

The multicultural economy 2007

Jeffrey M. Humphreys

Backed by fundamentally strong national and regional economies, U.S. consumers will continue to have substantial but varying annual gains in after-tax income, which powers their spending on goods and services. The Selig Center's estimates and projections of buying power for 1990-2012 show that minorities — African Americans, Asians, Native Americans, and Hispanics — definitely share in this success, and together wield formidable economic clout. The numbers are impressive. In 2007, both the African-American market (\$845 billion) and the Hispanic market (\$862 billion) are larger than the entire economies (2005 GDP measured in U.S. dollars) of all but nine countries in the world.

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

cans, and Hispanics for the U.S. and all the states. Data are provided for 1990-2012. Majority — or White — buying power also is reported. [Researchers should note that multiracial buying power is estimated only as a residual, and therefore the estimates are not discussed and should be used very cautiously.]

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

It is not a measure of wealth, and it does not include what tourists spend during their visits. Unfortunately, there are no geographically precise surveys of annual expenditures and income of all the nation's major racial and ethnic groups. Even estimates of expenditures by race or ethnicity are difficult to find, especially for individual states and counties.

The Selig Center addresses this problem by providing estimates of African American, Native American, Asian, White, Hispanic, and non-Hispanic buying power from 1990-2007 for the nation, the fifty states, and the District of Columbia. Also, five-year projections (2008-2012) are provided for all groups. Estimates for Georgia's metropolitan areas and counties and for Florida's metropolitan areas and counties also are included. These current dollar (unadjusted for inflation) estimates and projections indicate the growing economic power of various racial or ethnic groups; measure the relative vitality of geographic markets; help to judge



business opportunities for start-ups or expansions; gauge a business's annual sales growth against potential market increases; indicate the market potential of new and existing products; and guide targeted advertising campaigns.

The estimates for 1990-2006 supersede those previously published by the Selig Center. The revised data for those years, as well as the preliminary estimates for 2007-2012, should be considered only as the first step toward a more comprehensive analysis of the market. Anyone considering the investment of substantial capital in a new enterprise, a new product line, or a new advertising campaign will need extensive feasibility analysis to determine market opportunities more precisely.

This book only reports buying power estimates and population data for 1990, 2000, 2007, and 2012, but annual data for the entire period, 1990-2012, are available on the CD that accompanies the full report.

Total Buying Power Statistics

The Selig Center projects that the nation's total buying power will rise from \$4.3 trillion in 1990 to \$7.2 trillion in 2000, to \$10 trillion in 2007, and to \$13

trillion in 2012. The percentage increase for 1990-2012 is 204 percent. From 1990-2007, total buying power will rise by 134 percent, which far outstrips cumulative inflation. (For example, the U.S. Consumer Price Index for All Urban Consumers (CPI-U) will increase by approximately 60 percent during the same period.) Total buying power will expand by 39 percent from 2000 through 2007, and by 30 percent from 2007 through 2012.

Diverse forces support this substantial growth. The 23-year span encompasses a mild recession in 1990-91, the longest economic expansion in the nation's history from 1991-2000, and another mild recession in 2001. As this is written, GDP again is expanding and the baseline assumption calls for moderate growth through 2012. Although U.S. buying power will grow, the state-level buying power estimates show an uneven expansion. Buying power is rising much faster in the Mountain and Southern states than in the Middle Atlantic and Central states. Ranked by percentage change in total buying power between 1990 and 2007, the top ten states are Nevada (298 percent), Arizona (230 percent), Utah (206 percent), Colorado (206 percent), Idaho (194 percent), Texas (192 percent), Georgia (176 percent), Wyoming (172 percent), New Mexico (172 percent), and Florida (166 percent).

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

Buying Power Statistics by Race

In 2007, the combined buying power of African American, Asians, and Native Americans will be \$1.4 trillion—nearly triple its 1990 level of \$452 billion—which amounts to a gain of \$909 billion or 201 percent. In 2007, African Americans will account for 62 percent of combined spending, or \$845 billion. Over this 18-year period, the percentage gains in minority buying power vary considerably by race, from a gain of 294 percent for Asians to 190 percent for American Indians to 166 percent for blacks. All of these target markets will grow much faster than the white market, where buying power will increase by 124 percent.

The combined buying power of these three minority racial groups will account for 13.6 percent of the nation's total buying power in 2007, up from 10.6 percent in 1990. This 3 percent gain in combined market share amounts to an additional \$297 billion in buying power in 2007. The market share claimed by a targeted group of consumers is important because the higher their market share, the lower the average cost of reaching a potential buyer in the group.

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TABLE 1

**U.S. Buying Power Statistics by Race,
1990, 2000, 2007, and 2012**

	Buying Power (billions of dollars)			
	1990	2000	2007	2012
Total	4,270.5	7,187.6	10,006.4	12,976.4
White	3,816.2	6,231.2	8,552.0	10,965.9
Black	318.1	590.2	845.4	1,134.9
American Indian	19.7	39.0	57.1	77.4
Asian	116.5	268.8	459.3	670.1
Multiracial	NA	58.3	92.7	128.1

	Percentage Change in Buying Power			
	1990-2007	1990-2012	2000-2007	2007-2012
Total	134.3	203.9	39.2	29.7
White	124.1	187.3	37.2	28.2
Black	165.7	256.7	43.2	34.2
American Indian	189.5	292.5	46.5	35.6
Asian	294.3	475.2	70.8	45.9
Multiracial	NA	NA	58.9	38.3

	Market Share (percentage)			
	1990	2000	2007	2012
Total	100.0	100.0	100.0	100.0
White	89.4	86.7	85.5	84.5
Black	7.4	8.2	8.4	8.7
American Indian	0.5	0.5	0.6	0.6
Asian	2.7	3.7	4.6	5.2
Multiracial	NA	0.8	0.9	1.0

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, May 2007.

