Geodemographic Segmentation: 
The Case of Ethnic Marketing in Australia

Alvin M. Chan*

While there is an increasing number of companies realising the potential that the diverse ethnic markets in Australia possess, majority still do not see the potential. Ethnic marketing in Australia is still in a developmental stage. From a geodemographic segmentation perspective, this paper reveals the ethnic marketing potential in Australia. Marketers face an exciting challenge in reaching a multi-ethnic Australia with huge potential returns. If perceptively practised, ethnic marketing could develop new approaches that respect Australia’s diversities while celebrating their similarities. The market potential of the diverse ethnic groups in Australia is simply too big to be ignored. As more marketers see the potential of ethnic marketing via geodemographic segmentation and gradually gain experience and confidence in pursuing this alternative to mainstreaming marketing, it is envisaged that ethnic marketing would become an integral part of any marketing campaign in the long run.

Field of Research: Marketing, Geodemographic Segmentation, Ethnic Marketing

1. Introduction

The ethnic population in Australia is sizeable and represents a viable and untapped market segment. The following figures from the latest 2006 Census give a broad indication of the multi-ethnic composition of the Australian population. Of the 20 million people who constituted Australia’s population in 2006:

- 41% were either born overseas or had at least one parent born overseas;
- 16% spoke a language other than English at home; and
- over 200 languages were spoken.

The potential of marketing to the diverse ethnic communities in Australia poses both opportunities and challenges for marketers. A few innovative companies are realising the potential and there are already some successful cases (e.g., see Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), 2006a; Office of Multicultural Affairs, 1994; Wilkinson and Cheng, 2003). However, many companies still have not seen the potential and the diverse ethnic markets in Australia are at present largely untapped (Chan, 2006). For many the problem is knowing where to start and how to successfully follow through.

Looking from the practitioner’s perspective, this paper provides a brief overview on the development of ethnic marketing in Australia and gives cases examples to demonstrate the potential of the diverse ethnic markets as revealed in the geodemographic data. Geodemographic segmentation is based on two simple principles (Rothman, 1989):

*Alvin M. Chan, School of Business, University of Western Sydney, Locked Bag 1797, Penrith NSW 2751, Australia. Email: a.chan@uws.edu.au
two people who live in the same neighbourhood are more likely to have similar characteristics than two people chosen at random; and

(2) neighbourhoods can be categorised in terms of the characteristics of the population which they contain, and that two neighbourhoods can be placed in the same category, i.e., can contain similar types of people, even though they are widely separated.

The objective of this paper is to show marketers where to start in ethnic marketing. Once marketers see the potential of geodemographic segmentation in ethnic marketing in Australia, they can then follow through to the collection of primary data on consumer acculturation for making necessary adjustments to their marketing offerings to the ethnic markets and build up a long-term relationship with the ethnic consumers.

2. The Development of Ethnic Marketing in Australia

Ethnic marketing is a term widely used in the marketing literature to refer to the study of marketing within ethnic minority contexts and is often used interchangeably with the term multicultural marketing (Cui, 1997; Pires, 1999).

As the United States has a longer migration history and a larger population size, many companies in America are well aware of the potential of marketing to the diverse ethnic groups like African-Americans, Hispanic-Americans, and Asian-Americans (e.g., see Rossman, 1994; Schreiber and Lenson, 2001). However, the development of ethnic marketing in Australia has been very slow because of the following reasons (Chan, 1995):

- perceiving difficulty in understanding other cultures. This is largely due to lack of confidence in dealing with an unfamiliar culture;
- remaining complacent with the mainstream market and not seeing a need to target the ethnic markets separately. Some simply assume that the ethnic communities will have access to the mainstream media; and
- being afraid that the targeting of ethnic markets will upset the mainstream market and the “gains” may not be able to compensate for the “losses.”

The first to practise ethnic marketing in Australia have been government agencies utilising various ethnic media to advertise and provide information in ethnic languages, ensuring that everyone in the community has equal access to government services. There is a government policy that 7.5% of all its print media budgets be allocated to ethnic press. The former Ethnic Affairs Commission of New South Wales was one of the pioneers in developing the concept and practice of ethnic marketing by launching the first National Multicultural Marketing Awards in 1990.

