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# Assessing the State of Black America in Terms of Black Buying Power from 1990 to Present

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**ASSESSING THE STATE OF BLACK AMERICA IN TERMS OF  
BLACK BUYING POWER FROM 1990 TO PRESENT**

**BY**

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**Submitted in partial fulfillment of the requirements  
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**2005**

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Now, it is time to reap good harvest!

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## CHAPTER I

### Introduction

The author was inspired during her childhood and into her adult years to educate self and inform others of the African American Heritage. This thesis provides the author a platform to inform others on the state of Black America and black buying power from 1990's to present.

So many of you are wondering, what is the state of Black America? The National Urban League president, Marc Morial has stated that "while we have gained much ground in the past 30 years, the very ground we stand on today is precarious and shaky." He also suggested this good news has emerged since the era of Brown vs. Board of Education, and the Civil Rights Act of the 1960's, where there has been a significant progress in Black America. The black middle class has quadrupled. There are more African American doctors, lawyers, PhD's and business owners than ever before. The number of African Americans in poverty has been cut in half. There are gains in college enrollment. There are more black elected officials than every before in our nations' history. He also states that there are more African American corporate executives in America's Board Rooms than ever before.

The black buying power has increased tremendously from 1990 to present. "The University of Georgia's Selig Center for Growth recently released "The Multicultural Economy 2003," stating that black buying power is estimated to be around 688 billion dollars. It is projected that the buying power of African Americans is likely to increase by 169.5% to 921 billion by year 2008" (Holmes, 2003).

## Background



We all know there have been many things that have happened in our nation's past and many of them do not make African Americans proud. Jim Crow laws imposed racial segregation on blacks. These laws were in the south during the Reconstruction era, where blacks could not use the same facilities as whites. There were signs that said "whites" and "colored" only. Blacks had to sit in the back of the bus and drink out of "colored" only water fountains. The Greenwood section of Tulsa, Oklahoma was known as the "Black Wall Street" in the early 1900's. Due to strict segregation laws, Blacks covered a thirty-five square block area, in that state, where they were allowed to shop, spend and live. The circulation of "the Black dollar" only in the black community produced a prosperous Black business district that was envied by the whole country. The Tulsa Race Riots of 1921 destroyed Black Wall Street.

The Brown versus Board of Education of 1954 was a famous landmark case. Black and white children could not attend the same schools, because of segregation. There were schools for black children and schools for white children. The Civil Rights Act of 1964 was a passage that prohibited discrimination based on race, color and religion. These historical events were turning points for the state of Black America.

According to the Census Bureau of 2000, African Americans make up 13 percent of the American population. They are the second largest ethnic group with the largest buying power. What has resulted in the increase of buying power? The African American population has increased at a faster rate than any other group, however, the population continues to grow

and it's more youthful compared to the overall population in the United States. There are more educated blacks than ever before, which means they are more eligible for decent-paying jobs. They are climbing the corporate ladder, which adds to the economic growth of the community. The wealth gap between blacks and whites are closing. Incomes of African Americans have increased. Due to Corporate America glass ceiling and corporate downsizing, more African Americans are becoming entrepreneurs. Oprah Winfrey and Robert Johnson reign as the top African American billionaires. The Hip-Hop generation, who is known as the young African American, will be the economic vehicle that contributes to the growth of the black community. This generation spending power is the success of hip-hop music, fashion and entrepreneurship.

### **Research Statement**

This research investigates the present status of buying power of African Americans in the United States.

### **Subsidiary Questions**

- 1) Has Black America leveraged its buying power?
- 2) How has corporate America changed its advertising to focus more on minorities?
- 3) How has Madison Avenue taken on to the Hip Hop Generation?
- 4) What are the benefits when marketing to African Americans?
- 5) Has the income and education level increased among African Americans?
- 6) What items do African Americans spend most of their money?
- 7) What are some milestones in black economic history?

8) Where is the Black consumer power?

### **Purpose of the Study**

The purpose of this study is to provide the reader with resourceful information over the past fifteen years in assessing the state of Black America and investigating perceptions of African Americans in the United States. The research focus topics are on the grossly estimated buying power of Black America from 1990's to present. African Americans growing population has increased in the past decade, which resulted an increase in buying power. More African Americans are educated than ever before. Education is a result of increase of middle class African Americans in professional positions. Their incomes have increased due to more African Americans entering the job force and gaining beyond in entry-level positions.

This research study hopes to enlighten African Americans that they are the largest minority buying power consumer. They spend more of their buying power in Corporate America, but have not done enough to leverage their spending clout. However, African Americans must establish expectations for how they can leverage the value of their dollar. While Corporate America benefits from the dollars of African Americans, they (Corporate America) need to increase their market power to focus their advertising more on African Americans. Why do corporations pitch African American celebrities to endorse their products? One is that celebrity status will increase more revenue for corporations and two African American celebrities are better off in reaching the African American market? Although African Americans make less (income), they spend more on products than any other ethnic groups. It would benefit them to leverage their buying power, to stop spending their



income on depreciable products, (products that have no value) save more, invest more and invest their buying power back into their communities. African Americans should flex their muscles more on building businesses in their communities, invest in homeownership, real estate investments, stocks and bonds and invest in their retirement.

### **Definition of Terms**

1. **Benjamin's** – Benjamin Franklin picture is on the United States one hundred dollar bill. The term Benjamin's refers to money.
2. **Blacks** – Brown skin people.
3. **Buying Power** – The net income spent to purchase goods and services.
4. **CEO** – Chief Executive Officer. A person who is head of a company.
5. **Economy** – The study of the means, management, production, and distribution of wealth in a given area.
6. **FUBU** – An acronym that means "For Us By Us". A clothing line.
7. **Group Economics** – circulating disposable income in one's geographical area, and one's community.
8. **Hip Hop** – A popular urban youth culture, closely associated with rap music and with the styles of fashions of African American inner-city residents.
9. **Hip-Hop Mogul** – a wealthy person of elite status. Most rappers refer to this term in the Hip-Hop Generation.
10. **Leverage** – the use of credit or borrowed funds to improve one's speculative capacity.
11. **Rap music** – African American music created by urban youth of the 1970's, 1980's and 1990's in which rhyming lyrics are chanted to a musical beat.

12. **Rapper** – An artist who raps about social and political issues of their time.

### **Limitations**

This study is restricted because the author exclusively focuses her attention on the state of Black America and its buying power from the past fifteen years. The research was conducted using the African American population in the United States. However, the author found an abundance of literature written on the “State of Black America” and “Black Buying Power”. The National Urban League, the nation’s oldest and largest civil rights organization releases an annual report on the “*The State of Black America*”, a compilation of essays and papers about the progress and plight of African Americans in the United States. Target Market News, a Chicago-based research firm that tracks black spending patterns, publishes an annual edition of *The Buying Power of Black Americans* report. The Selig Center for Economic Growth (located in Georgia) is primarily responsible for conducting research on economics, demographics and social issues that is related to minority buying power. Research statistics on black buying power was from the Selig Center and Target Market News, which provided an abundance of literature of where African Americans spend their money (e.g., telephones, electronics and footwear). The Black Enterprise Magazine is a monthly magazine; it is a premier business news source for African Americans. The magazine publishes a wealth of literature on financial empowerment.

## CHAPTER II

### **BLACK BUYING POWER**

“The Selig Center projects that the nations’ black buying power will rise from \$318 billion in 1990 to \$585 billion in 2000, to \$723 billion in 2004, to \$965 billion in 2009, up by 203 percent in nineteen years – a compound annual growth rate of 6 percent. Humphreys suggest percentage gain outstrips the 140 percent increase in white buying power and the 150 percent increase in total buying power (all races combined). In 2009, the nation’s share of total buying power that is blacks will be 8.7 percent, up from 8.4 percent in 2004 and up from 7.4 percent in 1990. Nationally, African Americans consumers will account for almost nine cents out of every dollar that is spent” (Humphreys, 2004).

He states, “gains in black buying power reflect much more than just population growth and inflation. Of all the diverse supporting forces, perhaps the most important is the increased numbers of jobs across the nation. Compared to 1990, employment opportunities have improved for everyone, including African Americans. The increasing number of blacks who are starting and expanding their own businesses also contributes to the gains in buying power.”

From 1990 to 2009 Humphreys (2004) said, “the nation’s black population will grow 29.9 percent compared to 12.1 percent for the white population and 23.7 percent for the total population. Also, compared to the white population, larger proportions of blacks are either entering the workforce for the first time or are moving up from entry-level jobs, and this push to buying power will be very important in coming years.”

“In 2004, the ten states with the largest African American markets, in order, will be New York (\$67.8 billion), California (\$55.6 billion), Texas (\$53 billion), Georgia (\$49.5

billion), Florida (\$43.3 billion), Maryland (\$40.9 billion), Illinois (\$39.7 billion), North Carolina (\$32.5 billion), Virginia (\$30.4 billion), and Michigan (\$30 billion). Maryland and North Carolina, and Virginia are the only ones among the top ten black markets that did not also rank among the top ten markets for all consumers, however” (Humphreys, 2004).

According to Jeffrey Humphreys (2004), “this vibrant consumer market is wide spread; and in 2004, the five largest African American markets account for 37.2 percent of black buying power. The five states with the largest total consumer markets account 37.7 percent of the total buying power. Similarly, the ten largest black markets account for 61.2 percent of the African American market and the ten largest total consumer markets account for 55.9 percent of total buying power.”

Humphreys (2004) claims, in order for the top ten states ranked by the rate of growth of black buying power over 1990-2004 are Minnesota (302 percent), Nevada (299 percent), Utah (264 percent), Idaho (233 percent), Vermont (207 percent), Georgia (206 percent), Arizona (196 percent), Delaware (172 percent), and Washington (167 percent). All have flourishing markets, but only Georgia appears on both the “largest” and “fast-growing” top ten lists. The combination of size and growth rate makes Georgia an especially attractive and dynamic African American market. Nationally, the percentage gain in black buying power from 1990 to 2004 will be 127 percent.

“Due to differences in per capita income, wealth, demographics, and culture, the spending habits of African Americans as a group are not the same as those of non-black consumers (e.g., white and other races combined). The most recent *Consumer Expenditure Survey* data (for 2002) indicated that the average black household spend in total only 72 percent as much as the average non-black household. The values are for money income,

which differs somewhat from total buying power, but nonetheless offers some insights into spending by black consumers” (Humphreys, 2004).

Although African Americans have a lower average income, they tend to spend more on telephone services and shoes. A higher portion of their incomes are spent on children’s apparel; TVs, radio, and sound equipment; personal care products and services; women’s and girl’s apparel; and major appliances. They average the same portion in spending on outlays of furniture, household operations, shelter, gasoline and motor oil, life insurance, and cash contributions” (Humphreys, 2004).

Blacks tend to spend fewer amounts on the following: entertainment, health care, reading materials, household textiles, and small appliances.

However, Humphreys (2004) states, “this survey indicates that blacks households are only slightly larger than the average non-black household (2.7 persons for blacks versus 2.5 persons for whites and others). Black households are more likely to have children under 18 (0.9 persons for blacks versus 0.6 persons for whites and others) and slightly less likely to have persons 65 and over (0.2 persons for blacks versus 0.3 persons for white and other households). Blacks are approximately the same number of wage earners per household (1.3 wage earners) as white and other households (1.4 wage earners), but have only 1.3 vehicles per households compared to 2.1 vehicles for white and other households. There is a substantial gap in homeownership rates, suggesting a possible opportunity for market expansion in the years ahead. The data indicates that 48 percent of blacks are homeowners compared to 69 percent of white and other households. Among homeowners, 67 percent of blacks have mortgages compared to 61 percent of whites and others.”

Jeffrey Humphreys, director of The Selig Center has provide a wealth of information on black buying power, although I will discuss similar findings of what others have stated about black buying power.

According to Sally Rainey (2001), African-Americans make up approximately 12-13% of the population, and have from \$320 to \$500 billion dollars in spending power (Brown 174). They make up a small amount of the American population but in terms of dollars you cannot afford to ignore this market. African-Americans, in general, tend to be younger than most Americans, have lower household incomes, and be in single parent families (Hawkins, Best, and Coney 151). This is a generalization though, and 13% or more of African-Americans have incomes of \$50,000 (McLaughlin 101). This percentage is steadily rising, as the mean income for African-Americans is raised by several different factors, the most important being educational level.

Rainey (2001) also said, "the majority of African-Americans still lives and spends in the south and in urban areas, but studies show that the African-American population is growing quickly in the West and Midwest (Gallop-Goodman 14). States such as Nevada, Colorado, Utah, and Arizona have all seen more than 100% increases in African-American buying power, and rapidly increasing consumer markets (Gallop-Goodman 14). The southern states will be increasing but the numbers are more impressive than the percentages. According to Roderick Harrison, director of DataBank at the Joint Center for Political and Economic Studies in Washington D.C. said, blacks are moving to metro areas of some southwestern states, which are the fastest growing areas in the country" (Gallop-Goodman 16). The basic

numbers are as such: North Carolina and Maryland, 120,000 in the next five years, Georgia, Florida, and Texas, 250,000 in the next three.”

Target Market News, a Chicago-based research firm that tracks black spending patterns provides consumer expenditure data (see chart below), which tracks a listing where blacks spend more of their income from 1999 to 2003.

