



Affluent African-Americans Buoy Community Buying Power by Aaron Baar, Wednesday, Feb 13, 2008 9:06 AM ET
THE AFRICAN-AMERICAN COMMUNITY'S BUYING POWER is expected to top \$1.1 trillion dollars by 2012--a nearly 30% jump--driven in large part by a relatively small affluent sub-segment, according to a new paper from Packaged Facts.

According to the study, "The African American Market in the U.S.," the 2.4 million African-American households identified as "affluent" (with annual incomes of \$75,000 or more) represent only 17% of the total African-American market but account for 45% of its buying power. Reflective of the economy as a whole, the rich tended to get richer in the African-American community as well, Robert Brown, one of the authors of the report, tells *Marketing Daily*.

"Affluence has affected the African-American market to the same degree as the rest of the economy," Brown says. He notes, however, that the average annual affluent African-American income of \$122,000 is less than that of affluent whites or non-Hispanic minorities, he says.

In terms of buying and spending, African-Americans are more likely to buy food and clothes--particularly dress clothes--than other ethnic groups. They are also more influenced--or at least less distrustful--of television advertising, and prefer to shop in person rather than online.

According to the study, more than 3 million African-American men bought suits over the past 12 months, representing 22% of all suit purchases. (Some 3.4 million African-American women bought suits in the past 12 months, reflecting 26% of all women's suit purchases.)

In terms of advertising, television still continues to be a main driver for African-Americans, with 42% of African-American families having four or more television sets (versus 32% of other households). They also have a less negative view of advertising, with only 18% saying they don't like advertising in general (versus 39% of the general population) and only 15% viewing it as a waste of their time (versus 32% of the general population). "African-Americans have a less negative view of advertising, and/or a more positive view of what advertising can do for them," Brown says.

In general, African-Americans are most receptive to pharmaceutical advertising, being more likely to seek out advertised medications (30% versus 24%), and are more likely to believe its worth paying more for brand-name prescriptions (24% versus 16%).

African-Americans are also more likely to pay for digital cable than the general population (35% to 27%), and are more likely to purchase premium channels like HBO. The most popular cable network is BET, and while professional football programming is still the most-watched sport by all men, African-American men watch more professional basketball than other American men, according to the report.

While African-American newspaper readership lags behind the general population (32% versus 39%), those readers are more likely to rely on magazines for information (16% versus 14%) and entertainment (12% versus 10%), and are more likely to believe spending money on magazines is worthwhile (25% versus 19%).

The Internet, meanwhile, has had less of an impact on African-American media usage than the general population; African-Americans are less likely to cite the Internet as a resource for information or to say that it has taken time away from television or magazine usage, according to the report. They are also less likely to have made a purchase over the Internet than the general population (26% versus 44%).

In part because they're more often brick-and-mortar shoppers, African-Americans are more influenced by in-store promotions than the general population. They are more likely to visit more stores while shopping, but are less influenced by sales and discounts. And they are more likely to cite themselves as trendsetters and influencers when it comes to buying items. "A lot of that is a product of the urban culture [leading fashion and other trends]," Brown says. "It is a pattern that would hold across other urban segments as well."