

DIVERSE AND DIGITAL

HOW MULTICULTURAL AMERICANS ARE ALTERING THE MARKETING LANDSCAPE

PART 2/3: MARKETING TO BLACK AMERICANS

WHITE PAPER

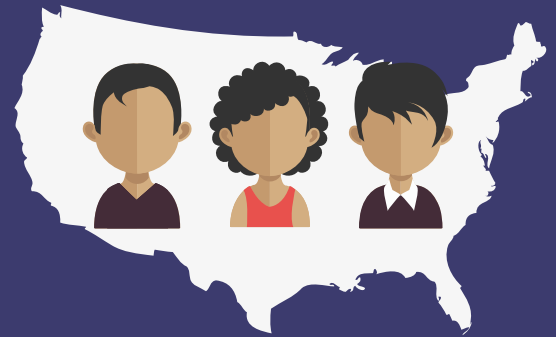
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The American socio-cultural tapestry is becoming more diverse with each passing day – multicultural consumers, who account for 120 million people (about 35% of all Americans), are the fastest growing segment of the US population¹. Hispanic Americans, Black Americans*, Asian Americans and other Multicultural Americans are projected to make up a majority of the population by 2044².

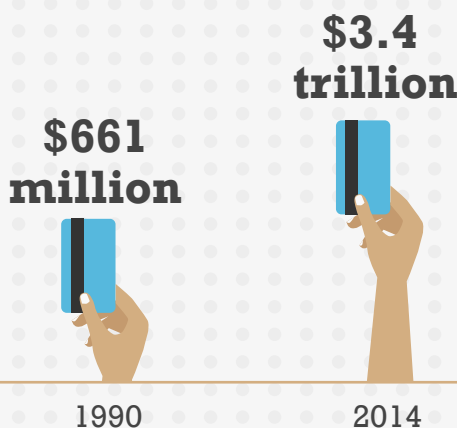
*Please note that the term 'Black Americans' has been used instead of 'African Americans' to indicate that the research for this multicultural demographic also includes people who come from outside Africa, such as the Caribbean.

120 million

The number of multicultural Americans in 2016



The buying power of multicultural Americans has grown exponentially.



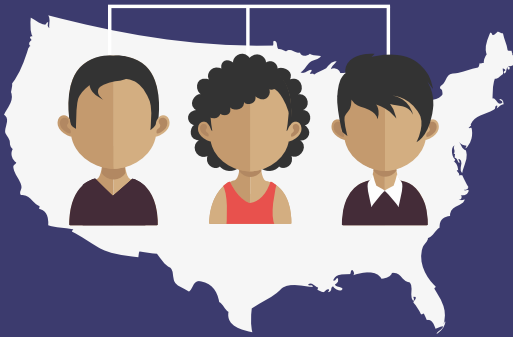
Not only is the Multicultural American population growing, but their buying power is growing at an exponential rate – from \$661 billion in 1990 to \$3.4 trillion in 2014 – more than double the growth of the total U.S. buying power within the same time span³. You may be surprised to learn that Multicultural Americans are younger than the general population and their buying power is projected to increase further⁴.

Not only that, but multicultural consumers comprise a high percentage of the “Super Consumers,” the top 10% of households who drive at least 30% of sales, 40% of growth and 50% of profits⁵. They are using digital devices and social media to celebrate their evolving cultural identities and connect with friends and family halfway around the world. And as they share their culture with their American friends, food, music and movies that were once considered ‘niche’ or ‘exotic’ become entrenched into mainstream American culture – think tacos, martial arts and dancehall music.

Multicultural Americans use their digital devices and social media to connect with friends and family.



MARKETER



Americans who come from a different cultural background are reshaping how marketers and advertisers connect with shoppers. How can marketers ensure that their communication is keeping up with this diverse and dynamic market?

Our whitepaper series will examine key stats and usage behavior of the three largest group of Multicultural Americans – Hispanic Americans, Black Americans and Asian Americans.

We cannot stress enough how important it is for marketers to keep in mind that not all Multicultural Americans are created equal – although we have organized this series of white papers by ethnic groups, marketers must be sensitive to the fact that two 30-year old Indian American women might be radically different in the way they respond to brands – based on factors such as the time they have spent in the United States, their subculture and their level of integration into mainstream American culture. Marketing to Multicultural Americans offers a huge potential for increased sales and revenue, but if campaigns are not carefully created and executed, marketers run the risk of offending and alienating shoppers.