In spite of the push by the government to advance ethnic marketing, it was not until the mid-1990’s that an increasing number of organisations from the private sector began to see the potential of the diverse ethnic markets. The first multicultural marketing conference by the private sector was held in July 1994 (Caldwell Management Pty. Ltd., 1994).

Drawing on his seven years of experience as a judge for the National Multicultural Marketing Awards since 1991, Professor Ian Wilkinson has the following conclusions on
the developments in multicultural marketing in Australia in the past decade (Wilkinson and Cheng, 1999):

- A shift away from simple adaptation of advertising messages as the mainstay of multicultural marketing strategies.
- A shift from simple, even simplistic, representation of some ethnic communities in marketing campaigns to a more sophisticated understanding of the rich cultural diversity that exists among and within ethnic groups.
- A shift from monoculturally focused marketing strategies to multiculturally focused strategies that engage a larger slice of society.
- A move away from multicultural marketing as a marginal add-on in a campaign or strategy to campaigns in which it is either automatically considered or built directly into the fabric of the overall campaign.
- An increasing appreciation of the benefits that come from harnessing multicultural resources for both domestic and international business development.
- A shift from recognising and adapting to diversity to valuing, appreciating, celebrating, and offering the fruits of this diversity.

As a judge for the 2000 National Multicultural Marketing Awards, Chan (2006) agrees with Professor Wilkinson’s observations but points out that these “conclusions” are mainly reflective of the submissions to the National Multicultural Marketing Awards in the past decade; they do not represent the general trends in multicultural marketing in Australia. The current state of development of ethnic marketing in Australia is best summarised by the following comments by Joseph Assaf, founder and CEO of Ethnic Communications, who established the first ethnic advertising agency in Australia in 1977:

“70% of Cognac's consumption is by the Asian market, and yet all its advertising is in mainstream media. One in five people speaks a language other than English at home, yet more than 90% of ads are designed to reach Anglo-Saxons.” (Ad News, 2001, p.18)

While there are signs of increasing ethnic marketing practices in Australia, it is still in the developmental stage. Because of its apparent unfamiliarity and difficulty, many companies have chosen to ignore the potential of the ethnic markets. In the next section, we demonstrate with examples how to assess the potential of the diverse ethnic markets by beginning with readily available geodemographic information.

3. Assessing the Potential of Ethnic Markets

Like any strategic planning process, a good start to the ethnic marketing process is an analysis of the available secondary information in identifying and assessing the potential of target ethnic markets: anecdotal or observational, Census demographic figures, and company information by ethnicity where available.

3.1 Observational Data

Even without accurate figures, anecdotal or observational information will give some broad indications on the relative potential of the diverse ethnic markets in Australia. The ethnic diversity of the Australian population is reflected in the faces of people in the street. Visit the Fish Market in Sydney and you will be surprised by the large number of Chinese and Japanese. Visit Richmond in Melbourne or Cabramatta in Sydney and you will be
surprised by the large number of Vietnamese. Visit Chinatown in Sydney, Melbourne, or Brisbane and you will be impressed by the number of Chinese driving imported cars like Mercedes-Benz, BMW, and Volvo. Among locally produced cars, the only popular make is Toyota.

However, in the past many Chinese would only buy Toyota cars imported from Japan. Realising the apparent potential of the Chinese migrants market, Toyota ran an ethnic marketing campaign to coincide with the opening of its new Altona plant in Melbourne in 1994. Many ethnic Chinese newspapers ran full-page or double-spread feature articles on Toyota’s new state-of-the-art manufacturing facilities in Melbourne. As a result, many Chinese migrants have changed their attitudes towards Toyota cars assembled locally in Australia. Since Chatswood in New South Wales has the largest number of Chinese migrants in Australia, it is not surprising that the Toyota dealership in Chatswood is now Australia’s number one Toyota dealer.

3.2 Demographic Data

To more accurately assess the sizes of different ethnic markets, marketers can perform more in-depth analyses on ethnicity data collected by the Australian Bureau of Statistics (ABS). The ABS, in consultation with users and producers of cultural diversity data, has developed the Standards for Statistics on Cultural and Language Diversity (SSCLD) and the Australian Standard Classification of Cultural and Ethnic Groups (ASCCEG) for use in the collection, storage and dissemination of all Australian statistical and administrative data relating to cultural and language background, ethnic identity, ancestry, and cultural identity of the Australian population (ABS, 1999, 2000; Skinner and Hunter, 1997).

