



Book The 85% Niche

The Power of Women of All Colors – Latina, Black, and Asian

Miriam Muléy
Paramount, 2009

Recommendation

Companies can’t afford to ignore women because they influence up to 85% of all purchasing decisions. And, they can’t afford to ignore women of color, a rapidly growing segment of the population, expanding “three times faster” than Caucasian women. Although the phrase “women of color” traditionally refers to African-American women, workplace-diversity expert Miriam Muléy uses the term to include black, Hispanic, Native American and Asian-American women. These women make \$1 trillion in purchases annually as US consumers and generate \$230 billion a year as entrepreneurs. Muléy presents an avalanche of statistics, mostly from 2007 to 2008, to convince companies to employ and market to this underserved American demographic. Her decision to emphasize statistics and downplay interpretive discussion may frustrate some readers, but even so, *BooksInShort* recommends this marketing discussion and its data bank to CEOs, presidents, and other senior leaders, as well as to marketing and advertising managers seeking eye-opening statistical support.

Take-Aways

- Marketers in the US pay insufficient attention to women who are Hispanic, Asian, Native American and African-American.
- Women of color represent a fast-expanding, moneyed, underserved block of customers.
- Black, Hispanic, Asian and Native American female market segments have a younger median age than Caucasian women.
- Latinas are the fastest-growing population segment among women of color.
- Black women have rising educational attainment levels but face difficulties when starting their own businesses.
- Latinas are not a homogenous consumer group. Their countries of origin and language preferences influence their purchasing decisions.
- Per capita, black women buy more goods than Latina and Asian women combined.
- Of all US women of color, Asian-American women have the smallest population size, the highest graduation rates and the most successful businesses.
- “Women of color experience a higher incidence of motherhood than Caucasian women.”
- Savvy companies should prioritize marketing to – and hiring – women of color.

Summary

Women of Color: Rich Diversity

American companies should expand and pinpoint their marketing to include women of color, an underserved population with enormous purchasing power. In the US, the term “women of color” refers to non-Caucasian – that is, Hispanic, African-American, Asian-American and Native American – women. Traditionally, many companies thought reaching out to women would antagonize the corporate world’s traditional core audience, males. Some companies, including automakers, tried to entice female buyers but wound up alienating them instead. Women of all ethnic groups have experienced less-than-stellar customer service from bankers, real estate agents, financial planners and more. Smart companies in all industries can profit from reaching out to women of color.

“No other consumer group in America has the power, influence and importance to Fortune 500 corporations that women do. Virtually any company in the 21st century with a new product, service or idea to sell wants to appeal to women.”

America has almost 54 million women of color, some 35.2% of all US females. From 2000 to 2007, their population grew three times faster than the US’s total female

population. Among American women of color, 40.8% are Latina, 39.5% are black, 15.4% are Asian-American and 4.3% are Native American or Native Alaskan. The Census Bureau forecasts that the US population of women of color will grow to 63 million by 2020 and to 75 million by 2030.

“However, times have changed and women of color, like so many others, have replaced loyalty to one company with loyalty to themselves in the form of microenterprise.”

Women of color differ from their Caucasian counterparts in several significant aspects: On average, women of color are 11 years younger; they make up a higher percentage of “super-affluent households” that earn \$200,000 a year or more; they make more purchasing decisions; more of them are single; and they encompass many new entrepreneurs. Among Hispanics, these wealthy households are concentrated in major metropolitan areas, such as Miami, New York, Washington, DC, Atlanta, Philadelphia, San Jose, Dallas, Los Angeles and other cities. The US Census calculates that the US has 22 million unmarried women of color older than 15. Because of the high number of unmarried African-American women and the relative youth of women of color, 55.8% are single. Whether divorced, widowed or unmarried, women of color traditionally serve as heads of their households and “control all spending decisions” within them.

“Asians comprise the largest college graduate population in America.”

Many women of color own and operate businesses, and many, Latinas in particular, embrace direct selling as a career. According to The Center for Women’s Business Research, companies more than half-owned by women of color made \$230 billion in profit and employed 1.6 million people between 1997 and 2006. During that span, “the number of privately held firms with majority ownership by women of color grew almost six times faster than all privately held firms (120% vs. 24%).” As a group, these women create “more disposable income than their history, length of residence in this country, language, and access to education would suggest possible.”

