

Hall & Partners

Culture MATTERS

CULTURE FRAMES EVERYTHING

What we see:

- 1 Evolution from monocultural to hybrid cultural
- 2 A global exchange of cultures with local manifestations
- 3 Brands acting as a cultural bridge
- 4 'Total Market' starts with cross-over insights





Brands are facing an emerging challenge in multicultural marketing—how do they execute against total market? Changing demographics and the need for efficiencies in market spend, targeting, and process are driving this discussion.

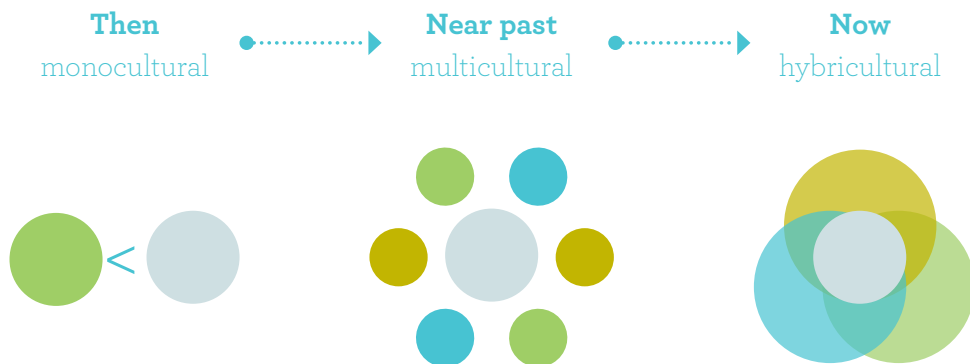
Achieving effective solutions requires a deeper understanding of cultural dynamics. Brands must be engaged in more authentic and meaningful dialogue with consumers; inspire innovation

and creativity that connects more broadly; and achieve efficiencies through an integrated approach. Within the U.S. and globally we are experiencing the acceleration of a cultural shift marked by ‘cultural remix’ or Hybriculturalism. The desire to respond to this cultural shift is evident in the call to action known as total market.

Total Market is a ‘Call to Action’

THE CULTURAL EVOLUTION

We have experienced three cultural paradigms in the past century— Monoculturalism, Multiculturalism, and cultural hybridity or Hybriculturalism. Each of these cultural shifts has given rise to its own marketing model.



Monoculturalism

Monoculturalism in the U.S. was based on the idea of assimilation, which assumed immigrants would leave behind their heritage culture in favor of becoming “American.” Globally, being modern meant becoming more Western.

For brands, this meant strategically focusing on general market insights in the U.S. under the assumption that diverse segments aspired to be mainstream. Globally, these strategies focused on Western messages, values, and aspirations.

Multiculturalism

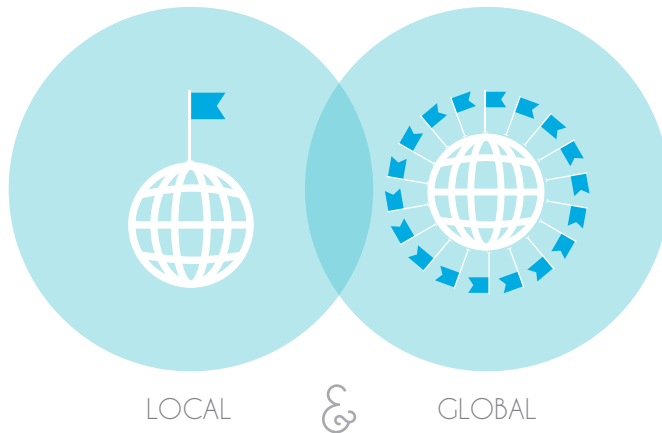
Multiculturalism was ushered in by the realization that heritage mattered to people. Rather than becoming one American/Western world, the emphasis shifted to valuing diversity, while the discussion moved to localization.

Multiculturalism led to siloed initiatives, with advertising and marketing budgets allocated according to the absolute size of a specific market, e.g., African American, Hispanic, Asian, general market. As a result, the largest share of budgets continued to be allotted to general market initiatives based on population size. The focus globally was on localizing Western brands—one strategy with local executions. The strategy, however, emanated from Western markets.