The Australian Bureau of Statistics’ ASCCEG document defines ethnicity as the shared identity or similarity of a group of people on the basis of one or more of the following characteristics:

- a long shared history, the memory of which is kept alive;
- a cultural tradition, including family and social customs, sometimes religiously based;
- a common geographic origin;
- a common language (but not necessarily limited to that group);
- a common literature (written or oral);
- a common religion;
- being a minority (often with a sense of being oppressed); and
- being racially conspicuous.

These conceptual components of ethnicity are measured operationally by collecting data on the “Minimum Core Set” and the “Standard Set” of variables endorsed by the Council of Ministers of Immigration and Multicultural Affairs (CMIMA) in April 1999 to implement the Standards for Statistics on Cultural and Language Diversity (see Department of Immigration and Multicultural Affairs (DIMA), 2001).

The “Minimum Core Set” consists of four variables:

- Country of Birth of Person;
- Main Language Other Than English Spoken at Home;
- Proficiency in Spoken English; and
• Indigenous Status (of those data collection which are not specifically focussed on migrants to Australia).

The “Standard Set” includes the “Minimum Core Set” plus the following variables:

• Ancestry;
• Country of Birth of Father;
• Country of Birth of Mother;
• First Language Spoken;
• Languages Spoken at Home;
• Main Language Spoken at Home;
• Religious Affiliation; and
• Year of Arrival in Australia.

CMIMA recommended that the “Minimum Core Set” of variables be implemented in all Commonwealth, State and Territory statistical and administrative surveys that require information on cultural and language diversity; and that additional variables from the “Standard Set” be added to the “Minimum Core Set” where a wider range of information is required (DIMA, 2001). Rich information on the potential of ethnic markets is contained in readily available geodemographic data as illustrated in the following examples.

3.2.1 The sizes of the Ethnic Markets in Australia

While there is no best single measure of ethnicity, “Main Language Other Than English Spoken at Home” is probably the best surrogate measure as migrants speaking their mother tongues at home would be more likely to maintain their original cultural values and habits (Migliorino and Chan, 1993). We therefore use this variable as a proxy measure of the sizes of different ethnic groups. Table 1 shows the top five language groups in the 2006 Census with comparative figures for 2001 and 1996.

Table 1: Main language other than English spoken at home and comparative figures for 2006, 2001 and 1996

<table>
<thead>
<tr>
<th>Language</th>
<th>2006</th>
<th>2001</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese (Cantonese, Mandarin and other Chinese languages)</td>
<td>505,467</td>
<td>401,357</td>
<td>344,319</td>
</tr>
<tr>
<td></td>
<td>(2.5%)</td>
<td>(2.1%)</td>
<td>(1.9%)</td>
</tr>
<tr>
<td>Italian</td>
<td>316,897</td>
<td>353,605</td>
<td>375,754</td>
</tr>
<tr>
<td></td>
<td>(1.6%)</td>
<td>(1.9%)</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>Greek</td>
<td>252,223</td>
<td>263,717</td>
<td>269,775</td>
</tr>
<tr>
<td></td>
<td>(1.3%)</td>
<td>(1.4%)</td>
<td>(1.5%)</td>
</tr>
<tr>
<td>Arabic (including Lebanese)</td>
<td>243,657</td>
<td>209,372</td>
<td>177,606</td>
</tr>
<tr>
<td></td>
<td>(1.2%)</td>
<td>(1.1%)</td>
<td>(1.0%)</td>
</tr>
<tr>
<td>Vietnamese</td>
<td>194,854</td>
<td>174,236</td>
<td>146,267</td>
</tr>
<tr>
<td></td>
<td>(1.0%)</td>
<td>(0.9%)</td>
<td>(0.8%)</td>
</tr>
<tr>
<td>Total population</td>
<td>19,855,288</td>
<td>18,769,249</td>
<td>17,752,829</td>
</tr>
</tbody>
</table>

Note: Figures in brackets are percentages of the population.
Source: Australian Bureau of Statistics (ABS), 2006 Census Tables.
The marketing implications of the sizable ethnic population in Australia are (Chan, 1995):

- being newcomers to Australia, many ethnic families have obvious needs for “settlement” products and services such as accommodation, banking, transportation, and telecommunications;
- there are opportunities for ethnic-specific products and services and associated promotional activities; and
- there also exists potential for designing ethnic-specific products and services and associated promotional activities.