Latina Women

The population of US Hispanics will “triple in size to 133 million” by the 2040s. The multidimensional Latina population includes women born in the US and in Mexico, Cuba, Puerto Rico, Dominican Republic, Central America, South America and Spain,” among other nations. Latinas can be bilingual or Spanish-language or English-language dominant, though most prefer to speak Spanish. They might have racially-mixed backgrounds that include white, black, Asian or other ancestral influences. More than half of Hispanic women are married and prioritize their commitment to their families, seeing themselves as *madrinas*, or “godmothers and caretakers.” The Latina female population is growing four times faster than the overall US female population and – with a median age of 27.8 years – it is the youngest subset of American women of color.

“There is no question that Latina women are the dominant female ethnic group in this country.”

Companies who recruit Latinas can gain loyal, lifelong employees, and companies who market to them can gain lifelong customers. Latinas are increasingly well-educated, especially second- and third-generation immigrants. Nearly 50% of US-born Latinas are college educated; “60% of all post-graduate Latino students are women.”

“Behaviors are far more predictive of attitudes than are words.”

Because many Latinas are racially mixed, they aren’t a homogenous consumer group. Their countries of origin and language preferences influence their purchasing decisions. Mexicans make up 64% of US Hispanics. Some 22 million men and women in the US are “Afro-Latino,” or African-descended Hispanics. The National Survey of Latinos says a quarter of all US Hispanics speak English, almost half prefer Spanish as their main language and 28% are bilingual.

African-American Women

More than 38 million African-Americans live in the United States; 21 million of them are women. With a median age of 32, black women skew young. Almost 30% of US black women are 25 to 44 years old, the optimum age range for purchasing big-ticket items, such as cars or first homes. Black women are increasingly well educated; nearly 60% attend or attended four-year colleges.

“As a whole, women of color comprise approximately one-quarter of all women-owned firms” in the US.

African-American women are economic powerhouses who generate 62% of the wealth in their communities, according to an *MSNBC Nightly News* report. On a per capita basis, black women have more purchasing power than Latina and Asian women combined, spending roughly \$25,000 annually compared with half that for Latinas and about \$16,000 for Asian women.

“Strong. Proud. Independent. These are some of the words used to describe the 21 million females of African descent who live in the United States.”

Marriage and family are important within the African-American community, which places a strong emphasis on raising children. Some 31% of black women are married, and many balance jobs with childcare, tending to sick family members, going to church and doing volunteer work. In the widely diverse African-American community, only 8% are first-generation immigrants from Africa and 10% are second- or third-generation immigrants. Half of those born outside the US are from Caribbean nations, including Jamaica, Trinidad, Tobago and Haiti.

Asian Women

The 8.3 million Asian women in the US make up the nation’s smallest group of women of color, but they reach the highest levels of achievement in business. Their companies make more money than Latina- and black female-owned businesses combined. At 34.6 years, Asian-American females have an older median age than other women of color, but they are younger than their white counterparts, whose median age is 42.1 years.

“Another important aspect of the Black family life experience that enables Black women to raise families and defy the odds is their ability to endure great burdens and to do so with grace and courage.”

Asian-Americans achieve the highest levels of undergraduate and graduate education across all ethnic groups. Nearly half of all Asian-American men and 39% of Asian-American women hold bachelor's degrees. According to the US Census, one of every seven Asians in the US has a graduate-level degree. Their high education rates correspond with their income levels. The median household income for Asian-Americans is slightly more than \$50,000, which is \$10,000 higher than the US median income for all households. Additionally, 35% of Asians are "moderately affluent," with income levels of \$75,000 per year or more.

"Dollar [for] dollar, Asian Americans are transacting more business than any other group. They have the highest percent of business owners among all minorities."

Asian-Americans aren't a monolithic consumer block: 25% are Chinese, 18% are Filipino, 16% are Asian-Indian, 11% are Vietnamese, 10% are Korean, 8% are Japanese and the remainder are of other origins. Asian-Americans traditionally revere marriage, education, family, harmony and their elders. At 60%, Asian-American women have the highest rate of marriage of all US women.

