

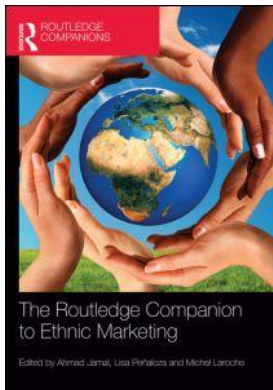
This article was downloaded by: 10.2.97.136

On: 31 Mar 2023

Access details: *subscription number*

Publisher: *Routledge*

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: 5 Howick Place, London SW1P 1WG, UK



## The Routledge Companion to Ethnic Marketing

Ahmad Jamal, Lisa Peñaloza, Michel Laroche

### An ethnoconsumerist approach to Hispanic small business' adoption of internet technology

Publication details

<https://test.routledgehandbooks.com/doi/10.4324/9780203080092.ch8>

Cecilia Ruvalcaba, Alladi Venkatesh

**Published online on: 24 Jun 2015**

**How to cite :-** Cecilia Ruvalcaba, Alladi Venkatesh. 24 Jun 2015, *An ethnoconsumerist approach to Hispanic small business' adoption of internet technology from: The Routledge Companion to Ethnic Marketing* Routledge

Accessed on: 31 Mar 2023

<https://test.routledgehandbooks.com/doi/10.4324/9780203080092.ch8>

**PLEASE SCROLL DOWN FOR DOCUMENT**

Full terms and conditions of use: <https://test.routledgehandbooks.com/legal-notices/terms>

This Document PDF may be used for research, teaching and private study purposes. Any substantial or systematic reproductions, re-distribution, re-selling, loan or sub-licensing, systematic supply or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The publisher shall not be liable for an loss, actions, claims, proceedings, demand or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.

# An ethnoconsumerist approach to Hispanic small business' adoption of internet technology

*Cecilia Ruvalcaba and Alladi Venkatesh*

---

## Introduction

Small businesses need simple solutions that are timely and efficient. As new technologies come into play, small businesses find new market opportunities and challenges. Apart from cost and resource considerations involved in Information Technology (IT) related operations, small businesses lack qualified IT staff and the resources to train employees on new technologies. In this digital age, these issues become critical especially because of the resulting digital divide, the gap between those with access to information, the 'haves', and those without access, the 'have-nots', that leaves certain segments (e.g., small businesses, minorities, low-income consumers) out of current trends (Companie 2001; Peterson and Dibrell 2002; U.S. Congress 2012). Studies suggest the gap among ethnic minorities is larger than that for the dominant culture (Hoffman *et al.* 1997; Zickuhr and Smith 2012). Thus it is important to understand not only small business adoption of such technologies, but the adoption and use of such technologies by minority-owned small businesses. This is indeed the focus of this chapter.

Hispanic-owned small businesses are a significant contributor to the U.S. economy and to the overall Hispanic community by increasing access to capital (Light and Gold 2000). According to the Small Business Administration, Hispanic small businesses earn nearly \$300 billion in annual revenue by approximately two million businesses (U.S. Bureau of the Census 2012). The number of Hispanic small businesses is expected to increase 60 per cent to 4 million, and generate a combined \$550 billion in revenue by 2014. In response to these impressive statistics, it is important for researchers to study how emerging trends in IT impact these businesses (Middleton and Byus 2011).

The purpose of this study is to investigate internet and e-commerce related business opportunities and challenges facing an ethnic business community – Hispanic-owned small businesses located in the South Western region of the United States, specifically in Southern California. We look to understand what technological tools are used, how these tools are integrated into their business operations and what barriers to adoption are faced. In understanding how technology is used by Hispanic small businesses, we look to identify the challenges in adoption and thus provided policy implications and recommendations for marketing, or, more specifically, ethnic marketing. The research questions we look to address are: (1) What are the current practices and needs of Hispanic small business regarding internet-based operations, specifically as they relate to business development and transactions, customer contacts, online

communications, scheduling, calendaring and event planning?; (2) What gaps exist among Hispanic small businesses and how can these gaps be addressed?; (3) What are the cultural issues that arise in Hispanic small businesses adoption of information technology? and (4) What are the policy implications and recommendations?

We use an ethnoconsumerism (Venkatesh 1995; Meamber and Venkatesh 2000) and ethno-marketing perspective (Korzenny and Korzenny 2005; Morse 2009) to address these research questions. Our study is based on empirical work conducted in Southern California from 2009 to 2010. We chose this region based on several factors: high proportion of Hispanic population and Hispanic small businesses, digitally disadvantaged nature of the business community and the expected growth of the population and issues concerning access to technology and resources. The remainder of this chapter will proceed as follows. First we provide a review of our theoretical framework. Then we describe the process of our current study and present our findings. Lastly we provide implications and recommendations for future research.

## **Ethnoconsumerism, ethnic marketing and Hispanic small businesses**

### ***Ethnoconsumerism and ethnic marketing***

There has been much discussion on how to study markets as culturally constituted economic entities (Elyachar 2005; Burton 2009). Venkatesh (1995), and later elaborated by Meamber and Venkatesh (2000), proposed ethnoconsumerism as a theoretical and methodological approach to the study of market and consumption culture. The focus of this methodology is to gain an understanding of the subject's point of view while at the same time identifying the contextual/environmental factors contributing to their position, what is described as the field view and the text view respectively. Adding an ethno-marketing perspective to the ethnoconsumerism approach permits us to study (business) culture, not merely as providing the context for the study of market/consumption practices but to study market behaviours as culturally constituted (Korzenny and Korzenny 2005). Being members of a shared cultural group structures interactions in the market (Barth 1998). Understanding how these structures govern marketplace activities will allow us to construct marketing activities to fit within these inherent conceptions. In this context we also refer to Peñaloza's (1994) study on the Mexican immigrant population in the US, which examines acculturation issues in reference to the dominant culture. Using Southern California as the site for her study, Peñaloza analyzes how culture constitutes the Mexican immigrant's market behaviours as they adjust to their new environment. For the purposes of this study, the ethnoconsumerism approach is easily adaptable to a business setting as the foundation of the methodology is not context-specific.