However, most companies in Australia have not even recognised that there are such things as “ethnic markets” in Australia that most of their budgets are allocated to mainstream activities with little or nothing left over for this type of niche marketing (Chan, 2006).

3.2.2 Geographic Distribution

Detailed community statistics based on the 2006 Census shed some lights on the geodemographic potentials of the diverse ethnic groups in Australia. As the largest migrant group in Australia, the Chinese community has been targeted by some Australian businesses because of its perceived affluence. Taking the state of New South Wales as an example, although the Chinese community constitutes only 3.7% of the 6.5 million New South Wales population in the 2006 Census, half of them are concentrated in the top 10 Local Government Areas and close to three quarters of them live in the top 20 Local Government Areas (see Table 2).

Table 2: Geographic Distribution of the Chinese Community in New South Wales (NSW) by Top 20 Local Government Areas (LGAs)

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>Total No. of Chinese*</th>
<th>As a % of LGA Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fairfield</td>
<td>14,519</td>
<td>8.1</td>
</tr>
<tr>
<td>2. Canterbury</td>
<td>14,368</td>
<td>11.1</td>
</tr>
<tr>
<td>3. Hurstville</td>
<td>13,813</td>
<td>18.7</td>
</tr>
<tr>
<td>4. Hornsby</td>
<td>12,975</td>
<td>8.6</td>
</tr>
<tr>
<td>5. Ryde</td>
<td>12,579</td>
<td>13.0</td>
</tr>
<tr>
<td>6. Auburn</td>
<td>11,438</td>
<td>17.6</td>
</tr>
<tr>
<td>7. Baulkham Hills</td>
<td>10,970</td>
<td>6.9</td>
</tr>
<tr>
<td>8. Sydney</td>
<td>10,829</td>
<td>6.9</td>
</tr>
<tr>
<td>9. Parramatta</td>
<td>10,475</td>
<td>7.1</td>
</tr>
<tr>
<td>10. Randwick</td>
<td>8,733</td>
<td>7.3</td>
</tr>
<tr>
<td>11. Bankstown</td>
<td>8,647</td>
<td>5.1</td>
</tr>
<tr>
<td>12. Kogarah</td>
<td>8,375</td>
<td>15.9</td>
</tr>
<tr>
<td>13. Willoughby</td>
<td>8,305</td>
<td>13.1</td>
</tr>
<tr>
<td>14. Rockdale</td>
<td>8,127</td>
<td>8.8</td>
</tr>
<tr>
<td>15. Ku-ring-gai</td>
<td>7,084</td>
<td>7.0</td>
</tr>
<tr>
<td>16. Burwood</td>
<td>5,766</td>
<td>18.6</td>
</tr>
<tr>
<td>17. Ashfield</td>
<td>5,423</td>
<td>13.7</td>
</tr>
<tr>
<td>18. Blacktown</td>
<td>5,235</td>
<td>1.9</td>
</tr>
<tr>
<td>19. Strathfield</td>
<td>4,738</td>
<td>14.8</td>
</tr>
<tr>
<td>20. Liverpool</td>
<td>4,015</td>
<td>2.4</td>
</tr>
<tr>
<td>Other LGAs</td>
<td>57,159</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total NSW</strong></td>
<td><strong>243,573</strong></td>
<td><strong>3.7</strong></td>
</tr>
</tbody>
</table>

* As measured by “Main Language Other Than English Spoken at Home” = Chinese (including Cantonese and Mandarin).
Source: Australian Bureau of Statistics (ABS), 2006 Census Tables
Willoughby in New South Wales is one of the areas that has a high percentage of Chinese migrants, particularly Cantonese-speaking business migrants from Hong Kong. This is one of the reasons why the Willoughby Council received the largest number of applications from property owners to change their street number from 4 to 2A, because many prospective Chinese and Asian buyers simply would not even come to the open inspection as the number 4 is associated with “death” in Chinese and in other Asian languages like Japanese and Korean (Wainwright, 1996).