“Mothers of Color”

Nearly half of US mothers are Latina, black or Asian. Among Latinas, 73% are mothers, as are 62% of black women and 60% of Asian women. In August 2008, *The New York Times* reported that "one in four American geographic counties have passed or are approaching the tipping point where black, Hispanic and Asian children constitute a majority of the under-20 population."

"Marketers need to come to grips with the fact that, although 35% of all women in the US are multicultural, almost half – 46% – of all mothers are Latina, black or Asian."

Mothers of color value motherhood and believe that "having a child is an experience every woman should have." Most mothers of color hold jobs, engage in community activities, and care for children and elder relatives. They feel more pressure at work and hesitate to take time off for their children's activities, such as school plays or soccer games. Because many lack a spouse to support them, they raise their children to be independent, to obey rules, to help out around the house and to take care of themselves and their siblings.

"One size truly does not fit all in the world of diversity and gender."

Mothers of color give back to their communities, especially to faith-based organizations. These women disdain putting their elderly relatives in nursing homes and generally feel they can provide better care at home. They are risk-averse and unlikely to experiment with "untried, untested and unendorsed products."

Women of Color Entrepreneurs

In 2006, the Small Business Administration reported that women of color were the majority owners of two million American companies, employing more than 1.2 million people and generating \$165 billion in gross sales each year. Among female Hispanic business owners, 41% own companies in equal partnerships with males or hold a majority stake. That year, Latina business owners produced \$53.9 billion or 24% of Hispanic-owned companies' total sales.

"The very concept of multitasking was likely invented – and has certainly been mastered – by mothers of color."

Black women own or are equal partners in 52% of US black-owned businesses. They generate \$27.1 billion in sales – 31% of the total – among black-owned businesses. Black female entrepreneurs don't earn as much as their male counterparts. Businesses owned by black men average slightly more than \$100,000 in revenue annually, while firms owned by black women generate less than half that. This suggests that black women have obstacles to overcome as entrepreneurs. They may face barriers in obtaining capital and in networking. A quarter of black female-owned companies are in the health care or social assistance fields.

"While there are financial challenges to being an entrepreneur, there also is a greater sense that 'the sky is the limit' and that one is only limited by the extent of one's hard work and creativity."

Asian women are the most successful business owners among US women of color. A quarter of all Asian-American women business owners – more than any other ethnic group – have employees. Asian women own 42% of Asian-owned firms in the US. These firms produce \$92.2 billion or 28% of the total sales from all Asian-owned businesses, averaging \$200,000 a year in revenue. Like their Latina counterparts, Asian-American women business owners work mostly in the retail (20%) and wholesale (23%) industries.

Despite their gains, all female entrepreneurs face inequities. For the same work, women still only earn 77 cents for each dollar a man earns. Female business owners also earn less than male business owners. Compared with their male counterparts, Latina and black women earn the least – 38 cents and 35 cents per dollar, respectively. Reasons for the wide disparity in income levels among male and female business owners include women's lack of networking opportunities, limited capital resources and poorly conceived or poorly executed business plans. Immigrants also face language barriers that limit their ability to network, to connect with knowledgeable business mentors and to obtain financing.

From the Top

Savvy companies should make hiring and marketing to women of color a priority, but such a corporate commitment to diversity-marketing initiatives must come from the top down. Senior leaders should note their plans to market to women of color in annual reports and shareholder documents; gain the support of all staff members; back up their intentions with action; define and measure profitability goals for black, Asian and Latina female marketing campaigns; and recruit and retain women of color and value their perspectives.

When advertising to these women, identify your target market, create products and services they want, and define how you will meet their needs. Consider their age, occupation, lifestyle, nations of origin, language preference, acculturation and marital status in your marketing efforts. Remember that behavioral patterns among women of color are often more telling than words. Ethnographic research and studies can be helpful in identifying these patterns. Observe women of color in action as they

shop, visit public sites like museums, eat out and engage in other activities so you can glean insights about their potential future purchases. Reach them through targeted media channels based on surveys or other market research.

About the Author

Workplace-diversity expert **Miriam Muléry** is CEO of The 85% Niche, a marketing firm.
