

MSU Product Center

For Agriculture and Natural Resources

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Definition of Market Driver - Ethnicity

Definition

- Ethnic products can be defined as those that have food and beverage traits of specific ethnic groups.
- This demand driver has two sub-categories: foods with an authentic appeal to the ethnic group itself, and foods marketed to the wider U.S. population that has been influenced by ethnic tastes and preferences.

Demographic Factors Affecting Ethnicity

- The demand driver of ethnicity is primarily a result of the greater ethnic diversity of the U.S. This is particularly true as a result of the growing Hispanic and Asian populations in the U.S.
- From 1980 to 2000 the percentage of Hispanics in the U.S. increased from 6.4 percent of the population to 12.5 percent. Hispanics now or soon will be the largest minority group in the U.S. It should be noted that there is a difference in cuisines among different Hispanic groups, e.g. Hispanic does not equal Mexican.
- From 1980 to 2002 the number Asians in the U.S. increased from 1.5 percent of the population to 4.4 percent. There are also differences in cuisines among different Asian groups, e.g. Korean food is very different than Indian food.
- The increase in ethnic diversity has created a demand for ethnic products, one from the ethnic groups themselves looking to create an authentic experience, and other from non ethnic consumers looking for new eating and drinking experiences and a greater variety in their diet.

Examples of Foods that Appeal to the Demand Driver of Ethnicity

- Food retailing firms that are geared toward Asian consumers have become more common as have food retailing firms that appeal to different Hispanic groups. Often these firms are small and have different distribution channels than the typical supermarket distribution channel. An understanding and access to these distribution channels may be necessary to obtain shelf space in these markets.
- Another potential market to access is the food service industry. Restaurant establishments that specialize in Indian, Thai, Middle Eastern, Cuban, etc. are becoming more common. Catering to these establishments creates another opportunity for firms.
- As the influence of ethnic foods becomes more widespread Americanized versions will likely develop. This has happened with Italian food, and may be happening with Mexican food. These hybrids will be a combination of foreign and American tastes. Some flavors typically thought of as foreign such as curry, might work their way into foods traditionally thought of as American. This mixing of tastes and preferences also creates opportunities for firms.
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