

The multicultural economy 2009

Jeffrey M. Humphreys

The Selig Center's estimates and projections of buying power for 1990-2014 show that minorities—African Americans, Asians, Native Americans, and Hispanics—wield formidable economic clout. The numbers are impressive. In 2009, both the African-American market (\$910 billion) and the Hispanic market (\$978 billion) are larger than the entire economies (2008 GDP measured in U.S. dollars) of all but fourteen countries in the world—smaller than the GDP of Australia and larger than the GDP of the Netherlands.

The buying power data presented here and differences in spending by race and/or ethnicity suggest that as the U.S. consumer market becomes more diverse, advertising, products, and media must be tailored to each market segment. With this in mind, entrepreneurs, established businesses, marketing specialists, economic development organizations, and chambers of commerce now seek estimates of the buying power of the nation's major racial and ethnic minority groups. Going beyond the intuitive approaches often used, the Selig Center's estimates provide a timely, cost-efficient, and quantitative way to assess the size and vitality of the national and state racial and ethnic markets. This study provides a comprehensive statistical overview of the buying power of African Americans, Asians, Native Americans, and Hispanics for the U.S. and all the states. Data are provided for 1990-2014. Majority—or white—buying power also is

reported. [Researchers should note that multiracial buying power is estimated only as a residual, and therefore the estimates are not discussed and should be used very cautiously.]

Simply defined, buying power is the total personal income of residents that is available, after taxes, for spending on virtually everything that they buy, but it does not include dollars that are borrowed or that were saved in previous years. It is not a measure of wealth, and it does not include

what tourists spend during their visits. Unfortunately, there are no geographically precise surveys of annual expenditures and income of all the nation's major racial and ethnic groups. Even estimates of expenditures by race or ethnicity are difficult to find, especially for individual states.

The Selig Center addresses this problem by providing estimates of African American, Native American, Asian, White, Hispanic, and non-Hispanic buying power from 1990-2009 for the nation, the fifty states, and the District of Columbia. Also, five-year projections (2010-2014) are provided for all groups. (Due to funding limitations, the Selig Center no longer provides estimates for Georgia's and Florida's metropolitan areas and counties.) These current dollar (unadjusted for inflation) estimates and projections indicate the growing economic power of various racial or ethnic groups; measure the relative vitality of geographic markets; help to judge business opportunities for start-ups or expansions; gauge



a business's annual sales growth against potential market increases; indicate the market potential of new and existing products; and guide targeted advertising campaigns.

The estimates for 1990-2009 supersede those previously published by the Selig Center. The revised data for those years, as well as the preliminary projections for 2010-2014, should be considered only as the first step toward a more comprehensive analysis of the market. Anyone considering the investment of substantial capital in a new enterprise, a new product line, or a new advertising campaign will need extensive feasibility analysis to determine market opportunities more precisely.

Total Buying Power Statistics

The Selig Center projects that the nation's total buying power will rise from \$4.3 trillion in 1990 to \$7.2 trillion in 2000, to \$10.7 trillion in 2009, and to \$13.1 trillion in 2014. The percentage increase for 1990-2014 is 207 percent. From 1990-2009, total buying power will rise by 151 percent, which far outstrips cumulative inflation. For example, the U.S. Consumer Price Index for All Urban Consumers (CPI-U) will increase by approximately 65 percent during the same period. Total buying power will expand by 49 percent from 2000 through 2009, and by 22 percent from

2009 through 2014. By comparison, from 2000 to 2009, the U.S. CPI-U will increase by about 24 percent.

Diverse forces support this substantial growth. The 25-year span encompasses a mild recession in 1990-91, the longest economic expansion in the nation's history from 1991-2000, another mild recession in 2001, a modest expansion from 2002-2007, and the severe recession that began late in 2007. As this is written, U.S. economic conditions can accurately be described as recessionary, but the assumption underlying the baseline forecast calls for moderate growth beginning in 2010 and persisting through 2014.

Ranked by percentage change in total buying power between 2000 and 2009, the top ten states are Wyoming (95 percent), District of Columbia (77 percent), Nevada (76 percent), Alaska (68 percent), Oklahoma (66 percent), Arizona (66 percent), Texas (64 percent), Montana (64 percent), New Mexico (63 percent), and North Dakota (62 percent). From 2000 through 2009, the five slowest growing states are Michigan (24 percent), Ohio (32 percent), Indiana (35 percent), Missouri (41 percent), and Wisconsin (41 percent).

That the state estimates show differing outcomes is not surprising, given the differences in industrial bases, the importance of exports, dependence on defense spending, construction markets, labor markets, immigration rates, domestic migration rates, and natural resources. As always, states with low costs of doing business, favorable regulatory environments, updated transportation and telecommunications infrastructure, educated workforces, and an abundance of natural resources will continue to attract domestic and international businesses.

Buying Power Statistics by Race

In 2009, the combined buying power of African Americans, Asians, and Native Americans will be \$1.5 trillion—65 percent higher than its 2000 level of \$898 billion—which amounts to a gain of \$586 billion. In 2009, African Americans will account for 61 percent of combined spending, or \$910 billion. Over this 10-year period, the percentage gains in minority buying power vary considerably by race, from a gain of 89 percent for Asians to 65 percent for American Indians to 54 percent for blacks. All of these target markets will grow much faster than the white market, where buying power will increase by 46 percent.