In discussing cultural issues relating to ethnic marketing and consumption, we are faced with a variety of concepts and terminology such as 'cross-cultural marketing', 'comparative studies' and 'cultural analysis'. These are related but do not have the same meaning (Burton 2009). What is common to all these approaches is that the focus is on 'culture' or an ethnic segment and can include marketplace or consumption practices, customs, value systems, social arrangements, communities and institutional histories, meaning systems and ethnic configurations associated with any population or cultural group under study. Ethnicity is a complex construct which can include any number of identifiers. What originated as a term to define individuals who were not part of the dominant majority (Nash 1989) is now used to describe a group which identifies as having a shared set of social and cultural identifiers (Zmud and Arce 1992). The growth of ethnic market segments require ethnicity no longer be treated as a variable to be checked-off

in a box. It is a complex aggregation of factors that are unique to each individual market segment and can be both homogeneous and heterogeneous (Deshpandé *et al.* 1986). Therefore ethnicity is dynamic and influenced by both the internal individual and its external environment (Stayman and Deshpandé 1989).

Focusing on an ethnicity as a vital influence on individuals actions is not new (Hirschman 1981; Stayman and Deshpandé 1989; Holland and Gentry 1999) though most of these studies focus on the consumer. Studies on marketing to these ethnic markets have looked at issues such as the differences within and among ethnic markets (Hirschman 1981; Deshpandé *et al.* 1986), consumers reaction to targeted marketing using ethnic cues (Deshpandé and Stayman 1994; Holland and Gentry 1999), assimilation of the ethnic consumer in comparison with the dominant market (Wallendorf and Reilly 1983), and acculturation of the marketer to the ethnic market (Peñaloza and Gilly 1999). This study looks to add another perspective by focusing on small businesses – more specifically, Hispanic small businesses – using the foundations of the ethnoconsumerist framework to identify ethnic marketing implications. Doing so will help us gain a cultural understanding of ethnic small business owners adoption of IT into their business practices.

### **Hispanic small businesses – some trends and cultural issues**

Hispanic small businesses in the US can be contextualized in terms of their ethnic identities, acculturation and business practices (Lofstrom 2009). Due to their growing size and significant contribution to the U.S. economy, this is a growing sector that requires attention. Although there are some resources for Hispanic small businesses, options for this market are currently very limited, but are growing. There are a number of websites ([www.sba.gov](http://www.sba.gov); [www.nfib.com](http://www.nfib.com)) designed to serve this community and provide advice on how to startup, manage and grow one's business. These include discussions on the different types of technology out there, but there is very little mention on how to actually use this technology. What is found on all of these websites is how to utilize one's network to make a successful business, a theme that seems to echo throughout the community. The lack of available resources is consistent with Light and Gold's (2000) discussion of the differences among varying amounts of success by ethnic entrepreneurs. Access to financial, human, social and cultural capital is a product of class and ethnic resources. Ethnic economies lacking such capital, such as the Hispanic market, will struggle to survive.

Training programs and tutorials are rather scarce and there seems to be a definite need for such series to educate business owners. However, the small number of such programs may be due to the fact that there is very little research on Hispanic small businesses and their needs, technology or otherwise. We know that ethnicity influences consumption decisions (Stayman and Deshpandé 1989; Hirschman 1981) and research has shown that the Hispanic culture differs from non-Hispanics in the US (Valencia 1989). For example, although there is growth in consumption of technologies such as cell phones by Hispanics in the US (Nielsen 2012), internet usage still lags compared to non-Hispanics and the differences are even greater once country of birth and education are considered (Pew Hispanic Center 2009). When it comes to business transactions, Hispanics are more likely to do business with someone who was referred to them through a social connection (Hofstede *et al.* 2010). Lastly, it is estimated that the majority of the Hispanic market speaks Spanish at home; therefore language is also an important variable when dealing with the Hispanic consumer (Pew Hispanic Center 2009). Though these studies give us an overall look at the make up of the Hispanic market, it is important to gain deeper insight into how consumption decisions are impacted by cultural variables such as language and community. The research outlined in this chapter tries to fulfill this gap.

## **Methodology**

For the purposes of our study, twenty Hispanic-owned small businesses in Southern California were selected from a larger list provided to us by the Hispanic Chamber of Commerce of Orange County. These businesses were selected based on consultations with the Hispanic Chamber of Commerce and on the type of business in an effort to acquire an adequate representation of the larger community of small businesses. We conducted site visits and in-depth interviews of the businesses on a one-to-one basis. Interviews lasted approximately ninety minutes and took place at either the interviewee's place of business or a local coffee shop. All interviews were tape recorded, transcribed and analyzed using the qualitative data analysis software NVIVO.