Hybriculturalism

Hybriculturalism is a shift away from both of these positions. Instead of everyone becoming one or fracturing into siloed communities, we are seeing the rise of cultural hybridity. Within this paradigm, heritage is important; people are invested in their cultural roots. At the same time, there is a sense of openness and fluidity when it comes to other cultures. People are appropriating aspects of other cultures with ease. Hybriculturalism is calling on marketers to consider cultural influence, particularly within their categories.

We believe Hybriculturalism is quickly becoming the dominant cultural paradigm.



People are maintaining a tie with local heritage, while incorporating global sensibilities and cultural forms.



THE CULTURE EXCHANGE

Global dynamics with local manifestation

The shift toward cultural hybridity has resulted in increased social-cultural empowerment among diverse groups in the U.S. and in emerging markets like Latin America and Asia. Examples include the rise of Bollywood and Latin American cinema; an increase in Latin America being a travel destination for Latin Americans; and the rise of local brands into global players.

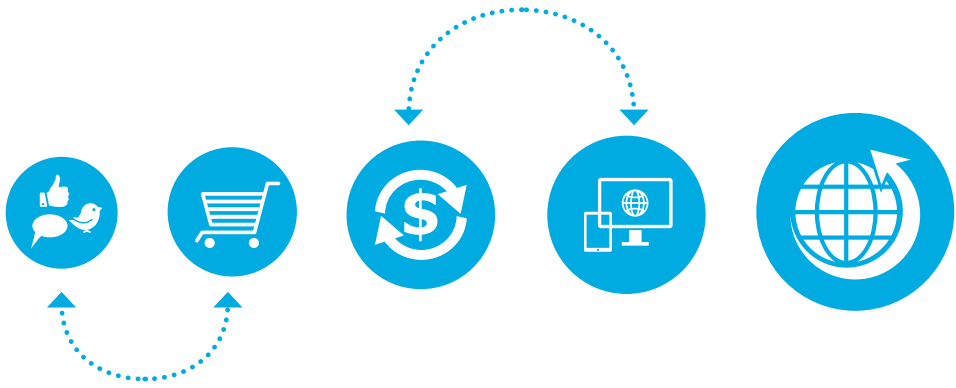
Where once influence traveled from west to east and north to south, we are experiencing a rise in south to south dialogue and rising influence from east to west and south to north.

While it can be argued that the East and South have historically had a cultural influence on the West, it is also true that the nature of that relationship has changed. It is now much more explicitly about the mutual exchange of culture rather than the mere importation of goods.

One of the more evolutionary outcomes of Hybridculturalism is that people are able to imagine and realize a greater variety of possible selves and lives. Today, the collective imagination truly allows people to reimagine society and their role within it, while offering models as well as resources. Access to technology and social media is access to possible lives.

THE SIX KEY DRIVERS OF HYBRICULTURALISM





The way hybri-culturalism manifests in each market depends on the weight of each driver, and how they influence not only individually, but also in combination with each other. Local conditions can have an important impact as well. For example, government policies on free speech can create barriers to access, potentially limiting exposure to other cultures.



THE FLOW OF PEOPLE

As people move to new countries, or from their homes or villages to other parts of their country, they begin to interact with, and influence, local cultures.

An example is the Hispanic influence on remix culture in the U.S.

With a history of European, African, and Indigenous influences on the Latino culture, Latin America can be

considered hybrid cultural by nature. This enables Latinos to appropriate new trends more naturally, while blending them seamlessly with traditional roots.

Latinos moving to and living in the U.S. are choosing to discover and embrace the U.S. mainstream culture and other cultures such as African American and Asian cultures, while sharing their culture with those around them.

In the U.S., the Hispanic culture is influencing more and more non-Hispanics. Non-Hispanics living in densely Hispanic areas tend to be more engaged in Hispanic culture, food, and music. They are also accessing information and entertainment via mobile at high rates like Hispanics, and more than non-Hispanics who do not live in densely Hispanic areas.

Hispanics make up more than 21% of Millennials in the U.S. There are striking overlaps between Hispanics and this generation, including early technology adoption, high use of social media, prioritizing interpersonal relationships, optimism in the face of hardships, and a live-in-the-moment ethos, i.e. YOLO, (you only live once).





China and India have seen traditional family and village life upended by members' desire to move to more urban centers of each country. This movement has created large, geographic distances between family members, including parents and children, and elevated the idea of friends as family. It has also included exposure to people from different regions and countries.