The combined buying power of these three racial groups will account for 13.8 percent of the nation's total buying power in 2009, up from 12.5 percent in 2000 and from 10.6 percent in 1990. The 1990 to 2009 gain in combined market share of 3.2 percent amounts to an additional \$343 billion in buying power in 2009. The market share claimed by a targeted group of consumers is important because the higher their market share, the lower the average cost of reaching a potential buyer in the group. The combined buying power of these racial groups will rise to \$1.9 trillion in 2014, accounting for 14.6 percent of the nation's total buying power.

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TABLE 1

**U.S. Buying Power Statistics by Race,
1990, 2000, 2009, and 2014**

	Buying Power (billions of dollars)			
	1990	2000	2009	2014
Total	4,270.5	7,187.6	10,717.8	13,097.1
White	3,816.2	6,231.2	9,125.2	11,032.7
Black	318.1	590.2	910.4	1,136.8
American Indian	19.7	39.1	64.7	82.7
Asian	116.5	268.7	508.6	696.5
Multiracial	NA	58.4	108.9	148.3

	Percentage Change in Buying Power			
	1990-2009	1990-2014	2000-2009	2009-2014
Total	151.0	206.7	49.1	22.2
White	139.1	189.1	46.4	20.9
Black	186.2	257.3	54.3	24.9
American Indian	227.8	319.3	65.4	27.9
Asian	336.6	497.9	89.3	36.9
Multiracial	NA	NA	86.6	36.2

	Market Share (percentage)			
	1990	2000	2009	2014
Total	100.0	100.0	100.0	100.0
White	89.4	86.7	85.1	84.2
Black	7.4	8.2	8.5	8.7
American Indian	0.5	0.5	0.6	0.6
Asian	2.7	3.7	4.7	5.3
Multiracial	NA	0.8	1.0	1.1

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, July 2009.

■ Black Buying Power ■

In 2009, African Americans will constitute the nation's largest racial minority market, but the buying power of Hispanics—an ethnic group—is larger. Despite the severe impact of the 2007-2009 recession, however, blacks' economic clout will continue to energize the U.S. consumer market. The Selig Center projects that the nation's black buying power will rise from \$318 billion in 1990 to \$590 billion in 2000, to \$910 billion in 2009, and to \$1.1 trillion in 2014.

The 2000 to 2009 gain of 54 percent outstrips the 46 percent increase in white buying power and the 49 percent increase in total buying power (all races combined). In 2009, the nation's share of total buying power that is black will be 8.5 percent, up from 8.2 percent in 2000 and from 7.4 percent in 1990. African-American consumers' share of the nation's total buying power will rise to 8.7 percent in 2014, accounting for almost nine cents out of every dollar that is spent.

The gains in black buying power reflect much more than just population growth and inflation. Of the many diverse supporting forces, one of the most important is the increasing number of blacks who are starting and expanding their own businesses. The *2002 Survey of Business Owners* released by the Census Bureau in 2006 showed that the number of black-owned firms increased by 45 percent from 1997 to 2002, or about four and one-half times faster than the 10 percent increase in the number of all U.S. businesses. Also, their receipts grew slightly faster than those of all others. The preliminary estimates from The *2007 Survey of Business Owners* will be released in July 2010, and the Selig Center anticipates that the number of black-owned firms will continue to increase, but that the overall rates of growth will slow down.

Another positive factor buoying the group's buying power is that African Americans are becoming more educated, so more of them now have jobs with higher average salaries. Census data show that the percentage of blacks over age 25 who have completed high school or college rose from 66.2 percent in 1990 to 78.5 percent in 2000 and to 83 percent in 2008. Despite these impressive gains, this number was still lower than the percentage of whites (87.1 percent) or Asians (88.7 percent) who are high school graduates. Also, the *2008 Current Population Survey* indicates that 19.6 percent of blacks had a bachelor, graduate, or professional degree compared to 29.8 percent of whites or 52.6 percent of Asians. Nonetheless, the percentage of blacks who had completed college in 2008 (19.6 percent) was much higher than in either 2000 (16.5 percent) or in 1990 (11.3 percent). No other group has experienced such a dramatic advancement in educational attainment.

Favorable demographic trends help, too, since the black population continues to grow more rapidly than the total population. From 2000 to 2009, the nation's black population grew by 10.2 percent compared to 7 percent for the white population, and 8.8 percent for the total population.

Also, the black population is younger: The *2007 American Community Survey* indicates that the median age of blacks is only 31.6 years compared to 39.2 years for the white population or 36.7 years for the total population. Compared to the older white population, larger proportions of blacks will be entering the workforce for the first time or will be moving up from entry-level jobs. This will provide an extra push to the group's overall buying power. Conversely, fewer blacks have reached their career pinnacles, where the annual percentage increases in salaries often begin to taper off, or are of traditional retirement age. In 2007, only 8.5 percent of blacks were over 65, compared to 14.4 percent of whites or 12.5 percent of the total population. Moreover, blacks are consumer trendsetters, which isn't surprising given that 29.1 percent of them are under 18 compared to 22.4 percent of the white population or 24.5 percent of the total population.

The youthful profile of the black population has its downside, however. Compared to people who are either more established in their careers or retired, young adults, regardless of their race or ethnicity, are more exposed to economic downturns. So, in this regard, black buying power is vulnerable to the effects of economic recessions.