### ***Interview questions***

Interview questions revolved around technology use, as that was the main area of focus, but along with the IT questions we included questions regarding issues of technology use and adoption by this specific ethnic community (Appendix 8.1). In probing these questions further we are able to get at certain cultural intricacies that would have not appeared had this been done in a survey format. The ethnoconsumerism approach encourages the researcher to investigate at the micro level in order to gain an intracultural understanding while also paying mind to the meso-level factors to gain a cross-cultural understanding and ideally be able to gain a macro-level view through a combination of field and textual understanding. In this case, the micro-level questions focused specifically on the participant's technology use while the meso-level questions looked to understand the cultural influences of use by the Hispanic community.

### ***Participants***

A wide range of businesses were interviewed from a mortgage company serving the Spanish-speaking California residents to a DJ/entertainment service company (see Figure 8.1). The average business had ten employees and had been in business for seven years. Of the participants interviewed, 75 per cent of them were male and the rest female. Nearly all of our interviewees (93 per cent) were owners/presidents/CEOs. They had an average of six computers and two laptops, with a median of one computer and one laptop. One-third of the companies conducted business predominantly in Spanish.

## **Findings**

### ***User typologies***

Previous work on technology adoption and use allows us to define such use along a continuum from limited to intense users of technology (Shih and Venkatesh 2004). Similarly, we use the Use-Diffusion framework to define the categories of IT users from our sample.

#### ***Intense users***

Intense users of technology were those that are ahead of the technology curve. These businesses were early adopters of technology and use it effectively to enhance their business. Only three of our participants were in this category. These businesses had integrated the use of technology into their daily operations – so much so that their business would not be able to run without the

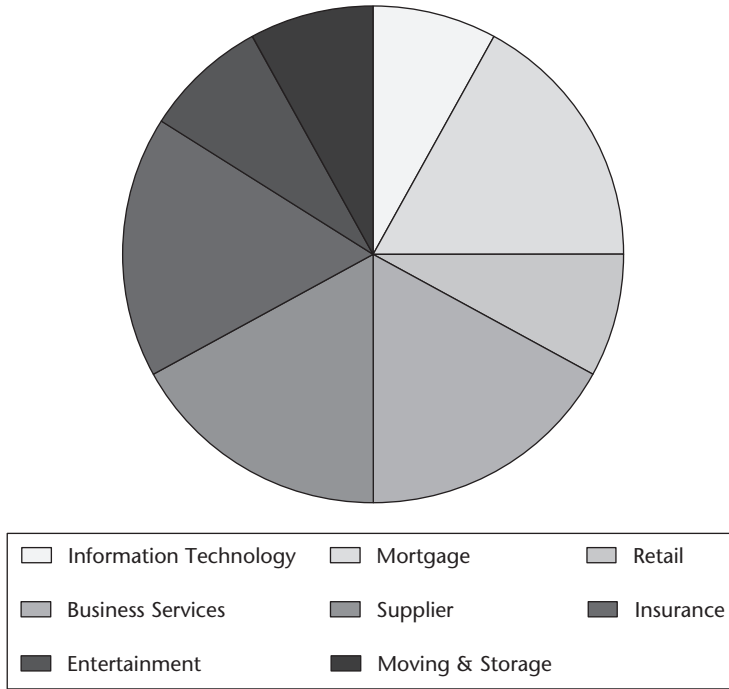


Figure 8.1 Types of businesses

use of computers or the internet. The majority of their business operations and communications with business partners and customers were done through the internet.

### *Specialized users*

We identified six of our participants as specialized users of technology. These businesses used computer and internet technology to assist their daily operations but these technologies were not fully integrated into the business. Use of these technologies was reserved for specific activities such as managing their web presence and use of email. Most of their business operations and communications were done either in person or through printed communication.

### *Limited users*

The majority of our informants were behind the curve of technology use. Computer and internet use was limited to checking email and, on occasion, doing research on their industry. Though some did have a website, basic users relied solely on personal, face-to-face communication.

### *Use of technology*

The participants discussed three main uses of technology and the internet in their business: to enhance their business processes, to market their business online and to stay connected with their customers. Though the level integration of technology into these processes varied among

the different groups, their goal was the same. They each look to find a way to enhance their business processes with minimal cost.

### *Supporting business operations*

The participants discussed their use of technology to support business operations. Uses ranged from simple tasks, such as sending an email, to more complex tasks, such as bookkeeping. As an intense user of technology, Rafael Garcia (pseudonym) runs the majority of his business through his computer. As a company that provides Hispanic businesses with technical assistance and guidance for growth, it is critical for him to be at the cutting edge of technology. Vital to his business operations are the use of a variety of tools that assist with file sharing, instant messaging, video conferencing, online training, bookkeeping and contact management. Specialized users will also use their computers for complex tasks, but on a less regular basis. On the other hand, light users use their computers for simple tasks and personal use. Their business use is limited to email and one or two other use(s), such as conducting research.

### *Marketing activities online*

Use of technology for marketing purposes was also a prevalent theme from interviewees. The extent of a web presence and use of analytical tools varied considerably depending on level of technology use. Intense users of technology participated in online advertising in addition to having a web presence through a company website. These users had sophisticated websites that offered a variety of services and made use of web analytics. In contrast, specialized users did have a web presence, but did not utilize analytic tools to measure the effectiveness of their website traffic. As a marketing consultant, Fernando Lopez (pseudonym) uses the internet to promote his services through the use of a website and blog. He had never heard the term ‘web analytics’, but he does some basic analytics to get an idea of who subscribes to his email list. Fernando is not aware how many subscribers are on his list are actually Hispanic, but he can sometimes tell from their email address. Any data mining he does stay in his head and he does not have a system of how to better target his market segment. Specialized users do not participate in or fully understand the concept of web advertisements or how to incorporate this marketing tool into their traditional marketing mix. As for limited users, some may have a website but do not measure its effectiveness. They generally prefer to do business in person, thus minimizing the centrality of a web presence to the success of the business.

