

## 8.3: Diversity and Inclusion Marketing

### Learning Objectives

By the end of this section, you will be able to

- Define diversity marketing, multicultural marketing, and sociodemographic marketing.
- Explain why diversity marketing is needed in today's marketplace.
- Explain the importance of diversity in market research.
- List the factors that impact diversity marketing.

### Diversity Marketing Defined

As you read in the previous section, diversity marketing is a strategic approach that involves identifying diverse subsegments of the population within a market and creating intentional marketing efforts to reach wider audiences. This last piece is key. It has an element of inclusion because it purposefully incorporates identity-specific consumers that have been overlooked or pushed to the margins of society, such as some ethnic minorities, people with disabilities, elderly adults, low-income persons, and other groups. Marginalized consumers are often excluded in mainstream advertising, translating into missed business opportunities. Diversity marketing is a strategy for marketers to include them.

Diversity marketing is more than just an awareness of minority identities, underrepresented communities, or racial distinctions. It is about being culturally responsive, meaning having an actionable understanding of diverse consumers' interests and preferences based on shared cultural and sociodemographic characteristics. Consider the five key parameters most often used to describe diversity: cultural, racial, and ethnic; gender and sexual identity; generational, religion, and disability (Cletus et al., 2018). Culture, race, and ethnicity are part of the cultural aspect, while the others are part of the sociodemographic aspect. Because of the broad scope of diversity marketing, as seen in Figure 8.4, this strategy can help marketers reach larger market audiences. Diversity marketing can also influence consumers' mindsets and generate positive attention.

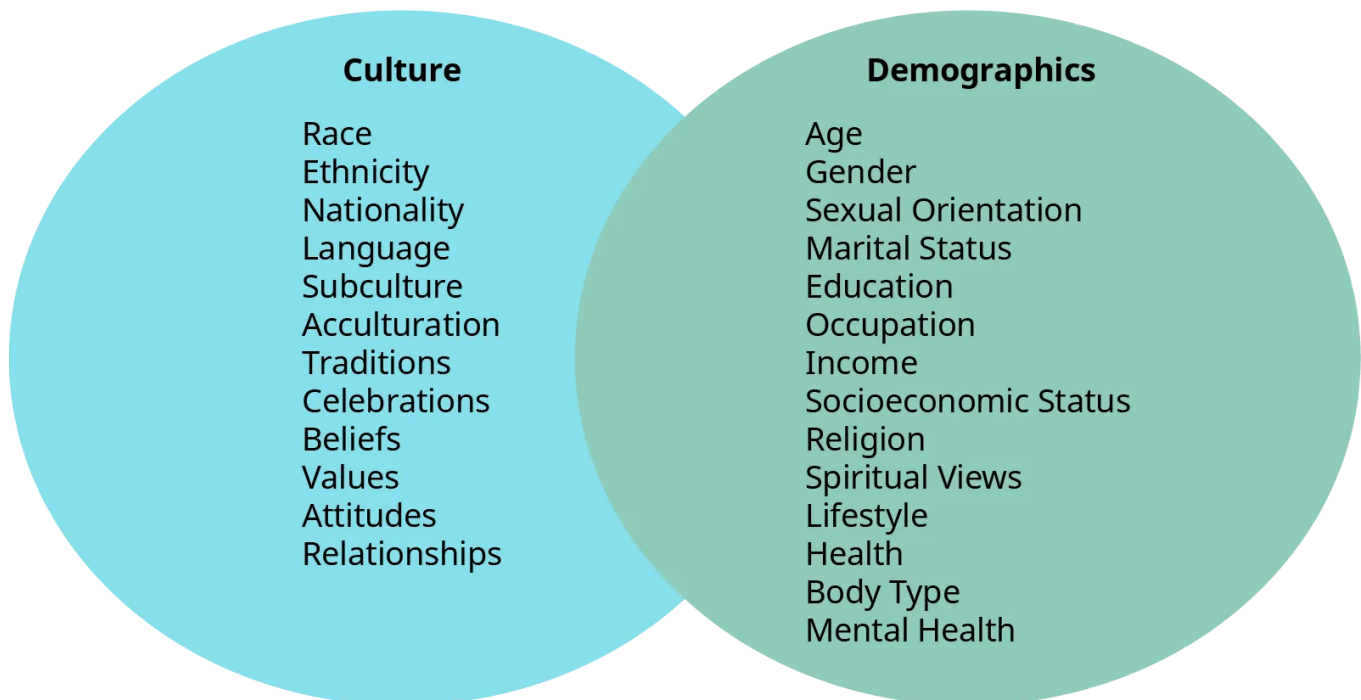


Figure 8.4 Diversity Marketing Dimensions (CC BY 4.0; Rice University & OpenStax)

