

RACE, ETHNICITY AND THE WAY WE SHOP

Understanding the different attitudes and behaviors of Asian, black, Hispanic and white consumers.

BY REBECCA GARDYN AND JOHN FETTO

They may be outnumbered at the shopping mall, but minority consumers and their buying power should not be underestimated. In 2002, blacks, Hispanics and Asians wielded significant discretionary income: \$646 billion, \$581 billion and \$296 billion, respectively, according to the Selig Center for Economic Growth at the University of Georgia, which defines "buying power" as the total personal income available, after taxes, for spending on goods and services—that is, disposable income. And while whites continue to account for the majority of total consumer spending (\$6.3 trillion), their market share is dwindling. In 1990, whites represented 87 percent of the total consumer marketplace, but they accounted for 82 percent by 2002, according to the Selig Center. By 2007, analysts expect white consumers' share to shrink to 80 percent of all U.S. consumer spending.

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As the buying power of blacks, Hispanics and Asians increases, understanding the differences between these groups in terms of how, when, where and why they shop for goods and services becomes even more important to businesses' bottom lines. Here, we highlight some of the more interesting differences between the attitudes and behaviors of Asian, black, Hispanic and white Americans. The data was culled from a Simmons Market Research study of about 22,000 consumers (18,542 whites; 1,444 blacks; 1,349 Hispanics; and 640 Asians) fielded between January and May 2002.

35 percent of Asians have made an Internet purchase in the past year. They are also more than **twice as likely** as the average consumer to use the Internet to help plan their shopping.

asians

How do you say "shop till you drop" in Japanese or Korean? Not only are Asian consumers the most frequent shoppers of all racial and ethnic groups, they are also the most brand-conscious. Almost half (43 percent) say that they always look for a brand name when they shop. Yet, interestingly, they are also the least brand-loyal. Fully a quarter of Asians say they change brands often, compared with 22 percent of Hispanics, 20 percent of blacks and 17 percent of whites. Asian consumers are also the most concerned about keeping up appearances. More than a quarter (26 percent) say they buy what they think their neighbors will approve of, compared with 12 percent each of Hispanics and blacks and just 10 percent of whites. Asians also do not like to shop alone: 31 percent say they prefer shopping with their friends, compared with 25 percent each of Hispanics and blacks, and 23 percent of whites. And Asians never leave home without a plan. They are 125 percent more likely than the average consumer to rely on the Internet to help them plan their shopping trips.