Due the unusual severity of the current recession, which began in December 2007, employment growth no longer can be cited as one of the forces supporting the gains in black buying power. From May 2000 through May 2009, the number of jobs held by blacks has increased by only 0.7 percent, or by 109,000 jobs. From its pre-recession peak in January of 2007 through May of 2009, the number of employed African Americans dropped by over 1.1 million and the black unemployment rate soared from 8 percent to 14.9 percent. The employment to population ratio for blacks stood at only 53.6 percent-- it was 60.8 percent in 2000. So the current Great Recession has nearly erased a decade's worth of job growth for African Americans.

In 2009, the ten states with the largest African-American markets, in order, are New York (\$86 billion), Texas (\$72 billion), California (\$62 billion), Georgia (\$61 billion), Florida (\$61 billion), Maryland (\$52 billion), Illinois (\$45 billion), North Carolina (\$41 billion), Virginia (\$38 billion), and New Jersey (\$35 billion). Of these, however, Maryland, North Carolina, and Virginia are the only ones that did not rank among the top ten markets for all consumers.

One characteristic that sets the African-American consumer market apart from the Hispanic and Asian markets is that it is not concentrated in a handful of states. This vibrant consumer market is very widespread, and therefore is an attractive customer segment in many of the states. In 2009, the five largest African-American markets account for 38 percent of black buying power. The five states with the largest total consumer markets account for 39 percent of total buying power. Similarly, the ten largest black markets account for

61 percent of the African-American market and the ten largest total consumer markets account for 56 percent of total buying power.

In order, the top ten states ranked by the rate of growth of black buying power between 2000 and 2009 are Montana (311 percent), Idaho (261 percent), Wyoming (252 percent), North Dakota (186 percent), South Dakota (183 percent), Maine (179 percent), Hawaii (156 percent), Utah (154 percent), Vermont (150 percent), and New Mexico (143 percent). All have flourishing African-American consumer markets, but none is among the nation's ten largest black consumer markets.

In 2009, the ten states with the largest share of total buying power that is black are the District of Columbia (28.9 percent), Mississippi (24.8 percent), Maryland (22.1 percent), Georgia (21 percent), Louisiana (19.6 percent), South Carolina (17.9 percent), Alabama (17.5 percent), Delaware (15 percent), North Carolina (14.4 percent), and Virginia (13.2 percent).

The increases in African American's share of the consumer markets in Mississippi, Georgia, and Delaware were the three biggest share shifts in the nation from 2000 to 2009. There also was a 1.3 percent advance in Maryland and a 1.2 percent advance in Hawaii. Indeed, the share of buying power controlled by black consumers will rise everywhere except for the District of Columbia (-7.1 percent), South Carolina (-0.5 percent), New York (-0.3 percent), California (-0.2 percent), Illinois (-0.1 percent), and Louisiana (0 percent).

Due to differences in per capita income, wealth, demographics, educational attainment, occupational distribution, geographic distribution, and culture, the spending habits of blacks as a group are not the same as those of non-black consumers. Data from the *2007 Consumer Expenditure Survey* indicate that the average black household spent in total only 70 percent as much as the average non-black household, reflecting blacks' lower median household incomes. The values

are for money income, which differs somewhat from buying power, but nonetheless offers some insights into spending by black consumers.

Despite their lower average household income levels, African Americans spent more than non-black households on electricity, phone services, children's clothing, and footwear. They also spent a significantly higher proportion of their money on groceries, housing, natural gas, women's and girls clothing, and gasoline. Blacks and non-blacks spent about the same proportion of their money for housekeeping supplies, furniture, floor coverings, appliances, men's and boys' clothing, medical supplies, TVs, reading materials, education, tobacco products, and life insurance. Compared to non-blacks, however, blacks spent much less of their money on eating out, alcoholic beverages, household operations, vehicle purchases, health care, entertainment, and pensions.

The same survey indicates that black households are slightly more likely to have children under 18 (0.8 persons for blacks versus 0.6 persons for whites and others); 7.9 percent of black families have one or more children under 5 years of age compared to 6.1 percent of white families. Blacks have fewer wage earners per household (1.2 wage earners) than white and other households (1.4 wage earners), and have only 1.3 vehicles per household compared to 2 vehicles for white and other households.

According to the *2007 American Community Survey*, 19.7 percent of blacks do have a car, and thus are much more likely to use public transportation to commute to work. Moreover, fewer of them are homeowners: only 46.5 percent of blacks are homeowners compared to 67.2 percent of the total population or 72.2 percent of the white population. The median value of homes owned by African Americans is \$140,200, which is 28 percent lower than the \$194,300 median value reported for the total population.

■ Native American Buying Power ■

The Selig Center projects that the nation's Native American buying power will rise from \$19.7 billion in 1990, to \$39.1 billion in 2000, to \$64.7 billion in 2009, and to \$82.7 billion in 2014. Native American buying power in 2009 will be 65 percent greater than in 2000. The 2000-2009 percentage gain is larger than the increases in buying power estimated for whites (46 percent), for the U.S. population as a whole (49 percent), and for blacks (54 percent). It is smaller than those estimated for Asians (89 percent) and for Hispanics (100 percent), however. Despite this fast-paced growth, Native Americans will account for only 0.6 percent of all U.S. buying power in 2009, up only slightly from their 0.5 percent share in 1990, when they accounted for only \$19.7 billion in buying power.

