

# African American Buying Power

## BLACK BUYING POWER IN THE U.S. AND THE STATES

This profile addresses the impact of the growing African-American/Black market, up almost 22 percent between 1990 and 2000, representing 13% of the U.S. population and wielding an estimated \$723 billion in purchasing power in 2002.

**Black Buying Power: \$679 Billion (2004)**

**Black U.S. Population: 38.3 million**

**Top Five Black Cities**

- New York
- Chicago
- Detroit
- Philadelphia
- Houston

**Top Five Black Metros:**

- New York-New Jersey
- Washington-Baltimore
- Chicago-Gary
- Los Angeles
- Philadelphia

**Top Five Expenditures:**

- Housing 110.2 billion
- Food 53.8 billion
- Cars/Trucks 28.7 billion
- Clothing 22.0 billion
- Health Care 17.9 billion



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## THE BUYING POWER OF BLACK AMERICA - 2003

In 2004 black households spent \$679 billion in earned income on the following purchases:

Apparel Products and Services . . . . .	\$23.0 billion
Appliances. . . . .	2.5 billion
Beverages (Alcoholic) . . . . .	2.5 billion
Beverages (Non-Alcoholic) . . . . .	2.5 billion
Books . . . . .	326 million
Cars, Trucks and Motorcycles . . . . .	32.6 billion*
Computers and Related Equipment . . . . .	1.9 billion
Consumer Electronics. . . . .	3.5 billion
Contributions . . . . .	12.3 billion
Education . . . . .	6.2 billion
Entertainment and Leisure . . . . .	2.7 billion
Food. . . . .	56.5 billion
Gifts . . . . .	7.9 billion
Health Care . . . . .	18.0 billion
Household Furnishings and Equipment . . . . .	11.9 billion
Housewares. . . . .	.973 million
Housing and related charges . . . . .	145.2 billion
Insurance . . . . .	16.2 billion
Media . . . . .	6.0 billion
Personal Care Products and Services . . . . .	6.5 billion
Sports and Recreational Equipment . . . . .	900 million
Telephone Services. . . . .	14.4 billion
Tobacco Products and Smoking Supplies . . . . .	2.8 billion
Toys, Games and Pets. . . . .	.23 billion
Transportation, Travel and Lodging. . . . .	4.8 billion

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\*This total does not include all automotive related expenditures listed in the report.



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The buying power of African-American/Blacks rose 127% in 14 years, from \$318 billion in 1990 to \$723 billion in 2003. By 2009, it is expected to reach \$965 billion

Twenty-six percent of all African-American/Black households had incomes of \$50,000 a year in 2000 (approximately 3.7 million African-American households). There are 1.4 million African-American households with annual incomes of \$75,000 or more. And, almost 60% of all African-Americans/Blacks today earn more than \$25,000. The ten markets below represent 61% of the U.S. African-American/Black population. These ten markets also account for 61% of total African-American/Black U.S. buying power.

## TOP 10 STATES IN TERMS OF AFRICAN-AMERICAN/BLACK BUYING POWER

	Total Population 2003	Black Population (Alone and in Combination)*	Black Buying Power 2003 (in Billions)
New York	18,571,545	3,162,778	\$ 65.5
California	34,292,871	2,439,489	53.1
Texas	21,215,494	2,454,979	50.1
Georgia	8,326,251	2,412,050	46.4
Florida	16,318,656	2,594,770	40.9
Maryland	5,321,993	1,511,665	38.8
Illinois	12,279,027	1,889,267	37.8
North Carolina	8,063,874	1,784,791	31.0
Virginia	7,063,247	1,432,967	29.0
Michigan	9,797,198	1,445,610	28.7

\*Alone and in combination with at least one other ethnic group.

Source: U.S. Census Bureau: 2002 American Community Survey Profile; Selig Center for Economic Growth, 2002



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## ADVERTISING TO THE AFRICAN AMERICAN/BLACK MARKET

The power of African-American/Black spending is evident across many categories.

### MARKET FACTS

- African Americans/Blacks account for more than 30% of industry spending in the \$4 billion hair market.
- According to the Selig Center, 63% of African-American/Black households own a vehicle that was purchased used, and 37% own a vehicle that was purchased new.
- African-American/Black consumers spend more on telephone services than any other consumer group. Their expenditures in this category total \$918 annually, or 8.1% more than the average.
- According to a 2001 study by Cotton Incorporated, African-American/Black consumers will spend an average of \$1,427 on clothing per year for themselves — \$458 more than the average consumer.
- Within the entertainment category, African-American/Black consumers allocate nearly twice as much money than the average U.S. consumer to purchase TV, radios and sound equipment (59.6% vs. 32.2%).
- According to Linda Crowder, ethnic marketing group director at Kraft Foods in Northfield, IL, the average African-American/Black family spends 30% more on weekly groceries than the U.S. population at large.

### DID YOU KNOW?

African-Americans/Blacks are more likely than the average U.S. consumer to:

- Place a high premium on the status of owning tangible items
- Want to dress in the latest fashions in order to enhance appearance
- Spend more for what is perceived as "the best" — 64% vs. 51% of Caucasians
- Be brand loyal and rely upon certain brands to help them make informed purchase decisions.

Sources: Happi-Household & Personal Products Industry, April 2002; The Ninth Annual Edition Buying Power of Black America, 2002; The African-American Shopper Profile 2000, conducted by Kraft and Procter & Gamble; 2001 Yankelovich/Don Coleman African-American MONITOR