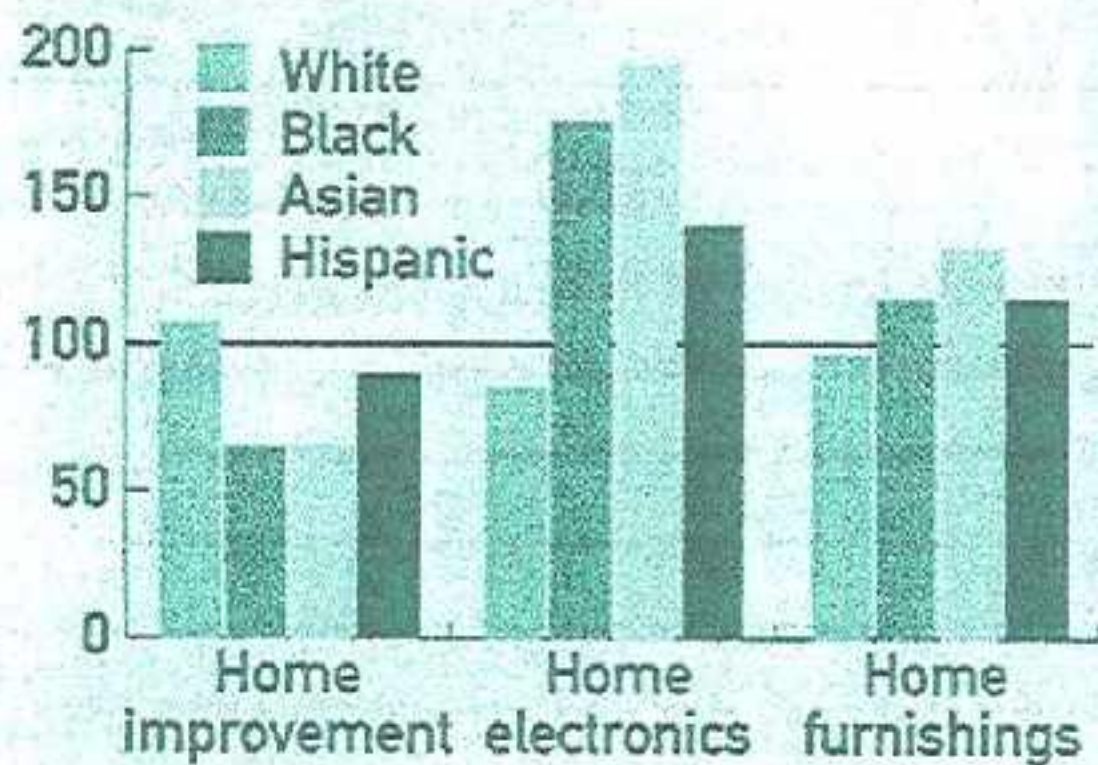
by the numbers

The facts and figures below show how shopping behaviors and motivations differ by race and ethnicity.

frequent shoppers

White shoppers are the most likely of all racial and ethnic groups to have visited a home improvement store at least five times in the past three months. But they are the least likely to have made frequent trips to electronics and home furnishings stores.

INDEX* OF AMERICANS WHO HAVE GONE TO THE FOLLOWING TYPE OF STORE FIVE OR MORE TIMES IN THE PAST THREE MONTHS, BY RACE AND ETHNICITY.



*The national average is 100. For example, Asians are significantly more likely than the average American to have made five or more trips to a home electronics store in the past three months, but they are less likely to have shopped at a home improvement store as frequently.

Source: Simmons Market Research, 2002

dressed to impress

Minority consumers are far more likely than whites to say they enjoy wearing the latest fashions.

	WHITE	BLACK	ASIAN	HISPANIC
I like to dress in the latest fashions	36%	58%	46%	46%
I like to impress people with my lifestyle	17%	20%	28%	20%
I'm very likely to buy new technology products and services	41%	42%	49%	39%
I like to look in hardware or automotive stores	46%	40%	44%	45%

Source: Mediamark Research, Inc., 2002

on the cheap

Americans of all colors like a bargain, but whites are the most likely of all racial and ethnic groups to shop at discount stores. Many Asians also look for a discount, but they are the most likely to buy their clothes, housewares and cosmetics at a traditional department store.

PERCENT OF AMERICANS WHO HAVE SHOPPED AT LEAST ONCE IN THE PAST THREE MONTHS AT DEPARTMENT STORES OR DISCOUNT STORES FOR THE FOLLOWING TYPES OF PRODUCTS, BY RACE AND ETHNICITY:

