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A Korean, a Chinese, and an Indian walk into an American bar: Tapping the Asian-American goldmine

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Abstract Historically, globalization has been synonymous with mega brands' expansion into international markets. However, changes in the marketing landscape—namely, growth of immigrant consumers, new and emerging branding strategies, and advancements in technology—have created a shift in the globalization paradigm, opening opportunities for small brands. Focusing on the growing number of Asian-American consumers, the authors develop a two-stage global market entry strategy for small brands entering the U.S. market. Specifically, the authors show how Asian brands can penetrate the U.S. market by serving Asian-American consumers or using them as a launchpad to reach mainstream American consumers. The growth of small global brands signifies an important and exciting change in the branded marketplace currently dominated by Western brands.

1. The growth of small global brands in the U.S. market

KakaoTalk is a mobile instant messaging application for smartphones with free text and call features. It was launched in 2010 and is available on iOS, Android, Bada OS, BlackBerry, Windows Phone, Nokia Asha, and personal computers. KakaoTalk currently has 170 million users and is available in 15 languages. In 2013, Kakao Corp., the South Korean company behind the popular application, generated revenue of approximately $200 million through gaming, digital content, and mobile commerce. Following immense success in South Korea, Kakao Corp. is expanding into international markets. In the U.S., KakaoTalk is used predominantly by Korean-Americans, but these users are also facilitating the adoption of the application among their friends, including those not of Asian origin.

99 Ranch Market, the largest Asian supermarket chain in the U.S., opened its first store in 1984 in

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California. Since then, it has expanded to over 39 locations in California, Nevada, Texas, and Washington. It started by opening stores in neighborhoods with dense Chinese populations, but soon word spread among the consumers and a significant number of non-Chinese Asians, American-born Asians, and non-Asians who live in these communities also started to shop at 99 Ranch Market for their grocery needs. To serve these non-Chinese consumers, 99 Ranch Market diversified its products to include brands from other countries including Vietnam, Korea, Japan, Mexico, and the U.S. The supermarket chain now uses dual languages (English and Chinese) in its marketing communications to appeal to its more diverse audience.

These two examples illustrate the new globalization paradigm where consumers, rather than companies, dictate the usage and adoption of global products in international markets. Traditionally, globalization studies have examined how Western brands, particularly U.S.-based brands, flow into the rest of the world. This perspective is known as the Americanization thesis of globalization (Ritzer, 2009). The poster children of the Americanization thesis include brands such as McDonald's (which has over 36,000 restaurants in over 100 countries), Apple, Starbucks, and Google. However, scholars are noting increasingly that globalization is now dislocated from Western centers (Iwabuchi, 2002). Thomas Friedman argues that the 'world is flat,' meaning the contemporary marketplace has more parity than it ever has had before. Businesses of all sizes and national origins have an equal opportunity to compete in the global market. Particularly, business entities with origins in international markets can approach or exceed major American brands in terms of global relevance and fiscal performance: for example, Samsung, a South Korean technology brand, commands 28.2% and 20.7% global market shares in the competitive smart television and smartphones markets, respectively.

Historically, multinational corporations have benefitted disproportionally from globalization. The McDonalds, Starbucks, Samsungs, and Toyotas of the world have become household names around the world by leveraging their immense resources to tap into international markets. Before entering an international market, McDonald's spends millions of dollars to understand properly the local market needs and creates localized products and services to satisfy those needs. For example, McDonald's entered the Indian market by forming joint ventures with prominent Indian industry veterans and leveraged their resources and expertise to penetrate the Indian market successfully. Asian automotive companies, such as Toyota or Hyundai, have entered the U.S. market successfully through direct investment by building manufacturing plants and establishing relationships with the local state governments.

However, we make a case that the time has come for comparatively smaller brands to make their move. As illustrated through the earlier examples, in the new global landscape, consumers—and not just company resources and support—play an important role in market penetration. Specifically, we draw attention to the significant role that immigrant consumers play in facilitating the growth of smaller global brands. According to the U.S. Census Bureau's 2014 American Community Survey (ACS), the U.S. immigrant population stood at more than 42.4 million (13.3%) of the total U.S. population of 318.9 million in 2014. Between 2013 and 2014, the foreign-born population increased by 1 million (2.5%). Immigrants and their U.S.-born children now number approximately 81 million people (26%) of the overall U.S. population. These consumers are driving demand for products from their home countries and American retailers increasingly are devoting a significant proportion of their shelf space to smaller, ethnic brands such as Lee Kum Kee (Chinese food sauce and condiment brand), Kingfisher (Indian beer brand), and Huy Fung Foods (Thai food sauce and condiment brand). As such, smaller brands from emergent countries now have a wider window of opportunity to go global.

The purpose of this article is to examine the growth of smaller global brands in the U.S. market by focusing on the role played by immigrant consumers. We propose a two-stage market entry strategy, where in the short run, brands can market to immigrant consumers living in their new host culture (e.g., U.S.) who demand products from their native culture. In the long run, brands can use these immigrant consumers as a launchpad to reach mainstream consumers in the host culture (e.g., American consumers). Specifically, we focus on the global entry of East Asian brands and their strategy to reach Asian-American consumers. Asian-Americans are the fastest growing ethnic consumer segment in the U.S., making them a particularly attractive market. Many first generation Asian-American consumers were able to immigrate to the U.S. because of their wealth. But Asian-Americans are not only affluent respective to their native countrymen; they are also more affluent and educated than the average American consumer. The combination of high disposable income, education, and rapid growth rate makes Asian-Americans in the U.S. one of the most appealing markets worldwide for many businesses.

While the increase in immigrant population stimulated demand for the smaller global brands in the