The flow of people has created a growing population of mixed-race individuals in Japan. Known as 'hafus,' a Japanese term that means half-Japanese, this population is challenged with the experience of being multiracial in a country that once proudly proclaimed itself mono-ethnic. But the country is also trying to understand how this new minority is shaping its culture overall.

THE FLOW OF GOODS AND COMMODITIES



The influx of goods from other countries is having a broad impact on local cultures.

Localization is an important factor in finding success in new markets. Understanding and adopting products, communications and marketing techniques are key to becoming relevant. It's more than translating to the local language—it's understanding the cultural dynamic and how your brand fits into it.

An air conditioner brand in India realized that a barrier to selling their product was the perception that it only resolved heat, and it did not help with the humidity or cool temperatures. As a result, they developed a weather system—one unit that offered air-conditioning, heating, and a fan. It is vital for global brands to have an ethnographic understanding of the market if they are to hold their own within the cultural setting.



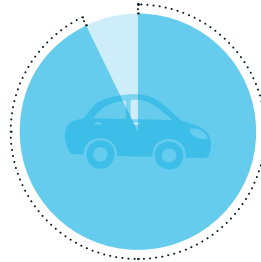
*U.S. Hispanic
Home ownership*



58%

increase between 2001-2013
(general population increase 5%)

*U.S. Hispanic
New car sales*



93%

higher than overall industry

THE FLOW OF CAPITAL

The emergence of the middle class in Latin America and in countries such as China and India has resulted in increased spending power. Newfound affluence for U.S. Hispanics has impacted key categories such as home ownership and new car sales, while China and India are tapping into their hunger for new technology, media, and CPG. Greater wealth equates to more access to hard goods and services.



*By 2015, China will
represent 1/3 of global
luxury spending*

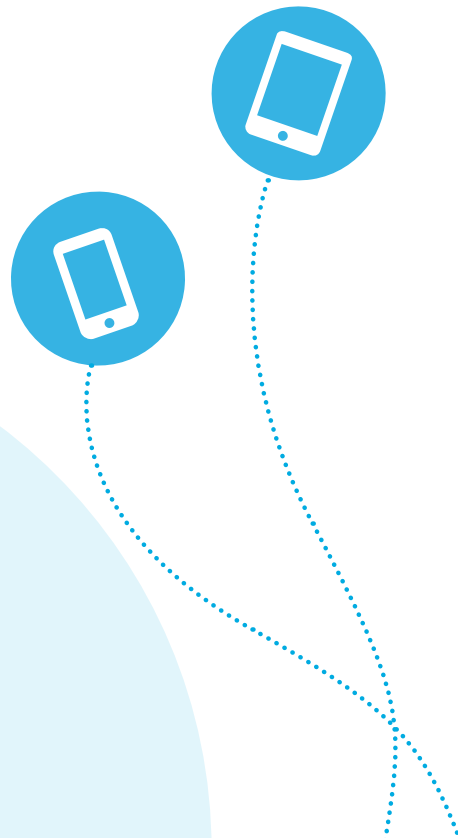
Source: McKinsey & Co.

THE SPREAD OF TECHNOLOGY AND INFRASTRUCTURE

Technology has bridged countries and cultures, allowing information to flow back and forth more easily, and it has offered individuals greater mobility. Hispanics are at the forefront of the technology revolution in the U.S.