<b>Consumer Expenditure</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Apparel, Products, and Services</b>	\$21.2 billion	\$24.7 billion	\$22.3 billion	\$22.9 billion	\$23.0 billion
<b>New Cars &amp; Trucks</b>	\$43.2 billion	\$31.3 billion	\$30.1 billion	\$46.7 billion	\$32.6 billion
<b>Entertainment and Leisure</b>	\$2.2 billion	\$2.3 billion	\$2.4 billion	\$2.5 billion	\$2.7 billion
<b>Sports &amp; Recreational Equipment</b>	\$942 billion	\$392 million	\$550 million	\$386 million	\$900 million
<b>Transportation, Travel and Lodging</b>	\$5.1 billion	\$5.3 billion	\$5.5 billion	\$5.1 billion	\$4.8 billion
<b>Telephone Services</b>	\$12.7 billion	\$12.3 billion	\$13.0 billion	\$13.6 billion	\$14.4 billion
<b>Personal Care Items</b>	\$4.9 billion	\$5.2 billion	\$5.2 billion	\$6.2 billion	6.5 billion

<http://www.targetmarketnews.com>

Majorie Whigham-Desir (1996) states, "while corporate America benefits from the dollars African Americans spend, we haven't done enough to leverage that spending clout. The fact is that, once harnessed African American dollars +can be the difference between profit and loss for any consumer product on the market today. Even more important: Given our current socio-political climate, aside from our voting power, our buying power is the only major leverage we have left. If we can't speak to American business and government's bottom line, they simply will not listen."

Darlene Edwards-Beacham, president of the Black Consumer Organization of America (BCOA) says, "Black spending power has been largely ignored". "There has been no voice to take a pulse and provide collective data on the black consumer so that that information gets disseminated. We underestimate the power we do have. We need to figure a way to muscle that power" (Whigham-Desir, 1996).

Whigham-Desir (1996) note punishing negative behavior, such as with boycotts, is not a substitute for encouraging positive behavior. It's how we make our spending decisions when there is no boycott that counts. To be taken more seriously by American business, an increasing number of public policy, business and community leaders believe, Black Americans must begin to forge a "conscious" consumer agenda.

Like other consumer groups, African Americans must demand diverse and better quality products offered at competitive prices that meet their individual needs and interests, and they should expect to find these goods conveniently located near where they live.

However, Whigham-Desir (1996) believe as African Americans, we must also establish expectations for how we can leverage the value of our dollars. After we know that we've found the right product at the right price, with an acceptable level of customer service,



we need to ask ourselves: What percentage of the dollars we spend will be used to boost the sales of black-owned companies who may manufacture, distribute, wholesale or retail this product or service? What proportion will be used to advertise this product or service in the black-owned magazines, newspapers and other media outlets, which speak directly to my interests and concerns? What percentage will use to create jobs for African Americans in general and black professionals, managers and executives in particular? What percentage will be used to support the communities, organizations, charitable causes and public policies, which are important to African Americans? Implicit in the above criteria: The necessity for African American to spend a higher proportion of their income with those businesses that demonstrate clear and sustained support for African American interests.

### **MARKETING TO AFRICAN AMERICANS**

Foxworth (1994) states, “marketing to African Americans is not really a new wave, however, until recently the lack of awareness, and in-depth knowledge about the African American market was just ignored.” During slavery time, Africans were put on the auction block to be market off to slave owners. Aunt Jemima (African American woman) pancake mix was created in the late 1800’s. “She was the most battered woman in the world” (Foxworth, 1994). Today millions of households have used Aunt Jemima products, whether it is Aunt Jemima pancake mix or Aunt Jemima syrup.

Another product that was introduced back in the 1940’s was Uncle Ben’s Converted Brand Rice. The original Uncle Ben’s (African American) was a rice farmer from Houston, Texas. He harvested some of the best rice kernel, which he received honors for his rice. Other rice farmers tried to duplicate Uncle Ben’s rice; however, they were unsuccessful

(Foxworth, pgs. 48, 49). At your local grocery store, in the rice isle you will find several products by Uncle Ben's. My family uses this product at least once a week. Uncle Ben's the Converted Brain Rice!

In the late 20th century and into the 21<sup>st</sup>. century, Fortune 500 companies are beginning to take notice of the African American market. Statistics have traditionally shown that black households spend more time watching television than any other non-household. So what is the best channel to use to advertise or market to African Americans, television, radio or both? Black owned advertising agency handle about 33 percent for advertising that's created to appeal to the African American market.

There are billions of dollars used to reach the black market. Why? African Americans have the most buying power. Until recently African Americans were considered to be the largest ethnic group with a population of 12-13 percent in the United States. According to the U.S Census Bureau, African Americans is the second largest ethnic group, while the Hispanic population leads with 16 percent and the Asians population is at 6 percent. African Americans are the second largest ethnic group; however, they are the largest consumer group in America with the most buying power.

"The sad irony, however, is that despite the large amount of money that blacks spend with most companies, in upwards of \$300 billion yearly, many companies have not represented black's spending with near equal levels of employment, contract opportunities, promotions to management level positions, etc., despite ample evidence that they should" (Franey, 1996, pg. 7).

Many companies have ignored the African American market; however, they should know that the African American consumer keeps their company surviving. Some companies may feel that no matter what, the African American consumer will always buy their products from these companies. Let's see if African Americans were to organize a boycott like they did in 1955 when Rosa Parks was the result of the Montgomery Bus Boycott. I'm willing to bet you that these companies will come to realize that African Americans are their backbone and you would see these companies advertising and marketing to every need of the African American consumer. These companies would have black representation all across the board in their corporations. However, the author thought a boycott like the Montgomery Bus Boycott; will never happen in the African American community, but it did.

So where's the Black consumer power? According to Franey (1996), in 1990, the city of Miami, FL, the black community declared a nation-wide economic boycott against Miami's \$7 billion dollar tourism industry. It took 16 months for the boycott to come to an end, with an agreement to negotiate, and in the process, the boycott cost an estimated \$50 million in lost revenues—primarily the result of lost black business—conventions, conferences, etc.

As the boycott ended, the agreement was that Miami's business community had to commit to black economic empowerment by providing loans, bonding, insurance and private contracting opportunities for black businesses—things many blacks believe should have been made available a long time ago. Commitments for scholarships, internships, job training and financial aid for black students seeking careers in the multi-billion dollar Miami tourism industry, were also part of the agreement. A \$250,000 donation for 125 scholarships to train

black students, and a deposit of \$2.5 million into Florida's only black-owned bank, were also among other initiatives (Franey, pg. 69).

While touring the United States, former anti-apartheid leader and former South African President, Nelson Mandela visited the city of Miami, FL. While there, five Cuban American mayors refused to officially welcome Mr. Mandela. The boycott began shortly there after. It tarnished Miami's image around the world, for people began to see it as a sign of divided community. The boycott demonstrated that African Americans have an enormous economic impact on the tourism industry. According to some reports, says the Miami Herald, the city went almost one year without booking a single convention (Franey, 1996).

What is the lesson here, asked Franey? He says, "When companies and organizations don't perform adequately, or do not treat black's concerns with respect, they may find-out that today's blacks, however, grudgingly, will use their economic clout, which can have a strong effect on virtually any organization economically. And today, unlike the past, blacks are much more likely to financially use that clout, especially against large, exploitative entities." (Franey, 1996, pg. 69)

It has been known historically and traditionally, blacks simply spend their money with white-controlled companies and receive little in return. This gave little thought to the economic stimulus process, or the economic clout, which they wielded (Franey, 1996).

During the 1980's, African Americans had limited representation on television. Why? Many corporations believe that they would buy products from corporations regardless, if they were to market products to them or not.

Marketing to African Americans can mean big businesses, why? African American buying power is estimated to be 688 billion dollars. This resulted in an increase of middle

class, educated blacks, having positions of high salaries, like doctors, lawyers, athletes, hip-hop moguls, politicians, authors, and the list can go on.

Franey (1996) states, “why the African American market can mean big business. First, businesses have ignored the fact African Americans are their bread and butter. Secondly, African Americans are businesses largest consumers. Thirdly, many companies may feel that they have less black patronage, and more black consumers are loyal than any other ethnic group when it comes to purchasing good and services. Targeting the African American market can mean big business; the bottom line is that it’s all about the “Benjamin’s” – the money and about power.”

What are some of the benefits when marketing to African Americans? According to Eric Franey (1996), African Americans are generally loyal to those entities, groups or organizations that reach out to blacks, are not driven by racism, greed or prejudice. This is largely why so many corporations around the country began to sponsor African Americans activities and promotions, and have engaged in more ethnic promotions types of activities, than ever before.

Franey (1996) lists specific benefits, which can be expected as a result of properly marketing to African-Americans and stimulating their interests are:

- *Product /Customer Loyalty.*
- Spending exceeding general market spending patterns.
- Receptivity.
- A handsome return on advertising, marketing and promotions investments.
- More “recession proof” than traditional markets.

- African Americans are loyal patrons to those who put forth effort and necessary resources to make them feel welcome and respected by an organization.
- African Americans are among one of the fastest growing segments of the population.
- African Americans are the largest ethnic group in the country (up until year 2000, Hispanics is now the largest ethnic group).
- African Americans are one of the largest consumer groups in the country, and are the largest consumer group in many product classifications.

“The African American market can bring wonderful fruit to creative entrepreneurs and managers who go after this market skillfully. For even in such unlikely markets as the black hair care industry, where retail sales are approximately \$1 billion, according to the American Health and Beauty Aids Institute in Chicago, IL roughly only one-third of that is spent with black-owned companies, who have set-up shop in this industry” (Franey, pg. 35).

“The African American market in the United States has been quietly growing in size and sheer economic strength for a number of years now. And blacks traditionally did not realize that due to the lack of corporate respect, their power was not in spending or buying merchandise but in their ability to save and invest. If many blacks become more conservative with their spending, and scale back often semi-luxurious life styles, then you would quickly realize Black America become an Economic Powerhouse in the Light” (Franey, pg. 36).

Maybelline, a small cosmetic company, whose revenues is \$400 million plus, comparison with other giant cosmetic companies like Revlon, Procter and Gamble and Cover Girl. Maybelline decided to venture out and market a product that specialize in products for

African American women or women of color. According to Maybelline, black women spend more than \$600 million on makeup annually, and black consumers spend three times on average what whites consumers do for cosmetics. Maybelline name the product line “Shades of You”. Maybelline reported that 69 percent of African American women uses “Shades of You” and their mascara is the number one seller among black women.”

The automobile industry is a multi-billion dollar market. In 1994, the Wall Street Journal reported blacks alone spent approximately \$12 billion just in the United States on car and truck sales. This includes both new and used vehicles (Franey, pg. 37).

The big automakers, such as, Ford, Chrysler, Toyota, Nissan, and Honda have developed a diversity department within their companies to market their cars to minorities. Even the luxury automakers (Infinity, Lexus, and Mercedes) have targeted the minority market. You will find these advertisements on television when airing African-American award shows and sitcoms (Steve Harvey Show, Black Entertainment, Soul Train Awards, and Essence Awards). Also, the automakers have targeted African American magazine publications, like the Black Enterprise, Jet, Ebony and Essence.

Target Market News states that Nissan has announced it is launching the Infiniti division's first-ever marketing campaign designed to speak directly to African Americans. ... Entitled, "Infiniti in Black," the yearlong campaign will bridge the luxury auto line and contemporary culture through the voices of emerging talents. All creative for this campaign was designed by Nissan's transcultural agency TRUE, located in Playa del Rey, California.

Scott Fessenden, director of Infiniti Marketing for NNA says, “Infiniti values the African American community as an important customer. With the 'Infiniti in Black' campaign,

we hope to showcase significant achievements the African American community has made to the arts.”

According to Infiniti, each two-month phase of the campaign will highlight a form of artistic expression that captures the personality of one of five featured Infiniti vehicles. During each phase, the automaker will partner with a "modern African American innovator," an emerging talent whose vision represents the personality and attributes of its respective Infiniti model.

This campaign will kick-off with "A Portrait in Black" featuring the G35 Coupe and acclaimed African American artist Kehinde Wiley. Infiniti partners with Wiley in the debut of his first museum exhibition, "Passing/Posing" at the Brooklyn Museum of Art. Wiley's exhibit will display a wide range of art from French Rococo to contemporary hip-hop culture.

Watching television commercials and reading magazines, the authors created a chart below, of corporations that market and target their businesses to the African American consumer. It would be in the best interest for African Americans to research the companies and at what level are African Americans represented in these corporations.