■ Black Buying Power ■

In 2007, African Americans will constitute the nation's largest racial minority market, and their economic clout will energize the U.S. consumer market as never before. The Selig Center projects that the nation's black buying power will rise from \$318 billion in 1990 to \$590 billion in 2000, to \$845 billion in 2007, and to \$1.1 trillion in 2012. The 1990 to 2007 percentage gain of 166 percent outstrips the 124 percent increase in white buying power and the 134 percent increase in total buying power (all races combined). In 2007, the nation's share of total buying power that is black will be 8.4 percent, up from 7.4 percent in 1990. African-American consumers' share of the nation's total buying power will rise to 8.7 percent in 2012, accounting for almost nine cents out of every dollar that is spent.

The gains in black buying power reflect much more than just population growth and inflation. Of all the diverse supporting forces, one of the most important is the increased number 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. The *2002 Survey of Business Owners* released by the Census Bureau in 2006 showed that the number of black-owned firms increased by 45 percent from 1997 to 2002, or about four and one-half times faster than the 10 percent increase in the number of all U.S. businesses. Also, their receipts grew slightly faster than those of all others. This reconfirms the trend reported in *The Survey of Minority-Owned Business Enterprises* released by the Census Bureau in 2001, which showed that the number of black-owned firms increased almost four times faster than the number of all U.S. firms, although during those years (1992-1997) their receipts grew more slowly than all the others.

Another positive factor pushing up the group's buying power is that African Americans are becoming more educated. Census data show that the proportion of blacks with high school diplomas rose by 10 percent from 1993 to 2003, and that gain was the largest reported for any group. Despite these impressive gains, the percentage of African Americans (80 percent) who are high school graduates was still lower than the percentage of whites (85.1 percent) or Asians (87.6 percent) who are high school graduates. Also, in 2003, only 17.3 percent of blacks had a bachelor's degree compared to 27.6 percent of whites.

Favorable demographic trends help, too, since the black population continues to grow more rapidly than the total population. From 1990 to 2007, the nation's black population will grow by 27 percent compared to 15 percent for the white population and 21 percent for the total population. Also, the black population is younger: The *2004 American Community Survey* from the U.S. Census Bureau indicates that the median age of blacks is only 31.2 years compared to

40.1 years for non-Hispanic whites. Compared to the older white population, more blacks will be entering the workforce for the first time or will be moving up from entry-level jobs. Conversely, fewer blacks are at their career pinnacles, where the annual percentage increases in wages and salaries often begin to decelerate, or are of traditional retirement age. In 2004, only 8.1 percent of blacks were over 65, compared to 14.5 percent of non-Hispanic whites. Also, blacks increasingly are setting trends for young adults of every race. This is not surprising given that 31.4 percent of the black population was under 18 years old compared to 22.3 percent of the white population.

In 2007, the ten states with the largest African-American markets, in order, will be New York (\$78 billion), Texas (\$63 billion), Georgia (\$58 billion), California (\$58 billion), Florida (\$57 billion), Maryland (\$50 billion), Illinois (\$42 billion), North Carolina (\$38 billion), Virginia (\$36 billion), and New Jersey (\$33 billion). Of these, however, Maryland and Virginia are the only ones that did not rank among the top ten markets for all consumers.

One characteristic that sets the African-American consumer market apart from the Hispanic and Asian markets is that it is not concentrated in a handful of states. This vibrant consumer market is very widespread, and therefore is an attractive customer segment in many of the states. In 2007, the five largest African-American markets account for 37 percent of black buying power. The five states with the largest total consumer markets account for 38 percent of total buying power. Similarly, the ten largest black markets account for 61 percent of the African-American market and the ten largest total consumer markets account for 56 percent of total buying power.

In order, the top ten states ranked by the rate of growth of black buying power over 1990-2007 are Idaho (508 percent), Nevada (497 percent), Utah (429 percent), Montana (400 percent), Minnesota (381 percent), South Dakota (372 percent), Arizona (333 percent), Vermont (319 percent), Maine (318 percent), and Wyoming (293 percent). All have flourishing African-American consumer markets, but none of these states is among the nation's ten largest black consumer markets. Nevada and Arizona rank highest (29 and 30, respectively) in terms of the size of their black consumer markets.

In 2007, the ten states (including the District of Columbia) with the largest share of total buying power that is black are the District of Columbia (30.6 percent), Mississippi (24.3 percent), Maryland (22.2 percent), Georgia (20.8 percent), Louisiana (20.4 percent), South Carolina (18.4 percent), Alabama (17.4 percent), Delaware (14.9 percent), North Carolina (14.5 percent), and Virginia (13.1 percent).

The 4.8 percent increases in African Americans' share of the consumer markets in Mississippi, Georgia, and Maryland were the three biggest share shifts in the nation, followed by a

4.4 percent advance in Delaware. The share of buying power controlled by black consumers will rise everywhere except for the District of Columbia (-11 percent), California (-0.5 percent), Alaska (0 percent or no change in market share), and Colorado (0 percent or no change in market share)..

