

The Biggest Customer Brands Are Missing Out on the Asian American Consumer

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A surprising number of brands write off the Asian American and Pacific Islander (AAPI) consumer as a 5.6% niche and not a worthy investment.

It is true that certain obstacles exist from a marketing perspective: our dozens of ethnicities, hundreds of dialects, a disparity in income and dispersion of cultures render engagement a unique challenge. But our population will double by 2060, and we're on track to become the second largest minority in the next 15 to 20 years as the fastest-growing immigrant and ethnic group in the country. According to Nielsen, we wield over \$1 trillion in annual buying power, make up the largest segment of online shoppers and out-index every other demographic in smartphone ownership (91%) and internet access (95%).

As shelter-in-place norms continue, these attributes become advantages. Brands are forced to rely on digital content consumption, online purchasing and word-of-mouth to engage customers, all of which happen to be things the next generation of Asian consumers are well-equipped for. As my mother would say, we are tiny giants.

Over the past year, I've witnessed several lessons that our supposedly niche Asian brands have employed to catapult themselves into the mainstream.

Niche is the next mainstream

Branding is storytelling, which naturally points us to the storytelling capital: Hollywood. The most lucrative creative franchises in history—Pokémon and Marvel—started as niche video games and comics. Despite their eccentricity, both are 11-figure businesses today.

In tech, we call this the “first 1,000 customer” phenomenon where you’d rather have 1,000 customers pay \$1,000 each than 1 million who each pay \$1. If the math sums the same, why does this matter? Because the former is substantially more loyal and will become brand evangelists that ultimately win you heightened lifetime value.

In the game of what wants to be the next mass-market brand, being specific to a niche makes you much more likely to walk away with the prize.

Despite representing just 11% of all businesses that received venture funding in the food sector, Asian founders across categories are responsible for 30% of the emerging unicorn (\$500 million-plus valuation) and unicorn (\$1 billion-plus valuation) companies in the last decade.

Interests are the new identity

In addition to capitalizing on consumers likely to be loyal to your brand, it’s important to be mindful about the way you segment your audience. The identities and labels that allow us to uniquely represent ourselves are necessary, but sometimes branding comes down to the values and interests that bring us together: We all want to live longer, happier and more successful lives.

‘And’ over ‘or’

With second- and third-generation Asian Americans accounting for an increasing share of disposable income, we must look to young buyers to understand demand. The next generation of

Asian Americans simultaneously conforms to American consumer norms, while still seeking connections to their cultural roots. As both Asians and Americans, we're hybrids of two customs, two languages and two nations, and the degree to which we relate to one or the other is in a constant state of flux. For businesses hoping to keep up, the question becomes figuring out how to strike the right balance.

Whether due to a strong grassroots sense of community, nostalgia for traditions or social behavior instilled through upbringings, Asians, like any cultural diaspora, will want to consume products that remind them of home. Before brands made youth-preserving skincare rituals mainstream, AAPI and American audiences had little interaction with the now-massive Korean beauty care (K-beauty) category. By positioning themselves as educators rather than sellers, K-beauty platforms brought toners, serums and sheet masks to the U.S., easing customers into multi-step beauty routines and empowering them with the knowledge necessary to make the products their own.

As the American consumer grows more diverse, brands may choose to keep pace or not. But one thing is certain: The Asian American consumer is becoming a monolith within the U.S. economy, and for those able to capture this audience's attention, what was once a niche might prove to be a golden ticket.

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