Factors Marketers Must Keep in Mind When Communicating With Multicultural Americans



Time they have spent
in the United States



Their Subculture

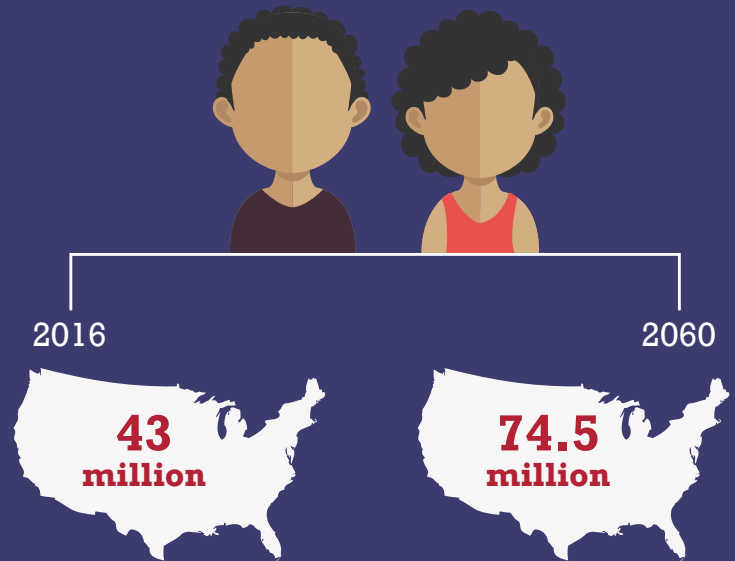


Their level of integration
into mainstream
American culture

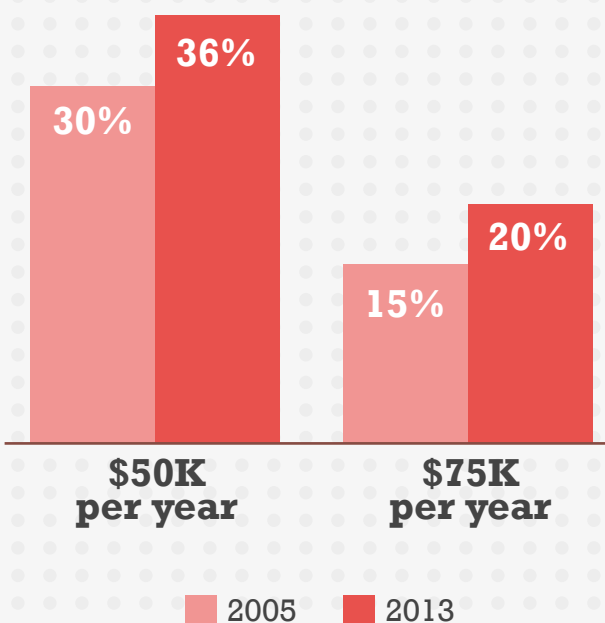
PART 2/3: MARKETING TO BLACK AMERICANS

There are approximately 43 million Black Americans in the United States, about 14% of the total population⁶. By 2060, the number of Black Americans is projected to increase to 74.5 million, comprising 18% of the total U.S. population⁷. Almost 30% are younger than 18, and these younger Black Americans are making great strides in education – college enrollment rates are over 70%, which is much higher than the rest of the population⁸.

