

How To Cater To Culturally-Diverse Markets

Michael J. Berne / MJB Consulting

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About This Presentation

- Retail that caters to “cultural diversity” (*not* socioeconomic diversity)
- Diversity can be ethnic, socio-cultural (psychographic), etc.
- Focus on business districts *outside* Downtown
- Deals in aggregates and generalizations, does not necessarily apply to individuals -- that’s how retailers and marketers think!
- I want to hear from you...

Retail Anthropology

- My favorite show: *Law & Order*
- My job: understanding a market, looking for clues of the shopper population and how it is changing
- Moving beyond the traditional methodologies (e.g. demographic reports, sales leakage calculations, etc.)
- Playing detective with the business district, thinking like Briscoe and Green
- Taking it all in, walking slowly and looking at *everything* -- everything can tell you something

Retail Anthropology

- Why is this necessary? Because...
 - Traditional methodologies do not catch everything (e.g. illegal immigrants, psycho-graphics)
 - Market positioning of urban business districts is all about *niche*, and that requires far more nuance and precision
 - The shopper population is sometimes different from the residential one
 - Urban neighborhoods are dynamic, and the little things today are the major trends of tomorrow

Retail Anthropology

- Everything matters, even the trash!
- Looking for clues
 - The national flags on store signage
 - The beers in the bodegas
 - The labels in the supermarkets
 - The displays in the windows
 - The history of the place
 - The blogs on the Internet

Retail Anthropology

- Indicators of Spanish-speaking Caribbeans
 - Puerto Rican or Dominican flag
 - The word “Boricua”
 - Yellow and red bodega awnings
 - Pentecostal churches, botanicas
 - Cuchifritos, bacalaitos and platanos
- Indicators of Mexicans
 - Red, white and green bodega awnings
 - Soccer fanaticism
 - Tecate beer
 - “Mexican Coke”

Typical “Diverse” Niches

First-Generation Immigrants

- Many inner-city business districts would be nearly empty without such businesses
- Less vulnerable to suburban-style competition (e.g. urban big-box centers)
- Can draw on a captive market
 - Recent immigrants tend to shop close to home, often do not have a car

Typical “Diverse” Niches

First-Generation Immigrants

- Such districts do *not* need to be able to draw tourists or Caucasians, do not even have to look that nice!
- Sustainability, however, requires that the neighborhood contain...
 - A threshold number of immigrant households still living nearby
 - Future growth (due to continued immigration, high birth rates)

Typical “Diverse” Niches

First-Generation Immigrants

- Representative businesses include:
 - Food specialty stores (e.g. butchers, bakeries)
 - Restaurants (e.g. fast food, casual sit-down)
 - Immigrant services (e.g. money remittances, phone cards)
 - Financial services (e.g. money orders, bill payments)
 - “Native-tongue” services (e.g. insurance, hair)
 - Cultural goods (e.g. music, video, fashions)
 - “Newcomer” goods (e.g. furniture, cell phones)

Typical “Diverse” Niches

Immigrant “Gateway” Cluster

- Draws on a relatively small number of immigrant households
- Tenant mix focuses on convenience retail/service and fast food, with little to no comparison goods
 - Small food markets / variety stores
 - Basic restaurants (e.g. taquerias, noodle houses)
 - Financial and immigrant services
- Often mixed with older businesses catering to declining white-ethnic population (from an earlier “wave”)

Typical “Diverse” Niches

Immigrant “Gateway” Destination

- Can draw from a wider trade area, from neighborhoods further afield
- Found in regions with a “critical mass” of immigrant households
- Tenant mix is more diversified, includes a significant comparison-goods component (clothing, furniture, discount-variety, etc.)
 - **Example:** Mission District (San Francisco)
- District can grow from a “cluster” to a “destination” with a large anchor
 - Full-line ethnic supermarket (e.g. Ranch 99, Gigante USA)

