

Business

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Black spending on the rise
It 'just makes sense' for retailers to do more to attract African American customers, study says.
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Dale G. Young / The Detroit News

Rick Webber, store manager of a Kmart in Detroit, displays clothing that is geared toward African Americans.

Blacks' buying power is skyrocketing

For retailers, 'it just makes sense' to appeal to them, economist says.

By Marc Rice
Associated Press

ATLANTA — The spending power of black Americans is rising at a faster rate than the nation as a whole, reports a study that urges retailers to do more to attract those consumers.

"The spending power African-Americans control can be the margin between success and failure for many businesses. So it just makes sense for retailers to appeal to one of the fastest-growing segments of the population," said University of Georgia economist Jeffrey M. Humphreys, author of the study.

Humphreys, director of economic forecasting at Georgia, said the buying power of blacks, defined as total income after taxes, should

increase to \$399 billion by next year, up 33.9 percent from \$298 billion in 1990.

That exceeds the 29.5 percent growth rate estimated for the overall U.S. population during the same period and more than double the 16.4 percent inflation rate for the 1990-95 period, Humphreys said.

Humphreys said reasons for the increase in black buying power are twofold: rising incomes overall and a growing black population.

Humphreys said businesses are recognizing the importance of the black market.

"All you have to do is walk through the grocery, watch TV or read a magazine. You see black models, niche products are more prevalent," he said. "The trend is positive, though most blacks would agree they (businesses) could do more, particularly in convenient locations."

Top markets

Top 10 markets for spending power of black Americans, based on estimated after-tax income for 1995, according to the University of Georgia study:

1. New York, \$45.8 billion.
2. California, \$33.7 billion.
3. Texas, \$26.3 billion.
4. Illinois, \$22.9 billion.
5. Florida, \$21.5 billion.
6. Georgia, \$21.4 billion.
7. Maryland, \$20.8 billion.
8. Michigan, \$18.2 billion.
9. New Jersey, \$17.8 billion.
10. North Carolina, \$17.5 billion.

More stores refocusing to target ethnic groups

By Katherine Yung
The Detroit News

Over the past few years, more retailers around the country have targeted their products and advertising toward ethnic groups, a Metro Detroit market research executive said.

John Brand, executive vice-president of the Brand Consulting Group in Southfield, said retailers have realized they need to move away from the one-ad-fits-all marketing approach in order to more effectively reach different ethnic groups in various parts of the country.

"I think a lot of efforts are being made toward African Americans," he said. "The

buying power in Detroit and the spending is very very high."

The Kmart Corp. launched its first advertising campaign aimed at black consumers three years ago. J.C. Penney has established African clothing boutiques in some area stores. And Hudson's also offers clothing and accessory lines geared toward black women.

Traditionally, ethnic marketing has centered on beauty products and food.

Brand said retailers' tendency to follow marketing trends prevented them from realizing how important it was to target ethnic groups.