<u>Food</u>	<u>Cosmetics</u>	<u>Alcohol</u>	<u>Apparel</u>	<u>Automobiles</u>	<u>Soft Drinks</u>
McDonalds	Revlon	Miller Brewing Co.	Sears	Ford	Coca-Cola
Burger King	Cover Girl	Budweiser Beer	JC Penny	Chrysler	PepsiCo
Sara Lee	Maybelline	Hennessey	Hanes (underwear)	General Motors	Sprite



Taco Bell	Avon	Absolut Vodka	Fruit of the Loom	GMC	Mountain Dew
General Mills	Clairol		Nike	Toyota	
Wrigley's Gum	Proctor and Gamble	Crystal (champagne)	Reebok	Nissan (Infinity)	
Tyson's Chicken	Pantene Pro V (shampoo)	Seagram's Gin	Wal-Mart Stores	Mercedes- Benz	
Kraft Foods	Oil of Olay	Christian Brothers	Ralph Lauren	Honda	
Nestlé's Crunch	Gillette (razors)		Timberline Boots	Oldsmobile	

<u>Telecommunications</u>	<u>Insurance Companies</u>	<u>Tobacco</u>	<u>Hallmark Cards</u>	<u>Electronics</u>
Verizon Wireless	All State	Salem	Mahogany Cards with Maya Angelou	Radio Shack (Shaquille O'Neal)
AT&T	Met Life	Kool		
Bell South	Prudential	Newport		

### African-American Celebrity Endorsers

Marketing to African Americans is not a new phenomenon. The number one brand company, Coca Cola in the early 1950's saw a market potential to use images like, Alice Coachman, the first black woman to win an Olympic gold medal. Decades later, more African Americans are now featured in advertisements across a spectrum of industries like automotive products, athletic shoes, clothing, cosmetics, fast foods, soft drinks and telecommunications, to name a few. You may recognize celebrity faces from Michael Jordan and Halle Berry to Shaquille O'Neal and Chris Rock, who are making their way onto billboards, magazines and across TV screens, pitching products from Nike and Revlon to Pepsi and AT&T for mass consumption (Gray, 1997).

Gray (1997) states, "while the increasing number of black images may seem impressive on surface, we need to look at what corporations are really doing to attract black dollars. Only we can determine if these companies are reaching out to us and decide if this effort translates into a deeper commitment to African Americans and our dollars."

A sex symbol of 1970's, Bill Dee Williams advertised the popular Malt Liquor Colt 45, and legendary boxer; Muhammad Ali combated the strength of roach spray. Another sports hero was "Mean Joe Green", in exchange gave a little kid his Pittsburgh Stealer Jersey for a quenching thirst of Coca-Cola.

Today, advertisers no longer pitch celebrities to advertise for pesticides and brews. They look to endorse a variety of wares. Regardless of their race, Tiger Woods and Venus Williams are the reigning king and queen of endorsements. The greatest NBA basketball player of all times, Michael Jordan has dominated the world of celebrity endorsements. He has endorsed Nike shoes, Hanes underwear, hotdogs, and cologne (Alleyne, 2002).

“Although, African-American endorsement deals are still connected to sports apparel and fast food, we’re also seeing black celebrities endorse more fashion products, automobiles, and general market beauty products. Among the black celebrity endorsers are: George Foreman hawks a hot-selling, eponymous grill; Lil’ Kim and May J. Blidge push M.A.C. makeup; Star Jones is the spokesperson for Payless Shoes; Brandy and Queen Latifah endorse Cover Girl (the latter also endorses Absolut and Reebok); and Halle Berry pitches for M&M’s and Revlon” (Alleyne, 2002).

Alleyne (2002) claims that an advertiser's goal is to reach an audience who will purchase its product and to develop a relationship with that audience to engender brand loyalty. "Celebrities are a quick read," offers Kay Humphries, associate creative director at E. Morris Communications Inc. in Chicago. They quickly communicate the message.

The beverage industry has had its share in marketing to African Americans. Mark Rooks, Pepsi senior marketing manager of multicultural marketing said, “it’s truly vital to our customer base. "Not only does that celebrity bring new value, excitement, or humor but they bring an energy and memorability that you don't get sometimes with non-celebrity advertising." Over the years, Pepsi has used and continues to use a number of African American celebrities for general market and targeted advertising, including O'Neal, Blige, Berry, Wyclef Jean, and Busta Rhymes, who did a targeted campaign for their Mountain Dew product. Damon Wayans is currently endorsing Pepsi's Aquafina to the general market.

“Black celebrity endorsers speak to two objectives: They deliver the message better to black target markets than their white counterparts, and for some, because of their exceptional celebrity status, they effectively communicate to the general market as well” (Alleyne, 2002).

## **THE MEGADEALS**

Michael Jordan, Tiger Woods and Venus Williams, reigns as the top celebrity endorsers and all three are at the top of their game. They are popular sports figures that happen to be African Americans, however, being an African American does help in their popularity.

The fact is that Tiger and Venus happens to dominate a sport that is predominately and historically white (tennis and golf), which says they also have stories that can significantly impact an endorsement, said Alleyne.

Avon, a 115 year-old international cosmetic company has sign the two sisters, Venus and Serena to team up and endorsed Avon's "Let's Talk" campaign. They deliver a powerful message of sisterhood who share their success stories both on and off the court. This deal makes them the first-ever celebrity spokesperson for Avon (Alleyne, 2002).

"Tiger fever has not only pushed golf's TV ratings to an all-time high, Nike golf balls, since the company signed Woods in 1996, have seen a \$50 million revenue growth. Nike's golf line grossed more than \$250 million in annual sales" (Alleyne, 2002).

Kel Devlin, director of sports marketing for Nike Golf in Beaverton, Oregon said; Tiger Woods definitely influences sales. There was a great deal of speculation with Nike getting into the golf business. [Some thought] that it wasn't going to be authentic, but I think we've proven people wrong and Tiger has definitely been the foil for us to do that. We were able to grow at a time when the rest of the industry was flat.

"Woods' first contract with Nike was worth \$40 million. In 2000 he renegotiated a five-year contract estimated at \$125 million" (Alleyne, 2002).

Bob Williams, president of Burns Celebrity Sports said, "Jordan often gets credit for pushing the limits on endorsement deals. Burns Celebrity Sports is a 20-year-old firm that represents companies in sponsorship contracts with celebrities. "Michael made advertisers come to terms with the fact that, in today's market, consumers are colorblind." But even more than that, Bob and others agree that Jordan was also very savvy in establishing himself as an effective vehicle for advertisers" (Alleyne, 2002).

According to news source, Alleyne (2002) states, "Black sports celebrities have been dominant among celebrity endorsers for several reasons, with performance topping the list. It's the reason stars such as Woods, whose endorsements with Nike, Buick, Rolex, Titleist, and American Express will bring him close to \$1 billion collectively when you include his golf winnings; Michael Jordan, whose endorsement deals total more than \$40 million; and Venus, who reportedly signed an unprecedented five-year, \$40 million contract with Reebok in 2000, have snagged megadeals."

Carol H. Williams, CEO of her self-titled advertising agency in Oakland, California states, "a lot of companies have recognized entertainment, beverage, fashion, and music [as hotbeds of consumerism and] if they don't get this dollar, they will not have a business in the future. It's the reason so many mass marketing agencies have become interested in black advertising agencies. It's why so many mass market advertisers have sought to own these properties, so they can say they have an expertise [in minority marketing] and keep that dollar."

"She also believes that just as much as the African American demographic is leading in terms of spending, they are also making better decisions about how and with whom to spend their money" (Alleyne, 2002).

Tom Joyner, who is also known as the “fly jock” and the hardest workingman in radio, is the host of his syndicated radio show, The Tom Joyner Morning Show. Tom says, “understanding the power and potential of such influence. It’s time that more advertisers realize it as well. We [The Tom Joyner Morning Show] reach a whole lot of black people on a regular basis, and with that reach, we have a responsibility to serve the community”(Alleyne, 2002).

Through the Tom Joyner Foundation, Tom contributes to HBCUs (Historically Black Colleges and Universities) by hosting an annual cruise to the Caribbean islands. Presently, Tom has endorsement deals with McDonald's, Southwest Airlines, General Motors, Coca-Cola, Nokia, and Kmart. These corporations contribute to HBCUs through The Tom Joyner Foundation (Alleyne, 2002).

Oldsmobile and Tom Joyner along with The Tom Joyner Morning Show, teamed up to do a campaign, called Oldsmobile Drives the Vote, which ran for years to push voter registration and gave away cars to people who registered. “And sure enough the needle moved,” Tom said that Oldsmobile went from obscurity among black people to being Number three among black people (Alleyne, 2002).

Alleyne (2002) refers to a list of top ten African American celebrity endorsers. The information came from advertising agencies, marketers, agents, and news sources to determine the biggest and most influential players.

**(1) TIGER WOODS**

Having taken endorsement deal negotiations into the next stratosphere, he has re-energized the sport of golf and the sale of its products at the same time. He speaks for Nike, Titleist Buick, American Express, and Rolex among others. It is estimated that he averages \$54 million in endorsements a year.

**(2) VENUS WILLIAMS**

Women receive marginal recognition in sports as endorsers. This tennis dynamo has achieved two firsts: receiving a \$40 million contract from Reebok, the largest amount ever paid to a female athlete; and leading the "Let's Talk" campaign with sister Serena as the first celebrity spokespeople for Avon.

**(3) MICHAEL JORDAN**

He's granddaddy of the endorsement deals. Name the category. Jordan's endorsed everything from sporting goods to men's cologne--successfully and without overexposure or blurring brands. A savvy businessman as well as champion baller, he still has marketing appeal and averages \$40 million a year.

**(4) SHAQUILLE O'NEAL**

He's a dominant player with a clean image and a solid history on the courts. That continues to be a draw for marketers. He has endorsed a number of products including Pepsi, Reebok, and Taco Bell. His current endorsements are Swatch, Nestle's Crunch, Starter, Radio Shack, and Burger King. .

**(5) ALLEN IVERSON**

Considered a "bad boy" in the NBA, questionable images usually don't fly with marketers. But even with current legal issues, he is so baaad on the court and so popular with the youth, advertisers can no longer ignore his appeal. His \$100 million lifetime Reebok deal is a strong indication that he is bankable.

**(6) KOBE BRYANT**

Like Jordan, he brings the ratings. Like O'Neal, marketers--and consumers--like him. But the L.A. Lakers guard has a reassuring style, good looks, and presence all his own that could seal a future of lucrative contracts. His endorsement deals already include McDonald's, Spalding, Adidas, and Sprite.

**(7) SERENA WILLIAMS**

With her sister, Venus, she has already positioned herself as a power broker in endorsement negotiations with Avon and Wrigley's. After rejecting Puma's flat fee deal, she negotiated payment to tie directly to her ranking. She was ranked at 400 then. Today (at this writing) she is No. 1.

**(8) GEORGE FOREMAN**

You believe him when he talks to you and you believe he's talking directly to you. The Meineke spokesman has had contracts with a variety of fast food companies and has sold more than 10 million Lean Mean Fat-Reducing Grilling Machines since signing with the manufacturing company.



**(9) JAMES EARL JONES**

The voice of Verizon, he's one of a select group of celebrities whose voice carries as much--or more--recognition (and therefore, worth) than his presence. He also reminds millions of television viewers that they are tuned into CNN, the cable news network of AOL Time Warner.

**(10) TOM JOYNER**

The popular talk show host draws ratings, crowds, and is a motivator. Therefore, he's selective, which spikes the potential for his worth as an endorser. Many of his contracts have been negotiated to also support his foundations. His endorsements include McDonald's and Nokia.

Another magical megastar who is magically known around the world is Earvin "Magic" Johnson. The National Basketball Association (NBA) drafted Magic in 1979 by the Los Angeles Lakers. He began and ended his NBA career with the Lakers, playing thirteen seasons.

NBA History (2004) found the following:

Magic Johnson was a member of five championship teams. He won the Most Valuable Player Award and the Finals MVP Award three times each. Johnson was a 12-time All-Star and a nine-time member of the All-NBA First Team. He surpassed Robertson's career assists record, a mark he later relinquished to John Stockton (another NBA basketball player). He won a gold medal with the original Dream Team at the 1992 Olympics in Barcelona." He has created an empire, the Magic Johnson Development Corporation, which comprise of five distinct enterprises. They are Magic Johnson Theatres, Starbucks Coffee, TGI Friday's, Washington Mutual, Inc. and Canyon-Johnson Urban Fund. In a later segment of my thesis research, the author will discuss Magic Johnson Foundation. Out of the five, three corporations have targeted Magic Johnson to endorse their products – TGI Friday's, Washington Mutual, Inc. and Starbucks Co" (WWW user survey).

### **Hip-Hop Generation**

*The author grew up during rap era and included her personal insights on the history of rap music from late 1970's to 1980's, as additional information to the research is presented.*

The hip-hop generation is a culture of America's urban youth. It is a way of dressing, speaking and behaving in a certain manner; it's about being hip or cool. It is an "all about me" attitude. Hip-hop culture was evolved around rap music. Rap music was created by African American youth from the South Bronx, New York back in the late 1970's, 1980's. It is characterized as rhyming lyrics that are chanted to a musical beat. In some cases the words in the rap music portrays the dark side of urban life with gangs, which are associated with violence, materialism and drugs. As most music, rap/hip-hop music is a form of expression by urban youth.

The roots of hip-hop can be traced to a DJ name, DJ Kool Herc. Herc was a turntable genius back in the mid-1970. This culture formed into break dancing, graffiti art and deejaying was a sure part of this culture. Hip-hop remained in the dark until the late 1970's. As a teenager growing up in the late 1970's in Paterson, New Jersey (urban area) the author first heard rap music entering her freshman year of high school. The first rap group was named "The Sugarhill Gang", which consisted of three young men from New Jersey. They were Wonder Mike, Big Bank Hank and Master Gee. While rap music had existed long before these guys, they are considered to be the pioneer of rap music. Their first rap song was titled "Rappers Delight". In 1979 "Rappers Delight" was number 39 on the Billboard charts. The author believes this is how rap artist coined the term, a rapper. A rapper is an artist who raps about social and political issues of their time.