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. Thus, as African Americans' share of the nation's total buying power expands, business-to-consumer firms can be expected to devote more resources towards developing and marketing products that meet the needs and match the preferences of black consumers. The most recent *Consumer Expenditure Survey* data (for 2005) indicate that the average black household spent in total only 68 percent as much as the average non-black household, reflecting blacks' lower incomes. The values are for money income, which differs somewhat from buying power, but nonetheless offers some insights into spending by black consumers.

Despite their lower average income levels, African Americans spent more than non-blacks on natural gas, electricity, telephone services, women's and girls' clothing, and footwear. Also, blacks spent a higher proportion of their money on groceries. Blacks and non-blacks spent about the

same proportion of their money income for housekeeping supplies, furniture, floor coverings, appliances, men's and boys' clothing, public transportation, reading materials, tobacco products, and life and other personal insurance. Compared to non-blacks, however, blacks spent less on eating out, vehicle purchases, health care, entertainment, and pensions and Social Security.

The same survey indicates that black households are only slightly larger than the average non-black household (2.6 persons for blacks versus 2.5 persons for whites and others). Black households also are slightly more likely to have children under 18. They have approximately the same number of wage earners per household (1.2 wage earners) as white and other households (1.4 wage earners), but have only 1.3 vehicles per household compared to 2.1 vehicles for white and other households. Only 73 percent of black households own or lease at least one vehicle compared to 90 percent of non-black households.

Moreover, there is a substantial gap in homeownership rates. The 2005 data indicate that 49 percent of blacks are homeowners compared to 70 percent for non-black households. Some progress already has been achieved: only 42 percent of blacks owned homes in 1994.

■ Native American Buying Power ■

The Selig Center projects that the nation's Native American buying power will rise from \$19.7 billion in 1990, to \$39 billion in 2000, to \$57.1 billion in 2007, and to \$77.4 billion in 2012. This group's buying power in 2007 will be 190 percent greater than in 1990. The 1990-2007 percentage gain is much greater than the increases in buying power estimated for whites (124 percent), for the U.S. population as a whole (134 percent), and for blacks (166 percent). It is smaller than those estimated for Asians (294 percent) and for Hispanics (307 percent), however. Despite this fast-paced growth, Native Americans will account for only 0.6 percent of all U.S. buying power in 2007, up only slightly from their 0.5 percent share in 1990, when they accounted for only \$19.7 billion in buying power.

Many forces support the continued growth of Native American buying power, but perhaps the most important is gradually improving employment opportunities for all Americans. Added reinforcement comes from the fact that the Native American population is growing much more rapidly than the total population, and is expected to continue to do so. From 1990 through 2007, the Native American population will grow by 43 percent, outpacing the projected gains of 27 percent for the black population, 21 percent for the total U.S. population, and 15 percent for the white population. Also, the Native American population is relatively young. Census

2000 indicates that the median age of Native Americans is 28 years compared to 37.7 for whites.

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

Although comprising less than one percent of the country's population in 2007, Native Americans will control \$57 billion in disposable income, which makes this diverse group economically attractive to businesses. The nation's 3 million Native Americans (including Eskimos and Aleuts) will see their buying power climb from \$19.7 billion in 1990 to \$57.1 billion in 2007, an increase of 190 percent.

In 2007, in order, the ten states with the largest Native American markets are California (\$8.5 billion), Oklahoma (\$5.9 billion), Texas (\$4 billion), Arizona (\$3.8 billion), New Mexico (\$2.7 billion), North Carolina (\$2.3 billion), Washington (\$2.1 billion), Alaska (\$2.1 billion), Florida (\$2.1 billion), and New York (\$2 billion). This market is only slightly more focused on a few states than is the total U.S. consumer market. For example, in 2007, the five largest American Indian markets account for 44 percent of Native American buying power, whereas the five largest total con-

sumer markets account for 38 percent of U.S. buying power. Similarly, the ten largest Native American markets account for 62 percent of Native American buying power and the top ten total consumer markets account for 56 percent of total U.S. buying power.

Ranked by the rate of growth of Native American buying power over 1990-2007, the top ten states are West Virginia (419 percent), Mississippi (368 percent), Texas (350 percent), Florida (336 percent), Tennessee (323 percent), Georgia (313 percent), Kentucky (284 percent), Colorado (278 percent), Iowa (274 percent), and South Carolina (263 percent). Many of these states have relatively small, flourishing markets, but Texas and Florida stand out from the other leading states as

the third and ninth largest Native American consumer markets in the nation, respectively.

In 2007, the ten states with the largest Native American shares of total buying power include Alaska (9.1 percent), Oklahoma (5.4 percent), New Mexico (4.8 percent), South Dakota (3.5 percent), Montana (3.4 percent), North Dakota (2.6 percent), Arizona (2.1 percent), Wyoming (1.2 percent), Nevada (1 percent), and Washington (1 percent). Compared to 1990, Native Americans' share of the market will rise the most in North Dakota, Alaska, New Mexico, South Dakota, and Montana, but will decline slightly in Nevada, Washington, Oregon, and Hawaii.

■ Asian Buying Power ■

In 2007, 14 million Americans—4.6 percent of the country's population—will claim Asian ancestry, which makes the group a powerful force in the U.S. consumer market. This racial group's shares of the population were 3 percent and 4 percent in 1990 and 2000, respectively; and their enormous economic clout continues to attract more attention from businesses and advertisers. (The Selig Center's data for Asians combines two race categories, including those who identified themselves as Asian or as Native Hawaiian and Other Pacific Islander.)