Many forces support the continued growth of Native American buying power, but one of the most important is that the Native American population is growing much more rapidly than the total population, and is expected to continue to do so. From 2000 through 2009, the Native American population grew by 17.2 percent, outpacing the projected gains of 10.2 percent for the black population, 8.8 percent for the total U.S. population, and 7 percent for the white population. Also, the Native American population is relatively young. The *2007 American Community Survey* indicates that the median age of Native Americans is 32.1 years compared to 39.2 years for whites (or 36.7 years for the total population). The implication is that labor force entry and the climbing of career ladders should provide an extra boost to the group's buying power in future years.

Entrepreneurial activity is another major force powering the growth of Native American buying power. The *2002 Survey of Business Owners* showed that the number of the number of American Indian-owned firms increased by 67 percent from 1997 to 2002 whereas the number of all U.S. businesses increased by only 10 percent.

Although comprising one percent of the country's population in 2009, Native Americans will control \$64.7 billion in disposable income, which makes this diverse group economically attractive to businesses. In order, the ten states with the largest Native American markets are California (\$9.4 billion), Oklahoma (\$6.5 billion), Texas (\$4.9 billion), Arizona (\$3.9 billion), New Mexico (\$2.6 billion), Washington (\$2.5 billion), Florida (\$2.5 billion), Alaska (\$2.4 billion), North Carolina (\$2.3 billion), and New York (\$2.3 billion). This market is only slightly more focused on a few states than is the total U.S. consumer market. For example, in 2009, the five largest American Indian markets account for 43 percent of Native American buying power, whereas the five largest total consumer markets account for 39 percent of U.S. buying power. Similarly, the ten largest Native American markets account for 61 percent of Native American buying power and the top

ten total consumer markets account for 56 percent of total U.S. buying power.

Ranked by the rate of growth of Native American buying power over 2000-2009, the top ten states are Hawaii (189 percent), Wyoming (124 percent), Florida (121 percent), Iowa (105 percent), Arkansas (102 percent), the District of Columbia (101 percent), Pennsylvania (98 percent), North Dakota (93 percent), Mississippi (91 percent), and Nevada (90 percent). Many of these states have relatively small, flourishing markets, but Texas and Florida stand out from the other leading states as the third and seventh largest Native American consumer markets in the nation, respectively.

In 2009, the ten states with the largest Native American shares of total buying power include Alaska (8.6 percent), Oklahoma (5.3 percent), New Mexico (4.5 percent), Montana (3.4 percent), South Dakota (3.3 percent), North Dakota (2.7 percent), Arizona (2 percent), Wyoming (1.3 percent), Nevada (1 percent), and Washington (1 percent). Compared to 2000, Native Americans' share of the market will climb the most in North Dakota, Hawaii, Arkansas, Wyoming, and Montana, but will decline slightly in Alaska and Arizona.

■ Asian Buying Power ■

In 2009, 14.5 million Americans—4.7 percent of the country's population—will claim Asian ancestry, which makes the group a powerful force in the U.S. consumer market. This racial group's shares of the population were 3 percent and 4 percent in 1990 and 2000, respectively; and their enormous economic clout continues to attract more attention from businesses and advertisers. (The Selig Center's data for Asians combines two race categories, including those who identified themselves as Asian or as Native Hawaiian and Other Pacific Islander.)

The Selig Center projects that the nation's Asian buying power will climb from \$116 billion in 1990, to \$269 billion in 2000, to \$509 billion in 2009, and to \$697 billion in 2014. The 89 percent gain from 2000 through 2009 is substantially greater than the increases in buying power projected for whites (46 percent), the U.S. as a whole (49 percent), blacks (54 percent), and Native Americans (65 percent), but is lower than the 100 percent gain projected for Hispanics. At \$509 billion in 2009, the U.S. Asian market already outshines the entire economies of all but twenty-one countries—it is smaller than the 2008 GDP of Switzerland and larger than the GDP of Indonesia.

Despite the severity of the 2007-09 recession, employment gains can still be cited as one of the forces supporting the growth of Asian buying power. From May 2000 through May 2009, the number of jobs held by Asians increased by 10.6 percent, or 639,000 jobs. That cumulative gain is impressive when compared to the minuscule 0.7 percent (109,000 jobs)

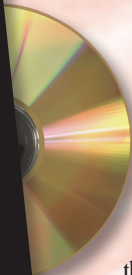
and 1.1 percent (1.26 million jobs) gains realized by African Americans and whites, respectively. But, even though the number of jobs held by Asians is up considerably (639,000 jobs) from where it was at the beginning of the decade, the recession is hitting them very hard. From the pre-recession peak in November 2007 through May 2009, the number of employed Asians has dropped by 270,000. That signifies the loss of three out of every ten of the new jobs (held by Asians) created in the previous seven years. The heavy concentration of Asians in manufacturing (especially durable goods) industries undoubtedly accounts for many of the lost jobs. Meanwhile, the number of unemployed Asians has more than doubled. Nonetheless, in terms of jobs, Asians as a group are still well ahead of where they were in 2000.

Demographics are a key, too. The Asian population is growing more rapidly than the total population, mostly because of strong immigration, a trend that is expected to continue. In 2009, the Asian population will exceed 14.5 million, or 30.1 percent higher than its 2000 base of 11.2 million. This 30.1 percent gain in population exceeds that projected for any other racial group, yet in comparison, it falls well below the 35.3 percent gain reported for Hispanics.