In 1982 another rap group appeared on the scene, this group was name Grandmaster Flash and the Furious Five. Their rap song titled “The Message” was the first rap song to showcase outside of the urban area, the ghetto. “Flash and his friends come from the most ravaged urban neighborhood of the 1970’s, world-famous for its recent ruins, and still reputedly the poorest congressional district in the United States. Flash chants in an unnervingly clear diction that forces us to hear more than we may care to know; his voice is rich in emotional color, and its strongest moments it evokes Marvin Gay” (Berman, 1993).

The lyrics to the song, “The Message” begins: “It’s like a jungle/sometimes it makes me wonder/how I keep from going under.” Then Melle Mel (the other group member) takes us on a neighborhood tour: broken glass everywhere, people pissing on the street like they just don’t care; he can’t stand the pain, can’t stand the noise, got no money in my pocket, so I got no choice.” Rats in the rooms, junkies in alleys with baseball bats; predatory repo men; good girls tuned into bag ladies; lousy schools; kids, cynical before they’re ten, who want to be drug dealers because it’s the only admired vocation; youths who go from “unemployed” to “Pretty Boy Floyd” to corpse in cells, so young. On and on, myriad horrors are pressed into a couple of minutes. The rapper sounds close to hysteria but driven to press on. His chorus warns: “So don’t push me, cause I’m close to the edge/I’m not trying to loose my head.” Then the jingle, the despair, once more—a riff about girl pushed in from of a train but given a new arm, and one about a dying man given a new heart. The chorus is repeated. Then a collage of street sounds, culminating in a police siren a (Black) cop’s order for everybody to freeze, the car taking them all away; the street is empty in the end; only the beat goes on.” “This rap song “The Message” became an instant classic, endlessly quoted, parodied, and sampled, says Berman.

Berman (1993) states, “that at the same time, rap is a product of the late twentieth century, not only in politics and economics, but in art. Rap operates according to the basic principles of twentieth century art, collage and dissonance. It scrambles things; it does the police in different voices. Collage and dissonance account for much of rap’s power as a culture form, and help to explain why many people all over the world who don’t know a word of English can “get it” right away”.

Berman (1993) suggests that rap has a special relationship to Jews. Realistic writers like Arthur Miller, Grace Paley; the Bernstein-Sondheim-Laurents team that created West Side Story; the aged, blacklisted screen writer Daniel James, who transformed himself into the young Chicano novelist Danny Santiago; et al.) Note, too, that the word “ghetto” is our word, imported from Venice to designate the neighborhood where Jewish refugees from Spain and Portugal were welcomed--but also were locked up and isolated from the rest of the city. The ghetto is at once an unbearable prison and a fountain of creativity.

During the Regan years, rap music was the best music that hit the streets; it was not just a cultural form, but rap as an honest dollar. Many people thought rap music would never last on the streets. They said this kind of music would never attract white kids in the suburbs and suburban malls, where the big bucks were. White kids buy and listen to rap music more than Blacks and Latino kids. Surprisingly, rap music turn out to be the market biggest asset. Charlie Ahern’s Wild Harry, Harry Belafonte and David Picker’s, showcased two low budget movies, Beat Street, which featured many rappers in one of America’s poorest city, the South Bronx (Berman, 1993).

During the 1980's entrepreneurs appeared and started their own independent rap labels: Sugarhill Gang by veteran R&B singer, Sylvia Robinson who's well known for the song titled "Pillow Talk", Tommy Boy by Tom Silverman, and Def Jam by Russell Simmons and Rich Rubin. Russell Simmons brother, Joey Simmons, a.k.a. as Run was part of the rap group, Run DMC. They were from Hollis Queens, a suburban part of Long Island. Out of the three entrepreneurs, Russell Simmons was the most creative entrepreneur in rap history and still is today. Russell Simmons has taken rap music from the ghetto to the street corners around the globe. Def Jam (record label own by Russell Simmons) had started a touring schedule, where they performed in videos and fashion appearance. They created the style of the "B-Boy look". This was a style of attitude. They wore leather jackets and leather pants, Kangol hats and Adidas, a name brand sneaker, where people who wore Adidas sneakers did not tie their shoelaces completely. Many people suspected that there would not be a market for this fashion style. Let truth be told, its still here to stay.

According to Berman (1993), midway through the 1980's, Simmons and Rubin orchestrated a brilliant crossover move that integrated rap with the "metal" music that was sweeping the white suburbs. The 1985 hit "Walk this Way", a Run-DMC collaboration with Aerosmith, and the rap album "Raising Hell," not only expanded rap's musical possibilities by giving it a tremendous background "wall of sound," but also created a market setting in which Black kids could rap to a curious, enthusiastic, and enormous white audience. Now hundreds of groups of rhythmic and angry Black kids from all over the country were getting into the ballgame, and some pretty smart and hot white kids as well. (The Beastie Boys, Jewish kids from Stuyvesant High School, gained overnight celebrity as rap's Marx Brothers.)

And the message to the biggest media conglomerates—Columbia and Time/Warner most of all—was clear: Rap music could be a gold mine.

Since hip-hop popularity and success from the original pioneers of rap music, critics have argued that this culture is just a fad for the moment. Surprisingly, that after twenty-five years later, it has become more than a musical phenomenon. Young people around the globe have embraced this culture. It's no longer a black thing: white youths purchase more hip-hop CD's than any other consumer group.

“In fact, hip-hop music sales made up 89.2 million, or 11.7%, of the 762.8 million albums sold in the U.S. in 2001—ranking it the third bestseller behind rhythm and blues and alternative music, according to SoundScan, A White Plains, New York-based firms that monitors U.S album sales. At an average of \$12 per CD, that's more than a billion dollars in hip-hop music sales alone. The hip-hop economy slumped in 2001 when the U.S slid into recession, but sales were more robust in 2000, totaling 101.5 million of the 785.1 million albums sold in 2000 for a total of 1.2 billion. When these revenues are combined with clothing, film, and television revenues, the market grows exponentially” (Hughes, 2002).

Hughes (2002) also states, “the hip-hop economy: from New York to Nepal, hip-hop has become America's leading culture export. Across the globe, it's changing how businesses are marketing their products.” It has increased the sale of products, if the rapper mentions the name of the product in one of his tunes (Mercedes-Benz, Rolex watch). This all started out when the rap group Run DMC title songs was name “My Adidas”, again a name brand product. Everyone during the author's time, especially black males were wearing Adidas sneakers. Adidas became a popular sneaker in the early 80's. Russell Simmons, who is considered the Godfather of hip-hop, convinced the executive of the athletic shoemaker

(Adidas) to sponsor Run DMC on tours. At that time Nike and Reebok was another popular sneaker. Today Nike still remains a number one sneaker. Just take a visit to the urban areas and you will see that kids are wearing different styles of Nike and Air Jordan sneakers. Today, the author only wears Nike sneakers; she loves the colors in the sneakers. Hip-hop has been known to increase sales from any product that is out on the market, for example, two-way pagers, cell phone to Nike sneakers, as young consumers see their favorite hip-artist sporting its latest fashions.

“The success of the Run-DMC/Adidas partnership led to rappers, officially and unofficially, endorsing products. In 1994, when rapper, Snoop Dogg’s “Gin and Juice hit the charts, sales for Tanqueray Gin went up 10%. Riding that wave, Absolut Spirits Co. executive Carl Horton successfully introduced Seagram’s “Gin and Juice product. Other liquors mentioned in rap songs include “Henny” (a.k.a Hennessy) “Dom P.” (a.k.a Dom Perignon), and Crystal Champagne. In the beginning of 2002 Sean “P. Diddy” Combs and Busta Rhymes released a song titled “Pass the Courvoisier,” celebrating an upscale brand of cognac” (Hughes, 2002).

Hip-hop moguls and major companies have had great success when these companies begin to advertise to today’s young consumer. Hughes (2002) some \$150 billion was spent in advertising in 2001, according to Wilkosky Gruen Associates, a media, entertainment, and telecommunication research firm. Most of that money--\$53.5 billion worth- - was spent on network television spots, with the remainder split between cable TV, radio, newspapers, magazines, and the Internet. “Advertising tends to follow popular culture, and clearly rap has built a popular following,” says Jeffrey Logsdon, an analyst at Gerald Klauer Mattison and

Co. “And to utilize that, either from a talent standpoint or a music standpoint, furthers the hope of an advertiser identifying with an important segment of the population.

In the 1990’s many of these rap artist decided to venture out and become entrepreneurs. They started owning their own record labels and even branch out into the apparel business. This is something African American rhythm and blues groups did not concur in becoming entrepreneurs in the 60’s, 70’s and 80’s. Today you can find urban youths, other ethnic youths and white youth’s wearing apparel from hip-hop moguls (rappers) and other fashion icon designers. Designers like Timberland, (who is known for their work boots) Tommy Hilfiger (who is known for his colors red, white and blue) and Ralph Lauren (who is known for Polo shirts, jeans, and cologne). Today, one of the latest styles is wearing baggy jeans/pants and oversize white T-shirts.

Karl Kani who is known as the Godfather of hip-hop fashions, Russell Simmons who is known as Godfather of hip-hop, along with several other hip-hop moguls decided to venture out and become a dominant player in the apparel industry. These entrepreneurs are selling large in the urban apparel business and they are making a mark on Fashion Avenue, (a.k.a. 7<sup>th</sup> Avenue, NYC) and Madison Avenue (where most top advertising agency are located) and around the world.

Jeffrey McKinney (2002) lists the leaders in urban fashion, which created the hottest trends and how these dominant players are leading the fashion runway:

**Karl Kani**, is the CEO of Karl Kani Infinity, Inc., the company was founded in 1989. “His gross sales in the apparel and accessories in year 2001 were \$77 million. His fashions consist of men’s sportswear, loungewear, footwear, women’s sports wear and loungewear.



“His apparel and accessory lines can be found in stores like Macy’s and Dr. Jay’s (Dr. Jay is a former basketball player of the NBA Philadelphia Seventy Sixers) retail stores.

**Russell Simmons**, is the CEO of Phat Farm along with his wife **Kimora Lee Simmons** who runs the couture line of Baby Phat. Their company was founded in 1992. “The company gross sales in 2001 were \$175 million. The apparel and accessories line consist of men’s sportswear, cologne, deodorant, sneakers, outerwear, hats, underwear, women’s sportswear, dresses, outerwear, lingerie, children’s sportswear, outwear”(McKinney, 2002). You can find Phat Farm and Baby Phat fashions in their own store Phat Farm NYC/Montreal and other Federated department stores like Macy’s and Bloomingdale’s.

**Rapper Jay-Z** and his business partner **Damon Dash** is the CEO of Rocawear. Rocawear was founded in 1999. Their gross sales in 2001 were \$150 million. Their apparel and accessories lines consist of men’s women’s, children sportswear, outerwear and hats. Their couture line can be found in stores like Macy’s Dr. Jays’ and is available in other countries, France, Germany Austria, England, Japan and Canada.

Hip-hop mogul and entertainer, **Sean “P Diddy” Combs** who owns his own record label, Bad Boy Entertainment has ventured in the apparel industry in 1998. His couture line is Sean John, which has reported gross sales of \$250 million in 2001. This fashion mogul is leading the runway on Seventh Avenue. His line does not only cater to the hip-hop culture, but to other age groups as well. His fashions consist of men’s and boy’s sportswear, hats, underwear, outerwear Big and Tall men swear. You can find his fashions at Macy’s Bloomingdale and Dr. Jay’s.

Four young African American men (Daymond John, J. Alexander Martin, Carl Brown and Keith Perrin) who are neighborhood friends founded FUBU, which stands for For Us By

Us in 1992. FUBU took the fashion industry by storm. They created an urban apparel line, which define the look of young America. Their headquarters is located in the Empire State Building. Now there you are talking some clout. They were recognized in 2000, when another rapper by the name of LL Cool J was wearing a baseball cap with FUBU logo. The CEO is Daymond John. McKinney (2002) states, their gross sales in 2001 were ‘\$380 million’. Their apparel and accessories line consist of men’s women’s and children sportswear, footwear, outerwear, swimwear, watches and suits. Their fashions can be found in Nordstrom, Macy’s Dillard’s Foot Locker and Dr. Jay’s.

**Rapper “Master P”**, whose real name is Percy Miller has taken on No Limit Enterprises. His business includes, music, clothing, film, television programming, real estate and fashions. Master P has taken his learning skills and followed how big corporation’s runs their business. He’s even hired African American M.B.A.’s to help him manage his business venture.

Other rappers like Snoop Dogg, Busta Rhymes and even Jennifer Lopez have developed their own apparel line or lent their names to other advertising markets. Jennifer Lopez has her own cologne fragrance line and owns a restaurant. Busta Rhymes and Snoop Dogg have appeared in films and television commercials.