### Importance of Diversity Marketing

The idea of marketing driven by consumer diversity is highly relevant and meaningful because today's marketplace is changing dramatically. This evolution is happening not only in the United States but also around the globe. For marketers, this means that generalizing buyers, households, or communities anywhere in the world is a shortsighted perspective because it limits business

growth and commercial possibilities. Plus, oversimplifying population segments can also adversely affect a company's reputation by negatively shifting the public's opinion. The consequences can hurt sales, lead to missed opportunities, and undermine competitive status. This makes it essential to align markets and diversity marketing goals.

Even though "one size fits all consumers" tactics worked in past decades, that is no longer the case. Failure to recognize diversity marketing as an essential component of any marketing plan in these changing times is a business blunder. In a study conducted by Adobe in 2019 among 2,000+ consumers, results showed that 61% of participants believed that diversity in marketing campaigns was important, and at least 38% were also said to be more inclined to trust brands that showed good diversity in advertisements (Thompson, 2020). Inclusion and diversity marketing are vital to a company's success in any market.

### What It Means to Businesses

Leading the marketing strategy with a diversity-driven intention can increase customer satisfaction and build stronger brand loyalty. Top Design Firms surveyed hundreds of consumers in late 2020 and found that 67% would consider making repeat purchases from companies committed to diversity in marketing campaigns (Jordan, 2020).

Another report confirmed that these observations are not restricted to specific populations. Market analysis by Heat Agency found that high diversity scores for brands translated into a whopping 83% higher preference by consumers (Williams, 2019). Besides improving brand sentiment overall, studies show that companies that build emotional ties through diversity marketing programs generate more revenue, increase stock price performance, and enhance brand perceptions (Deloitte Digital, 2022).

### What It Means to Consumers

Diversity marketing is important on a personal level because of what it implies. Companies that prioritize this strategy clearly demonstrate a higher level of understanding, value, and respect for all individuals in society. The conscientious inclusion of racially, ethnically, culturally, and socially distinct groups in marketing efforts suggests a genuine desire to communicate and engage with everyone.

Acknowledging consumers' differences and adopting tactics to meet each group's needs and preferences also validates individuals' importance in the market. From a consumer standpoint, the application of diversity and inclusion measures in a company's marketing practices shows a universal recognition and appreciation for people.

### Factors Impacting Diversity Marketing

As shown in Figure 8.4, diversity marketing is based on a variety of cultural and sociodemographic consumer characteristics. Marketers must be mindful of these distinctions, so marketing communication campaigns launched are sensitive to the audiences they are attempting to serve. After all, cultural and sociodemographic factors can greatly influence consumers' motivations, reactions, and decisions. Other related variables, such as behavioral and personal, can shape buyers' consumption levels and their receptiveness to marketing messages. Given the impact of these factors, for companies to be successful in any market, the focus of diversity marketing must be customer-centric rather than company-centric. Being customer-centric is when a company targets customers first regarding any decisions about its goods, services, or experiences, while company-centric is when a company focuses decisions from the organization's perspective. Building a proper sociocultural conscience in marketing starts with good research.

### Market Research

Market research is essential for developing successful marketing strategies because it leads to consumer insights. It also identifies potential communication gaps. This means diversity must be treated as a market research factor to learn about multidimensional audiences. Leveraging consumer diversity in the research process has several benefits. For instance, it provides the information needed to better understand people's cultural or social differences. This is useful for companies to avoid wrong assumptions and avert public mishaps.

Marketers do not have to belong to or identify with a specific consumer group to do good research. However, understanding how ethnic and sociocultural differences impact buyers' decisions and actions requires diversity marketing intelligence (DMiQ). Diversity marketing intelligence refers to the capability of identifying, accepting, and valuing the diversity of consumers within a market and using this knowledge to tailor the marketing mix accordingly.

In early 2018, Tarte Cosmetics introduced its highly anticipated Shape Tape Foundation to the market. The launch featured 15 shades of makeup, almost all light tones. However, the product was not well received. Loyal customers were furious because of the lack of shades for people with darker skin. Tarte Cosmetics was accused of being a whitewashed brand and even of making deeper

skin-toned people feel inadequate (Baragona, 2018). The company quickly apologized for alienating customers and changed its product and marketing communication.

