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## Asian-Americans and the U.S. Auto Market

Automakers in the U.S. marketplace must pay attention to Asian-Americans, a multicultural group with enormous economic clout. In 2007, Asian-Americans comprised 4.6 percent of the population, with an expected increase to 5.1 percent by 2012. With this projected half-point increase in population comes a huge uptick in buying power. By 2012, Asian Americans will account for \$670 billion in buying power, 46 percent higher than the 2007 estimate of \$459 billion<sup>1</sup>. In fact, Asian-Americans are the most affluent population group in the country, with one in three having a household income of \$100,000 or higher<sup>2</sup>. They also have the highest educational level of all groups in the country, with 44 percent holding a bachelor's degree or higher<sup>3</sup>.

The term Asian-American is an umbrella term for a consumer segment that includes a wide range of cultures, languages and consumers with roots in countries as diverse as Japan, China, the Philippines, Korea and India, among others. To assess how well the automotive industry reaches this multi-faceted and important market, this Polk View answers three questions:

1. Which brands hold the most market share among Asian-Americans?
2. Which brands have won or lost market share from 2007 to 2008?
3. What should the auto industry keep in mind when targeting Asian-Americans?

### ASIAN-AMERICANS HOLD OVER FIVE PERCENT OF U.S. NEW VEHICLE MARKET SHARE

For the first eleven months of 2008, 363,052 new vehicles were registered to Asian-Americans, almost five percent of all new vehicles registered in the United States. The fact that the percentage of new vehicle registrations so closely matches the percentage of Asian-Americans in the U.S. population is reflective of the fact that this consumer segment is the most likely to purchase new (rather than used) vehicles<sup>3</sup>.

### TOYOTA CAPTURES ALMOST ONE-THIRD OF ASIAN-AMERICAN MARKET

As in the overall U.S. market, Toyota (which includes Scion) is the best-selling brand among Asian-Americans. Among this audience, Toyota captured 32.5 percent of all Asian-American new vehicle registrations in the first eleven months of 2008. This penetration is significantly higher than Toyota's total U.S. market share of 18.0 percent for the same time period.

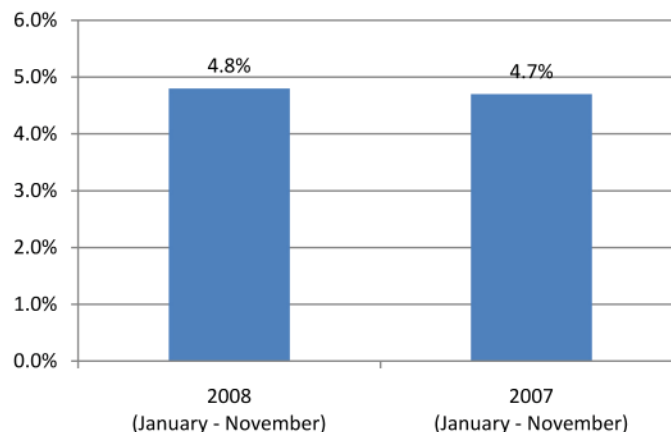
One way that Toyota reaches this community is by sponsoring Asian-American film festivals in San Francisco, Los Angeles, San Diego and New York to promote the Toyota Matrix. As the official sponsor of the festivals, Toyota hosted live events and created a website with Asian-American movie reviews, interviews and other news related to the festivals.

### HONDA HAS MORE THAN TWENTY PERCENT OF ASIAN-AMERICAN MARKET SHARE

Honda, the number two best-selling brand among Asian-Americans, accounted for 24.1 percent of Asian-American market share from January to November 2008, up from 22.3 percent during the same time period in 2007. Honda's market share gain of 1.8 percentage points is the highest year-over-year increase in the Asian-American market.

“Toyota and Honda combined account for more than 56% of Asian-American market share.”