The Selig Center projects that the nation's Asian buying power will more than quintuple, climbing from \$116 billion in 1990 to \$269 billion in 2000, to \$459 billion in 2007, and to \$670 billion in 2012. The 294 percent gain from 1990 through 2007 is substantially greater than the increases in buying power projected for whites (124 percent), the U.S. as a whole (134 percent), blacks (166 percent), and Native Americans (190 percent), but is lower than the 307 percent gain projected for Hispanics. At \$459 billion in 2007, the U.S. Asian market already outshines the entire economies of all but sixteen countries—it is smaller than the 2005 GDP of the Netherlands and larger than the GDP of Switzerland.

The group's fast-paced growth in buying power demonstrates the increasing importance of Asian consumers and should create great opportunities for businesses that pay attention to their needs. Because the group includes consumers of so many national ancestries, languages, and such diverse cultures, firms that target specific subgroups—Chinese or Filipino, for example—may find niche markets particularly rewarding.

Demographics are a key, too. The Asian population is growing more rapidly than the total population, mostly because of strong immigration, a trend that is expected to continue. In 2007, the Asian population will reach 14 million, or 85 percent higher than its 1990 base of 7.5 million. This population gain exceeds that projected for any other racial group, yet in comparison, it falls well below the 100 percent gain expected for Hispanics.

The Asian population of the U.S. is relatively young: the *2004 American Community Survey* indicates that the median age of Asians is 34.8 years compared to 40.1 years for non-Hispanic whites. Thus, more Asians are either entering the workforce for the first time or are moving up on their career ladders. Also, fewer of them are of traditional retirement age: in 2004, only 8.3 percent of Asians were over 65, compared to 14.5 percent of non-Hispanic whites.

Another factor contributing to Asian buying power is that nearly all Asians are urbanites. Data show that 95 percent of Asians lived in metro areas in 2002 compared to only 78 percent of non-Hispanic whites. The economic rewards of education also provide a big boost. Asians are much better educated than is the average American, and therefore they hold many top-level jobs in management or professional specialties. According to the U.S. Census Bureau, in 2004, 48 percent of Asians over age 25 had a bachelor's degree or higher compared to only 30 percent of non-Hispanic whites. Moreover, the Census Bureau estimates that over a working lifetime the payoff for a bachelor's degree compared to a high school diploma is between \$700,000 and \$1 million; and the payoff for an advanced degree compared to a high school diploma is about \$2 million.

The increasing number of successful Asian entrepreneurs also helps to increase the group's buying power. According to the *2002 Survey of Business Owners*, the number of Asian-owned firms rose by 24 percent between 1997 and 2002, which substantially exceeds the 10 percent gain reported for all U.S. businesses.

In 2007, the ten states with the largest Asian consumer markets, in order, are California (\$150 billion), New York (\$44 billion), New Jersey (\$29 billion), Texas (\$29 billion), Hawaii (\$21 billion), Illinois (\$20 billion), Washington (\$14 billion), Florida (\$14 billion), Virginia (\$13 billion), and Massachusetts (\$12 billion).

Compared to the overall consumer market, the group's spending is much more focused geographically. In 2007, the five and the ten states with the largest Asian consumer mar-

kets account for 60 percent and 75 percent of Asian buying power, respectively. In contrast, the five and the ten largest total consumer markets account for 38 percent and 56 percent of U.S. buying power, respectively.

In 2007, California stands out as the nation's only state-level minority racial market that exceeds \$100 billion (\$150 billion), and it alone accounts for 33 percent of the nation's Asian consumer market. The only state-level minority markets that are larger are the Hispanic markets in California and Texas, and they are defined based on ethnicity rather than race. From 1990-2007, California will account for 31 percent of the expected increase in the nation's Asian buying power, or \$106 billion of the \$343 billion gain. Despite the geographic focus of this consumer market, Asian buying power is attaining critical mass in a growing number of states. In 2000, only six states had over \$10 billion in Asian buying power. In 2007, twelve states have over \$10 billion in Asian buying power, and by 2012, fourteen states will have reached this benchmark.

Ranked by the rate of growth of Asian buying power over 1990-2007, the top ten states are Nevada (848 percent), North Carolina (654 percent), Georgia (624 percent), Arizona (552 percent), Nebraska (536 percent), Texas (525 percent), Minnesota (524 percent), Delaware (515 percent), New Hampshire (493 percent), and Tennessee (493 percent). Texas (ranks fourth) is the only one of these states that is among the nation's ten largest Asian consumer markets, but Georgia ranks fourteenth, Nevada ranks sixteenth, North Carolina ranks seventeenth, Arizona ranks nineteenth, and Minnesota ranks twentieth. From a business-to-consumer perspective, these states are among the nation's rapidly emerging Asian markets.

Nationally, Asian consumers' share of the market will increase from 2.7 percent in 1990 to 4.6 percent in 2007. In

order, the ten states with the largest shares of total buying power that is Asian in 2007 are Hawaii, where Asians account for 49.4 percent of the state's buying power, California (11.7 percent), New Jersey (8.1 percent), Washington (6.4 percent), New York (6.2 percent), Nevada (6.1 percent), Maryland (4.9 percent), Virginia (4.9 percent), Illinois (4.6 percent), and Massachusetts (4.4 percent). Except for Hawaii, where Asians' market share will drop by 8.6 percent, the share of buying power controlled by Asian consumers will rise in every state. The 4.6 percent gain in Asians' share of New Jersey's consumer market (3.4 percent in 1990 to 8.1 percent in 2007) will be the largest share increase in the nation, followed by the 3.9 percent increase in market share in California (7.7 percent to 11.7 percent). Also noteworthy is the 3.6 percent gain in share expected in Nevada (2.6 percent share in 1990 to 6.1 percent in 2007).