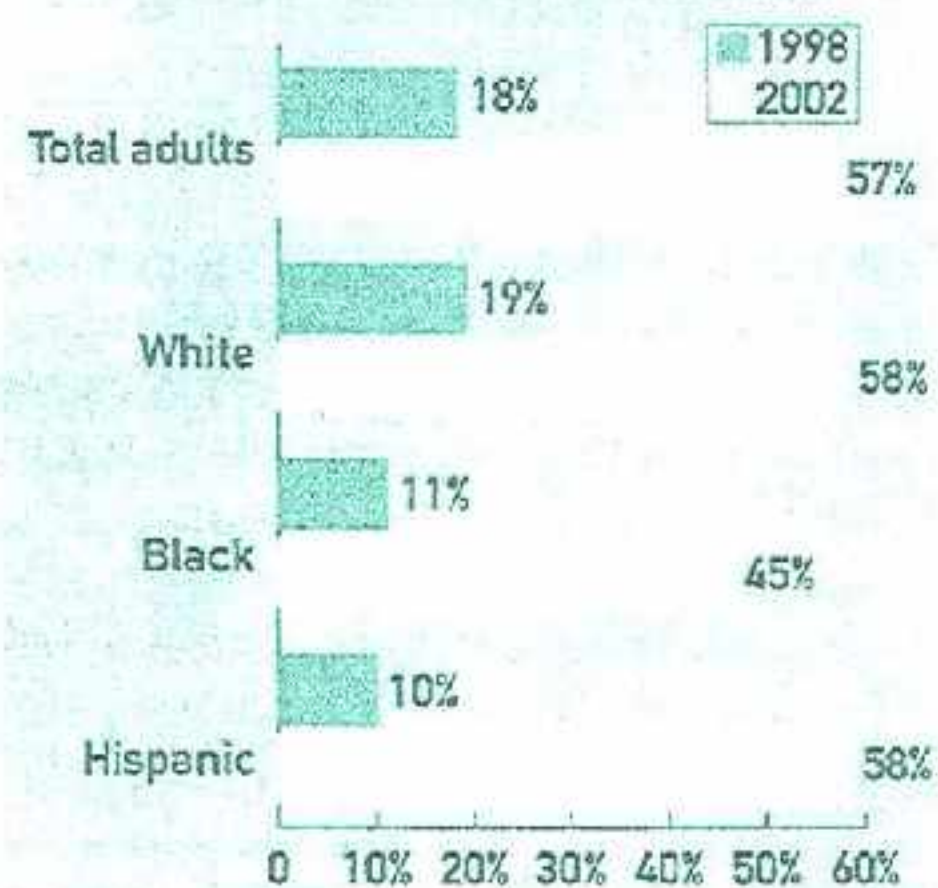
	WHITE	BLACK	ASIAN	HISPANIC
CLOTHING AND ACCESSORIES				
Department store	47%	43%	51%	48%
Discount store	60%	50%	54%	57%
FOOTWEAR				
Department store	15%	16%	18%	20%
Discount store	24%	15%	19%	21%
HOUSEWARES AND FURNITURE				
Department store	8%	5%	10%	6%
Discount store	20%	14%	18%	17%
COSMETICS				
Department store	6%	5%	8%	7%
Discount store	21%	11%	16%	19%

Source: Simmons Market Research, 2002

joining in on the fun

In 1998, whites were almost twice as likely as blacks or Hispanics to have made an online purchase. Today, the share of Hispanics and whites going online to shop is the same, and almost half of all blacks do so as well.

PERCENT OF ADULTS WITH INTERNET ACCESS WHO HAVE EVER MADE A PURCHASE ONLINE.