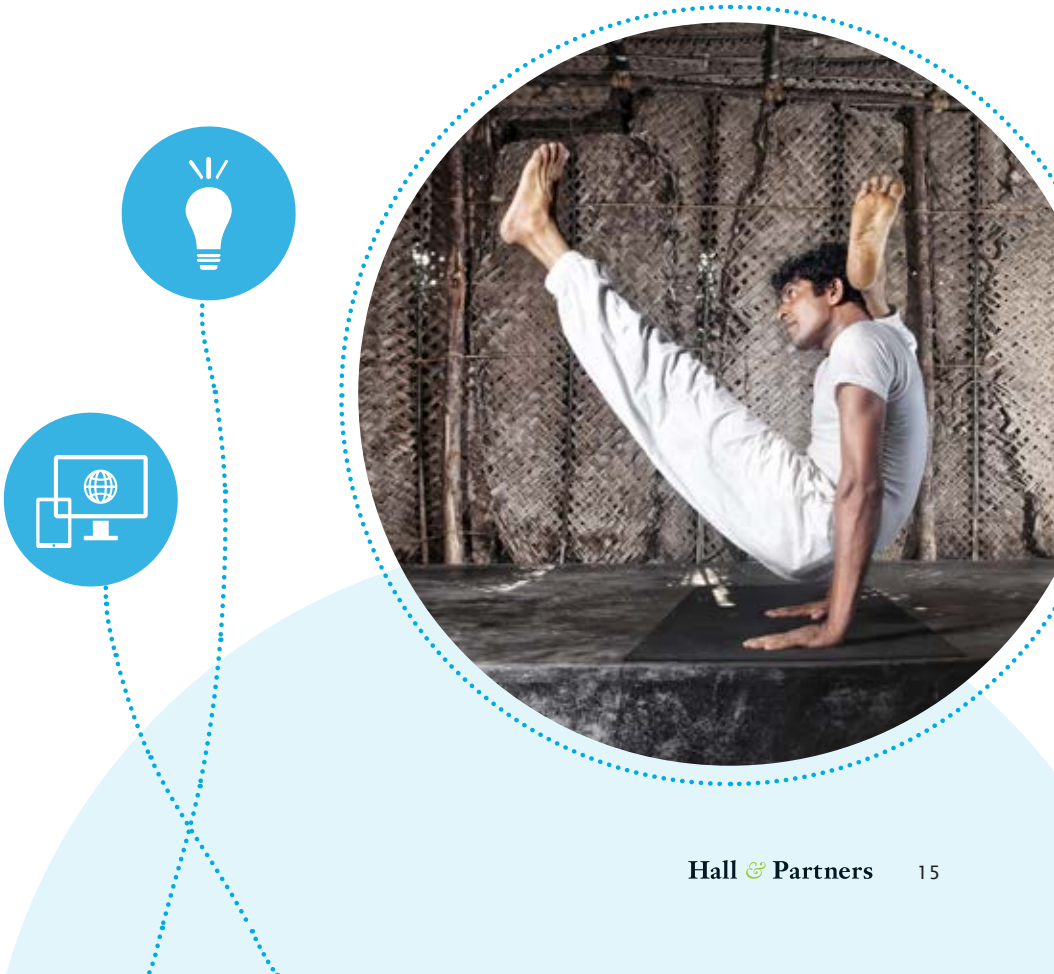
As a group, Hispanics lead in mobile technology usage, and this position has helped them close the digital divide with the general market. They are also influential on social media, where they are more likely to share information than other groups; prompt more clicks on the information they are sharing; and purchase what they are sharing.

India and China are leading in similar ways to Hispanics. For the youth in these countries, social media has given them a voice and has connected them with global culture, while making it possible to continue engaging with traditional values in modern ways.



THE EXCHANGE OF IDEAS AND INFORMATION

The merging of cultures is core to the exchange of ideas and information. Examples of this exchange include non-Hispanic parents in the U.S. putting their child in a language immersion school so they can become bi-lingual, non-Hispanic girls in the American Southwest celebrating Quinceañeras (a traditional coming-of-age party for girls when turning 15), and the Japanese adoption of the Mexican-American/Chicano 'cholo' subculture. The flow of goods, social media, etc., all help to facilitate the exchange of ideas.



THE SPREAD OF SOCIAL MEDIA

At the heart of social media is the ability to connect instantaneously with what is happening in the world. For many immigrants, it allows them to stay connected with loved ones they may have left behind, while also providing a vehicle to share their new experiences (thereby increasing the connection between heritage and the new host country—typically Western). Families stay connected across geographic distances.

For different cultural segments, such as Latinos, social media helps to spread their social-cultural influence to a larger audience. Latin culture is social by nature, and this population tends to over-index in time spent on mobile technology and social media.

The Chinese look to social media as an arena for action rather than an extension of this world. Because of the country's one-child policy, these only-children have felt intense pressure to be good citizens and fulfill their parents' dreams. While they still use social media to communicate with parents, they also see it as an 'escape hatch' from the burden.





BRANDS ACT AS A CULTURAL BRIDGE

Hybriculturalism opens up some key opportunities for brands and provides a variety of potential roles they can play in people's lives.



Brands can act as a bridge between cultural traditions and modern changes—a bridge to cultural exploration and adoption—and embody Hybriculturalism themselves.