Thanks to their higher average income levels, Asian consumers spend more than the average U.S. household on food (groceries and dining out), housing, telecom services, furniture, floor coverings, major appliances, clothing, public transportation, education, and personal insurance and pensions. They spend much less of their budgets on electricity, housekeeping supplies, vehicles, health care, tobacco products, and entertainment.

The same survey indicates that there are 2.9 persons per Asian household compared to 2.5 persons for the average household. Asians have more wage earners (1.6) per household, but have only 1.7 vehicles per household compared to 2 vehicles for the average household. There also is a small gap in homeownership rates. According to 2005 data, 62 percent of Asians are homeowners compared to 70 percent for whites. The homeownership rate for Asians was only 52 percent in 1994, however.

■ Hispanic Buying Power ■

The immense buying power of the nation's Hispanic consumers continues to energize the nation's consumer market, and Selig Center projections reveal that Hispanics will control about \$862 billion in spending power in 2007. In fact, Census 2000 showed that more than one person in eight who lives in the U.S. is of Hispanic origin, and the U.S. Hispanic population continues to grow much more rapidly than the non-Hispanic population. By 2012, nearly one person out of every six living in the U.S. will be of Hispanic origin.

In sheer dollar power, Hispanics' economic clout will rise from \$212 billion in 1990, to \$489 billion in 2000, to \$862 billion in 2007, and to slightly over \$1.2 trillion in 2012. The 2007 value will exceed the 1990 value by 307 percent—a percentage gain that is far greater than either the 125 percent increase in non-Hispanic buying power or the 134 percent

increase in the buying power of all consumers. U.S. Hispanic buying power will grow faster than African-American buying power (166 percent), Native American buying power (190 percent), and Asian buying power (294 percent).

In 2012, Hispanics will account for 9.7 percent of all U.S. buying power, up from only 5 percent in 1990. Due to this brisk growth, Hispanic buying power essentially pulled even with African American buying power in 2006, and will exceed it in 2007.

Of the myriad forces supporting this substantial and continued growth, the most important is favorable demographics, but better employment opportunities also help to increase the group's buying power. Because of both higher rates of natural increase and strong immigration, the Hispanic population is growing more rapidly than the total population, a trend that is projected to continue. Between 1990 and 2007, the

Hispanic population will increase by 100 percent compared to 13 percent for the non-Hispanic population and the 21 percent gain for the total population.

The relatively young Hispanic population, with more of them either entering the workforce for the first time or moving up on their career ladders, also argues for additional gains in buying power. Hispanics' spending patterns already help to determine the success or failure of many youth-oriented products and services. In 2004, 34 percent of the Hispanic population was under age 18 compared to 22 percent of non-Hispanic whites. Also, in 2004, only 5.1 percent of Hispanics were over 65, compared to 14.5 percent of the non-Hispanic whites.

The increasing number of Hispanic business owners is another potent force powering this consumer market. Census Bureau data released in 2006 showed that the number of Hispanic firms grew by 31 percent between 1997 and 2002, which

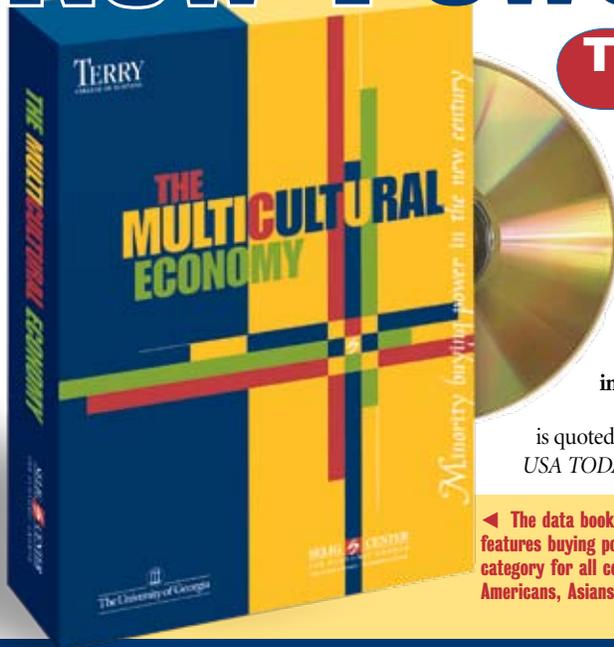
is more than three times faster than the 10 percent increase in the number of all U.S. firms. This jump in entrepreneurial activity, coupled with a rising level of educational attainment, illustrates Hispanics' upward mobility. The Census Bureau indicates that, in 2004, 60 percent of Hispanics over age 25 had a high school diploma compared to 53 percent in 1993. The proportion with a bachelor's degree increased from 9 percent to 13 percent. The agency cautions, however, that levels of educational attainment for Hispanics are lower than those for non-Hispanic whites, blacks, and Asians largely because of the vast number of less educated foreign-born Hispanics.

Hispanic refers to a person of Mexican, Puerto Rican, Cuban or other Spanish/Hispanic/Latino culture or origin, and is considered an ethnic category rather than a racial group. Persons of Hispanic origin therefore may be of any race, and since their culture varies with the country of origin, the Span-

Want to Know More?