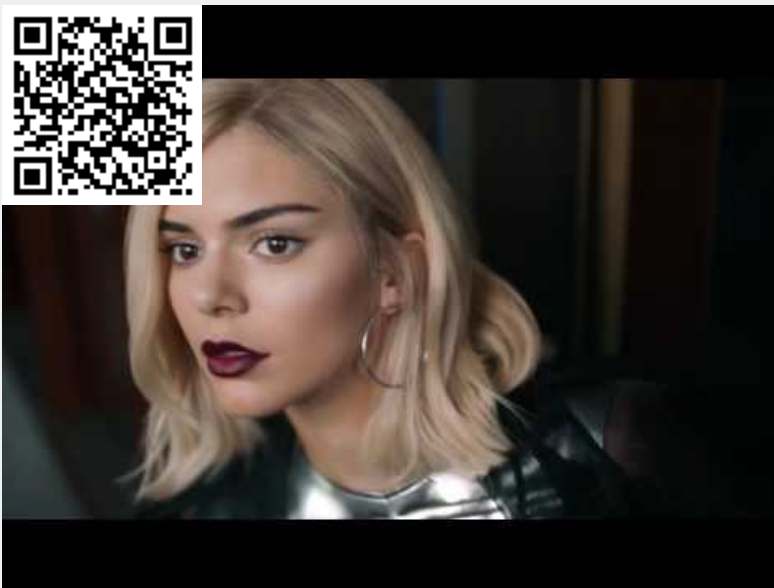
#### Link to Learning: Fenty Beauty

Rihanna did more than just lend her name to the brand Fenty Beauty—she also developed products that increased diversity in the beauty business with its 40-shade foundation range and a wide range of sizes, making \$100 million in sales in the first 40 days! The company has been criticized for the use of child labor by some of its suppliers and has made what its founder described as careless choices during a fashion show. But it remains known for continuing to reflect a more inclusive approach to beauty and clothing products. [Read more about Fenty Beauty from this Latana article](#) or this [article from Newsweek](#).

When diversity marketing efforts fall short, as the Tarte Cosmetics case shows, it is often the result of racially or socially charged insensitivity and missteps. The outcome can have costly repercussions for companies. In 2017, PepsiCo (see Figure 8.5) received heavy backlash for its “Live for Now Moments Anthem” campaign featuring Kendall Jenner. The commercial was criticized for trivializing the Black Lives Matter (BLM) movement and undermining protesters’ real-life hardships in pursuit of peace and justice (Smith, 2017). It was described as insensitive and offensive.

#### Link to Learning: Live for Now Moments Anthem

Evaluating successful campaigns and failures is important in the learning process. Find as many opportunities as you can to learn from failures. Start by watching Live for Now Moments for an example of a campaign that failed because it was offensive and missed the mark.



PepsiCo defended its position as not intending to be socially disrespectful. However, PepsiCo withdrew the commercial, which was estimated to have cost \$5 million to produce, and widely apologized to the market and Jenner (Adams, 2020). A final lesson here is that when diversity marketing efforts are done correctly—as Fenty Beauty did—it can boost brand awareness, consumer engagement, and sales.



Figure 8.5 The PepsiCo commercial “Live for Now Moments Anthem” was an expensive lesson for the company—a failed campaign criticized for highlighting a culture’s real-life hardships. (credit: “Pepsi” by Mike Mozart, JeepersMedia/flickr, CC BY 2.0)

## Race and Ethnicity

Two out of every five individuals in the United States—over 40% of the population—identify racially or ethnically as other than non-Hispanic White (Budiman, 2020). Researchers expect this trend to keep growing in the coming decades, and as consumer diversity increases, cultural identification becomes even more important. Race, ethnicity, and culture give meaning to one another. This makes it critical for marketers to pay attention to how multiracial or multiethnic consumers identify culturally. Having a multicultural identity means that a person has been exposed to various cultures and self-identifies as part of more than one racial or ethnic community or various social groups (Pekerti & Thomas, 2016). We will focus on four key multicultural identity segments of the American population:

- Hispanic
- Black
- Asian
- Native American/Alaska Native

Being multicultural can take many forms. Multicultural individuals may speak multiple languages or have different sets of friends in each culture. From a marketing perspective, multicultural consumers may respond differently to brands or products depending on their multicultural affiliation (Kipnis et al., 2019). Why is this significant? Because marketers must consider the effects of multiculturalism on the marketplace when developing the marketing mix. Race and ethnicity are clearly linked to diversity marketing.