The Asian population of the U.S. is relatively young: the *2007 American Community Survey* indicates that the median age of Asians is 35.7 years compared to 39.2 years for whites or 36.7 years for the total population. Thus, compared to whites, significantly more Asians are either entering the workforce for the first time or are moving up on their career

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ladders. Also, fewer of them are of traditional retirement age: in 2007, only 9.4 percent of Asians were over 65, compared to 14.4 percent of whites.

Another factor contributing to Asian buying power is that nearly all Asians are urbanites. Data show that 95 percent of Asians lived in metro areas in 2002 compared to only 78 percent of non-Hispanic whites. The economic rewards of education also provide a big boost. Asians are much better educated than is the average American, and therefore Asians hold many top-level jobs in management, professional, and scientific specialties. According to the *2008 Current Population Survey*, 52.6 percent of Asians over age 25 had a bachelor's degree or higher compared to only 29.8 percent of whites.

In 2009, the ten states with the largest Asian consumer markets, in order, are California (\$163 billion), New York (\$51 billion), Texas (\$34 billion), New Jersey (\$32 billion), Illinois (\$23 billion), Hawaii (\$22 billion), Washington (\$17 billion), Florida (\$15 billion), Virginia (\$15 billion), and Massachusetts (\$13 billion).

Compared to the overall consumer market, the group's spending is much more focused geographically. In 2009, the five and the ten states with the largest Asian consumer markets account for 59 percent and 75 percent of Asian buying power, respectively. In contrast, the five and the ten largest total consumer markets account for 39 percent and 56 percent of U.S. buying power, respectively.

In 2009, California stands out as the nation's only state-level minority racial market that exceeds \$100 billion (\$163 billion), and it alone accounts for 32 percent of the nation's Asian consumer market. The only state-level minority markets that are larger are the Hispanic markets in California and Texas, and they are defined based on ethnicity rather than race. Despite the geographic focus of this consumer market, Asian buying power is attaining critical mass in a growing number of states. In 2000, only six states had over \$10 billion in Asian buying power. In 2009, twelve states have over \$10 billion in Asian buying power, and by 2014, fourteen states will have reached this benchmark.

Ranked by the rate of growth of Asian buying power over 2000-2009, the top ten states are Wyoming (187 percent), Nevada (154 percent), North Dakota (146 percent), Arizona (140 percent), Arkansas (130 percent), Florida (128 percent), South Dakota (126 percent), the District of Columbia (124 percent), Delaware (123 percent), and New Hampshire (121 percent). Florida (ranks eighth) is the only of these states that

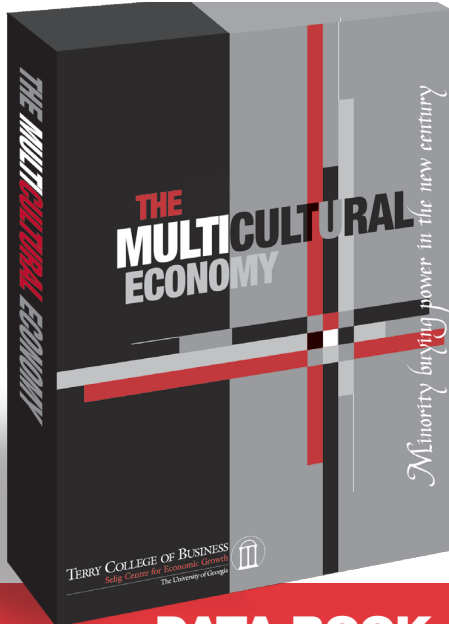
are among the nation's ten largest Asian consumer markets, but Nevada ranks sixteenth and Arizona ranks nineteenth. From a business-to-consumer perspective, these two states are among the nation's rapidly emerging Asian markets.

Nationally, Asian consumers' share of the nation's total buying power will increase from 2.7 percent in 1990, to 3.7 percent in 2000, and to 4.7 percent in 2009. In order, the ten states with the largest shares of total buying power that is Asian in 2009 are Hawaii, where Asians account for 46.5 percent of the state's buying power, California (11.8 percent), New Jersey (8.3 percent), Washington (6.6 percent), Nevada (6.5 percent), New York (6.4 percent), Maryland (5.1 percent), Virginia (5.1 percent), Illinois (4.8 percent), and Massachusetts (4.5 percent). Except for Hawaii, where Asians' market share dropped by 4.5 percentage points, the share of buying power controlled by Asian consumers rose in every state from 2000 to 2009. The 2.3 percent gain in Asians' share of New Jersey's consumer market (5.9 percent in 2000 to 8.3 percent in 2009) will be the largest share increase in the nation, followed by the 2 percent increase in market share in Nevada (4.5 percent to 6.5 percent). Also noteworthy is the 1.8 percent gain in share estimated for California (10 percent to 11.8 percent).

Thanks to their higher median income levels, Asian households spend nearly 22 percent more than the average U.S. household on homes, furniture, clothing, footwear, vehicle purchases, public transportation, education, cash contributions, and pensions and Social Security. They also spend more on food (groceries and dining out) and insurance. Asian households spend less than average on utilities, health care, tobacco products, entertainment, floor coverings, major appliances, personal care products and services, housekeeping supplies, and alcoholic beverages.