Apart from the Chinese, many migrant groups also have tendencies to live in concentrated areas. For example:

- 17.6% of the population in the Auburn Local Government Area (LGA) speak Chinese;
- 19.3% of the population in the Bankstown LGA speak Arabic (including Lebanese);
- 17.0% of the population in the Fairfield LGA speak Vietnamese;
- 7.7% of the population in the Ashfield LGA speak Italian;
- 9.4% of the population in the Rockdale LGA speak Greek; and
- 8.4% of the population in the Strathfield LGA speak Korean.

These were 2006 Census figures. Today, the percentages would probably be even higher. The uneven geographic dispersion of different ethnic groups has great implications for marketers in terms of distribution and other marketing strategies.

3.2.3 English Proficiency

The relative educational level and English proficiency of different ethnic groups also have implications for the selection of appropriate media to reach them. For example, according to the 2006 Census figures, of the top five ethnic populations who speak a language other than English at home, the percentages speaking English either “not well” or “not at all” are:

- 26.7% of the Chinese speaking population;
- 14.9% of the Italian speaking population;
- 17.0% of the Greek speaking population;
- 15.8% of the Arabic (including Lebanese) speaking population; and
- 35.8% of the Vietnamese speaking population.

English proficiency to a certain extent is a reflection of the age and length of residence in Australia. The Italian and Greek populations predominately migrated to Australia in the 1950’s after World War II and therefore have a longer period of assimilation and are older and more proficient in English. The Vietnamese and the Chinese are more recent migrants who came to Australia in the mid-1970’s and late-1980’s respectively and are younger and less proficient in English. With relatively lower English proficiency, the Vietnamese and Chinese therefore presumably rely more on ethnic media as their information sources. This explains why there are three daily Chinese newspapers in Australia serving the small Chinese community when there are only four daily English newspapers in New South Wales serving the whole state.

3.2.4 Other Socioeconomic Characteristics

The above are only some examples on the usefulness of selected demographic data in identifying market potential in various ethnic groups in Australia. Marketers can perform
3.3 Company Data

Whereas analysis of demographic data will help to identify the potential of various ethnic groups, analysis of the existing client base may also give a useful indication. For example, telephone companies can track their residential-line traffic to different countries as an approximate estimate of the relative usage by different migrant groups. Optus Communications’ research found that two-thirds of people born overseas made an international call at least once a month.

Banks can analyse their customer base to identify new migrants who have the highest potential for mortgage loans or other investment products. Research conducted by the Westpac Banking Corporation in 1996 indicated that the New South Wales Asian market had a market size of A$10 billion personal banking and A$4 billion personal investment; Westpac devised an ethnic marketing campaign accordingly and reported the first market share increase after 12 month. In 2000, Westpac launched the “2000 Year of the Dragon Campaign” in the ethnic market and achieved total sales of A$222 million, which was 141% above target (DIMIA, 2006a).

It is quite interesting that despite the growing importance of ethnic communities, most companies still do not keep any ethnicity-related data on their clients. Unfortunately, criminals are among the smartest ethnic market researchers. Police once arrested a thief in the Sydney Hills area which housed a large number of wealthy Hong Kong and Taiwanese business migrants. In the thief’s pocket, police found a telephone list from the White Pages with popular Chinese surnames like Chan and Wong (Chan, 1995).

4. The Case for Ethnic Marketing

In marketing to ethnic communities, a common mistake by marketers is to put too much emphasis on the cultural aspect while forgetting the equal importance of good market research and marketing planning. To help marketers gauge the potential that the diverse ethnic markets in Australia possess and how to succeed in marketing to ethnic minorities in Australia, the following case analysis looks in-depth on the successful ethnic marketing strategies of McDonald’s Punchbowl in introducing Halal foods targeting the Muslim population in New South Wales. McDonald’s at Punchbowl, a south-western suburb of Sydney, is a franchise of the international McDonald’s fast-food chain. It is the first McDonald’s restaurant in Australia to sell Halal Big Macs, Quarter Pounders, McOzs, Cheeseburgers, Junior Burgers, Shakes, Sundaes, McFlurries, Cookies and beverages.