### *Communicating with customers*

The majority of computer uses discussed by informants were directed at methods of communicating with customers. Whether through teleconferencing or simply by email, individuals stressed the importance of staying connected with their customers. Businesses that were ahead of the curve had a wider variety of methods they used to communicate with customers. Those who integrated technology with their business, such as Rafael, had moved to mostly paperless communication processes. With business partners spread all over the country (one is even located in Mexico), Rafael relied heavily on internet-based networking. His company has a Virtual Private Network (utilizing FTP) for sharing files, and has championed innovative communications such as free-web conferencing. Although he used these technologies heavily in order to communicate with his business partners, Mr. Garcia relied primarily on phone and email communications to reach his clients. Similarly, Fernando Lopez also relied heavily on



email communication to reach his customers. As a specialized user of technology, Fernando still relied heavily on paper, although he had adopted some paperless processes. His primary method of communication with customers was through an email service, which allows him to send out weekly email blasts to a subscriber list of 6000+. He did not use the more sophisticated methods of communication, such as Rafael Garcia, but expressed a desire to integrate more technologically advanced methods of communication. Limited users such as Maria Rocha (pseudonym), an insurance salesperson, did use email but mostly to communicate with family and friends and not for business.

### ***Barriers to use***

Throughout the interviews, we noted that although some of these businesses had the technological resources available to them, they were not adopting them into their business processes. In probing further, we found several issues hindering technology and internet usage that kept coming up in almost all interviews. The main issues were: staying connected with the community, the power of word-of-mouth, the trust in IT mediums and the risk of implementing IT systems. These issues were discussed by all the interviewees, but the level of problem varied between the different levels of technology adoption and use.

### ***Staying connected with the community***

The most prominent issue was maintaining a social connection with their customers. Personal interaction in community-based cultures, such as the Hispanic culture, are a priority (Peterson and Dibrell 2002). As Hispanic small businesses whose client base is Hispanic, personal interaction is critical to their business. Many of the interview participants favoured face-to-face networking and connecting to people in the real world versus the virtual world. Limited users of technology really stressed the importance of meeting people face-to-face, shaking hands and exchanging business cards. These participants valued real-world connections and did not think that the virtual world could offer the same benefits. Individuals such as Maria considered face-to-face interaction to be more powerful than other sources of communication. Generally, participants who fell into this category believed in the power of attending networking events and contacting people by phone using a rolodex and business cards as their 'database'.

Language was also a challenge in connecting with customers. Rafael's company targets Hispanic business owners and business is predominantly conducted in Spanish. The company utilized some software and internet resources in Spanish, such as Wikipedia en Español. Internet communications are woven into the fabric of his company's operations, but there is limited Spanish content on their website, which limits their online operations. Language is not a barrier for his business, but the technology often is. For this reason the company's internet site, which only contains content in English, was not effective. Maria also conducted the majority of business in Spanish (she estimated about 90 per cent). Although one of her associates did not speak Spanish at all, Maria did not think this was a problem since she was usually around to translate for her associate.

Access to technology is also a major issue for maintaining social connections. Many of the companies mentioned that their clients do not own computers. Thus companies risk limiting their access to customers by only using internet-based communication mediums. Fernando Lopez connects and stays connected with clients through his email system, website and blog. Therefore, his access to customers outside of a computer medium was limited. He knew that his target market was people who will not necessarily go to his website so he attends a lot of networking events



himself. When discussing the technology she used in her business, Maria Rocha shared that her customers (and Hispanics in Orange County in general) were not as tech savvy as the rest of the population. For this reason, she felt that businesses like hers that serve mostly Hispanic customers had to use minimal technology to avoid confusing or frustrating customers unnecessarily.

### *The power of word-of-mouth*

Getting word-of-mouth recommendations from trusted friends and networking contacts was another issue expressed by interview participants as being very important. Hispanics tend to consult with other individuals before making important purchases (Korzenny and Korzenny 2005). Personal recommendations are valued higher than expert knowledge. Many of the interview participants felt a strong sense of community both in a cultural and territorial sense. Most of the time, they would buy or implement new technologies based on a recommendation from a friend or family member. A few of them had someone working in the office who was the 'go-to' person when it came to recommending a technology or internet-based product. Thus using technology they trusted was very important.

### *Trust in IT mediums*

Trust is a major issue for Hispanic small businesses. Understanding where individuals get their information from is important. Hispanics rely highly on both English and Spanish media as sources of information (Pew Research Hispanic Center 2008). Thus issues of online security are difficult to resolve when the news media fuels uncertainties by reporting online security issues such as identity theft, fraud and online scams.

Online security was a common concern expressed by nearly all interview participants. This concern was consistent across all categories of participants. However, participants in the intense and specialized user categories were more inclined to continue using internet resources such as online banking and online shopping, despite their concerns. The limited users identified online security concerns as a motivating factor in why they did not partake in internet banking and/or shopping. Most of the participants who expressed online security as a major concern had learned about online security issues through media related sources (e.g., television news or newspaper stories).