The same survey indicates that there are 2.8 persons per Asian household compared to 2.5 persons for the average household. Asians have more wage earners (1.5) per household, but have only 1.6 vehicles per household compared to 1.9 vehicles for the average household. There also is a modest gap in homeownership rates. According to *2007 American Community Survey*, 60.7 percent of Asians are homeowners compared to 67.2 percent for the total population or 72.2 percent for whites. The median value of homes owned by Asians is \$399,500, which is double the median value reported for the typical U.S. homeowner (\$194,300), and reflects the fact that Asians are much more likely to live in new homes in urban areas where home prices are relatively high.

Power Source 2009



The Multicultural Economy

The enormous economic clout of the nation's **Hispanics, African Americans, Asians, and Native Americans** is detailed in the new 2008 edition of the popular and widely-quoted study of minority buying power.

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■ Hispanic Buying Power ■

The immense buying power of the nation's Hispanic consumers continues to energize the nation's consumer market, and Selig Center projections reveal that Hispanics will control \$978 billion in spending power in 2009. The *2007 American Community Survey* showed that nearly one person in seven who lives in the U.S. is of Hispanic origin, and the U.S. Hispanic population continues to grow much more rapidly than the non-Hispanic population. By 2014, one person out of every six living in the U.S. will be of Hispanic origin.

Over the 25-year period, 1990-2014, the nation's Hispanic buying power will grow dynamically. In sheer dollar power, Hispanics' economic clout will rise from \$212 billion in 1990, to \$489 billion in 2000, to \$978 billion in 2009, and to \$1.3 trillion in 2014. The 2009 value will exceed the 2000 value by 100 percent—a percentage gain that is far greater than either the 45 percent increase in non-Hispanic buying power or the 49 percent increase in the buying power of all consumers. U.S. Hispanic buying power will grow faster than African-American buying power (54 percent), Native American buying power (65 percent), and Asian buying power (89 percent).

In 2009, Hispanics account for 9.1 percent of all U.S. buying power, up from only 6.8 percent in 2000 and from 5 percent in 1990. Due to this brisk growth, Hispanic buying power essentially pulled even with African-American buying power in 2005, and surpassed it in 2006. The estimates show that gap between the two groups' total buying power expanded in 2009 and will widen further in future years.

Of the myriad forces supporting this substantial and continued growth, by far the most important is favorable demographics. Because of both higher rates of natural increase and strong immigration, the Hispanic population is growing more rapidly than the total population, a trend that is projected to continue. Between 2000 and 2009, the Hispanic population increased by 35.3 percent compared to 4.9 percent for the non-Hispanic population and the 8.8 percent gain for the total population.

The relatively young Hispanic population, with proportionally more Hispanics either entering the workforce for the first time or moving up on their career ladders, also argues for additional gains in buying power. Hispanics' spending patterns already help to determine the success or failure of many youth-oriented products and services. According to the *2007 American Community Survey*, 33.9 percent of the Hispanic population is under age 18 compared to 22.8 percent of the non-Hispanic population. Also, in 2007, only 5.5 percent of Hispanics were over 65, compared to 23.8 percent of the non-Hispanic population.

A jump in entrepreneurial activity and a rising level of educational attainment illustrates Hispanics' upward mobil-

ity. The *2008 Current Population Survey* indicates that 62.3 percent of Hispanics over age 25 have a high school diploma. By comparison, in 2000 only 57 percent of Hispanics had graduated from high school. The proportion with a bachelor's degree increased from 9.2 percent in 1990 to 10.6 percent in 2000 to 13.3 percent in 2008. The Census Bureau cautions, however, that levels of educational attainment for Hispanics are lower than those for non-Hispanic whites, blacks, and Asians largely because of the vast number of less educated foreign-born Hispanics.

As was the case for Asians, employment gains can be cited as one of the key forces supporting the growth of Hispanic buying power. From May 2000 through May 2009, the number of jobs held by Hispanics increased by 25.2 percent—nearly 4 million jobs—which is impressive compared to the minuscule 0.7 percent (109,000 jobs) and 1.1 percent (1.26 million jobs) gains realized by African Americans and whites, respectively. But, even though the number of jobs held by Hispanics is up by nearly 4 million from where it stood at the beginning of the decade, the recession is hitting Hispanics very hard. For example, from a pre-recession peak in November 2007, the number of employed Hispanics has dropped by about 1 million (as of May 2009). That signifies the loss of one out of every five of the new jobs (held by Hispanics) created in the previous seven years. The heavy concentration of Hispanics in the construction and hospitality industries undoubtedly accounts for many of the lost jobs.

Hispanic refers to a person of Mexican, Puerto Rican, Cuban or other Spanish/Hispanic/Latino culture or origin, and is considered an ethnic category rather than a racial group. Persons of Hispanic origin therefore may be of any race, and since their culture varies with the country of origin, the Spanish language often is the uniting factor. Three out of every five Hispanics living in the U.S. are born here, and among the foreign born, most are of Mexican origin, which suggests that a great many Hispanics share similar backgrounds and cultural experiences. Nonetheless, spending patterns differ significantly based on country of origin, and the composition of the nation's Hispanic population is changing.

Hispanics will comprise 15.7 percent of the country's population in 2009, and will have disposable income of \$978 billion. In 2009, the ten states with the largest Hispanic markets, in order, are California (\$253 billion), Texas (\$175 billion), Florida (\$101 billion), New York (\$76 billion), Illinois (\$43 billion), New Jersey (\$37 billion), Arizona (\$31 billion), Colorado (\$21 billion), New Mexico (\$18 billion), and Georgia (\$15 billion).