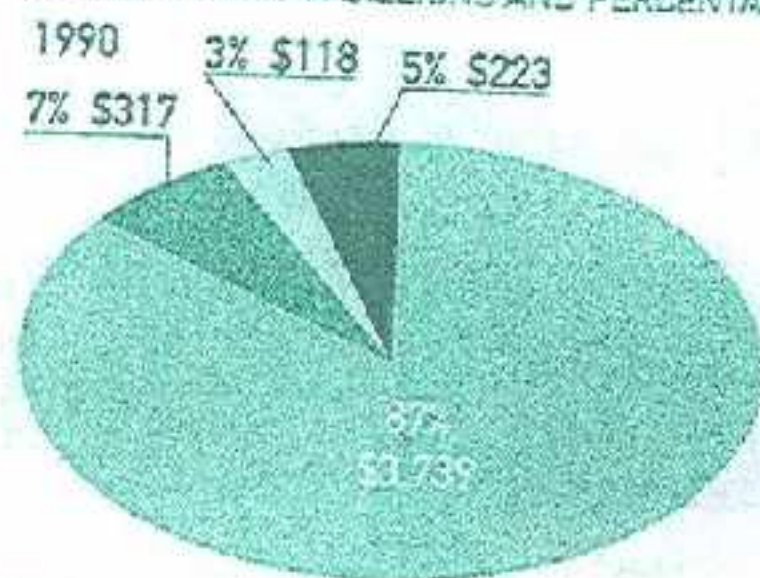


Source: Vertis' Customer Focus, Retail 2002

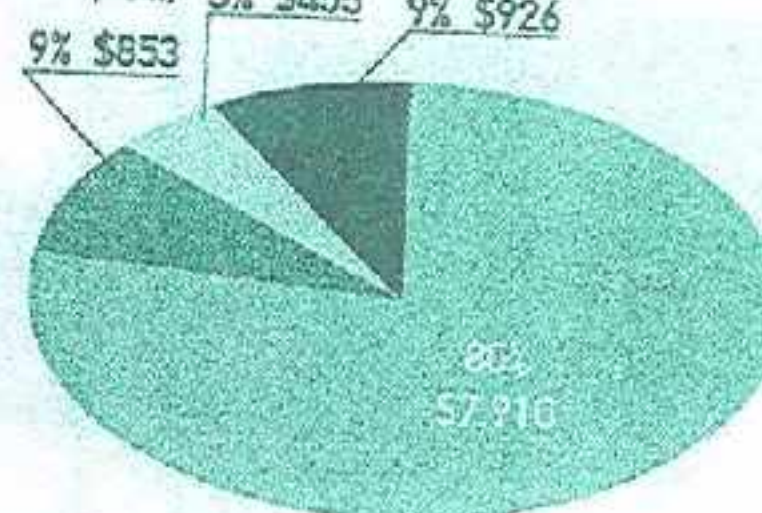
diversified dollars

Black, Asian and Hispanic consumers' buying power is growing while the whites' share is shrinking. By 2007, whites are expected to make up 80 percent of the consumer marketplace, down from 87 percent in 1990.

BUYING POWER IN BILLIONS AND PERCENTAGE OF MARKET SHARE*



2007 (est.)



White
Black
Asian
Hispanic

Note: Numbers add to more than 100 percent because Hispanics may be of any race.

Source: Selig Center for Economic Growth, The University of Georgia

whites

Whites may make up the majority of the shopping hordes, but they are the least likely to enjoy the process. Just 35 percent of white consumers say that they enjoy shopping, even when they don't buy anything, compared with almost half (47 percent) of Asian, 43 percent of black and 42 percent of Hispanic shoppers who say the same. Almost two-thirds (62 percent) of white consumers say they go shopping only when they absolutely need something, versus 57 percent of Asians, 54 percent of Hispanics and 47 percent of blacks who say they do the same. And nearly half of white consumers don't stick around to browse; 49 percent say that when they do go shopping, they usually just get what they want and leave. Interestingly, white consumers are the most likely to say they make spur-of-the-moment purchases (41 percent, versus 37 percent of Hispanics, 35 percent of Asians and 34 percent of blacks). Yet they are also more likely (59 percent) to plan far ahead to buy expensive items than are Asians (53 percent), Hispanics (52 percent) or blacks (44 percent).

charge it

More than 1 in 10 Asians (12 percent) say they have used their credit card 20 times or more in the prior month, compared with only 2 percent of blacks who say the same.

HOW MANY TIMES IN THE PAST 30 DAYS HAVE YOU USED A CREDIT CARD?

	WHITE	BLACK	ASIAN	HISPANIC
1-5	47%	28%	49%	39%
6-19	21%	9%	27%	15%
20 or more	8%	2%	12%	5%

*Note: Numbers do not add to 100 percent because some people had not used a credit card at all in the prior 30 days, and others did not answer the question.

Source: Simmons Market Research, 2002

know your customer

The principal shopper in a black household is likely to be single, divorced or widowed.

PERCENT OF HOUSEHOLDS IN WHICH THE PRINCIPAL SHOPPER* IS...

	WHITE	BLACK	ASIAN	HISPANIC
Married	65%	43%	70%	64%
Single	15%	32%	19%	21%
Divorced/separated	12%	18%	6%	12%
Widowed	7%	7%	5%	3%

*"Principal shopper" refers to the person responsible for making the majority of the everyday purchases (groceries and household necessities) for the family.

