters believe that current immigration laws will continue to allow Asian-American numbers to increase by vast amounts well into this millennium. These population projections, together with the ever increasing Asian-American purchasing power, and current education trends make this market a very viable target which will prove to be very profitable for years to come. Therefore, American marketers need to become familiar with and analyze Asian-Indian American cultural values in order to better address the social mores of the Asian-Indian American market.

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