Hip-hop is a multi-billion dollar music, fashion and entertainment industry, it survives by bringing in money for corporations. We hope this enlightens Americans and those around the globe of what life is like in the United States (Chideya, 2004).

Chideya (2004) states, “Hip-hop has never been a pure form of urban protest, or an equally pure form of startup capitalism. Instead, its’ been an amalgam of both, incorporating the desires of Black Americans to move up in the economic mainstream as well as express our

views. And that means...what? It means that the realities of contemporary money-making regularly bump up against political action and activism.”

“Writer Bakari Kitwana wrote the seminal book “The Hip-Hop Generation,” (Basic Civitas, 2002). “Hip-hop has been promoted with our collective image as a generation,” Kitwana told BlackAmericaWeb.com. “The most effective way [to move forward] is to move hip-hop into the arena of politics. The question is who is the power broker and what is the agenda” (Chideya, 2004)?

Russell Simmons has added his multi-million dollar voice and has pushed Hip-Hop Summit Action Network (HHSAN) in making headlines for combining the energy of political activism and hip-hop. By doing this, he bring big names like Sean “P Diddy” Combs to rallies around New York’s mandatory minimum Rockefeller Drug Laws, the HHSAN has built up its reputation of leveraging celebrity for political causes (Chideya, 2004).

Another area rappers have ventured out and into is “Lights! Camera! and Rappers!” It is the television and film industry. They have taken Hollywood by storm. Here again the hip-hop economy is having a great impact on the movie industry. With rappers starring in Hollywood films, rappers bring hordes of blacks, whites and Latinos moviegoers to urban and suburban theaters.

“Moreover, rappers usually appear on a film's sound track, enabling producers to use hip-hop music to market the movie as well us generate hefty ancillary revenues through CD sales (see chart). Asserts filmmaker Michael McCants about the tie-in between marketing and casting: “[Studios] get to knock off two birds with one stone” (Spruell, 2002).

Spruell (2002) hip-hop’s influence in film can be traced as far back as 1982 when the rap classic Wild Style, starring Fab Five Freddy and the Rock steady Crew, was released. But

movies didn't become commercial vehicle for hip-hop artists until 1985 with the release of *Krush Groove*. Loosely based on the genesis of rap mogul Russell Simmon's Def Jam Records, the movie was designed, in part, to promote then fledgling acts LL Cool J and Run-DMC. The movie's smash success was quickly followed by such fare as *Beat Street*, which featured Doug E. Fresh and DJ Kool Herc, and *Disorderlies*, which starred the Fat Boys in a hip-hop equivalent of *The Three Stooges*. Those films, however, were mostly targeted to African American audiences. And at that point, hip-hop's impact on mainstream films had been limited to rap music on motion picture sound tracks.

Spruell (2002) list top 25 films featuring Hip-hop artist:

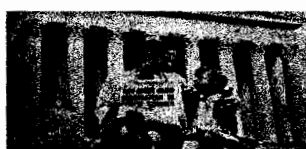
<u>Hip-Hop Artist</u>	<u>Title Films</u>	<u>Film Gross</u>	<u>Year</u>
Will Smith	Independence Day	\$306 million	1996
	Men in Black	\$251 million	1997
	Wild Wild West	\$114 million	1999
	Enemy of the State	\$112 million	1999
	Bad Boy	\$66 million	1995
	Ali	\$58 million	1995
Fredo Star	Save the Last Dance	\$91 million	2001
LL Cool J	Any Given Sunday	\$76 million	2000
	Deep Blue Sea	\$74 million	1999
	Halloween H2O	\$55 million	1998
Busta Rhymes	Shaft	\$70 million	2000
	Finding Forrester	\$52 million	2000
	Higher Learning	\$38 million	1995
Ice Cube	Boyz N the Hood	\$66 million	1995
	Anaconda	\$66 million	1997
	Three Kings	\$61 million	1991
	Next Friday	\$57 million	2000
	Higher Learning	\$38 million	1995
Ice T	New Jack City	\$48 million	1990
Queen Latifah	Set It Off	\$36 million	1997
	The Bone Collector	\$67 million	1999
Method Man	How High	\$31 million	2002
DMX	Romeo Must Die	\$56 million	2000
	Exit Wounds	\$52 million	2001

Sean "P. Diddy" Combs	Monster's Ball	\$31 million	2002
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<http://www.questia.com>

As the Hip-Hop Economy continues to increase and the culture makes its mark throughout many industries, as I'm sure it will, companies plan on setting new trends and defining how the business mainstream markets its products.

### **What Impacted the Increase in Buying Power for African Americans?**



#### **Education:**

On May 17, 1954 marked a historical moment (especially for African Americans) in time when Brown vs. Board of Education celebrated it's 50<sup>th</sup> Anniversary last year (2004). Brown v. Board of Education (1954) was a United States Supreme Court landmark case that settled the question of whether or not blacks and whites can receive an education integrated with or separate from each other. The 'separate but equal' doctrine of Plessy v. Ferguson was overturned in 1896. This concept stated that separate public facilities of equal quality do not violate the equal protection clause of the Fourteenth Amendment of the Constitution, which reads ("Brown v. Board of Education Issue: Racial Segregation in Public Schools WWW user survey", 2004).

"Section 1. All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or

property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws” (“Brown v. Board of Education Issue: Racial Segregation in Public School (WWW user survey”, 2004).

Brown v. Board of Education case involved, an eight year old black child, Linda Brown who had to cross Topeka, Kansas to attend grade school, while her white friends were able to attend classes at a public school just a few blocks away. The Topeka School system was segregated on the basis of race, and under the separate but equal doctrine, this arrangement was acceptable and legal. Linda's parents sued in federal district court on the basis that separate facilities for blacks were inherently unequal. The lower courts agreed with the school system that if the facilities were equal, the child was being treated equally with whites as prescribed by the Fourteenth Amendment. The Browns and other families in other school systems appealed to the Supreme Court that even facilities that were physically equal did not take into account "intangible" factors, and that segregation itself has a deleterious effect on the education of black children. Their case was encouraged by the National Association For the Advancement of Colored People (NAACP) and was argued before the Supreme Court by Thurgood Marshall, who would later become the first black justice on the Supreme Court” (“Brown v. Board of Education Issue: Racial Segregation in Public Schools WWW user survey”, 2004).

Former United States Supreme Court Judge, Thurgood Marshall (1908-1993), said “the only way to get equality is for two people to get the same thing at the same time at the same place.”

"Today, education is perhaps the most important function of state and local governments. Compulsory school attendance laws and the great expenditures for education both demonstrate our recognition of the importance of education to our democratic society. It is required in the performance of our most basic public responsibilities, even service in the armed forces. It is the very foundation of good citizenship. Today it is a principal instrument in awakening the child to cultural values, in preparing him for later professional training, and in helping him to adjust normally to his environment. In these days, it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education. Such an opportunity, where the state has undertaken to provide it, is a right which must be made available to all on equal terms" ("Brown v. Board of Education Issue: Racial Segregation in Public Schools WWW user survey", 2004).

"We come then to the question presented: Does segregation of children in public schools solely on the basis of race, even though the physical facilities and other "tangible" factors may be equal, deprive the children of the minority group of equal educational opportunities? We believe that it does." ("Brown v. Board of Education Issue: Racial Segregation in Public Schools WWW user survey", 2004).

The Brown vs. Board of Education was a turning point for African Americans to attend schools regardless of one's race. Franey (1996) states, "that this case is the result of why "today, more college-educated blacks and black professionals exist than at any other time in the U.S. history, shattering all stereotypes and myths, and more scholars and professionals are turning-out everyday, at least until Congress decides to pull the plug on certain types of education funding, which is already being attempted

covertly. According to the U.S. Department of Education's National Center for Education Statistics, as of 1993, more than 1.4 million blacks were enrolled in colleges and universities. At least 58% were enrolled in 4-year colleges and universities."

He also states, approximately 3 million blacks currently have college degrees. More than a half million have master's degrees, approximately 100,000 have PhD's, and approximately 100,000 have professional degrees, such as lawyers for instance. And of course, all of these people are coupled with the more than 4.5 million blacks that have at least some college under their belts, with several hundred thousand of these people being well-read, self-educated persons with master's degrees from the University of Experience. But regardless, despite black's educational and social attainments, unfortunately, many of their incomes still do not match their educations, intellects, or the incomes of whites with the same levels of educations and experience. In fact, many blacks with college degrees still earn less than whites with only high school diplomas. So are blacks and whites really considered equals?"

### **Income**

The quality of life has increased for African Americans, which was the result of an equal opportunity to receive an education like everyone else in America. They also feel better off financially than they did a year ago ("The Wealth of the Black Family WWW user survey", 2004).



The Joint Center for Political and Economics Studies recent survey presents a snapshot of its finding:

- Poverty among blacks dropped this year to lowest level on record.
- Median incomes jumped 4.3 percent last year after inflation to \$25,050, meaning the typical black family had an extra \$1,000 in 1997.
- Fifty-one percent of black families in the survey said they were better off financially than they had been in the previous year, compared with 32 percent of whites reporting that result.
- Only 9 percent of blacks said they were worse off than in the previous year, while 17 percent of whites said they were worse off.

According to *The Wealth of the Black Family* (2004), the income gap of black-white is steadily closing. Sure enough sounds like black folks are moving on up. Their buying power expands toward an expected \$500 billion by the end of 1999.

The National Urban League's annual report, "The State of Black America 1998" reported that how much of what you earn truly have to do with what you are worth. This clearly shows it's not all about what you make, but what you keep. It is about wealth.

In 1999, the Census Bureau reported that African Americans saw a record increase in their incomes. That year the median income for African American households rose to \$27,910, the highest income ever for black household. The number, however, pales in comparison to the median income for White Americans or all households, which were \$42,504 and \$40,816, respectively (Barnes, 2001).

Dr. Daniel H. Weinberg, chief, Housing and Household Economic Statistics division, U.S. Census Bureau states, “increases in income and declines in poverty were widespread in 1999. Across the board, median household income adjusted for inflation increase 2.7%. This is the highest level we have ever measured” (Barnes, 2001).

Barnes (2001) said according to the Census Bureau’s findings show that as general income rises, people statistically move out of poverty. Therefore, Bernadette Proctor who is statistical assistant with the Census Bureau’s Poverty of Health Statistics branch says, “we established 45 different thresholds to measure real poverty. We adjust and upgrade the threshold based on the consumer price index, so a rise out of poverty is a real rise out of poverty.”

Marjorie Whigham-Desir (1996) states, “African American buying power has increased along with other income. While we still don’t have as much money as the average American – the average American household income is \$43,133, versus \$29,259 for black households – the gap narrow when we’re college educated and/or married. And college educated black women are doing it for themselves, edging out white, college educated, female-headed households” (Whigham-Desir, 1996):

Average household income

Married couples, both college graduates

(all races): \$86,340

Black: \$73,443

White: \$87,126

Female-headed households, college graduates

(all races): \$43,086

Black: \$43,486

White: \$42,685

### **African American Entrepreneurship**

During the early 1900's, African Americans had to become entrepreneurs due to Jim Crow laws of segregation. "In the 1920's, the Greenwood section of Tulsa, Oklahoma was known as "The Black Wall Street". The Black Wall Street was a name given by the New York Financial District, Wall Street. The Black Wall Street was a thirty-five-block area of African Americans. It was a renowned entrepreneurial area, it was a prosperous black business district that was admired and envied by the United States. Black Wall Street was a thriving section of African Americans who owned banks, businesses, Oil Company, hospitals, bus lines, airplanes and a 700-seat movie theater. These citizens were lawyers, doctors, educators and millionaires. They made Black Wall Street tick. The "Jim Crow" laws forced these African Americans to do business in their own community of North Tulsa, Oklahoma. The African American dollar circulated within the Greenwood Avenue area, where it took three years for one dollar to leave this area. Today it takes one dollar to leave a predominantly African American community" (Patrick, 1999).

Although Jim Crow laws no longer exist in the late 1900's many African Americans decided to take plight and go into business for themselves. The Internet became another avenue for African Americans to start their own business as well. In the 1980's, 1990's and 2000 there were a lot of corporate downsizing. African Americans were getting downsize and the unemployment rate for African Americans increased, which for some resulted into business for themselves.

“Black entrepreneurs are optimistic about the economic future of Black America, in spite of the hardships many of them have before reaching success. They foresee a greater role that Black entrepreneurs will play in shaping the American Economy” (“Black Entrepreneurs Are Reshaping The Economy WWW user survey”, 2004).

George Fraser (2004), author and entrepreneur said, “one of the major impacts is the ability for more of our front line talent to go into business for themselves.” In Fraser’s acclaimed book, *Success Runs In our Race*, he writes, “this talent that many Black Americans have in common, is largely a product of what he refers to as the “civil rights/affirmative action generation.” He also writes, this generation has spent much of their professional career building the profitability of white-run businesses, instead of their own, he said. “That generation has gone full circle” and is now looking to start its own business network. One of the biggest impacts will be” Black Americans employing other African Americans. African Americans will thus become more like other groups, who hire their own routinely.

Kamau Auston list the six top African American Entrepreneurs as we take a look at some milestone in black economic history along with a lists some African American entrepreneurs who decided to take their own business at risk and became billionaires and millionaires.

