

MARKETING

## Advertising to black consumers on the decline as their spending power grows

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54 pc of black consumers are millennials or younger. Image credit: Nielsen

By SARAH RAMIREZ

As African-American consumers continue to maximize both on- and offline shopping options, luxury brands must better articulate values in their advertising to reach this valuable audience.

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According to Nielsen's 2019 Diverse Intelligence Series (DIS) Report on African Americans, advertising spend targeted to reach black consumers is in decline. Understanding the values of this audience and where to find them can help fuel further growth for luxury brands and retailers.

"At 47.8 million strong and a buying power that's on par with many countries' gross domestic products, African-Americans continue to outpace spending nationally," said Cheryl Grace, senior vice president of community alliances and consumer engagement at Nielsen and co-creator of the DIS Report. "This year, we wanted to help brands and marketers understand the multi-faceted process that blacks take to buy the products they buy.

"There are several drivers, but culture is at the center of them all," she said. "Further, with their love for technology, they are much more savvy and conscious consumers."

Insights from Nielsen's "It's in the Bag: Black Consumers' Path to Purchase" report are based on a wide variety of consumer panels covering television, radio and digital media consumption.

### Consumer understanding

In the United States, black consumers have \$1.3 trillion in annual spending power. Despite being a valuable audience, advertisers are investing less in efforts to reach black shoppers.

Notably, African-Americans are more likely than the general U.S. population to believe that advertising offers meaningful information, including mobile, television and Internet advertising. As marketers reduce their ad spend for black audiences, they are neglecting a consumer group that is more receptive than most to advertising.

Generally, the black community reflects cultural pride and self-expression in physical appearances.

As a result, blacks are 20 percent more likely pay more for a product that is in line with their self-image. They also

are more apt to patronize high-end department stores, including Saks Fifth Avenue, Neiman Marcus and Bloomingdale's.

For many in this demographic, browsing in-store remains an important part of the overall shopping experience. More than half of black consumers enjoy wandering stores for new products, and 52 percent find in-store shopping to be relaxing.

African-American shoppers also feel connected to sales associates, and they are 34 percent more likely to be influenced by in-store staff while shopping. This is important for luxury brands and retailers, who look to differentiate themselves by the customer service they offer.

More than half of black Americans are 34 years old or younger, making social media an essential way to reach this population. Facebook reaches 66 percent of the total black population in the U.S., while Instagram reaches 45 percent of the population.

#### Connecting with consumers

Researchers from Nielsen posit that spending on African-American audiences is on the decline down to \$18 billion in 2018 from \$19.1 billion in 2017 because there is no language barrier, as is the case for other multicultural audiences. However, black consumers report they enjoy seeing people in media and other content that share their ethnic backgrounds.

The most successful campaigns do more than feature black models or actors, and instead speak directly to African-American consumers.

For instance, LVMH-owned cognac brand Hennessy marked Black History Month by gathering influential African-Americans to discuss their Wild Rabbits over drinks.

Panel discussions focused on issues impacting the black community were shared on Hennessy's social media channels throughout the month of February. The "We Are" series included creatives, educators, entrepreneurs and other thought leaders, reflecting the personal success Hennessy often spotlights ([see story](#)).

In an episode of "Beauty Talks," Chanel's global creative makeup and color designer Lucia Pica sat down with actress and activist Yara Shahidi to highlight a new makeup palette.

Ms. Shahidi gives Chanel the opportunity to highlight its range of shades. Commonly, beauty brands offer foundations in light, medium and dark formulas, but often do not go deep enough for women with dark complexions.

In a more personal moment, Ms. Shahidi says that the palette reminds her of growing up and using makeup as a form of self-expression, instead of as a necessity ([see story](#)).

"[Black consumers] pay attention to how companies are speaking to them," Nielsen's Ms. Grace said. "As they spend more, they want more for themselves and from the brands they support."