Modelo Especial is a good example. Modelo Especial is a Mexican beer that has successfully capitalized on its heritage to target the Hispanic population while also appealing to the general market. Marketed by Constellation Brands, the beer has had strong sales in the United States since the 1990s (Sands, 1994). In 2019, Hispanic consumers captured close to 70% of the brand’s national sales, but Hispanic people are only about half of the customer base (Elejalde-Ruiz, 2019). Over several decades, various aspects of Hispanic culture have been widely embraced in the United States. Have you heard of artists such as Jennifer Lopez, Pitbull, Bad Bunny, and J Balvin? The marketing team at Constellation Brands attributes the brand’s mainstream appeal not only to connecting well with Hispanic consumers but also to the openness of millennial and Gen Z consumers to different cultures and lifestyles.

## sociodemographics

In marketing, sociodemographics describes the combination of social and demographic factors that characterize specific consumer groups in the market. These factors are mostly quantifiable, meaning they can be measured or verified to a certain extent. Though race and ethnicity are cultural factors, sometimes they are included in market research as sociodemographic parameters. This is done to increase the generalization of consumer findings and to uncover potential areas of concern linked to social issues (Flanagin et al., 2021).

Sociodemographic variables typically consist of gender and sexual orientation, age or generation, family structure, religion, education level, and income. The latter two are also frequently associated with socioeconomic status. Disability is another variable that can be treated as a demographic factor. Figure 8.4 offers a more comprehensive list of diversity marketing's sociodemographic factors.

As with multicultural consumers, segmenting buyers based on shared sociodemographic factors allows companies to tailor goods or services to match the needs and preferences of this diverse group. This enables marketers to develop the right marketing mix and create effective advertising content to influence distinct consumers. Here is how Disney uses family structure as a sociodemographic factor to segment and target social media users. Disney on Ice is a music and skating show that brings the magic of Disney to ice rinks around the country. People with small children are more likely to consider family entertainment activities, so Disney on Ice targets these consumers on Facebook with tailored family-oriented ads.

## Multicultural Marketing Defined

Multicultural marketing is a strategic approach to intentionally target audiences based on different racial, ethnic, and cultural identities and backgrounds. It focuses on relevant, value-rich, culturally authentic communication tailored to multicultural consumers.

You are probably asking, Is multicultural marketing the same as diversity marketing? After all, both are often used interchangeably. The answer is no; they are not the same thing. Diversity marketing is an inclusive approach that reaches a wider portion of the entire market. Multicultural marketing is a *subcategory* of diversity marketing that is aimed at multicultural individuals.

## Multicultural Populations

Racial and ethnic diversity continue to grow every day around the world. In the United States, in particular, demographers predict a majority–minority population shift by the mid-2040s, as Figure 8.6 shows. In other words, most American consumers will identify as multicultural, meaning racially and ethnically diverse people of color.

This projection has enormous marketing implications for companies and nonprofit organizations. As the marketplace becomes even more racially and ethnically diverse, marketing efforts must be aligned with the needs and expectations of multicultural groups to be effective.