The Number of Black Americans



Percentage Increase of High-Income Black Americans



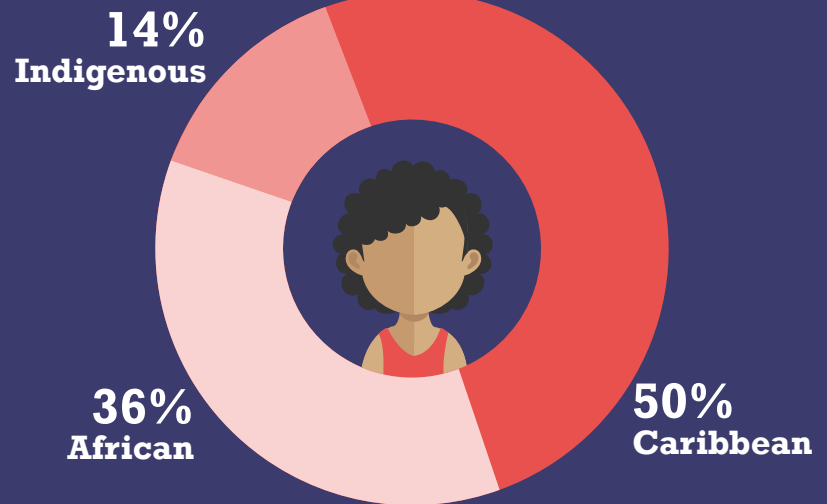
Black Americans are growing increasingly affluent - real median household income has increased more among black households (\$793) than white households (\$433) and more than the total population, according to the U.S. Census⁹. The percentage of Black Americans who earned more than \$50,000 per year increased from 30% in 2005 to 36% in 2013, and those who earned more than \$75,000 increased from 15% in 2005 to 20% in 2013. Nielsen estimates that Black Americans will have a buying power of \$1.3 million by next year¹⁰.

This being said, it is important to have a comprehensive and nuanced understanding of this demographic and its attitudes towards digital marketing.

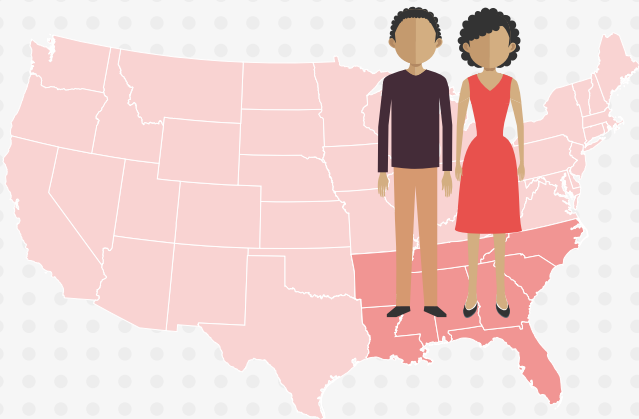
DIVERSITY

As the number of Black Americans grows, so does the diversity of this vibrant demographic. Since 1980, the number of Black American immigrants has more than quadrupled to about 3.8 million¹¹. One in every 11 Black Americans is an immigrant, and not all Black Americans are from Africa; almost 50% of Black immigrants are from the Caribbean, whereas Black immigrants from Africa comprise 36% of Black immigrants in the United States¹². Nigeria and Ethiopia are the African countries with the greatest numbers of immigrants in the United States¹³.

Demographic Break-up of Black Americans



Black Americans are increasingly shifting to the Southern states.



POPULATION DENSITY SHIFTING TO SOUTHERN STATES

One interesting demographic shift to note for Black Americans is that key population hubs are increasingly shifting to the South. This trend is even more pronounced for affluent Black Americans – 9 of the top 10 Metro areas for Black Americans with an annual household income greater than \$100,000 are located in the South¹⁴.

Therefore, marketers of high-end products such as luxury goods could increase their Black American customer base by actively promoting their products in large southern metropolitan areas.

MEDIA CONSUMPTION HABITS

Black Americans spend 42% more time viewing TV, 13% more time on PCs, 15% more time on smartphones and 4% more time listening to the radio than the total population¹⁵. This trend becomes even more pronounced at income levels above \$75,000 - on a monthly basis, these households view 315 hours of traditional household TV, compared to 219 hours for the total population.

Media Consumption Habits of Black Americans



Spend
42% more time
watching TV
than the
total population.