(1) **Oprah Winfrey** - the first self-made black woman billionaire and is worth 1 billion.

She owns Harpo Productions (produces the Oprah Winfrey Show) and is one of the partners of the Oxygen Media, Inc

(2) **Robert (Bob) Johnson**, another billionaire. In 1991 Bob “founded Black Entertainment Television (BET) cable networks, takes 11-year-old BET Holding public, making it the

first black-owned and –controlled company traded on the New York Stock Exchange.

Bob is worth 1.5 billion”

- (3) **Shelia Crump Johnson**, (Bob Johnson former wife) is also worth 1.5 Billion dollars, who is also quite a businesswoman in her own right. Shelia is the first African American woman billionaire” (Austin, 2004).
- (4) **John H. Johnson** (Founder and Publisher of Ebony & Jet magazine) \$600 million.
- (5) **Bill Cosby** (Television) \$540 million.
- (6) **Bruce Llewelyn** (Coke-Cola Distributors) \$530 million.

The author has listed other known African American entrepreneurs:

- (1) **Michael Jordan** – Jordan (Air Jordan sneakers) and Michael Jordan Foundation.
- (2) **Earwin “Magic” Johnson** whose empire consist of five enterprises which comes under the Johnson Development Corporations, they are Magic Johnson Theaters, Magic Johnson TGI Friday’s, Urban Coffee Opportunities/Starbucks, Washington Mutual, and Canyon-Johnson Urban Fund.
- (3) **Sean “P. Diddy” Combs** – Hip-Hop mogul, owner of Bad Boy Entertainment, (record label) Justin’s Restaurant and Sean John (apparel wear).
- (4) **Russell Simmons** – owner of Def Jam (record label), Rush Communications, Phat Farm and Baby Phat (apparel wear)
- (5) **Jay Z and Damon Dash** – owner of Rocawear (apparel wear) and Roc-A-Fella (record label)
- (7) **Karl Kani** – Karl Kani Infinity, Inc. (apparel wear).
- (8) **Daymond John, J. Alexander Martin, Keith Perrin and Carl Brown** (neighborhood friends) are co-founders of FUBU.

(9) **Earl G. Graves, Sr.** (Founder and Publisher) Black Enterprise Magazine.

(10) **Edward Lewis** (Publisher) co-founder of Essence Magazine.

### **Population Growth**

The population growth of African Americans has had a major impact on its black spending power. African Americans make up 13 percent of the American population, but the numbers are increasing: from 1990 to 2001 the nation's black population grew by 17 percent, compared to 11.2 percent for the total population and 8.7 percent for whites alone, said Hubbard (2002).

More than any other demographic groups, the African American population is not only growing, it is more youthful. According to Census 2000, age 30 is the average median age for blacks in the United States, compared to 37 for whites (Hubbard, 2002).

“The black population is relatively young compared to the overall US population, says Humphreys. This means that as we move forward in time, large proportion of African Americans are entering the workforce for the first time and they are climbing the career ladder, and this adds to the economic growth of the African American community.

“The jobs they're stepping into are better than previously available. While the percentage of African American's with a college degree still lags – only 13 percent of blacks are college graduates, compared to 25 percent of whites and 42 percent of Asians – high school graduation rates for blacks have reached parity with whites, meaning more young blacks are eligible for decent-paying entry level jobs” (Hubbard, 2002).

## CHAPTER III

### DESIGN OF THE RESEARCH STUDY

#### Data Base Research

The author began gathering information for literature review through the Black Enterprise Magazine, the Internet and database reference materials. Questia database is an online library that covers books, newspapers, magazines, journals, and encyclopedias. The research has rendered a wealth of material on the buying power of Black America. Many topics the author came across were articles such as, "The Multicultural Economy 2004", "African Americans and Consumer Behavior", "Black Spending Power Tops \$630 Billion" and "Black Buying Power, White Economic Clout". The process of elimination of articles and reviewing articles were lengthy and a task of weeding out interesting articles. It was interesting reading many articles on what African Americans spend their money on and how companies pitch African American celebrities to endorse their products, which brought in major profits for companies. Questia database and the Internet provided to be a major resource and a solid base of literature to begin the research on the buying power of Black America.

#### Books

After researching database and Internet materials, the author came across two books; the first book is "Black America: An Economic Powerhouse in the Dark" by Eric Franey. This book provided a wealth of information on the history, education and marketing to African Americans. The second book is "Aunt Jemima, Uncle Ben's, and Ratus: Blacks in

Advertising, Yesterday, Today and Tomorrow. Aunt Jemima was a product that was introduced to America in the early 1900's and Uncle Ben Rice was introduced between 1940's and 1950's. This book investigates how blacks were portrayed in early American advertisement. For instance, today there is Michael Jordan on the front of Wheaties Cereal box. The National Urban League publishes annually "The State of Black America", which was another solid source of information for this study.

### Survey

The author distributed 75 surveys in hard copy form to African Americans. The distribution was done through family and friend, who distributed the surveys to colleagues. The survey was collected within one week of distribution and the author received a 100 percent return of 75 surveys.

The survey (see Appendix A) consists of a cover letter and two parts. Part I of the survey consist of ten statements. The Likert Scale (measurement of attitude) ranges from strongly agree to strongly disagree. The participants are instructed to circle the answers that best describes their attitude regarding the statement. For each statement, the participants choose one of the following answers that are listed. For example: "SA" for Strongly Agree; "A" for Agree; "N" for Neutral; "D" for Disagree; and "SD" for Strongly Disagree.

Part II of the survey, the author asked participants to provide information about their demographics. This part asked the participants to provide their Age (age range), Education, Profession and Gender. After collecting each survey, the author tallied the participant's answers and calculated the percentage totals of each response. A five-point scale is used as follows:



5 points (Strongly Agree) 4 points (Agree) 3 points (Neutral) 2 points (Disagree) 1  
point (Strongly Disagree).

## CHAPTER IV

### Survey Analysis

The survey used in this research investigates where and how African Americans leverage their buying power and invest it back into their communities. The survey is limited to ten closed statements and targeted to African Americans. The author suggested that each survey statement reflects and have influences on the buying power of African Americans in the United States. The tabulations were straightforward to summarize. Some participants wrote comments on the survey. One participant stated “equal access” was also important in addition to “respect” is the most important thing African Americans want as a consumer group. Another participant stated, “radio” is another forum to reach African Americans. Many of the participants live in suburban areas, where there are no or few African American businesses in their community. This limits the participants who live in suburbia to invest their dollars in African American businesses.

Survey results for the 75 participants (see table 1) suggest that the majority of participants are between the ages of 36-50 and showing the highest percentage of 49 percent. The second age groups were from the ages 21-35 participants with the second highest percentage of 28 percent. While 12 participants were between the ages 51 – 65 and showed a 16 percent response rate and five participants were ages 66 and up showed a 7 percent response rate.

The geographic location (live) showed that the majority of participants live in suburban areas, 40 responded with a 53 percent rate. As you can see, 33 participants live in urban areas, showing 44 percent and two living in rural areas while showing a 3 percent rate.

This table also indicated that most of the participants were college educated, 26 responded with a 35 percent rate, 24 respondents had a high school diploma, showing a 32 percent rate and eight had post graduate degrees with an 18 percent rate and three participants had other form of education, showing a 4 percent rate.

The majority of participants were in professions that are non-managerial positions, 36 responded, showing a 48 percent rate. Twenty-one respondents claim to have job titles of 28 percent rate, 15 mid-level managers showing a 20 percent rate and three at the executive level showing a 4 percent rate.

The survey showed 60 percent of females participated in the survey more than 40 percent of males participated in the survey.

Also the survey results (see table 2) suggests that eight out of ten questions, the participants strongly agreed and agreed to the statements versus three out of ten statements where the participants disagree and strongly disagree to the statements. Four out of ten statements, the participants were neutral in their responses.

## Survey Response Data

**Table II:**

Tabulated Survey Responses (75 participants)

SA (Strongly Agree) A (Agree) N (Neutral) D (Disagree) SD (Strongly Disagree)

**Part I:**

<b>Survey Statements</b>	<b>% Strongly Agree</b>	<b>% Agree</b>	<b>% Neutral</b>	<b>% Disagree</b>	<b>% Strongly Agree</b>
African Americans need to invest their dollars back into their community.	51% (38)	37% (28)	12% (9)	0 % (0)	0% (0)
African Americans leverage their buying power.	12% (9)	36% (27)	16% (12)	21% (16)	15% (11)
African Americans are more brand loyal than any other consumer group when it come to purchasing products.	44% (33)	28% (21)	20% (15)	8% (6)	0% (0)
You support African American businesses in your community.	32% (24)	44% (33)	15% (11)	5% (4)	4% (3)
The businesses in your community invest their dollars back into your community.	8% (6)	10% (8)	35% (26)	32% (24)	15% (11)
Corporate America has increased its advertising focus on minority.	32% (24)	37% (28)	21% (16)	7% (5)	3% (2)
Respect is the most important thing African Americans want as a consumer group.	36% (27)	37% (28)	11% (8)	13% (10)	3% (2)
Television is the best forum to market to African Americans.	23% (17)	41% (31)	19% (14)	15% (11)	2% (2)
You purchase a product because an African American celebrity is endorsing the product.	1% (1)	15% (11)	16% (12)	45% (34)	23% (17)
You believe there are more African American entrepreneurs than ever before.	29% (22)	49% (37)	16% (11)	5% (4)	1% (1)

**Table I****Part II: Participant Profile Information****Age:**

- 21 – 35 – 21 respondents = 28%
- 36 – 50 – 37 respondents = 49%
- 51 – 65 – 12 respondents = 16%
- 66 and up – 5 respondents = 7%

**Geographic location (live):**

- Urban – 33 respondents = 44%
- Suburban – 40 respondents = 53%
- Rural - 2 respondents = 3%

**Education:**

- High School – 24 respondents = 32%
- College Degree – 26 respondents = 35%
- Graduate Degree – 14 respondents = 18%
- Post Graduate – 8 respondents = 11%
- Other – 3 respondents = 4%

**Profession:**

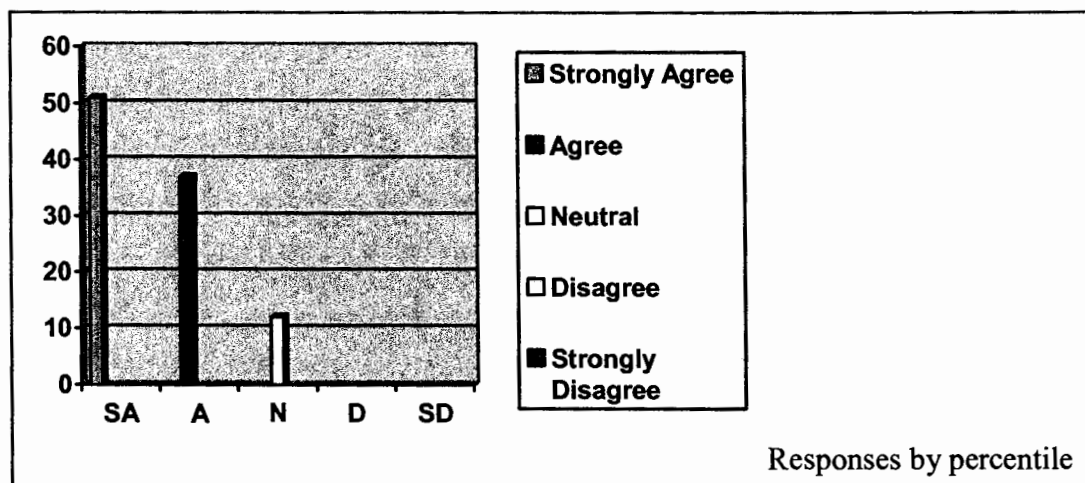
- Job Title – 21 respondents = 28%
- Non-managerial – 36 respondents = 48%
- Mid-level manager – 15 respondents = 20%
- Executive – 3 respondents = 4%

**Gender:**

- Female – 45 respondents = 60%
- Male – 30 respondents = 40%

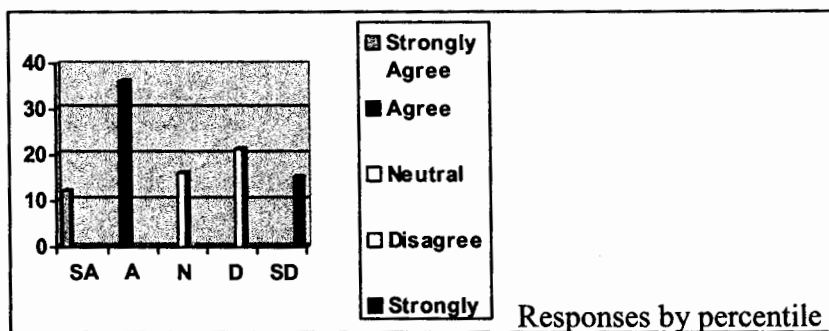
Results from the individual questions on the survey suggest the following analysis  
(See table 2)

**Statement 1: African Americans need to invest their dollars back into their community.**



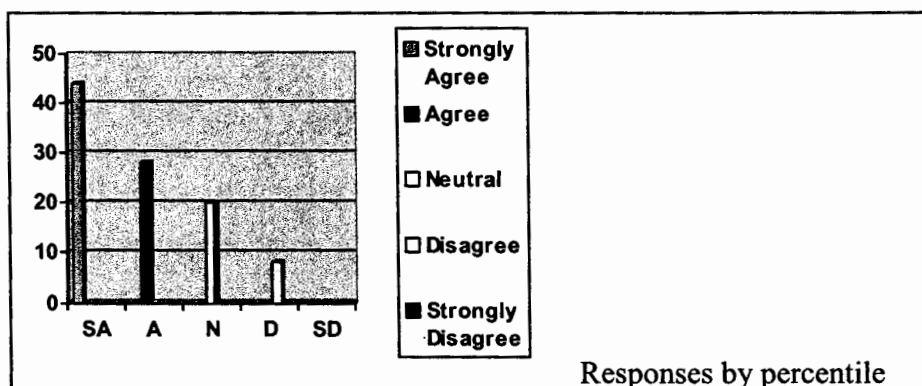
When looking at this statement, 88 percent who responded strongly agreed or agreed that African Americans need to invest their dollars back into their communities. This statement measured 4.38 on the Likert scale. The author's research found that historically African Americans invested their dollars back into their communities. In the early 1920's, African Americans who lived in the Greenwood section of Tulsa, Oklahoma circulated their dollars back into their community. This was a result of the Jim Crow Laws. Their dollar took three years to leave the Greenwood section community. Today, African Americans circulated their dollars outside of their communities. This could be for two reasons, one more upper middle class African Americans are moving to the suburbs, where there is little or no African American businesses and two, African Americans tend to purchase high end items, where they have to leave their communities to purchase some of the following: cars, apparel, sound equipment and major appliances.