Source: Mediamark Research, Inc., 2002

black consumers make 19 trips to convenience stores each year.

hispanics

Hispanics, who may be of any race, tend to make shopping a family affair. More than a third (36 percent) say they prefer shopping with their families and 30 percent report they like shopping with their children, compared with 29 percent and 26 percent, respectively, of the total population. A quarter of Hispanics say their kids have a significant impact on the brands they buy. Hispanics are almost twice as likely as white consumers to go out of their way to find new stores (13 percent versus 7 percent). And they would rather shop at national chains than at local mom-and-pop stores. Just 26 percent of Hispanics

everyday needs

Warehouse clubs, like Costco and Sam's Club, depend heavily on Asian and Hispanic consumers. The typical Asian shopper, for example, makes 14 trips a year to such stores, whereas blacks report that they shop at a warehouse club just eight times a year.

NUMBER OF TRIPS MADE ANNUALLY TO THE FOLLOWING VENUES, BY RACE AND ETHNICITY:

	WHITE	BLACK	ASIAN	HISPANIC
Grocery stores	72	70	65	67
Drugstores	15	17	16	15
Mass merchants	24	20	21	24
Supercenters	19	16	12	15
Warehouse clubs	10	8	14	12
Gas/convenience stores	14	19	6	11
Dollar stores	10	16	7	10

Source: ACNielsen

shopping by proxy

Asians are the least likely to buy merchandise by phone or mail order, but they are the most likely to buy things over the Internet.

PERCENT OF AMERICANS WHO HAVE MADE ANY PURCHASE IN THE PAST YEAR OVER THE PHONE OR BY MAIL, OR VIA THE INTERNET:

	WHITE	BLACK	ASIAN	HISPANIC
Phone or mail order	39%	32%	28%	29%
Internet	28%	14%	35%	20%

Source: Simmons Market Research, 2002

say they would rather shop at a local store than at a national chain, compared with 28 percent of blacks and 30 percent each of Asians and whites.

blacks

Blacks are the most fashion-conscious of all racial and ethnic groups. In fact, 34 percent of black consumers say they like to keep up with changes in trends and fashion, compared with 28 percent of Asians, 27 percent of Hispanics and 25 percent of whites. Blacks are the most likely of all groups to be willing to travel an hour or more to shop at their favorite store and almost twice as likely as the average consumer to go out of their way

to find new stores, especially if a bargain is to be had. The Simmons study found that a third (34 percent) of the black respondents will travel an hour or more to shop at a factory outlet store, compared with 27 percent of all consumers. And once they get there, black consumers, more than anyone else, prefer conquering the sales racks alone, rather than with friends. Indeed, blacks simply enjoy shopping, even for something as mundane as the groceries.

it's in the mail

Across most product categories, black consumers are more likely than the average American to buy items based on direct mail advertisements.

INDEX* OF AMERICANS WHO HAVE PURCHASED THE FOLLOWING TYPES OF PRODUCTS IN THE PAST YEAR IN RESPONSE TO DIRECT MAIL ADVERTISING, BY RACE AND ETHNICITY:

	WHITE	BLACK	ASIAN	HISPANIC
New/used car	87	144	112	126
CDs/tapes/records	91	132	93	119
Children's clothing	89	139	105	128
Computer hardware	94	117	151	104
Computer software	97	125	131	83
Cosmetics/perfume/skin care products	95	119	94	108
Fast food	100	110	91	91
Furniture	91	146	109	109
Groceries	105	103	89	73
Mattress	91	140	101	109
Women's lingerie	94	132	98	104
Women's sportswear	110	89	73	61

*An index of 100 is the national average. For example, black consumers are 44 percent more likely than the average American to have bought a new or used car as a result of direct mail advertising, but they are 11 percent less likely to have bought women's sportswear as a result of direct mail.

Source: Scarborough Research