Typical “Diverse” Niches

Sustainability

- Second-generation will likely follow typical immigrant trajectory and...
 - Assimilate in terms of tastes and fashions
 - **Example:** Traditional sari’s and South Asian women
 - Move to *relatively* more affluent urban or suburban communities further out
 - Return to the “Gateway” district for ethnicity-specific restaurants and food markets

Typical “Diverse” Niches

Sustainability

- What happens to the business district when 2nd-generation leaves?
 - Typically the neighborhood is one that has always attracted immigrants (first Irish, then Italian, then Puerto Rican...)
 - If the region continues to attract immigrants, the neighborhood is likely to do as well
 - The merchandise mix will remain the same...
 - ... but the businesses will cater increasingly to the newer first-generation immigrants

Typical “Diverse” Niches

Tourist/Suburbanite-Oriented Immigrant Destination

- A large number of immigrant households is *not* required... but then sustainability is an open question
 - **Example:** Little Italy (New York City)
- Typically anchored by restaurants, also might include bakeries and other food-specialty stores, gift/craft shops, etc.
 - Food is one of the few categories where people are willing to cross ethnic and socio-cultural lines
- The ethnicities capable of creating this sort of draw depend on regional sensibilities

Typical “Diverse” Niches

Mexican Immigrants

- Taquerias
- Mexican musical forms (e.g. borchata, norteno)
- Supplies for children's parties (e.g. pinatas), clothing for milestones (e.g. “fifteen years parties”) and portrait studios
- Soccer equipment/jerseys
- “Western wear” (e.g. cowboy hats, Durango boots)

Typical “Diverse” Niches

Spanish-Speaking Caribbean Immigrants (e.g. Puerto Ricans, Dominicans)

- Botanicas
 - Sells items and services related to African-based faiths such as Santeria that are practiced by Caribbean Hispanics
- “Dominican” hair salons (for “blow-outs”)
- “Comida Criolla”
- Roadside fruit/juice vendors and food trucks
 - The latter serves as a meeting point for young men and women returning from the clubs

Typical “Diverse” Niches Chains for Latino Immigrants

- **Pollo Campero**
 - Guatemalan-based fried chicken chain
 - Extraordinarily popular across Latin America
 - Expanding across U.S. (30 units and growing)
- **Ritmo Latino**
 - New Jersey-based Latin music chain
 - Very attractive store, includes listening stations
 - Also sells Spanish-language books/mags, DVD’s
 - Miami store on W. Flagler (Sweetwater)
- Mexican chains that cross the border (e.g. **Gigante USA**)

Typical “Diverse” Niches African-Americans

- Typical recommendation is for a distinctive “Afro-themed” shopping district...
 - Afro-Lit bookstores, African-craft shops, “soul food” restaurants, jazz clubs, etc.
- ... but viable only in large cities with a *critical mass* of upper-income “buppies” (ie “black urban professionals”)
 - Brooklyn (Fort Greene)
 - Los Angeles (Leimert Park)
- Untold story of the ‘90’s: African-Americans are suburbanizing, too! (especially the more affluent ones)

Typical “Diverse” Niches African-Americans

- What does that leave?
 - Barber shops and beauty salons
 - So many because they serve as community-gathering places
 - Beauty supplies
 - BBQ (casual)
 - Fish/seafood market
 - Plus-size women's apparel

Typical “Diverse” Niches

Urban Minority Culture

- Urban sportswear
 - Shorthand for the casual apparel, sneakers, etc. emblazoned with the brand names at the forefront of urban “hip-hop” culture
- Hip-hop/“reggaeton” music
- Auto-parts stores
- “Family” comparison-goods stores
 - Children’s clothing, school uniforms, baby furniture, etc.