Having the resources to combat online security concerns made a difference in technological adoption. For example, having an in-house IT expert greatly reduced the insecurity of using technology. Experience with the technology also played a role in trust in the technology. Rafael kept two different contact databases because the online contacts management system accidentally crashed. Some of our informants also adopted alternatives methods to combat IT insecurities. Due to concerns over identity theft, another informant does not do any online banking but will purchase items online only through a pre-paid credit card.

It is interesting to point out that 67 per cent of participants did use online banking and 76 per cent of participants had at some point bought something online. However, online security concerns are probably not specific to Hispanic-owned small businesses but a general concern of everyone because of the recent outbreak of identity theft reported in the media.

### *Risk of implementing IT*

Lastly, along the same lines as trust is individuals' adversity to risk. According to Hofstede *et al.* (2010), Hispanic cultures tend to be more collectivist cultures and rank higher on uncertainty avoidance scale. They represent a collective culture of low risk taking. All informants discussed

issues of weighing out the cost over the benefits of investing in technology. Without a recommendation from a trusted source, or personal expertise, the businesses find it difficult to justify the investment. This is not surprising since most small businesses are more cost sensitive than bigger corporations. Yet, intense users saw more value to implementing new technology versus those who fell into the specialized and limited technology use categories. Fernando Lopez discussed how he looked for free ways to implement technology and felt reluctant incorporating anything that cost money. Interestingly enough, Fernando started a weekly email blast service on a computer donated by a friend, a dial-up connection and Yahoo! Mail. When we interviewed him, Fernando had recently upgraded to using an online email blast software program for approximately \$35/month. Yet, many of the interview participants carefully analyzed the benefit of implementing new technologies versus the cost involved.

Another issue contributing to their risk adversity is the lack of technological knowledge. As a software engineer, Rafael was an early adopter of technology for his business, although he admitted he was not an expert. He noted that both partners and clients needed training in order to use their online tools. Fernando also discussed his lack of technological knowledge as hindering his eagerness to adopt more technological tools. He said that he would like to learn how to streamline videos and use web analytics to better target his market segment.

Our informants understood that the adoption of technology was a benefit to their company, but the investment needed to implement these technologies successfully was hindering their progress. These companies must not only make the monetary investment but take the time to educate themselves, their partners and their customers. Many of these technologies also require a reciprocal investment by their customer base, which is a large risk for small companies not wanting to alienate their customers.

### Future strategies

Using an ethnoconsumerist view, we were able to not only capture the use of technology in Hispanic small businesses, but also gain an understanding of their primary barriers to use. In understanding these barriers and their origins, we can better address how to help Hispanic small businesses navigate them by adapting business practices to the specific environment in order to meet their needs (Deshpandé and Webster 1989).

Extrapolating from the results of the study, Hispanic small business owners are prepared to adopt new technologies, but they are concerned about staying connected with their customers, obtaining information from trusted sources, trusting the technology and minimizing their risk for implementing such technology. However, all Hispanic small businesses are not equally prepared. Our interviews indicated that only the organizations classified as 'intense' users of technology have the ability to fix and update IT internally. This is because this group of organizations tend to have a trusted in-house IT expert to adopt new technology and the resources to provide support for this technology as their requirements necessitate. Apart from those who are ahead of the curve, others fear that the time, learning and financial costs to adopt and maintain new technology will be overwhelming. In addition, many business owners fear that additional technology will cause their customers to be confused, thus alienating them. The challenge is to introduce new technologies and modes of communication to the 'specialized' group and, the further challenge, the 'limited' users, who are behind the technology curve.

Overall, businesses look to find ways to decrease costs and increase value for themselves and their customers. Based on our findings, we generated future strategies regarding how Hispanic small businesses could be supported to improve technologically and participate in a more fully fledged e-commerce type environment without alienating their customers.

### ***Demonstrate the relevance of technology to their company***

Adoption of technology can help small businesses run their operations more efficiently and enhance communication with customers. A common remark from our interviewees was that they knew that technology was an important and useful tool in increasing a business's chance for success. However, they did not know how (or believe) technology could be applied in their industry, or in their business in particular. As a result, it is important to tailor the value proposition of technology products so that it resonates with Hispanic small businesses (Soto 2006). There is an opportunity here for the IT industry to demonstrate the relevance of technology specific to their company and show how it can be used in a way that is personally meaningful to Hispanic small business owners.

The most personal way of doing this would be to offer on-site consultations at business sites for the business owner. By sending IT specialists directly to business sites, the business owner will learn how technology can be implemented in the environment in which it will be used. In addition, owners can be provided with suggestions on how their business can be improved with specific software and tools with the option to purchase.

Free trials of the recommended technology may further convince the owner of the technology's value. Such trials could introduce technology to the audience and demonstrate the need for use in their businesses. They should be marketed to business owners as a necessary tool to become their own IT expert and increase their business's potential for success. These benefits should be emphasized in great detail before discussing the associated price. If the perceived benefits of such an offering were truly internalized as a necessity, the value is thereby increased and the associated costs may be seen as a one-time small price to pay to enhance one's business.

Conducting personalized visits to demonstrate how technology can be customized to their businesses will help reduce the feelings of risk to implementing. Product trials can also help further reduce this risk by showing how actual implementation of technology can enhance their business. Lastly, explaining how it can be used to enhance communication with their customers will help minimize the uncertainty of adoption due to perceived alienation of their customers.