**Figure 1**  
Asian-American Share of U.S. New Vehicle Retail Market



*continued*

<sup>1</sup> “Georgia Business and Economic Conditions, The Multicultural Economy 2007,” Selig Center for Economic Growth, Terry College of Business, the University of Georgia

<sup>2</sup> “Asian-Americans Have Most Economic Clout of Multicultural Market: Study,” Progressive Grocer, October 10, 2008

<sup>3</sup> “The Source Book of Multicultural Experts, 2008/2009,” The Asian American Market



**Figure 2**  
2008 vs. 2007 Share of Asian-American Market by Brand

	Share of Asian-American Market Jan. - Nov. 2008 (%)	Share of Asian-American Market Jan. - Nov. 2007 (%)	2008 vs. 2007 Market Share Difference (Percentage Points)
Toyota*	32.5	33.3	(0.8)
Honda	24.1	22.3	1.8
Nissan	6.9	6.4	0.5
Lexus	4.8	6.0	(1.2)
Hyundai	3.1	2.9	0.2
Acura	3.0	3.3	(0.3)
BMW	3.0	2.3	0.7
Mercedes-Benz	2.7	2.7	0.2
Chevrolet	2.6	2.8	(0.2)
Ford	2.5	2.7	(0.2)

\*Includes Scion

### ASIAN-AMERICAN BRAND PREFERENCES DIFFER FROM OVERALL U.S. MARKET

Combined, Toyota and Honda accounted for more than 56 percent of all registrations to Asian-Americans between January and November 2008. This is significantly higher than the two brand's combined share of the total U.S. market for the same time period: 30.5 percent. These two brands have long been known for their reliability and quality, two factors that are very important to this multicultural group according to recent Polk research.

Three other Asian makes – Nissan, Lexus and Hyundai – round out the top five best-selling brands to Asian-Americans. The combined market share of these three brands is 14.8 percent, not significantly above the 12.8 percent combined share for these brands in the total U.S. market.

Besides the clear dominance of Toyota and Honda among Asian-Americans, one other trend is readily apparent: U.S. automakers don't fare that well with this group of consumers. Chevrolet and Ford, which are among the top five brands in the overall U.S. market, capture just over five percent of Asian-American market share combined. This is significantly lower than Chevrolet's 12.2 percent and Ford's 10.3 percent share of the total U.S. retail market from January to November 2008.

### FACTORS TO CONSIDER WHEN TARGETING ASIAN-AMERICANS

Success for automakers in the Asian-American market, as in the marketplace as a whole, depends upon multiple factors. However, there are several key things that auto manufacturers and their marketing partners should keep in mind when targeting this consumer group:

- Reputation and quality matter. Recent research conducted by Polk in July 2008 shows that the manufacturer's reputation and quality is the number one purchase driver among Asian-Americans. This indicates that automakers would be wise to promote the sensibility and value of their vehicles to a potentially pragmatic buyer audience that prioritizes attributes such as quality and reputation. Culturally, it is a well-documented fact that Asian communities place high regard on preserving positive reputation to avoid embarrassment. Therefore, marketers should focus on key messages aimed at making Asian-American buyers feel comfortable about their vehicle investment.
- The same research shows that loyalty levels to a particular brand vary among sub-groups of the overall Asian-American population. The Japanese are the most loyal, while Koreans are the least likely to purchase the same brand of vehicle currently owned. This knowledge may shape auto manufacturers' and dealers' customer acquisition and retention strategies.
- As mentioned previously, the term "Asian-American" encompasses a wide range of cultures and languages, so auto manufacturers must be aware of these differences and target appropriately. Despite the diversity, Asian-Americans do have some shared values that set them apart from the general market, which automakers should be aware of when marketing to this group. These values include an emphasis on value, respect for elders, saving and education<sup>4</sup>. ♦

“The manufacturer's reputation and quality is the number one purchase driver among Asian-Americans.”

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<sup>4</sup> "Diversity Within the Asian American Market," Presentation by Phoenix Multicultural to the AFR Multicultural Advertising Council, July 1, 2008  
This analysis is based on Polk's new personal retail registrations among U.S. consumers between January - November 2007 and January - November 2008.