**Statement 2: African Americans leverage their buying power.**



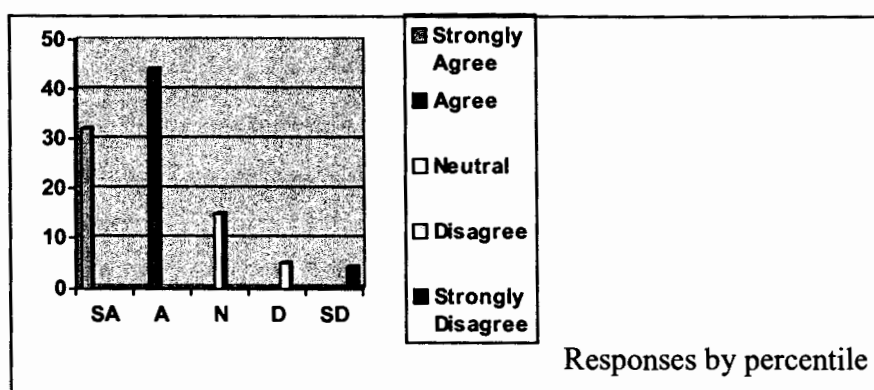
In evaluating this statement, 48 percent of the respondents strongly agreed or agreed. Research found that African Americans do not leverage their buying power. This statement measured 3.09 on the Likert scale. African Americans purchase items that are depreciable (hold no value). Majorie Whigham-Desir (1996) stated “while corporate America benefits from the dollars African Americans spend, we haven't done enough to leverage that spending clout. African Americans buying power is the only major thing we have left.” She also believes as African Americans, we must also establish expectations for how we can leverage the value of our dollars.

**Statement 3: African Americans are more brand loyal than any other consumer group when it come to purchasing products.**



Overall, 72 percent of the respondents strongly agreed or agreed that African Americans are more brand loyal than any other consumer group when it comes to purchasing products. This statement measured 4.08 on the Likert scale. Again, African Americans like to purchase name brand items, like FUBU, Phat Farm, Ralph Lauren, Tommy Hilfiger, Nautica and the list can go on. They feel that if an item is not a well-known brand name (as I mentioned above), then one is not making a fashion statement.

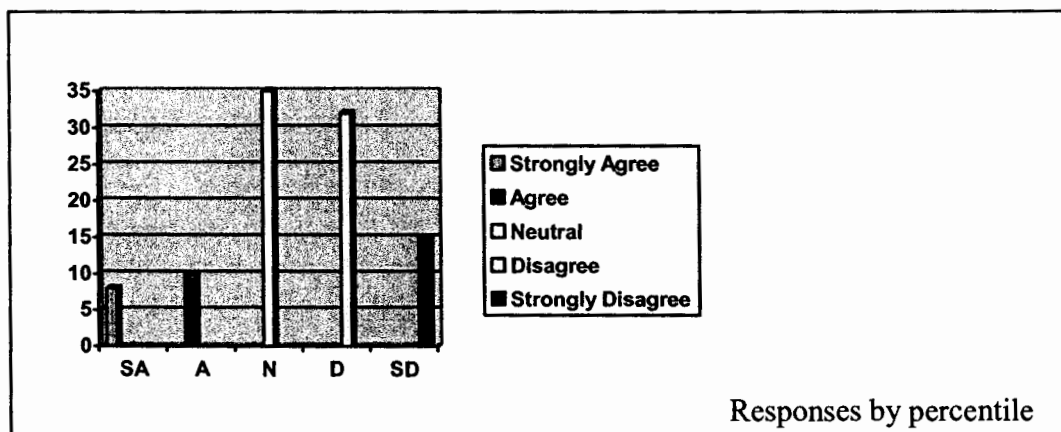
**Statement 4: You support African American businesses in your community.**



In this statement, 76 percent of the respondents strongly or agreed that African Americans support businesses in their community. This statement measured 3.94 on the Likert scale. According to the survey results most of the respondents live in the suburbs, where there is little or no African American businesses. Research shows that more African Americans live and spend in the south and urban areas.

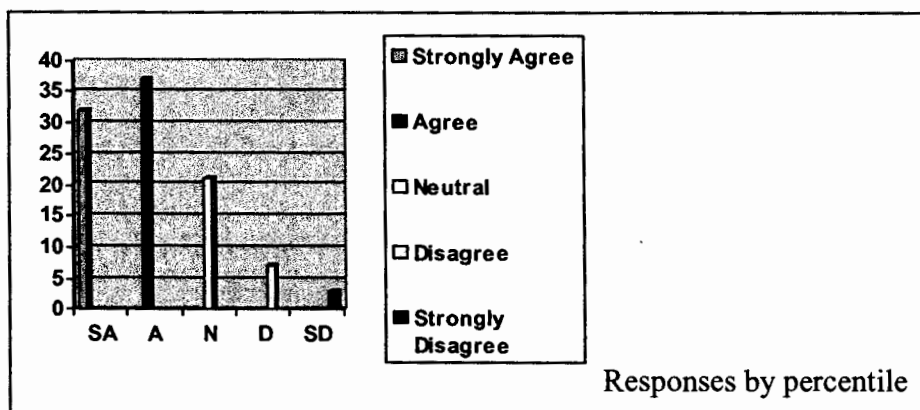


**Statement 5: The businesses in your community invest their dollars back into your community.**



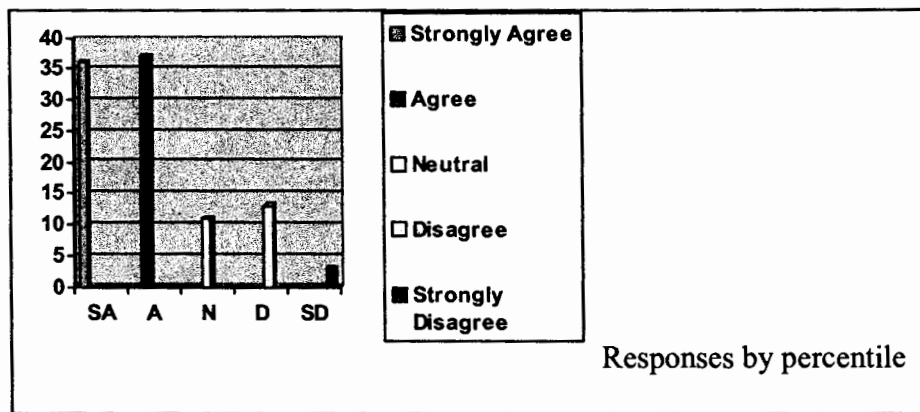
On the whole, 66 percent of the respondents were neutral or disagreed that the businesses in their community invest their dollars back into their community. This statement measured 2.65 on the Likert scale. The survey indicates that respondents are uncertain if the businesses invest their dollars back into their community. This information may become known if they were to conduct a business- to-business survey. According to research most businesses do not invest their dollars back into the black community.

**Statement 6: Corporate America has increased its advertising focus on minority.**



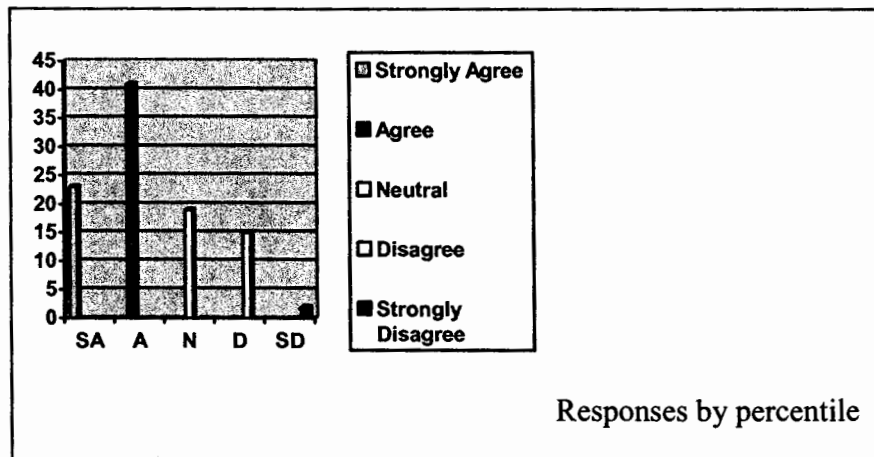
The survey results for this statement indicated that 69 percent of the respondents strongly agreed or agreed that Corporate America has increased its advertising focus on minority. This statement measured 3.92 on the Likert scale. One respondent stated, “there is more advertisement on the hip-hop generation.” More corporations are focusing their products that reflect their markets.

**Statement 7: Respect is the most important thing African Americans want as a consumer group.**



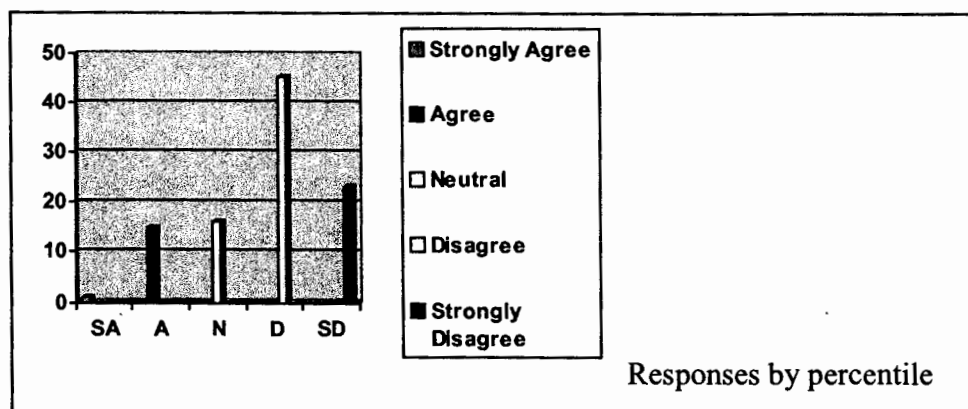
Overwhelmingly, 73 percent of the respondents strongly agreed or agreed that respect is the most important thing African Americans want as a consumer group. This statement measured 3.9 on the Likert scale. One respondent stated, “they want equal access in addition to respect as a consumer.” African Americans know that they are less represented in Corporate America and in other areas of businesses. African Americans keep Corporate American in business with their buying power.

**Statement 8: Television is the best forum to market to African Americans.**



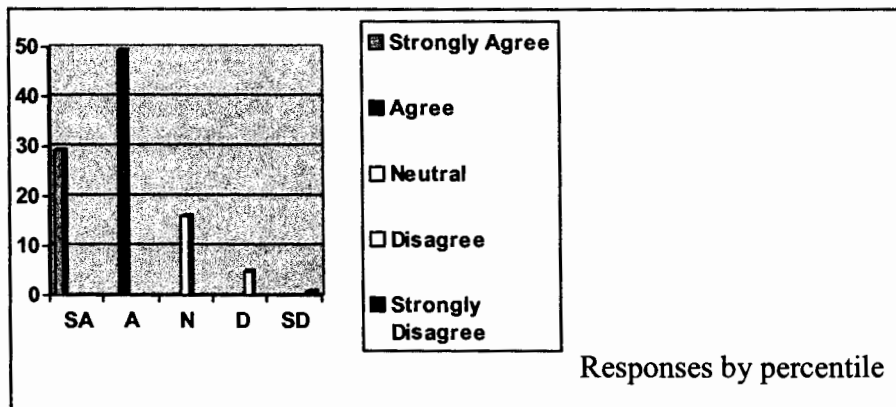
In viewing the results for this statement, 64 percent of the respondents strongly agreed or agreed that television is the best forum to market to African Americans. This statement measured 3.66 on the Likert scale. One respondent believes radio is also another forum to market to African Americans. Statistics shows that African Americans watch television more than any other race. Therefore, television may not be the only forum to market to African Americans.