New Power Source

The Multicultural Economy Minority Buying Power in 2007



The enormous economic clout of the nation's **Hispanics, African Americans, Asians, and Native Americans** is detailed in the new 2007 edition of the popular and widely-quoted study of minority buying power.

Developed by the Selig Center for Economic Growth, this definitive data series for 1990-2007 and the projections for 2008 through 2012 are essential to business analysts, marketing specialists, product developers, advertisers, and researchers. Completely revised data are available for the **U.S. and all fifty states; and county data are included for Georgia and Florida.**

Used by companies nationwide, the Minority Buying Power data series is quoted in *Business Week*, *The Wall Street Journal*, *The Financial Times* and *USA TODAY*.

◀ The data book-and-CD package also features buying power data by expenditure category for all consumers, African Americans, Asians, and Hispanics.

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ish language often is the uniting factor. In 2004, the majority of Hispanics living in the U.S. were of Mexican origin (64 percent), which suggests that a great many Hispanics share similar backgrounds and cultural experiences. Nonetheless, spending patterns differ significantly based on country of origin, and the composition of the nation's Hispanic population is changing.

Hispanics will comprise 15 percent of the country's population in 2007, and will have \$862 billion in disposable income. In 2007, the ten states with the largest Hispanic markets, in order, are California (\$228 billion), Texas (\$154 billion), Florida (\$91 billion), New York (\$66 billion), Illinois (\$38 billion), New Jersey (\$33 billion), Arizona (\$28 billion), Colorado (\$20 billion), New Mexico (\$17 billion), and Georgia (\$14 billion).

Hispanics and their buying power are much more geographically concentrated than non-Hispanics. California alone accounts for 26 percent of Hispanic buying power. The five states and the ten states with the largest Hispanic markets account for 67 percent and 80 percent of Hispanic buying power, respectively. In contrast, the five states with the largest non-Hispanic markets account for only 38 percent of total buying power and the ten largest non-Hispanic markets account for only 56 percent of total buying power.

The top ten states, as ranked by the rate of growth of Hispanic buying power over 1990-2007, are Arkansas (1,322 percent), North Carolina (1,176 percent), Tennessee (941 percent), Georgia (924 percent), Nevada (814 percent), Alabama (791 percent), South Dakota (745 percent), South Carolina (699 percent), Minnesota (684 percent), and North Dakota (659 percent). In market size, Georgia, Nevada, and North Carolina also rank tenth, eleventh, and fifteenth, respectively, so these states are three of the most attractive Hispanic markets in the nation.

Between 1990 and 2007, the share of buying power controlled by Hispanic consumers will rise from 5 percent to 8.6 percent, and the group's share will rise in every state. In 2007, the ten states with the largest Hispanic market shares will be New Mexico (29.8 percent), Texas (19.8 percent), California (17.7 percent), Arizona (15.5 percent), Florida (14.9 percent), Nevada (14.3 percent), Colorado (11.3 percent), New York (9.3 percent), New Jersey (9 percent), and Illinois (8.5 percent). Nevada's shift in Hispanic market share, from 6.2

percent in 1990 to 14.3 percent in 2007, will be the nation's largest. Texas will see its Hispanic market share climb from 12.4 percent to 19.8 percent, a gain of 7.3 percent, which is remarkable for a state with such a large, established market. Hispanics' share of Florida's market will rise by 6.2 percent, from 8.7 percent to 14.9 percent. Arizona's Hispanics will claim 15.5 percent of the state's buying power, up 5.7 percentage points from their 9.8 percent share in 1990. New Mexico's Hispanic population will claim 29.8 percent of that state's buying power, a 5.4 percent advance over their 24.4 percent share in 1990. Similarly, Hispanics' share of California's market will rise by 5.4 percent (from 12.3 percent in 1990 to 17.7 percent in 2007).

Because of differences in per capita income, wealth, demographics, and culture, the spending habits of Hispanics as a group are not the same as those of the average U.S. consumer. The most recent *Consumer Expenditure Survey* indicates that Hispanic consumers spent in total only about 85 percent as much as the average non-Hispanic consumer.

Despite their lower average income levels, Hispanic households spent more on groceries, telephone services, furniture, gasoline and motor oil, men's and boys' clothing, children's clothing, women's and girls' clothing, and footwear. Also, Hispanics spent a higher proportion of their money on housing. They spent about the same proportion of their total outlays as non-Hispanics on alcoholic beverages, natural gas and electricity, housekeeping supplies, floor coverings, appliances, household textiles, public transportation, personal care products and services, and reading materials. Compared to non-Hispanics, they spent substantially smaller proportions of total outlays (and substantially less money) on health care, entertainment, education, and personal insurance and pensions.