The Arabic-speaking people in Australia are predominantly Muslim people; and a small percentage of them are Christian people. It is, therefore, not surprising that when Tony and Mina Favotto bought the McDonald’s Punchbowl store in the Bankstown area in New South Wales, in 2001, they received 30–40 calls a week from Muslim individuals wanting to know if the store was Halal. In light of being situated in a multicultural community with some 10 per cent of residents being Muslim, Tony Favotto (of Italian origin) and his wife (of Greek origin) felt they had a commitment to the local community; and they thought that it was a viable business option to offer Halal foods to that community (Saleh and Hudson, 2002). The Favottos have full support from McDonald’s head office in Australia in making
an effort towards bridging cultural differences and making McDonald’s Punchbowl the first Halal McDonald’s restaurant in Australia (DIMIA, 2006b).

4.1 Accreditation of Halal products

“Halal” is an Arabic word that means lawful. The term is not used exclusively for food; it encompasses all aspects of Muslim life. The opposite of Halal is “Haram”, which means unlawful. Products that are Haram are: pork and its by-products; animals deemed improperly slaughtered or dead before slaughtering; animals killed in the name of anyone other than Allah; alcohol and intoxicants; carnivorous animals, birds of prey and land animals without external ears; and blood and blood by-products. Foods contaminated with any of the above Haram products are Haram and they are, therefore, considered to be unfit for consumption. For foods to be identified as Halal, all raw materials and ingredients and additives must meet Halal requirements under Islamic law. There are more than 14 Islamic organisations currently providing Halal certification, inspection and supervisory services to the Australian food industry (DIMIA, 2006c).

To have McDonald’s Punchbowl certified Halal, the restaurant has undertaken the following changes (DIMIA, 2006b):

- Meat patties are sourced from a Halal supplier in Queensland, and the cost is approximately 10 per cent dearer than regular meat patties.
- Other suppliers—such as Coca-Cola—are verified as Halal.
- New food handling procedures have been established and cooking equipment has been installed to ensure there is no mixing of Halal and Haram products. The one-off cost for new equipment is approximately A$4000.
- Staff are trained and briefed about Halal, which takes approximately one week. In order to meet the stringent Halal requirements, staff modify in-store procedures—such as ensuring gloves are changed when switching from wrapping bacon-free products to wrapping foods that contain bacon.
- A registration fee of A$600 per year is charged by the Halal Certification Authority.
- As a requirement of the certification authority, the restaurant employs a Halal slaughter certified staff member to sign off on meat delivered to the restaurant.

4.2 Marketing Communications

Mr Favotto advertised the first Halal McDonald’s restaurant in Australia in a local Arabic newspaper. Most of the knowledge regarding the McDonald’s Punchbowl Halal initiative was spread by word-of-mouth and free publicity in the media. In an interview with The Daily Telegraph, Ms Ummara Hassan, a customer from Strathfield said:

“I think it is such a good idea that they are catering for the Muslim community. We heard about it from a friend and had to come.” (Saleh and Hudson, 2002, p.11).

McDonald’s Punchbowl is also listed on www.halal.com.au, Australia’s first comprehensive online halal dining guide that caters for the Muslim community.

Winning the small business category of the Multicultural Marketing Awards 2002, held by the Community Relations Commission of New South Wales, further helped Mr Favotto gain media exposure—via interviews with media outlets such as ABC Radio, SBS Radio, and The Australian (e.g., see ABC, 2002; SBS, 2002; The Australian, 2002).
4.3 The Pay-off

The six-month effort by McDonald’s Punchbowl to have the restaurant accredited by the Halal Certification Authority has certainly paid off. Now, the first Halal McDonald’s in Australia is proving popular with Sydney’s Muslim community. Mr Favotto estimates that 60 per cent of his customers are Muslim people; with many of them travelling across Sydney to eat Halal Big Macs or Cheeseburgers; some of these people have not eaten one of the McDonald’s burgers for 10 years, while others have never eaten one. Since the Halal certification in September 2002, McDonald’s Punchbowl has enjoyed a 15 per cent increase in sales and an increase in its customer base—with 700–800 new customers visiting the restaurant each week (Saleh and Hudson, 2002; The Australian, 2002).