Hispanics and their buying power are much more geographically concentrated than non-Hispanics. California alone accounts for 26 percent of Hispanic buying power. The five states and the ten states with the largest Hispanic

markets account for 66 percent and 80 percent of Hispanic buying power, respectively. In contrast, the five states with the largest non-Hispanic markets account for only 39 percent of total buying power and the ten largest non-Hispanic markets account for only 54 percent of total buying power.

The top ten states, as ranked by the rate of growth of Hispanic buying power over 2000-2009, are South Dakota (216 percent), North Dakota (203 percent), Arkansas (198 percent), South Carolina (183 percent), Alabama (183 percent), Maine (178 percent), Tennessee (177 percent), Alaska (168 percent), West Virginia (167 percent), and Oklahoma (167 percent). None of these fast-growing states is among the nation's 25 largest Hispanic consumer markets, however.

The share of buying power controlled by Hispanic consumers will rise from 5 percent in 1990 to 6.8 percent in 2000 and to 9.1 percent in 2009, and the group's share will rise in every state. In 2009, the ten states with the largest Hispanic market shares will be New Mexico (30.9 percent), Texas (20.4 percent), California (18.4 percent), Arizona (16.2 percent), Florida (15.8 percent), Nevada (15.3 percent), Colorado (11.5 percent), New York (9.6 percent), New Jersey (9.6 percent), and Illinois (8.9 percent). Nevada's 4.5 percent shift in Hispanic market share, from 10.8 percent in 2000 to 15.3 percent in 2009, is the nation's largest. Florida will see its Hispanic market share climb from 11.9 percent to 15.8 percent, a gain of 4 percent. Hispanics' share of Texas' consumer market will rise by 3.7 percent, from 16.7 percent to 20.4 percent, which is a remarkable for a state with such a large, established market. Arizona's Hispanics will claim 16.2 percent of the state's buying power, up 3.6 percentage points from their 12.8 percent share in 2000. New Mexico's Hispanic population will claim 30.9 percent of that state's buying power, a 3.5 percent advance over their 27.3 percent share in 2000. Hispanics' share of California's market will

rise by 3.4 percent (from 15 percent in 2000 to 18.4 percent in 2009).

Because of differences in per capita income, wealth, demographics, and culture, the spending habits of Hispanics as a group are not the same as those of the average U.S. consumer. The most recent *Consumer Expenditure Survey* indicates that Hispanic households spent in total only about 82 percent as much as the average non-Hispanic household.

Despite markedly lower average income levels, Hispanic households spent more on telephone services, men's and boys' clothing, children's clothing, and footwear. Also, Hispanics spent a higher proportion of their money on food (groceries and restaurants), housing, utilities, and transportation. Hispanics spent about the same as non-Hispanics on housekeeping supplies, furniture, appliances, women's and girls clothing, and personal care products and services. Compared to non-Hispanics, they spent substantially less on alcoholic beverages, health care, entertainment, reading materials, education, tobacco products, cash contributions, and personal insurance and pensions.

Data show that Hispanic households are substantially larger than non-Hispanic households (3.2 persons per household versus 2.4 persons for non-Hispanics), and have nearly twice as many children under 18. On average, there are 1.6 vehicles per Hispanic household compared to 2 vehicles per non-Hispanic household. According to the *2007 American Community Survey*, 12.8 percent of Hispanic households do not own or lease at least one vehicle compared to 8.2 percent of non-Hispanic households.

The survey also indicates that 49.9 percent of Hispanics are homeowners compared to 69.3 percent of non-Hispanics. The median value of homes owned by Hispanics is \$215,500, which is 12 percent higher than the \$192,800 median value reported for the non-Hispanic population, however. ■

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TABLE 2

**U.S. Population Statistics by Race,
1990, 2000, 2009, and 2014**

	Population			
	1990	2000	2009	2014
Total	249,622,814	282,171,936	306,935,613	322,212,567
White	209,366,661	228,604,110	244,493,339	254,196,585
Black	30,648,345	35,806,848	39,472,041	41,677,540
American Indian	2,058,726	2,675,743	3,134,860	3,410,293
Asian	7,549,082	11,152,945	14,506,692	16,695,170
Multiracial	NA	3,932,290	5,328,682	6,232,978
	Percentage Change in Population			
	1990-2009	1990-2014	2000-2009	2009-2014
Total	23.0	29.1	8.8	5.0
White	16.8	21.4	7.0	4.0
Black	28.8	36.0	10.2	5.6
American Indian	52.3	65.7	17.2	8.8
Asian	92.2	121.2	30.1	15.1
Multiracial	NA	NA	35.5	17.0
	Share of Population (percentage)			
	1990	2000	2009	2014
Total	100.0	100.0	100.0	100.0
White	83.9	81.0	79.7	78.9
Black	12.3	12.7	12.9	12.9
American Indian	0.8	0.9	1.0	1.1
Asian	3.0	4.0	4.7	5.2
Multiracial	NA	1.4	1.7	1.9

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, July 2009.

TABLE 3

**U.S. Hispanic Market Statistics,
1990, 2000, 2009, and 2014**

	1990	Buying Power (billions of dollars)		2014
		2000	2009	
Total	4,270.5	7,187.6	10,717.8	13,097.1
Hispanic	211.9	489.4	978.4	1,330.4
Non-Hispanic	4,058.7	6,698.2	9,739.4	11,766.6
	1990-2009	Percentage Change in Buying Power		2009-2014
		1990-2014	2000-2009	
Total	151.0	206.7	49.1	22.2
Hispanic	361.8	528.0	99.9	36.0
Non-Hispanic	140.0	189.9	45.4	20.8
	1990	Market Share (percentage)		2014
		2000	2009	
Total	100.0	100.0	100.0	100.0
Hispanic	5.0	6.8	9.1	10.2
Non-Hispanic	95.0	93.2	90.9	89.8

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, July 2009.