The same survey found that Hispanic households are substantially larger than non-Hispanic households (3.4 persons per household versus 2.4 persons for non-Hispanics), and have twice as many children under 18. On average, there are 1.7 vehicles per Hispanic household compared to 2 vehicles per non-Hispanic household. Also, 2005 data show that only 50 percent of Hispanics are homeowners compared to 69 percent of non-Hispanics. In 1994, only 41 percent of Hispanics were homeowners. ■

TABLE 2

**U.S. Population Statistics by Race,
1990, 2000, 2007, and 2012**

	Population			
	1990	2000	2007	2012
Total	249,622,814	282,193,477	301,791,262	316,110,835
White	209,366,661	228,621,011	241,185,490	249,872,167
Black	30,648,345	35,812,967	38,872,329	41,473,326
American Indian	2,058,726	2,673,516	2,952,497	3,194,830
Asian	7,549,082	11,157,373	13,997,028	16,226,663
Multiracial	NA	3,928,610	4,783,917	5,343,849
	Percentage Change in Population			
	1990-2007	1990-2012	2000-2007	2007-2012
Total	20.9	26.6	6.9	4.7
White	15.2	19.3	5.5	3.6
Black	26.8	35.3	8.5	6.7
American Indian	43.4	55.2	10.4	8.2
Asian	85.4	114.9	25.5	15.9
Multiracial	NA	NA	21.8	11.7
	Share of Population (percentage)			
	1990	2000	2007	2012
Total	100.0	100.0	100.0	100.0
White	83.9	81.0	79.9	79.0
Black	12.3	12.7	12.9	13.1
American Indian	0.8	0.9	1.0	1.0
Asian	3.0	4.0	4.6	5.1
Multiracial	NA	1.4	1.6	1.7

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, May 2007.

TABLE 3

**U.S. Hispanic Market Statistics,
1990, 2000, 2007, and 2012**

	Buying Power (billions of dollars)			
	1990	2000	2007	2012
Total	4,270.5	7,187.6	10,006.4	12,976.4
Hispanic	211.9	489.5	861.8	1,261.1
Non-Hispanic	4,058.7	6,698.1	9,144.6	11,715.3
	Percentage Change in Buying Power			
	1990-2007	1990-2012	2000-2007	2007-2012
Total	134.3	203.9	39.2	29.7
Hispanic	306.8	495.2	76.1	46.3
Non-Hispanic	125.3	188.6	36.5	28.1
	Market Share (percentage)			
	1990	2000	2007	2012
Total	100.0	100.0	100.0	100.0
Hispanic	5.0	6.8	8.6	9.7
Non-Hispanic	95.0	93.2	91.4	90.3

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, May 2007.

TABLE 4

**U.S. Hispanic Population Statistics,
1990, 2000, 2007, and 2012**

	Population			
	1990	2000	2007	2012
Total	249,622,814	282,193,477	301,791,262	316,110,835
Hispanic	22,572,838	35,648,188	45,146,232	52,038,459
Non-Hispanic	227,049,976	246,545,289	256,645,030	264,072,376
	Percentage Change in Population			
	1990-2007	1990-2012	2000-2007	2007-2012
Total	20.9	26.6	6.9	4.7
Hispanic	100.0	130.5	26.6	15.3
Non-Hispanic	13.0	16.3	4.1	2.9
	Share of Population (percentage)			
	1990	2000	2007	2012
Total	100.0	100.0	100.0	100.0
Hispanic	9.0	12.6	15.0	16.5
Non-Hispanic	91.0	87.4	85.0	83.5

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, May 2007.

To Our Readers

This is the final year in which we will publish the printed version of *Georgia Business and Economic Conditions*. Beginning in 2008, GBEC will be available on our website (www.selig.uga.edu) as an online publication only.

TABLE 5

**Total Buying Power by Place of Residence
for U.S. and the States, 1990, 2000, 2007, and 2012
(thousands of dollars)**

Area	1990	2000	2007	2012
United States	4,270,546,000	7,187,588,000	10,006,433,893	12,976,380,31
Alabama	56,892,094	93,705,340	136,503,138	176,793,463
Alaska	11,146,891	16,582,016	23,605,204	29,932,987
Arizona	55,744,215	115,336,078	183,834,889	262,492,239
Arkansas	30,604,138	51,896,680	74,082,930	94,348,602
California	565,376,110	908,421,421	1,284,976,862	1,688,370,274
Colorado	56,893,189	122,175,115	173,801,753	238,142,132
Connecticut	76,112,391	113,910,086	150,397,624	189,512,563
Delaware	12,369,781	20,665,960	30,415,487	40,325,187
District of Columbia	13,836,194	19,077,560	29,149,570	38,088,415
Florida	228,406,282	398,171,543	608,187,100	824,536,728
Georgia	100,713,305	197,964,309	278,394,016	368,484,360
Hawaii	21,455,557	30,111,430	42,758,555	53,067,548
Idaho	14,161,345	27,239,511	41,659,176	56,233,296
Illinois	208,084,531	340,995,806	447,915,845	556,881,891
Indiana	85,413,705	144,059,123	191,599,305	241,322,154
Iowa	42,741,469	68,495,981	92,848,016	115,450,498
Kansas	39,630,790	64,751,475	89,800,046	114,729,579
Kentucky	50,317,464	86,422,615	115,121,336	145,886,192
Louisiana	57,786,904	91,956,619	128,102,830	160,681,069
Maine	18,952,143	28,727,638	39,909,092	50,788,127
Maryland	94,031,126	152,970,399	223,331,143	296,637,470
Massachusetts	119,217,310	192,839,055	262,600,848	337,670,889
Michigan	154,298,844	253,237,498	316,219,478	384,800,371
Minnesota	75,960,736	134,132,209	182,174,710	235,440,719
Mississippi	30,715,121	53,940,038	74,368,628	94,424,947
Missouri	79,684,604	132,734,215	177,785,385	223,541,935
Montana	11,038,689	18,280,780	27,346,157	35,873,170
Nebraska	25,355,028	41,271,287	56,683,357	70,620,946
Nevada	21,809,482	53,123,247	86,872,712	126,510,649
New Hampshire	20,347,691	35,438,019	48,394,148	62,541,210
New Jersey	165,978,303	269,957,676	364,806,604	464,580,143
New Mexico	20,409,014	35,660,986	55,501,821	73,579,296
New York	363,717,112	548,702,197	712,743,309	878,388,270
North Carolina	101,265,797	189,004,196	264,842,402	346,507,357
North Dakota	9,219,127	14,487,082	19,559,615	24,051,686
Ohio	178,669,921	275,725,462	348,730,263	423,628,985
Oklahoma	44,964,884	74,326,510	109,480,009	145,528,956
Oregon	45,260,613	82,018,788	114,045,329	146,542,870
Pennsylvania	206,454,745	314,199,399	418,636,423	520,031,643
Rhode Island	17,744,308	26,330,056	36,660,148	46,570,283
South Carolina	49,347,434	86,508,979	120,293,803	156,652,206
South Dakota	10,332,176	17,504,911	25,606,706	33,064,915
Tennessee	74,014,663	133,501,176	187,274,171	242,234,209
Texas	266,483,516	522,985,766	777,482,146	1,072,673,832
Utah	22,846,381	46,661,059	69,986,673	95,488,365
Vermont	8,900,488	14,644,579	19,875,007	25,457,681
Virginia	111,106,619	186,231,945	271,803,921	359,518,718
Washington	86,667,670	161,428,707	225,132,120	295,604,540
West Virginia	23,240,552	35,307,979	47,793,176	58,927,008
Wisconsin	77,499,111	131,662,787	177,381,163	225,049,003
Wyoming	7,326,437	12,104,707	19,959,745	28,170,742