In an interview with ABC Radio on 14 November 2002, Mr Favotto said that, overall, he had received five phone calls from individuals who were not happy with the fact that they went Halal; but the majority of responses have been enthusiastic and people have welcomed the decision. He said:

“In fact when I work on the floor in the restaurant, I get blessed about ten or fifteen times a day by Muslim customers saying how grateful they are that we are providing products they can eat.” (ABC, 2002).

4.4 Latest Developments

On account of its initial success, McDonald’s Punchbowl has now expanded its Halal range of items to include Chicken McNuggets and French Fries. To cope with the increase in sales, Mr Favotto has employed 10 new staff and increased the quantity of hours worked by existing staff (DIMIA, 2006b). McDonald’s at Lidcombe, in Western Sydney, is the latest addition to the list of Halal McDonald’s in Australia.

In response to the question posed by Jo Mazzocchi of ABC Radio: “Do you think it is important that there are more restaurants like this that cater for specific communities?”, one customer commented:

“Absolutely. I think it is important. Important as it is to us to be able to have that variety but also important to chains like this where they do have a market that they can target. I am telling you Muslim people are big spenders when it comes to takeaway and with their large families they can’t go wrong.” (ABC, 2002)

It would come as no surprise to hear that more Halal McDonald’s restaurants were on the way in Australia.

5. Conclusions

The McDonald’s Punchbowl case demonstrates the fact that while "one size fits all" might still be a viable marketing strategy for jeans and T-shirts, customised cultural and ethnic appeals are gaining momentum with a number of firms providing consumer goods and services. According to those who work in the field, firms that specialise in ethnic marketing are finding daily new customers for their goods and services (e.g., see DIMIA, 2006a). As Pine, Peppers, and Rogers (1995) aptly observed, in today’s fragmented and increasingly turbulent markets, customers do not want more choices. Rather, they want exactly what they want, when, where, and how they want it. The irony is that most marketing managers continue to view the world through the twin lenses of cultural syncretism and mass
marketing. As Pine et al. (1995, p.103) state, "a company that aspires to give customers exactly what they want must look at the world through new lenses."

Because of cross-cultural differences in consumer behaviour, there may be a need to adapt a company’s mainstream marketing strategies in ethnic markets (e.g., see Rugimbana and Nwankwo, 2003). Understanding the ethno-cultural values is therefore the next step to reaching ethnic minority markets. Consequently, there is a need to provide a schema for identifying ethnic subcultures in Australia. Future research could include the literature on acculturation to explore ethnic markets (Faber and O'Guinn, 1987; Penloza, 1989). Acculturation is a process in which ethnic consumers move along a theoretic continuum from low acculturation, where they maintain the cultural values of their ethnic origin, to the other extreme, high acculturation, where they have adopted the cultural values of the dominant culture (Khairulla, Tucker and Tankersley, 1996). In addition to ethnicity, acculturation is a potent segmentation variable largely because it affects a variety of marketing behaviours including consumption and buying patterns and media usage (O'Guinn and Faber, 1986).

It is clear that ethnic marketing cannot be successful unless it is strategically driven. Companies targeting ethnic minorities must start to build an ongoing relationship with them. Penetration of ethnic markets needs long-term commitments. Loyalty and trust are important success prerequisites and need to be established first. While it is impossible to develop separate marketing strategy for each ethnic group, an acknowledgement of relevant ethnic characteristics in marketing campaigns can nevertheless enhance a firm’s credibility and promote a more positive brand attitude within a target ethnic market. Ethnic marketing may thus prove to be the dominant paradigm for seeking competitive advantage in niche or saturated markets and/or for developing customer intimacy in new markets.

With the emergence and publicising of more successful cases of ethnic marketing, it is envisaged that marketers will gradually gain experience and confidence in pursuing this alternative to mainstream marketing. Marketing to the diverse ethnic groups in Australia is a challenge; however, it also provides potentially large rewards. It is unlikely that the ethnic markets will remain untapped in the future. In the long run, ethnic marketing should be an integral part of any marketing campaign run by a company.

References


Office of Multicultural Affairs. 1994. Australia’s Cultural Diversity: Good for Business, Department of the Prime Minister and Cabinet.