As a bridge between cultural and modern traditions, brands can help strengthen the ties between generations. In China, it's tradition on their New Year's to exchange red envelopes filled with cash among family and friends. WeChat, a Chinese social networking and messaging app, brought the tradition into the digital age by allowing people to send virtual red envelopes to family and friends on the holiday. Goya partnered with Beech-Nut to develop a line of baby food that appeals to Hispanic mothers who are looking for a nutritious option, but do not have the time to cook it like their abuelitas, or grandmothers, did.

Brands can also act as a bridge to cultural exploration and adoption. North Face invited Chinese consumers to "Find True North," a local idea related to knowing one's way in life. The residents of China's coastal cities were struggling with the tension of having to be 'on' constantly, and questioning whether material goods brought true

happiness. They were longing for simpler times, along with an escape from the heavy pollution brought on by overcrowding. North Face's strategy tapped into this longing and created opportunities for the urban dwellers to let go. A social experience was included through partnerships with Weibu (Chinese Twitter) and Jiebang.com (similar to location-based app Foursquare).

Corona was seeking growth in the Southeast Asian market, where the mentality was geared towards 'more, faster, better.' To differentiate their message, they launched a campaign called "Let the World Wait" and experienced a significant growth rate. Café Bustelo invited Hispanic and non-Hispanic Millennials to live the moment together. Goya has been seeing an increase in the use of its condiments in non-Hispanic households, and the company is planning a large expansion to keep up with demand.

After test marketing the flavor in Argentina, Häagen-Dazs introduced it to the U.S. to see how it would do among less acculturated U.S. Hispanics on a nostalgia/familiarity basis. It went on to become their fastest growing product in the history of the brand.



Brands can embody Hybriculturalism. Coca-Cola is a global brand that represents aspects of Americanism, including openness and optimism. The company even embraces the Hybricultural American, as evidenced by their recent Super Bowl ad that featured "America the Beautiful" sung in eight different languages. After test marketing the Dulce de Leche flavor in Argentina, Häagen-Dazs decided to market it to less acculturated Hispanics in the U.S. on a nostalgia/familiarity basis. The result? It became the fastest growing product in the history of the brand. The success of the flavor underscores the value of Latin inspiration in brand growth and, as importantly, confirms that these insights have broad appeal.

Brands can embody Hybriculturalism.



The role of a brand as global versus local champion presents them with a unique role in a Hybricultural world: They can speak to consumers with messages that resonate on a large scale while executing in a relevant way at a localized level. Additionally, niche brands can build a following at a localized level and grow to compete with global brands. Local craft brewers in the U.S. have become the biggest threat to the larger, established brands in the category. Brands such as

Coca-Cola have a core product that extends a broad invitation—everyone likes a Coke. McDonald’s, on the other hand, has “glocalized” its offering, combining a global brand’s process and equities with localized menus.



TOTAL MARKET STARTS WITH CROSSOVER INSIGHTS

Markets and consumers don't stand still. Brands need to keep their finger on the pulse of change. Brands must uncover cultural insights and understand the core segments driving trends in their categories. It is important to apply a cultural lens to every engagement, with tools and methods focused on revealing the cultural context of the category and the brands within it. Explore the socially present cues of the brand, and strive to understand conformity vs. self-identification and what is responsible for each.





*Uncover
Multicultural
insights*

*Gauge
broader
resonance*

*Refine
insight
platforms*

*Validate with
Multicultural
audience*

*Crossover
Insights*

Today people are rooted in their heritage, yet fluid; it's about cultural fusion. In order to authentically engage consumers, marketers must understand cultural influence and uncover crossover insights.

Hall & Partners has developed a process to uncover crossover insights that starts with cultural influencers such as Multicultural consumers. The resonance of these insights is gauged at a broader level before the platforms are refined. These insights are validated against a Multicultural audience and the results are what we call the

crossover insight. This approach is meant to inform and inspire total market approaches.

Through this process we also uncover differential insights. As a result, brands identify when and how they need to inflect the crossover insight across segments, for a total market approach that maintains connection with the core truth that inspired it.

To achieve this, brands must evolve the dialogue beyond traditional thinking on multicultural marketing.



SO WHAT?

3 Key Takeaways for Brands

- 1 Total market is a call to action, and the underlying dynamic is Hybriculturalism.
- 2 This paradigm shift is reflective of a broader global dynamic with local manifestation.
- 3 To fully leverage total market opportunities, brands need to start by understanding cultural shifts in their category; who's driving those shifts; and how to turn to those segments into their wellspring of core insights for innovation, positioning, and communications.

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