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, May 2007.

TABLE 6

The Nation's Largest Consumer Markets in 2007
(billions of dollars)

	Rank	Total Buying Power	
	1	California	1,285.0
	2	Texas	777.5
	3	New York	712.7
	4	Florida	608.2
	5	Illinois	447.9
	6	Pennsylvania	418.6
	7	New Jersey	364.8
	8	Ohio	348.7
	9	Michigan	316.2
	10	Georgia	278.4

Rank	White Buying Power		Black Buying Power		American Indian Buying Power	
1	California	1,051.1	New York	77.9	California	8.5
2	Texas	676.5	Texas	63.1	Oklahoma	5.9
3	New York	582.4	Georgia	58.0	Texas	4.0
4	Florida	530.1	California	57.8	Arizona	3.8
5	Illinois	381.9	Florida	57.4	New Mexico	2.7
6	Pennsylvania	375.8	Maryland	49.6	North Carolina	2.3
7	Ohio	310.1	Illinois	41.8	Washington	2.1
8	New Jersey	298.9	North Carolina	38.5	Alaska	2.1
9	Michigan	271.4	Virginia	35.6	Florida	2.1
10	Massachusetts	237.4	New Jersey	33.0	New York	2.0

Rank	Asian Buying Power		Multiracial Buying Power		Hispanic Buying Power	
1	California	149.9	California	17.7	California	227.9
2	New York	44.1	New York	6.4	Texas	153.7
3	New Jersey	29.4	Hawaii	5.2	Florida	90.8
4	Texas	28.8	Texas	5.1	New York	66.2
5	Hawaii	21.1	Florida	4.8	Illinois	37.9
6	Illinois	20.4	Washington	3.7	New Jersey	33.0
7	Washington	14.3	Oklahoma	2.9	Arizona	28.4
8	Florida	13.8	Illinois	2.9	Colorado	19.6
9	Virginia	13.3	Virginia	2.8	New Mexico	16.5
10	Massachusetts	11.6	New Jersey	2.8	Georgia	13.6

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, May 2007.

TABLE 7

**The Nation's Fast-Growing Consumer Markets in 1990-2007
(percent)**

Rank	Percentage Change in Total Buying Power		Percentage Change in White Buying Power		Percentage Change in Black Buying Power	
	1	Nevada	298.3	Nevada	268.1	Idaho
2	Arizona	229.8	Arizona	219.9	Nevada	497.2
3	Utah	206.3	Utah	200.4	Utah	428.9
4	Colorado	205.5	Colorado	198.2	Montana	399.5
5	Idaho	194.2	Idaho	189.4	Minnesota	381.2
6	Texas	191.8	Texas	179.7	South Dakota	372.3
7	Georgia	176.4	Wyoming	167.6	Arizona	333.4
8	Wyoming	172.4	New Mexico	162.9	Vermont	318.9
9	New Mexico	171.9	Florida	153.2	Maine	317.6
10	Florida	166.3	North Carolina	152.7	Wyoming	293.3

Rank	Percentage Change in American Indian Buying Power		Percentage Change in Asian Buying Power		Percentage Change in Hispanic Buying Power	
	1	West Virginia	418.7	Nevada	848.3	Arkansas
2	Mississippi	368.4	North Carolina	654.1	North Carolina	1,176.2
3	Texas	349.6	Georgia	624.2	Tennessee	940.7
4	Florida	336.0	Arizona	552.4	Georgia	923.9
5	Tennessee	322.9	Nebraska	535.8	Nevada	813.7
6	Georgia	313.4	Texas	525.1	Alabama	790.5
7	Kentucky	283.6	Minnesota	524.1	South Dakota	744.6
8	Colorado	277.5	Delaware	515.4	South Carolina	698.8
9	Iowa	273.8	New Hampshire	493.1	Minnesota	684.2
10	South Carolina	263.4	Tennessee	492.5	North Dakota	658.9

Source: Selig Center for Economic Growth, Terry College of Business, The University of Georgia, May 2007.