### ***Provide the tools to use the technology***

One of the major concerns of Hispanic business owners are the many perceived costs associated with implementing technology, in particular the cost to learn to use the product and train employees. Research on formal and informal business incubators stress the importance of such structures in providing services that assist entrepreneurs. These structures are even more essential for advancing minority enterprises by providing access to a variety of services including education and technical consulting (Greene and Butler 2004; Greenhalgh and Lowry 2011). Therefore, agencies like the Hispanic Chamber of Commerce or SBA (Small Business Administration) can be instrumental in providing a way to ease this burden for small businesses. One way of accomplishing this could be to offer no-cost or low-cost training sessions as part of the purchase of products. Getting a cluster of educational institutions involved to provide such classes would be a less expensive way of making these classes available.

As on-site training can be an expensive way of personalizing the technology, industry-specific training sessions at a central site may be more feasible. Most of the Hispanic small businesses we encountered were, in one way or another, in the services industry. Training sessions on what technology is the most useful to bolster customer relationship management in retail or summits on how to use software to automate insurance forms would definitely increase the relevance factor and demonstrate how technology directly applies to their specific industry.

Because many of the Hispanic small business we encountered that were not categorized as 'intense users' did not have their own IT expert, they were hesitant to step into the unknown world of technology. However, if they had someone they could rely on when they encountered difficulties, they may be more willing to take risks. Therefore, we recommend that IT companies provide a Spanish-speaking local representative that business owners can contact when they encounter IT problems. This representative could serve as the IT expert and service a cluster of businesses within an area in the language they prefer. Adopting new technology can be a daunting task, especially for those with much ground to make up in order to get up-to-date; but, with someone to rely on to walk them through the process or manage crises, the experience can be a much less stressful one.

Another opportunity for technology companies is to take advantage of building alliances with other companies such as, for example, HP's (Hewlett Packard) initiative on their Centro Empresarial Hispano de HP (HP Hispanic Business Center) training series. This could be a valuable relationship in which other companies like Microsoft can leverage a program that has already been established. Since HP is already providing tutorials on how to use Microsoft products to enhance business processes, a relationship may ensure that the right products are being marketed and the right message is being communicated.

Training sessions offered with the purchase of products not only increases the value of the products that consumers are purchasing, but also equips purchasers with the knowledge they will need to effectively use the products in which they have invested. Having a 'go-to' person when an in-house IT expert is not available is necessary to continue use and implementation of products. Therefore making this available to small businesses is necessary to reduce the perceived risk of implementation and also help build trust in using the technology.

### ***Utilize the community***

There was a great deal of ambivalence among Hispanic small business owners toward technology. To combat this, technology companies must position their products as useful and trusted tools to enhance businesses within this population. Accomplishing this is not just an issue of marketing, major IT companies must make use of the most important entities to Hispanic business owners – the community.

Community influencers, such as Hispanic community leaders and non-profit organizations, are central to effectively marketing to this Hispanic community (Tovar 2005). Most of the Hispanic small businesses we contacted for interviews were assisted by the Hispanic Chamber of Commerce in various day-to-day and planning activities. Consequently, collaborating with the Hispanic Chamber of Commerce of Orange County to bring technology and its education to this population is heavily recommended to establish trust within the community.

Secondary research has indicated there are not many major corporations that sponsor Hispanic entrepreneur events or have a presence on Hispanic resource websites. Such a presence would communicate awareness and support for the business community and its efforts. Often, companies that do reach out to the Hispanic community do so ineffectively because they provide a mere extension of a current effort instead of tailoring programs to reach this market (ibid.). Therefore, reaching out to the Hispanic market would require a focused effort. Sponsoring existing community programs such as Casa Cyber Technology to provide software and training at incubator sites may be the avenue to explore such support programs without going at it alone.

Another way of taking advantage of the benefits of the close-knit Hispanic business community is through the recruitment of other business owners to share their business success stories from using IT products. Such business owners should be trusted members of the community

who are at least moderate technology users. Their success stories may inspire others that they, too, have the ability to increase the visibility, impact and efficiency of their business, and this also allows IT companies to get their message across while being delivered by a trusted source within the community.

It is necessary to value the importance of personal relationships to the Hispanic community. Since word-of-mouth recommendations are more favourable than company or industry recommendations, connecting with the community is crucial in order to build trust for a product or company. Doing so will lead to positive evaluations of the company and thus increase word-of-mouth recommendations.

### ***Entry into the world of social media***

A prevalent statement among interviewees was that, although websites and other technologies may be useful in obtaining new business, they could never take the place of word-of-mouth referrals and old fashioned networking. In many cases, technology was not even considered as a tool to network or generate buzz, and this mentality must be addressed. With the rapid growth of social media, there are many opportunities and challenges for small businesses to utilize their potential. To quote Michaelian (2013):

It's no secret that new and social media are important marketing tactics for small businesses in 2013. While new media encompasses video, podcasting, blogging and mobile media, social media is about the conversations that occur in comments and updates on these platforms and others like Twitter, Facebook, Google+ and LinkedIn. Businesses that want to stay relevant and be seen as leaders in their industries in 2013 must have an active presence in the majority of these platforms, etc.

The IT industry must highlight the importance of websites and other marketing tools (e.g. blogs) to increase visibility, generate 'buzz' and referrals, and increase their network. According to Michaelian, participating in social media can help a business connect with customers through a myriad of sophisticated platforms. Many of these applications now have capabilities for more localized target marketing, allowing the business to target individuals within walking distance and offer them a discount. By understanding who the key influencers are among their customers and targeting them specifically, businesses can utilize these individuals to connect to the larger customer base (Kutcher 2011). Social media also helps businesses create a personality for their company and generate buzz through blogs and real-time postings of pictures, comments and feedback. Lastly, social media allows businesses to connect with other businesses and create a virtual network for customers to engage.

