

Where are African Americans spending their \$1 trillion buying power?

PRNewswire-USNewswire - New report: Spending booms on dining out, home improvement, automobiles and financial services. The well-documented rapid growth of Hispanic, Asian and other multicultural segments of the U.S. population has at times overshadowed the noticeable economic growth and influence of African-Americans. Within the past five years, the buying power of African-Americans topped \$1 trillion.

In its new report African-Americans: Demographic and Consumer Spending Trends, 10th Edition, market research firm Packaged Facts found that between 2010 and 2015 African-American buying power grew from \$995 billion to \$1.3 trillion for cumulative growth of 27 percent. Looking ahead, Packaged Facts forecasts cumulative growth of 16 percent between 2015-2020.

The rise of affluent households has helped bolster African-American buying power. Between 2005 and 2014 the number of African-American households with an income of \$100,000 or more jumped 83 percent, from 1.1 million to around two million. Comparatively, the total number of American households in the \$100,000+ income bracket grew only 53 percent. Likewise, the number of black households with incomes ranging between \$75,000 and \$100,000 increased by 25 percent.

As the two-tier economy continues to reach into all demographic segments, it is likely that the buying power of affluent black households will continue to grow at a relatively rapid pace, finds Packaged Facts. For the U.S. economy overall, the trickle-down effect of this swelling prosperity has seen consumer



expenditures by the average African-American household grow faster than consumer spending by other households (26 percent vs. 23 percent).

Dining out is one area where African-Americans are spending more of their money. Packaged Facts estimates that the amount black households spent in 2015 on food away from home was 14 percent higher than in 2012, while expenditures on food at home increased only 5 percent. Similarly, purchases on apparel, personal care products (especially fragrances), home furnishings, appliances (both major and minor), and home improvement/remodeling also boomed. African-American consumers played a major role in the rush to auto dealers' showrooms that occurred between 2012 and 2015. During this time period, spending by American consumers on

automotive vehicles grew by \$126 billion, or 36 percent.

Higher-income African-Americans outspend the total population on "future-oriented" expenditures such as life, endowment, annuity, and other personal insurance, as well as contributions to pensions and Social Security.

Packaged Facts also found that higher-income black consumers present a major opportunity for financial firms. Over the past decade, the percent of higher-income African-American households holding any form of financial investment has trended upward from 36 percent to 44 percent.

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