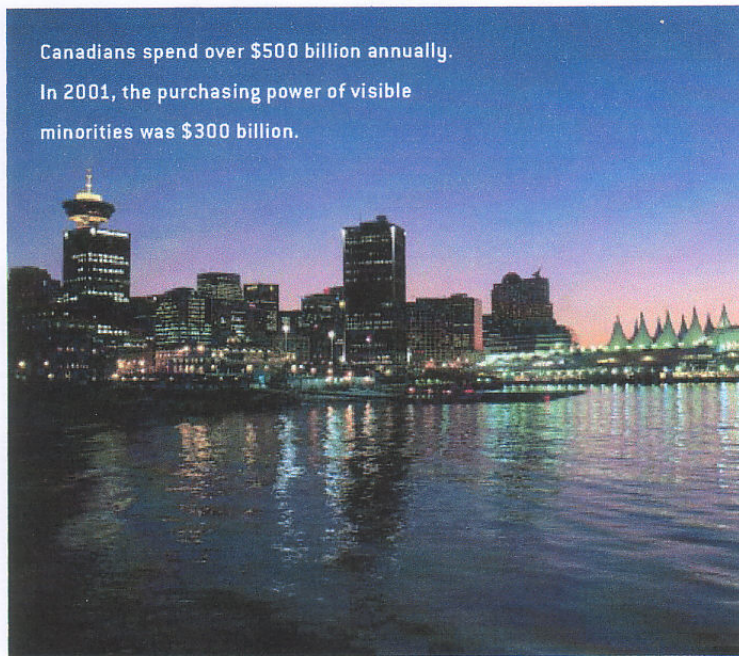


The New Canadian Consumer



Canadians spend over \$500 billion annually.
In 2001, the purchasing power of visible minorities was \$300 billion.

Canada is experiencing a radical and rapid change in our consumer mix. Close to 20% of the Canadian population are immigrants. The pace of immigration is increasing (averaging more than 200,000 per year) and their source is shifting. The traditional stream of immigrants from Europe (now 18.9%) has been displaced by a new stream: Asia (53%), Africa and the Middle East (18%), South and Central America and the Caribbean (7.5%), and United States (2.6%).

Visible minorities comprise 25-51% of larger urban centres. Ninety five percent of new immigrants settle in five cities - Toronto, Montreal, Vancouver and Edmonton and Calgary (in that order). Their share of the marketplace and labour market will be huge. By 2011, they will likely account for all of the country's labour force growth. By 2026, Canada's population will grow solely through the arrival of immigrants (due to our declining birth rate).

Assimilation patterns shape their role as Canadian consumers. They tend to choose cities where: (a) their ethnic group has established roots, (b) they can be



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reunited with friends and family, and (c) they can practice customs from their homeland. These clusters of ethnic populations bring different expenditure patterns, tastes, preferences, values and methods of interacting in the marketplace. Once entrenched in their own self-identified community, they come in contact with other ethnic groups, introducing each other to their respective lifestyles. As ethnic groups grow and establish themselves, their influence is felt, in the wider marketplace, by other Canadian consumers.

New immigrants do have some things in common as consumers: (a) a higher education because most enter Canada through the Independent or Business streams, (b) initial low income due to unemployment within their first five years in Canada and language barriers in obtaining employment, (c) cultural and assimilation differences (culture shock), (d) different conceptions of money and finances than existing consumers, (e) many will encounter discrimination in the marketplace and (f) confusion at the wide array of products and services and marketing strategies.

This acculturation effect is only temporary. Some ethnic consumers never merge within the Canadian context, choosing to live and shop within their local, flourishing communities. Most, however, do adapt their earning and spending patterns, merging seamlessly with the English or French speaking community. To illustrate, rates of unemployment converge after the first five years in Canada, with 80% of men, and 65% of women, gainfully employed. They slowly embrace Canadian shopping patterns while consuming in their ethnic community. Fifty percent of the immigrants enter Canada while they are in the accumulative stage of the life cycle, concerned with buying consumer durables, housing and forming a family. They conform to Canadian consumer patterns for non-durables after five years, durables after three years, and services after two years. The adjustment period for housing expenditures is less than six years.

Their transitional assimilation into the marketplace can be expedited if attention is directed to some fundamental marketing realities. First, Canada has an ethnic mosaic.

Immigrant consumers retain their ethnic identity while being Canadian. Their ethnic identity is a significant component of their consumer self-concept. Important to marketers is that many ethnic consumers have loyalty as a cultural attribute. But, while 75% of immigrants become Canadian citizens, their first loyalty is to their family, culture, religion, and elders. Marketers have to find the synergy between this type of loyalty and product and service loyalty.

Companies can increase their visibility, and build product loyalty, by marketing through religious functions or other cultural efforts. Market penetration can be increased using special flyers targeting ethnic consumer groups, while not alienating consumers, and even educating other consumers.

Second, relying on demographics alone is not sufficient because these statistical overviews may be too broad and hide marketing opportunities. Demographics do not capture the social factors that affect people's buying patterns. Marketers need to conduct their own value and consumer attitude research. Using this data, retailers can develop point of sale displays for ethnic stores and/or develop ethnoculturally appropriate advertising and packaging. Consumers with similar demographics may differ in purchase behaviour but they tend to cluster together geographically, making it easier to reach them, especially by marketing to them in their native language. Retailers can tailor promotional campaigns, targeting special occasion and holiday promotions, by partnering with ethnic media outlets (TV, newspapers, radio, web sites).



Third, in all of these endeavors, avoiding stereotypes, while learning the nuances of different consumer subcultures, is a challenge. Marketing plans need to respect the complex differences between subcultures, instead of assuming a monoculture mentality for the ease of marketing. As an example, the Asian-Canadian consumer group comprises more than 40 different combinations of nationality, culture, language and religion. Despite the challenges of navigating this labyrinth, attracting their business should be a key element of any marketing plan because their purchasing power, in Toronto alone, surpasses eight billion. The same logic holds for other pockets of immigrants, in other cities. A key part of any marketing strategy should be hiring and developing a more diverse and culturally sensitive work and sales force.

Finally, retailers have to avoid alienating Canadians already loyal to their products and services, especially given the tension building in our society toward immigrants. Many are becoming fearful in a time of global unrest. More than ever before, Canadians, are likely to say we have too many immigrants. Savvy retailers will find ways to respect the mosaic nature of the Canadian marketplace while targeting the fastest growing segment of the Canadian population.

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