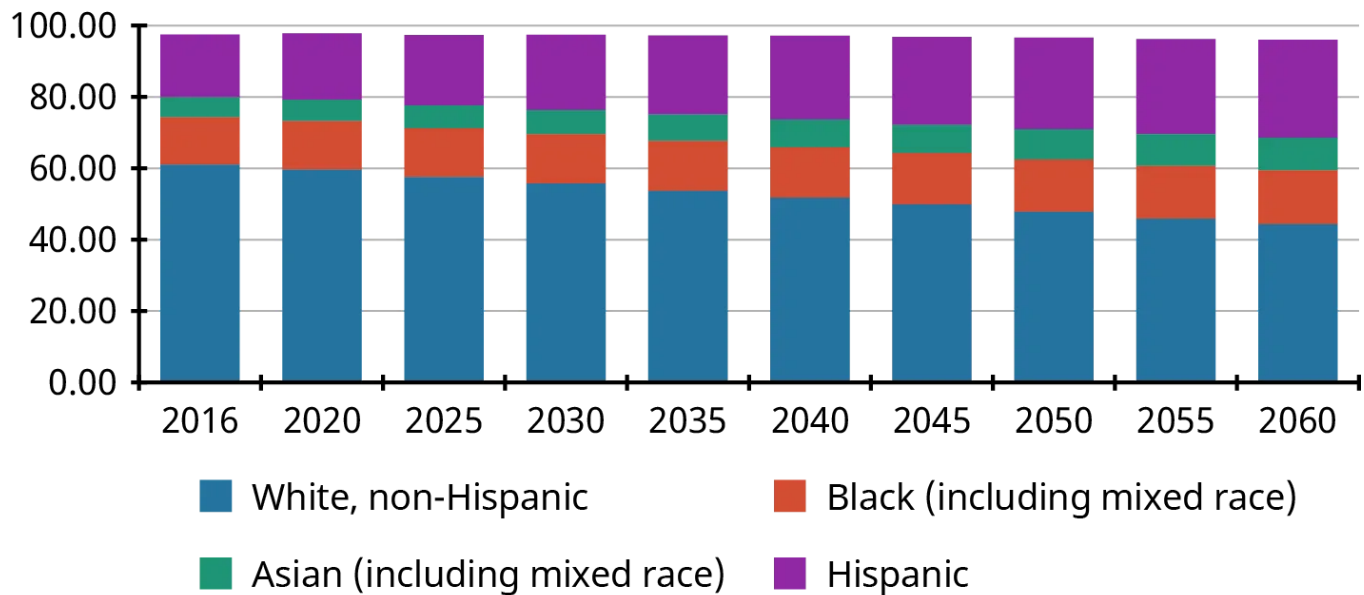
Let's take a closer look at these key multicultural segments of the American population:

- **The Hispanic population** is the largest multicultural group in the nation and makes up about 19% of the total population. According to data-driven marketing company Claritas, the Hispanic population is one of the fastest-growing groups, with over 63 million individuals, and is also responsible for 59% of the country's population growth between 2010 and 2021 (Claritas, 2021a). Plus, by 2026, business strategists believe that nearly two out of every three consumers in the United States will belong to this ethnic group (Claritas, 2021b). With a median age of 29, this group also has the youngest population in the country.
- **The Black population** is also a growing segment with 46.9 million individuals—or 14.2% of the total population—according to the 2020 U.S. Census. This group comprises three different sub-ethnicities: individuals who identify as Black alone (single race), or as Black Hispanic, or as Black with another race such as White or Native American (multiracial). The Black population, in general, has the second youngest median age. In fact, almost 60% of this group were millennials or younger (under the age of 38) in 2019 based on findings from the American Community Survey (Tamir, 2021).
- **The Asian population** accounts for 7.2% of the American population, with 24 million individuals from combined sub-ethnicities as reported by the 2020 Census. Like Black people, Asian people also self-classify as either single race, Asian Hispanic, or multiracial individuals. Communities often included as part of the Asian multiracial composition are Native Hawaiians and Pacific Islanders. Asians' three classifications combined experienced the fastest population growth of all multicultural segments in the nation between 2000 and 2019 (Budiman & Ruiz, 2021). The Asian population has a median age of 34 and is expected to reach around 35 million individuals by 2040 (Budiman & Ruiz, 2021).



- **The Native American/Alaska Native population** represents 1.1% of the population in the United States, with 3.7 million individuals identifying as single-race Native people. During the 2020 Census, these Native groups were combined with other races and ethnicities, boosting the number to 9.7 million people, or about 2.9% of the total population (Henderson, 2021).

### Projected Population by Race, 2016–2060\*



\* Figures do not equal 100 percent because of rounding. Not all ethnic groups are shown.

Figure 8.6 U.S. Population Projections from 2016 to 2060 by Race and Ethnicity (data source: U.S. Census Bureau; attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

#### sociodemographic Marketing Defined

Sociodemographic marketing is a strategic approach to intentionally target audiences based on shared social and demographic characteristics. Sounds familiar? Like multicultural marketing, sociodemographic marketing also focuses on relevant and authentic communications with consumers. Both strategies help business and organizations align their products and services with audiences' needs, preferences, and expectations.

In a 2019 study, nearly 3,000 consumers were asked to consider ads with sociodemographic attributes such as gender identity, sexual orientation, age, socioeconomic status, and physical ability. Results showed 64% of consumers taking some sort of action after seeing an ad with sociodemographic diversity (Petrock, 2020).