**Statement 9: You purchase a product because an African American celebrity is endorsing the product.**



Assessing this statement, 68 percent of the respondents disagreed or strongly disagreed that they do not purchase a product because an African American celebrity is endorsing the product. This statement measured 2.26 on the Likert scale. At times African American celebrity endorsers can be an influence when it comes to purchasing products. Michael Jordan is a top endorser for Nike, and he has definitely influenced African Americans consumers and other consumers (especially the hip hop generation) in purchasing products like Nike sneakers. If you ride down some of America's predominately black neighborhoods (Newark, NJ), you will notice youngsters wearing Nike sneakers and or Nikes apparel. Michael Jordan has also developed and marketed his own sneaker line, Air Jordan's, where the hip hop generation has grossly purchased Air Jordan sneakers.

**Statement 10: You believe there are more African American entrepreneurs than ever before.**



In reviewing the results for this statement, 79 percent of the respondents strongly agreed or agreed that there are more African American entrepreneurs than ever before. This statement measured 4 on the Likert scale. During the 1990's many corporations began downsizing, which resulted in a high unemployment rate for African Americans. This could be one reason why many African Americans decided to go into business for themselves.

### Summary of Likert Ratings (75 participants)

Survey Questions	Rating
African Americans need to invest their dollars back into their community.	4.38
African Americans leverage their buying power.	3.09
African Americans are more brand loyal than any other consumer group when it come to purchasing products.	4.08
You support African American businesses in your community.	3.94
The businesses in your community invest their dollars back into your community.	2.65
Corporate American has increased its advertising focus on minority.	3.92
Respect is the most important thing African Americans want as a consumer group.	3.9
Television is the best forum to market to African Americans.	3.66
You purchase a product because an African American celebrity is endorsing the product.	2.26
You believe there are more African American entrepreneurs than ever before.	4

## Chapter V

### Summary and Conclusion

#### Survey Summary

The author distributed 75 surveys in hard copy form. This distribution was done through family and a friend, who distributed the surveys to colleagues. The distribution of surveys began on a Friday and 100 percent of all 75 surveys were returned and completed by the following Friday. The survey produced a positive feedback from the respondents, many of whom expressed a great interest in participating in the survey and asking to read the final thesis. The participants congratulated the author in completing her master's project. The intent of the survey was to see where African Americans can leverage their buying power and how they can invest their buying power back into their communities.

In statement one showed the highest percentage (88%) with 38 respondents. For statement two, which was the highlight of the survey, resulted in low respondent of strongly agreed or agreed. The wording of the statement should have provided more information and gave a clear understanding in what leverage means. Statistics have indicated that African Americans do not leverage their buying power. Which means, they do not invest in real estate property, build back into their communities and invest in the stock market. Any investment that produces a cash flow is leveraging its buying power. Due to historical events (Brown vs. Board of Education, Civil Rights Act, and discrimination) in the life of African Americans, they did not have equal access to capital as White Americans.

As in statement 3, 72 percent of the respondents strongly agreed that African Americans are brand loyal when it comes to purchasing products. As I have stated, African Americans like to purchase items that come with high price tags that are depreciable.

In statement 4, the survey found that most of the respondents live in suburban areas, where there are little or no African American businesses. Therefore, African Americans living in suburbia would do very little in supporting the African American businesses in their community.

Looking at statement 5, the respondents were uncertain if the businesses in their community invest their dollars back in the community. Most businesses do not invest their dollars back in the African American communities.

According to statement 6, the survey indicated that Corporate America have increased its advertising focus on minorities, 69 percent respondents strongly agreed or agreed this is true. Most of minority advertisement is geared towards the Hip-hop generation and more corporations are focusing their products that reflect their markets.

In statement 7 the survey indicated that respect and equal access is an important factor African Americans want as a consumer.

The survey results in statement 8 showed when it comes to marketing to African Americans, television and radio is the best forum in reaching the consumer.

In statement 9 many African Americans disagree that black celebrity endorsers is not the reason they purchase products. However, depending on the product, black celebrities can be an influence in purchasing a product, for instance, Michael Jordan is associated with the brand Nike sneakers and Air Jordan sneakers. As a sport celebrity, Michael has had an impact on youngsters in purchasing Nike products.

For statement 10 shows that there are more entrepreneurs than ever before due to corporate downsizing.

## **Conclusion**

It has been a journey in researching the state of Black America in terms of black buying power for the past fifteen years. I've found that Black America has had a significant progress since Brown vs. Board of Education and the Civil Rights movement removed barriers for integration, which has open up its doors to classrooms and job opportunities. The Brown's legacy has embodied many African Americans to enter into professions as doctors, lawyers, scientist, writers, business executives and other professionals who contribute to America's daily life - and the millions of others who will follow in the future. This is a result why blacks became productive and joined the middle class. The US Labor Statistics has indicated there are 2.7 million African Americans with college degrees. In our nation's history, there are more black elected officials than ever before. Former President Bill Clinton is the only president who has had the most black elected officials during his presidency. Today, President Bush has pointed two black top-elected official in his cabinet, they are Colin Powell, who served as Secretary of State and resigned in 2004 and former National Security Advisor, Condoleezza Rice, who has replaced Colin Powell as U.S Secretary of State. These two positions are the highest-ranking positions, after the president and vice-president. Indeed, African American executives now serve as chief executive officers of some of America's most prominent corporations. So, where does this take Black America in terms of their buying power?

The black buying power has increased significantly from 1990 to present. According to the Multicultural Economy 2003 reports that the black buying power is estimated be around 688 billion dollars. This amount will increase to 921 billion by 2008. During the early 1920's the circulation of the black dollar remain in the Greenwood section of Tulsa,



Oklahoma. This neighborhood was known as the “Black Wall Street”. The “Black Wall Street” was so prosperous, that mainstream America wanted to emulate the “Black Wall Street” success. Today, it takes one dollar to leave the black community in a heartbeat.

The Hispanic population is leading by 16 percent whereas the African American population has grown by 13 percent; however, African Americans have the largest buying power. Although, the African American population has increased at a faster rate than any other group, it continues to grow and is more youthful compared to the overall population in the United States.

African Americans tend to live and spend their money in the south and in urban areas. However, studies show that African Americans are beginning to venture out to the mid-west metropolitan areas. As far as their spending pattern, they focus spending their dollars on items that are depreciable, items like, telephone services, personal care products, children’s apparel, footwear and major appliances.

Although the African American population makes up a small percent of the American population, but in terms of their dollars, you cannot afford to ignore this market. Marketing to African Americans is not a new phenomenon. In the late 1800’s and 1950’s advertisers begin marketing their products using African American images, products like Aunt Jemima Pancake Mix and Uncle Ben’ Rice. Also Coca-Cola has saw a market to use potential images like, Alice Coachman, the first black women to win an Olympic gold medal. Advertisers today cannot help to ignore the African American market, why? Marketing to African Americans means big business, especially with the Hip-hop generation.

In the 1990’s, advertisers begin to pitch African American celebrities to endorse their products. They pitched these celebrities to deliver the message to the black market better than

white counterparts and their celebrity status can effectively communicate to the general market. Sports figures, like Michael Jordan, Tiger Woods and Venice Williams are the top celebrity endorsers, who happen to be at the top of their game in the sports they dominate, basketball, golf and tennis.

The Hip-hop generation is known as the young African American, they will be the economic vehicles that contribute to the growth of the black community. This generation spending power is the success of music, fashion and entrepreneurship. The Hip-hop generation and Hip-hop music has taken America by storm. In the late 1970's and early 1980's, Hip-hop roots can be traced back to the streets of New York City. Two rap groups that first emerged on the scene were Rappers Delight and Grand Master Flash and the Furious Five. In the mid 1980's rappers begin to appear in movies and commercials. People felt that rap music or Hip-hop music was just a fad. After 25 years, Hip-hop music is still around and young people around the world have embraced this culture.

What impacted the increase in buying power for African Americans? It was the start of the Brown vs. Board of Education legacy and the Civil Rights movement. The quality of life has increased for African Americans, which resulted in an equal opportunity for everyone to receive an education in America. Although, the Jim Crow Laws no longer exists, more African Americans decided to take plight and go into for themselves.

African American people stand on the shoulders of giants and many of them have paved the way for this race. Therefore, we have reaped the benefits of what has been done to our ancestors. Yet, we still have a long way to go in making a change in America and a better way of life for our youth. Black America, its time to leverage our buying power!

“Its been a long time coming, but I know a change is gonna come” (Sam Cook, songwriter).

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## Appendix A:

### *Survey*

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This survey is being conducted as part of my thesis research to complete a Master of Arts degree in Corporate and Public Communication at Seton Hall University.

The intent of this research is to see where African Americans can leverage their buying power and how they can invest their buying power back into their communities.

As the buying power of African Americans increases, corporations are starting to seek new strategies to appeal to this market. I am please to see that there are more African Americans being portrayed in media and print advertisements, but are African Americans really benefiting from their buying power?

For this research, the definition for buying power and leverage is:

Buying power – your net income you spend to purchase goods and services.

Leverage – the use of credit or borrowed funds to improve one’s speculative capacity.

All answers will be held in strictest confidence.

Thank you for your response.

Samina McGill  
Graduate Student  
Seton Hall University

**Part I:**

Please circle the answer that best describes your feelings, regarding the statements below. For each statement, choose "SA" for Strongly Agree; "A" for Agree; "N" for Neutral; "D" for Disagree; or "SD" for Strongly Disagree.

1) African Americans should invest their dollars back into their community.

A. SA      B. A      C. N      D. D      E. SD

2) African-Americans leverage their buying power.

A. SA      B. A      C. N      D. D      E. SD

3) African-Americans are more brand loyal than any other consumer group when it come to purchasing products.

A. SA      B. A      C. N      D. D      E. SD

4) You support African-American businesses in your community.

A. SA      B. A      C. N      D. D      E. SD

5) The businesses in your community invest their dollars back into your community?

A. SA      B. A      C. N      D. D      E. SD

6) Corporate America has increased its advertising focus on minority.

A. SA      B. A      C. N      D. D      E. SD

7) Respect is the most important thing African-Americans want as a consumer group.

A. SA      B. A      C. N      D. D      E. SD

8) Television is the best forum to market to African Americans.

A. SA      B. A      C. N      D. D      E. SD

9) You purchase a product because an African American celebrity is endorsing the product.

A. SA      B. A      C. N      D. D      E. SD

10) You believe there are more African American entrepreneurs than ever before.

A. SA      B. A      C. N      D. D      E. SD

**Part II:**

Please tell me about yourself...

Age:

21-35     36-50     51-65     66 and up

Geographic location (live):

urban     suburban     rural

Education:

High School  
 College Degree  
 Graduate Degree  
 Postgraduate

Other \_\_\_\_\_

Profession:    Title: \_\_\_\_\_ or  
 Non-managerial     Mid level manager     Executive

Gender:

Female     Male



**APPENDIX B:****Likert Rating Calculations****Statement 1: African Americans need to invest their dollars back into their community.**

$$\frac{(5 \times 38) + (4 \times 28) + (3 \times 9) + (2 \times 0) + (1 \times 0)}{75} = 4.38$$

**Statement 2: African Americans leverage their buying power.**

$$\frac{(5 \times 9) + (4 \times 27) + (3 \times 12) + (2 \times 16) + (1 \times 11)}{75} = 3.09$$

**Statement 3: African Americans are more brand loyal than any other consumer group when it comes to purchasing products.**

$$\frac{(5 \times 33) + (4 \times 21) + (3 \times 15) + (2 \times 6) + (1 \times 0)}{75} = 4.08$$

**Statement 4: You support African American businesses in your community.**

$$\frac{(5 \times 24) + (4 \times 33) + (3 \times 11) + (2 \times 4) + (1 \times 3)}{75} = 3.94$$

**Statement 5: The businesses in your community invest their dollars back into your community.**

$$\frac{(5 \times 6) + (4 \times 8) + (3 \times 26) + (2 \times 24) + (1 \times 11)}{75} = 2.65$$

**Statement 6: Corporate America has increased its advertising focus on minority.**

$$\frac{(5 \times 24) + (4 \times 28) + (3 \times 16) + (2 \times 5) + (2 \times 2)}{75} = 3.92$$

**Statement 7: Respect is the most important thing African Americans want as a consumer group.**

$$(5 \times 27) + (4 \times 28) + (3 \times 8) + (2 \times 10) + (1 \times 2) = 3.9$$

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75

**Statement 8: Television is the best forum to market to African Americans.**

$$(5 \times 17) + (4 \times 31) + (3 \times 14) + (2 \times 11) + (1 \times 2) = 3.66$$

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75

**Statement 9: You purchase a product because an African American celebrity is endorsing the product.**

$$(5 \times 1) + (4 \times 11) + (3 \times 12) + (2 \times 34) + (1 \times 17) = 2.26$$

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75

**Statement 10: You believe there are more African American entrepreneurs than ever before.**

$$(5 \times 22) + (4 \times 37) + (3 \times 11) + (2 \times 4) + (1 \times 1) = 4$$

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75