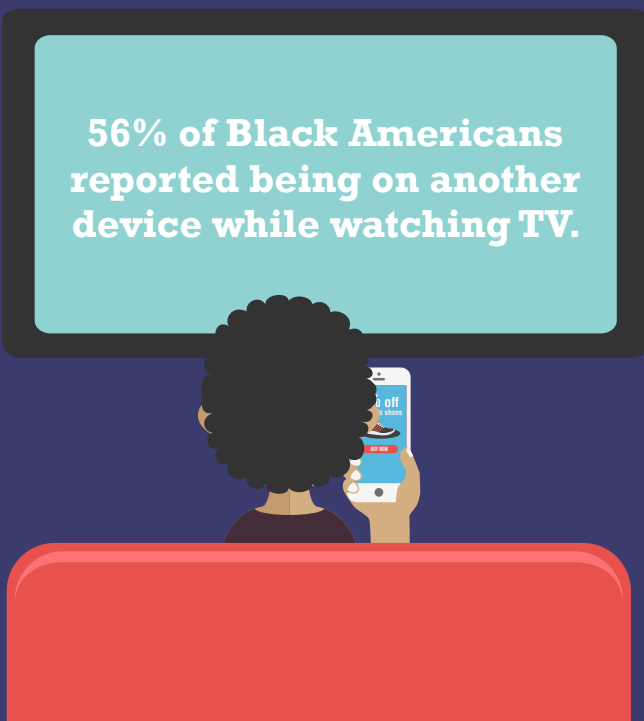
Spend
13% more time
on PCs
than the
total population.



Spend
15% more time
on smartphones
than the
total population.



Spend
4% more time
listening to the radio
than the
total population.



**56% of Black Americans
reported being on another
device while watching TV.**

Black Americans also spend a lot of time viewing more than one screen – for example, they often check their phones while watching TV¹⁶. A study by Facebook Insights reveals that 56% of Black Americans reported constantly or very often being on another device while watching TV¹⁷. Nearly half said they use multiple devices to visit social media while watching TV¹⁸. Therefore, marketers could target social media promotions during prime time television hours to increase their interaction and engagement with Black Americans.

Black Americans listen to the radio more frequently than any other race or ethnic group – more than 60 hours per month¹⁹. In addition, an overwhelming majority (91% - over 31 million people) of Black Americans listen to the radio on a weekly basis. This love for radio seamlessly transitions into the digital sphere as well - compared to other Americans, Black Americans are 42% more likely to stream audio on their smartphones²⁰.

Radio Consumption of Black Americans



Spend more than
60 hours
per month
listening to the radio.



42% more likely
to stream audio on their
smartphones than the
total population.

And this propensity to interact with digital music increases at higher income levels - households with incomes between \$75,000 and \$100,000 are 51% more likely than non-Hispanic Whites, at the same income level, to listen to an online local radio station and 24% more likely to listen to a streaming music service such as Pandora or Spotify²¹. Therefore, marketers could win loyalty among Black Americans by offering music rewards such as free music downloads or discounts on subscriptions to streaming radio stations.

Black Americans spend a lot of time on mobile apps.



Facebook



Instagram



Twitter



Google



DIGITAL OWNERSHIP AND USAGE

The rate of smartphone ownership and usage is also higher for Black Americans than the rest of the population²². Black Americans spend almost 44 hours per month on smartphone apps, using 157 app sessions per month for a wide variety of purposes²³. The highest income segment (\$100,000+) spends the most time on Facebook, with more than 81 sessions per month and over 15 hours spent on the mobile app, and they are also the heaviest user of Google search²⁴. Black Americans use Twitter and Instagram more than the rest of the population and spend an average of 24 hours per month on mobile social media apps²⁵.

Black Americans who earn more than \$100,000 per year use social networks for these things²⁶.



44%

show support for their favorite companies and brands.



44%

meet or network with professional contacts.



29%

learn about products and services.



14%

keep up with news and current events.

With such a high affinity for smartphone apps, digital rewards such as additional mobile data and audio and video downloads would likely be appreciated by Black American consumers.

Black Americans favor cash-back rewards programs.



LEVERAGING LOYALTY TO BLACK AMERICANS

Black American consumers, at all income levels, participate in debit card loyalty rewards programs at higher rates than other consumers²⁷. Favored rewards programs among Black Americans include cash-back and point-based options²⁸.

AFFINITY FOR MOBILE ADVERTISING AND MOBILE PAYMENTS

Black Americans are less likely to use shopping apps and sites on their phone, but they are 86% more likely to be receptive to mobile advertising and 41% more likely as a group to respond to an advertisement if something of value is offered in exchange²⁹. Black Americans are also 37% more likely to be interested in mobile payment options³⁰.