You might be wondering, is sociodemographic marketing the same thing as diversity marketing, then? The answer is no. Again, as with multicultural marketing, sociodemographic marketing includes underrepresented and overlooked consumers in a large population. Sociodemographic marketing is another *subcategory* of diversity marketing.

#### sociodemographic Populations

While all sociodemographic consumer groups are important, the following are essential segments of sociodemographic marketing:

**The LGBTQIA+ population.** LGBTQIA+ stands for lesbian, gay, bisexual, transsexual, queer/questioning, intersex, asexual, and other sexual identities. About 5.6% of American adults—roughly 14.4 million individuals—identify as LGBTQIA+, according to a 2020 survey (Jones, 2021). In general, LGBTQIA+ consumers spend more at retail stores than other groups and have a higher percentage of online purchases than non-LGBTQIA+ households. Not only is this segment part of diversity marketing, but the LGBTQIA+ community is also very diverse.

- **Generational population.** Consumers are grouped into age clusters based on birth year. These populations include 21.7 million Traditionalist or Silent Generation (born between 1928 and 1945), 70.6 million baby boomers (born between 1946 and 1964), 65 million Generation X (born between 1965 and 1980), 72.2 million Generation Y or millennials (born between 1981 and 1996), 67 million Generation Z or Zoomers (born between 1997 and 2009), and 27.6 million Generation Alpha (born between

2010 and 2025) according to 2020 U.S. Census data (Dimock, 2019). Every generation is unique and has different historical references, challenges, interests, and technological experiences that impact these consumers' preferences and appeals.

- Socioeconomically disadvantaged population. These individuals tend to come from low-income households, experience financial insecurity, and have less access to education. In the United States, the estimated number of people living in poverty was over 34 million individuals in 2019 (Semega et al., 2020). The majority of disadvantaged consumers are located in poor rural areas or inner-city communities that lack social resources and infrastructure to reduce poverty (University of Michigan, 2020). Marketers must be careful targeting these consumers to avoid negative repercussions from the market.
- Consumers with disabilities. This group represents an estimated 61 million Americans. About one in four adults lives with some type of disability (Centers for Disease Control and Prevention, 2023). Disability is a classification derived from an impairment related to mobility, learning, intellectual, or other types of functions. This group is also considered very diverse because disabilities span cultural, social, and demographic factors. Consumers with disabilities have been traditionally underrepresented in marketing efforts, though studies show they are one of the largest sociodemographic market opportunities after baby boomers and other segments (National Business and Disability Council at the Viscardi Center, 2016).

### Careers In Marketing: Multicultural Marketing Director

With the growing opportunities for multicultural marketing, demand is growing for multicultural marketing directors. If this job opportunity interests you, research what type of skills hiring managers desire. To get started, read this article about the [7 Must Have Qualities in a Multicultural Marketing Director](#). In this article, you can also learn directly from marketing executives about [how marketers can foster diverse cultures](#) and who is getting hired and promoted in this area. The best way to learn is to follow others doing the work. Expand your network to include diverse and inclusive leaders. Start by checking out this [list of 59 female marketing and growth influencers](#).

As you build a portfolio of skills for the job market, remember to continue developing your soft skills. Why, you might ask? Read this article: [7 Soft Skills You Need to Achieve Career Growth](#).

### Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1.

Diversity marketing is a strategic approach that includes \_\_\_\_\_.

- identifying different subsegments of consumers
- creating advertisements to connect with specific consumers
- consumers that share cultural and sociodemographic characteristics
- All of these statements are true.

2.

Which of the following is true regarding why diversity marketing is important?

- Today's marketplace is changing dramatically everywhere.
- Buyers, households, and communities are staying the same.
- Consumers don't believe that diversity in advertising is important.
- Diversity marketing has no impact on brand loyalty.

3.

For companies to be successful in any market, the focus of diversity marketing should be \_\_\_\_\_.

- company-centric
- brand-centric
- consumer-centric
- industry-centric

4.

Diversity in market research is a good idea because it can \_\_\_\_\_.

- a. help companies win over people from different population segments
- b. provide information to better understand cultural and social differences
- c. reduce wrong assumptions and avert public relations missteps
- d. All of these statements are true.

5.

Which is not an example of a diversity marketing consumer segment?

- a. Multicultural segments such as Hispanic, Black, and Asian people
- b. Sociodemographic segments such as tech-savvy and digital natives
- c. Multicultural segments such as American Indian and Alaskan Native people
- d. Sociodemographic segments such as Gen Xers, Zoomers, and consumers with disabilities

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