Furthermore, the IT industry can emphasize the enhanced impact of traditional word-of-mouth coupled with web presence to improve and grow their business. Though nothing may be able to completely replace in-person networking, the combination of several media to market their products or services allows them to cast a much larger net and, therefore, capture a greater quantity of potential customers.

No matter what approach or combination of approaches IT companies use to introduce technology to Hispanic small businesses in Orange County, they must utilize the most valuable element – the community. The community and the social networking that goes on within the community, we believe, are a key factor. Among the number of challenges that Hispanic small businesses face and the plethora of reasons why they fear technology, there are many opportunities for improvement and change.

The study is an attempt to understand the adoption and use of technology by Hispanic small businesses. Based on our sample of twenty small businesses located in Southern California, our study identified three segments of technology use: intense, specialized and limited. Although not an exhaustive study, our aim was to identify important issues and questions for further investigation.

While this work helped shed some light on IT adoption by Hispanic small businesses, there are limitations to our study. Although our informants varied in the type of small business, they are not representative of all Hispanic small businesses. These businesses are all members of the Orange County Hispanic Chamber of Commerce and, although they have a large membership base, the number of small businesses in Orange County that are not members is larger. Thus we cannot say that our study reflects all Hispanic small businesses in Southern California and much less those across the United States.

Second, technology is constantly changing. Therefore from the time our data was collected there have been new innovations to the use of technology in small businesses. More specifically, the rise of social media as a marketing tool has grown significantly in the past year. Media that were popular initially have now been rendered obsolete, and newer technologies have made it easier to connect with the customer base. Thus many questions remain about the evolution of social media use in Hispanic small businesses.

Further research that investigates the integration of social media in Hispanic small businesses is needed. It is likely that our initial study was not able to capture this phenomenon to the extent it is at present day. Thus a more in-depth examination is necessary to understand not only the adoption of social media, but also the types and to what extent businesses are able to connect with their customer base. Along the same line, future research can look at the customers' receptivity to interacting with these businesses thorough the varied media. There is something to be said about the growth of social media adoption by Hispanics in general and the implications of this on their interaction with businesses. Perhaps what was once perceived as an initial barrier to adoption of IT by Hispanic small businesses is now a pathway to an evolved customer base.

## References

- Barth, F. (1998) *Ethnic Groups and Boundaries*. Long Grove, IL: Waveland Press, Inc.
- Burton, D. (2009) *Cross-Cultural Marketing: Theory, Practice and Relevance*. New York, NY: Routledge.
- Comanie, B. M. (2001) *The Digital Divide: Facing a Crisis or Creating a Myth?* Cambridge, MA: MIT Press.
- Deshpandé, R., Hoyer, W. D. and Donthu, N. (1986) 'The intensity of ethnic affiliation: A study of the sociology of hispanic consumption'. *Journal of Consumer Research*, 13: 214–20.
- Deshpandé, R. and Stayman, D. M. (1994) 'A tale of two cities: Distinctiveness theory and advertising effectiveness'. *Journal of Marketing Research*, 31(1): 57–64.
- Deshpandé, R. and Webster Jr., F. E. (1989) 'Organizational culture and marketing: Defining the research agenda'. *Journal of Marketing*, 53: 3–15.
- Elyachar, J. (2005). *Markets of Dispossession: NGOs, Economic Development, and the State in Cairo (Politics, History, and Culture)*. Durham, NC: Duke University Press.
- Greene, P. G. and Butler, J. S. (2004) 'The minority community as a natural business incubator'. In *Immigrant and Minority Entrepreneurship*, edited by J. S. Butler and G. Kozmetsky. Westport, CT: Praeger Publishers.
- Greenhalgh, L. and Lowry, J. (2011). *Minority Business Success*. Stanford, CA: Stanford University Press.
- Hirschman, E. C. (1981) 'American Jewish ethnicity: Its relationship to some selected aspects of consumer behavior'. *The Journal of Marketing*, 45(3): 102–10.
- Hoffman, D. L., Novak, T. P. and Venkatesh, A. (1997) 'Diversity on the internet: The relationship of race to access and usage'. In *Investing in Diversity: Advancing Opportunities for Minorities and the Media*, edited by A. K. Garmer. Maryland: The Aspen Institute.
- Hofstede, G., Hofstede G. J. and Minkov M. (2010). *Cultures and Organizations: Software of the Mind*. New York, NY: McGraw-Hill.