KEY TAKEAWAYS TO INCREASE ENGAGEMENT WITH BLACK AMERICANS

TAKEAWAY #1 — INVEST IN RADIO ADS, PARTICULARLY STREAMING RADIO

Since radio is such an integrated part of Black Americans daily lives, marketers can also ensure seamless brand messaging across normal and streaming music stations. Moreover, these ads can be used to redirect traffic to websites or social media platforms, encouraging greater participation across more channels. For marketers looking to gain loyalty, another option is to incorporate rewards involving music – such as a one-month free subscription to a paid streaming music service or free digital downloads. Music brands to consider for marketing partnerships include: Sirius Radio, Pandora, Spotify, Apple Music and Google Music.

Marketers looking to gain loyalty with Black Americans should incorporate rewards involving music – like free digital downloads.



TAKEAWAY #2 — REPRESENT CULTURAL DIVERSITY THROUGH CELEBRITY ENDORSEMENTS



Black Americans believe that cultural background is important. As marketers develop campaigns, the unique and varied cultural influences that make up Black American identity should be embraced and celebrated. This can be done through celebrity endorsements or by linking up with influential Black bloggers. For example, AT&T recently teamed up with 'The Bridge' to create an online engagement website which highlighted African American bloggers and influencers through original content³¹.

Celebrity endorsements have purchase implications among African-American households across all income breaks, but the connection is the strongest among those making \$50,000 - \$75,000, who are 96% more likely than their non-Hispanic White counterparts to consider purchasing a product that is endorsed by a celebrity³². Mattel has recently launched a new “Shero” (she + hero) Barbie doll created of Gabby Douglas, the US Olympic Team gymnast who won hearts all over her world with her spectacular success during the 2012 Olympic Games³³.



TAKEAWAY #3 – INVEST IN LIFELONG LOYALTY

Marketers must keep in mind that 30% of Black Americans in the United States are under 18, and they are entering college at higher rates than the rest of the population. This means that these young people represent a huge untapped opportunity for marketers, and by engaging with young Black Americans, they can garner life-long loyalty as these young people begin working and grow increasingly affluent. One way that brands could begin to win the support of younger Black Americans is by discussing Corporate Social Responsibility measures, as 40% of Black Americans report that they expect brands to support social causes, and young people across the board care about social causes more than their elder counterparts.

Marketers should engage young Black Americans with free product offerings such as **cosmetics**, and **lotions**.



For CPG brands, it is worth mentioning that Black Americans (and other Multicultural Americans) are less likely to purchase generic store brands; instead, they spend more on branded items³⁴. Therefore, by offering free product samples of items that are targeted towards teenagers (such as cosmetics, lotions and other personal hygiene items) at stores with a large Black American shopper demographic, marketers might be able to positively impact consumer tastes and preferences and win new, loyal shoppers.

CONCLUSION

African-Americans comprise of almost 20% of the US population, representing a huge audience for marketers to build loyalty and brand love. With a higher smartphone ownership and usage rate than the rest of population, African-Americans are highly receptive to mobile and digital advertising, marketing, and promotions. This comprehensive profile of this group can help marketers determine the right marketing programs to create brand engagement - for example, as avid users of digital media like television and music, African-Americans are great candidates for rewards programs with offers like free music downloads or music streaming subscription discounts.

While marketing to Multicultural Americans certainly presents a huge potential to drive sales and engage in lifelong loyalty, marketers must ensure that their messaging genuinely connects with the demographic they are trying to reach. To learn more, stay tuned for the third installment of our Multicultural Marketing series on the Asian-American demographic.

CONTACT US

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Snipp is a global loyalty and promotions company with a singular focus: to develop disruptive engagement platforms that generate insights and drive sales. Our solutions include shopper marketing promotions, loyalty, rewards, rebates and data analytics, all of which are seamlessly integrated to provide a one-stop marketing technology platform. We also provide the services and expertise to design, execute and promote client programs. SnippCheck, our receipt processing engine, is the market leader for receipt-based purchase validation; SnippLoyalty is the only unified loyalty solution in the market for CPG brands. Snipp has powered hundreds of programs for Fortune 1000 brands and world-class agencies and partners.

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¹¹ Increasingly Affluent, Educated and Diverse – African American Consumers: The Untold Story (2015), Nielsen

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¹⁴ Ibid.

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¹⁶ Ibid.

¹⁷ <https://insights.fb.com/2015/01/29/closer-look-african-americans-us/>

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²⁵ Ibid.

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