TABLE 4

**U.S. Hispanic Population Statistics,
1990, 2000, 2009, and 2014**

	Population			
	1990	2000	2009	2014
Total	249,622,814	282,171,936	306,935,613	322,212,567
Hispanic	22,572,838	35,643,820	48,232,635	55,345,110
Non-Hispanic	227,049,976	246,528,116	258,702,978	266,867,456
	Percentage Change in Population			
	1990-2009	1990-2014	2000-2009	2009-2014
Total	23.0	29.1	8.8	5.0
Hispanic	113.7	145.2	35.3	14.7
Non-Hispanic	13.9	17.5	4.9	3.2
	Share of Population (percentage)			
	1990	2000	2009	2014
Total	100.0	100.0	100.0	100.0
Hispanic	9.0	12.6	15.7	17.2
Non-Hispanic	91.0	87.4	84.3	82.8

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, July 2009.

TABLE 5

**Total Buying Power by Place of Residence
for U.S. and the States, 1990, 2000, 2009, and 2014
(thousands of dollars)**

Area	1990	2000	2009	2014
United States	4,270,546,000	7,187,588,000	10,717,803,357	13,097,058,968
Alabama	56,892,094	93,705,340	142,199,596	172,333,661
Alaska	11,146,891	16,582,016	27,777,482	35,828,946
Arizona	55,744,215	115,336,078	190,881,580	239,176,807
Arkansas	30,604,138	51,896,680	81,251,326	99,304,921
California	565,376,110	908,421,421	1,375,484,385	1,695,655,849
Colorado	56,893,189	122,175,115	185,705,076	235,361,873
Connecticut	76,112,391	113,910,086	165,107,248	199,683,508
Delaware	12,369,781	20,665,960	31,555,357	38,765,986
District of Columbia	13,836,194	19,077,560	33,716,347	43,346,733
Florida	228,406,282	398,171,543	638,711,354	785,549,156
Georgia	100,713,305	197,964,309	292,238,880	355,101,650
Hawaii	21,455,557	30,111,430	46,551,042	56,422,904
Idaho	14,161,345	27,239,511	43,842,113	54,507,926
Illinois	208,084,531	340,995,806	485,733,773	582,666,550
Indiana	85,413,705	144,059,123	194,867,984	228,485,025
Iowa	42,741,469	68,495,981	99,898,571	120,253,178
Kansas	39,630,790	64,751,475	95,293,960	115,419,041
Kentucky	50,317,464	86,422,615	122,265,427	146,755,301
Louisiana	57,786,904	91,956,619	145,417,930	178,181,991
Maine	18,952,143	28,727,638	42,059,534	51,052,474
Maryland	94,031,126	152,970,399	235,410,417	293,016,553
Massachusetts	119,217,310	192,839,055	282,646,554	344,644,669
Michigan	154,298,844	253,237,498	317,530,892	362,055,835
Minnesota	75,960,736	134,132,209	197,349,532	242,187,538
Mississippi	30,715,121	53,940,038	79,511,699	94,395,758
Missouri	79,684,604	132,734,215	186,664,269	222,472,274
Montana	11,038,689	18,280,780	29,987,202	37,549,958
Nebraska	25,355,028	41,271,287	60,536,284	72,671,044
Nevada	21,809,482	53,123,247	93,367,300	120,076,327
New Hampshire	20,347,691	35,438,019	50,621,236	61,070,399
New Jersey	165,978,303	269,957,676	383,405,162	458,867,066
New Mexico	20,409,014	35,660,986	58,062,397	72,271,290
New York	363,717,112	548,702,197	790,758,837	949,153,965
North Carolina	101,265,797	189,004,196	282,274,631	345,881,960
North Dakota	9,219,127	14,487,082	23,524,091	29,864,439
Ohio	178,669,921	275,725,462	362,829,525	421,095,012
Oklahoma	44,964,884	74,326,510	123,200,737	158,889,302
Oregon	45,260,613	82,018,788	121,018,257	146,933,363
Pennsylvania	206,454,745	314,199,399	446,086,364	535,958,966
Rhode Island	17,744,308	26,330,056	38,193,277	45,347,050
South Carolina	49,347,434	86,508,979	128,910,880	157,492,657
South Dakota	10,332,176	17,504,911	27,652,470	33,937,844
Tennessee	74,014,663	133,501,176	196,099,989	237,206,921
Texas	266,483,516	522,985,766	859,816,590	1,101,804,546
Utah	22,846,381	46,661,059	73,582,339	91,737,154
Vermont	8,900,488	14,644,579	21,724,455	26,577,972
Virginia	111,106,619	186,231,945	292,154,233	364,975,281
Washington	86,667,670	161,428,707	252,742,836	317,464,710
West Virginia	23,240,552	35,307,979	51,754,350	63,329,856
Wisconsin	77,499,111	131,662,787	186,179,909	222,351,424
Wyoming	7,326,437	12,104,707	23,647,678	31,924,357

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, July 2009.

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