- Holland, J. and Gentry, J. W. (1999) 'Ethnic consumer reaction to targeted marketing: A theory of inter-cultural accommodation'. *Journal of Advertising*, 28(1): 65–77.
- Korzenny, F. and Korzenny, B. A. (2005) *Hispanic Marketing: A Cultural Perspective*. Burlington, MA: Elsevier.
- Kutchera, J. (2011) *Latino Link: Building Brands Online With Hispanic Communities and Content*. Ithaca, NY: Paramount Market Publishing, Inc.
- Light, I. and Gold, S. (2000) *Ethnic Economies*. San Diego, CA: Academic Press.
- Lofstrom, M. (2009) 'Latina entrepreneurship'. *Small Business Economics*, 33(May): 427–39.
- Meamber, L. and Venkatesh, A. (2000) 'Ethno-consumerist methodology for cultural and cross-cultural consumer research'. In *Interpretive Consumer Research*, edited by S. C. Beckmann and R. H. Elliott. Denmark: Copenhagen Business School Press.
- Michaelian, B. (17 January 2013) 'New and social media trends for small business in 2013'. *Huffington Post*. Available from: [http://www.huffingtonpost.com/britt-michaelian/social-media-small-business\\_b\\_2491821.html](http://www.huffingtonpost.com/britt-michaelian/social-media-small-business_b_2491821.html) [accessed 30 March 2013].
- Middleton K. L. and Byus, K. (2011) 'Information and communications technology adoption and use in small and medium businesses: The influence of Hispanic ethnicity'. *Management Research Review*, 34(1): 98–110.
- Morse, D. R. (2009) *Multicultural Intelligence*. Ithaca, NY: Paramount Market Publishing, Inc.
- Nash, M. (1989) *The Cauldron of Ethnicity in the Modern World*. Chicago, IL: The University of Chicago Press.
- Nielsen (2012) 'State of the Hispanic consumer: The Hispanic Market imperative'. Nielsen. Available from: <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2012-Reports/State-of-the-Hispanic-Consumer.pdf> [accessed 25 March 2013].
- Peñaloza, L. N. (1994) 'Atravesando fronteras/border crossing: A critical ethnographic exploration of the consumer acculturation of Mexican immigrants'. *Journal of Consumer Research*, 21(1): 32–54.
- Peñaloza, L. and Gilly, M. C. (1999) 'Marketer acculturation: The changer and the changed'. *Journal of Marketing*, 63: 84–104.
- Peterson, R. M. and C. Dibrell (2002) 'Consumers and technology in small businesses: Are we creating relationships or distance?' *Academy of Entrepreneurship Journal*, 8(1): 31–45.
- Pew Hispanic Center (13 August 2008) 'Hispanics and health care in the United States'. Pew Research Center. Available from: <http://www.pewhispanic.org/2008/08/13/iv-sources-of-information-on-health-and-health-care/> [accessed 13 November 2013].
- Pew Hispanic Center (22 December 2009) 'Latinos Online, 2006–2008, Narrowing the Gap'. Pew Research Center. Available from: <http://www.pewhispanic.org/2009/12/22/latinos-online-2006-2008-narrowing-the-gap/> [accessed 30 March 2013].
- Shih, C. F. and Venkatesh, A. (2004) 'Beyond adoption: Development and application of a use-diffusion model'. *Journal of Marketing*, 68(1): 59–72.
- Soto, T. J. (2006) *Marketing to Hispanics*. Chicago, IL: Kaplan Publishing.
- Stayman, D. M. and Deshpandé, R. (1989) 'Situational Ethnicity and Consumer Behavior'. *Journal of Consumer Research*, 16(3): 361–71.
- Tovar, D. O. (2005) 'Hispanic public relations and its emergence as an industry'. In *Hispanic Marketing & Public Relations*, edited by E. del Valle. Boca Raton, FL: Poyeon Publishing.
- U.S. Bureau of the Census (21 September 2010) 'Census bureau reports Hispanic-owned businesses increase at more than double the national rate'. U.S. Bureau of the Census. Available from: [http://www.census.gov/newsroom/releases/archives/business\\_ownership/cb10-145.html](http://www.census.gov/newsroom/releases/archives/business_ownership/cb10-145.html) [accessed 30 March 2013].
- U.S. Congress (2012). *Digital Divide: Expanding Broadband Access to Small Businesses*. Washington, DC: U.S. Government Printing Office.
- Valencia, H. (1989) 'Hispanic values and subcultural research'. *Journal of the Academy of Marketing Science*, 17(1): 23–8.
- Venkatesh, A. (1995) 'Ethno-consumerism: A new paradigm to study cultural and cross-cultural consumer behavior'. In *Marketing in a Multicultural World*, edited by J. A. Costa and G. J. Bamossy. Thousand Oaks, CA: Sage Publications, pp. 26–67.
- Wallendorf, M. and Reilly M. (1983) 'Ethnic migration, assimilation, and consumption'. *Journal of Consumer Research*, 10(December): 292–302.
- Zickuhr, K. and Smith, A. (13 April 2012). 'Digital Differences'. *Pew Internet & American Life Project*. Available from: <http://pewinternet.org/Reports/2012/Digital-differences.aspx>.
- Zmud, J. and Arce, C. (1992) 'The ethnicity and consumption relationship'. *Advances in Consumer Research*, 19(1): 443–50.



## Appendix 8.1: interview protocol

- What are the current and emerging trends of online communications in your business?
- What are the practices and needs pertaining to your business regarding online communications, scheduling, calendaring, event planning and contact management?
- What are the online networking tools that you are using?
- What are the new technology trends that you might be aware of?
- How do you become educated or acquire skills and knowledge in internet skills and online communication?
- What are your practices and needs of small businesses regarding online communications, scheduling, calendaring and event planning?
- What are your social and professional networking patterns? What online tools do you use?
- What is the interrelationship between professional and personal online communication? Where and how do they overlap for you?
- How are new technologies (including mobile) appropriated and adapted by you as a socio-cultural group?
- Online and offline communications habits and practices: email, messenger, intranet blogging/wiki (blogging as communication tool), scheduling/calendaring, organizing events, phone use, postal mail, address books/contacts (contact management).
- Internet use (including mobile internet use).
- Internet services (training, setting up own website and email) and online infrastructural needs.
- Mobile technology use.
- Technology adoption and consumption.
- Special technology needs (Spanish-language services and software).
- Email and internet safety, protection and privacy.

*This page intentionally left blank*