Typical “Diverse” Niches Chains for African-Americans

- **Ashley Stewart**
 - For African-American women sized 14-24
 - National chain with nearly 200 stores, including NW 27th and NW 77th in Miami
 - Sophisticated and attractive build-out
 - In Miami: NW 27th, NW 77th
- **Simply Fashions / Fashion Trend**
 - Casual women’s apparel for juniors, missy and plus sizes (up to 36)
 - Targets African-Americans (5,000 within 1 mile and 25,000 within 3 miles)
 - Over 300 stores, including NW 27th, NW 54th and NW 81st in Miami

Typical “Diverse” Niches Chains for Urban Minorities

- **Downtown Locker Room / DTLR**
 - Baltimore, MD-based trendsetter of urban-sportswear fashions
 - Roughly 50 stores, mostly in the mid-Atlantic and the Southeast, expanding aggressively
- **Advance Auto Parts**
 - Over 2,800 locations nationwide, including 32 in Miami alone

Typical “Diverse” Niches

Hipsters

- Alternative types working in creative or high-tech professions (e.g. artists, “indie” filmmakers, architects, graphic designers, computer programmers, etc.)
- Prototypical look...
 - Unwashed, unkempt hair
 - Vintage (or “recycled”) clothing
 - Dark, horn-rimmed glasses
 - Shoulder-strap messenger bags
 - Chuck Taylor Converse All-Star Sneakers
- Ever see *High Fidelity*?

Typical “Diverse” Niches

Hipsters

- Hipsters look for...
 - Cheap places in which to live or work
 - Authenticity: “keeping it real”, staying ahead of corporate insidiousness and the “yuppie masses
 - Exclusivity: only *they* know
 - Irony: self-consciously and daringly uncool
 - **Example:** T-shirt emblazoned with a decidedly un-hip iron that the wearer clearly recognizes as un-hip (e.g. a picture of Bob Barker and his trademark skinny microphone)

Typical “Diverse” Niches Hipsters

- Pabst Blue Ribbon
 - Was a tired and declining blue-collar brand until the early 2000’s
 - Now a hipster icon -- why?
 - Cheap
 - Virtually no marketing/advertising presence
 - Comeback initiated at the grass-roots level
 - Popularity perceived as a matter of individual choice (rather than corporate manipulation)
 - Implies spiritual solidarity with, and at the same time an ironic embrace of, the “old-school” working-class heartland

Typical “Diverse” Niches Hipsters

- Translates to a preference for neighborhoods that are...
 - Gritty, “real”, diverse
 - Hidden, “off-the-beaten-path”, *not* actively marketed
- Do *not* require...
 - Cleanliness, polish, amenity
 - Homogeneity
 - High visibility/traffic
- Serve as “shock troops” for revitalization .vs. lead to future displacement

Typical “Diverse” Niches Hipsters

- Representative businesses include:
 - Dive bars
 - “Slacker” cafes
 - Organic food markets
 - Vegan restaurants
 - Vintage or thrift clothing stores
 - Live music venues
 - Vinyl record shops
- Tend to be independent operators, but...

Typical “Diverse” Niches

“Anti-chain” chains for hipsters

- **American Apparel**
 - Montreal-based chain that is expanding *very* aggressively across the U.S.
 - Cheap clothing basics and “on-point” marketing draw hip young shoppers
 - 5 stores in Miami, including Lincoln Road
- **Buffalo Exchange**
 - Arizona-based chain selling, buying and trading “recycled fashions”
- **Ten Thousand Villages**
 - Operated by the Mennonite Central Committee
 - Crafts purchased at a “fair price” from 3rd-world artisans, proceeds used to pay for food, healthcare, etc. in the developing world

Competitive Threats to “Diverse” Niches

- Proliferation of suburban-style retail developments in urban settings
 - Could weaken prospects of “diverse” retailers, especially in low- and no-growth markets
 - **Example:** Big-box stores in Cleveland, OH
 - Even the arrival of traditional supermarket operators, which could hurt bodega-owners who:
 - 1) speak in native tongue; 2) extend credit; etc.
- Gentrification of formerly “diverse” downtown and neighborhood shopping streets
 - “Diverse” retailers looking for new locations?

For More Information...

Please contact:

Michael J. Berne

President, MJB Consulting

129 West 85th Street, Suite #4F

New York, New York 10024

Office Phone: 212 794 0148

Cell Phone: 917 816 8367

E-mail: mikeberne@juno.com