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Don't Bypass African-Americans

Marketers Make Mistake by Failing to Expressly Target Nearly \$1 Trillion Market

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NEW YORK (AdAge.com) -- In 2008, the country's top marketers tapped Barack Obama as Marketer of the Year. Many of those same marketers also cut spending directed at the African-American market.



Najoh Tita-Reid

With advertisers chasing after niche markets such as mommy bloggers on tools such as Twitter, a "niche" worth \$913 billion would seem the sort of market companies would be stumbling over each other to get to. Yet the African-American market has to continually make the case that it's a segment worth understanding, and one worth a dedicated portion of the ad budget.

African-Americans -- and the African-American market -- were surpassed in the past five years by the growing Hispanic sector, leading many marketers and the media to focus intently on the "next big thing" in the minority sector. According to Nielsen, total spending in Spanish-language media in the first three quarters of 2008 was \$4.3 billion, up 2.7% from the year before. Total spending on African-American media in that time period was \$1.8 billion, down 5.3% from the same period in 2007. (Procter & Gamble was the largest spender in both categories.)

Still, the African-American segment has buying power of \$913 billion, according to 2008 data from the Selig Center for Economic Growth at the University of Georgia. That's why African-American marketing experts are flummoxed that there is an implied question floating around the C-suites in the U.S.: Why bother targeting the demographic specifically?

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Putting aside high-minded issues such as diversity and multiculturalism, the simple answer is: to make money.

"It makes sense to address 40 million people who are African-American if you want to capture their consumer behavior," said Alfred Liggins, president-CEO of Radio One, pointing out that marketers frequently target niche consumer segments such as new moms, outdoor enthusiasts and foodies. "Why is it an issue when you say that black people are a niche?"

The justifications marketers use are many, particularly in a recession: Targeting African-Americans costs too much; it takes dollars away from general marketing; it does not add value. On a recent industry panel, Steve Stoute, founder-CEO of consulting/branding firm Translation, suggested some brands do well with African-Americans precisely because they don't market to the segment and are therefore seen as aspirational. (Mr. Stoute declined to participate in this story.)

Another justification: "They speak English, don't they?" mocked Pepper Miller, president of Hunter-Miller Group, an African-American market research and consulting firm. She said marketers typically have this reaction because of the

significant growth of the Latino market over the past couple of decades.

"That growth has become a catalyst for corporate America to embrace language as a cultural identifier, not race," she said. It's easier, she said, to make the case that a group speaking a different language deserves a unique type of marketing.

African-Americans, on the other hand, because they share a common language with white America, are assumed to share the same culture and same interests. Why bother with the research and expense when you can just recycle general-market advertising and maybe throw in a couple of black actors?

'Profitability and buy-ability'

"Step one is to recognize both the profitability and buy-ability of these market groups," said Jason Chambers, author of "Madison Avenue and the Color Line."

Of course, there are some marketers who recognize that. And perhaps it's no coincidence that they are among the most successful brands in the U.S.

Najoh Tita-Reid, former director of multicultural marketing at Procter & Gamble, took the lead on the company's "My Black Is Beautiful" effort before leaving the company last month. She pointed to McDonald's and State Farm Insurance as two large corporations that have invested in the African-American market and met success.

"Do you believe one size fits all?" asked Carol Sagers, director-marketing at McDonald's USA.

"Intuitively, you don't."

"African-Americans have nuances in lifestyle and nuances in language and culture that should be used to leverage communication," she said. "McDonald's believes in speaking to all our customers, and speaking to them directly."

African-American and beyond

By speaking to African-Americans, marketers can enhance their positioning in the general market as well -- especially considering how much of mainstream pop-culture gets its start in the African-American community.

For example, Ms. Tita-Reid said McDonald's "I'm Lovin' It" campaign was rooted in hip-hop culture, but had messaging that transcended race and ethnicity and gained popularity around the world. "It's worth leading with African-American insights," Ms. Miller said. "When companies use these insights to develop their marketing strategies, communication strategies [and] media plans, they have the most effective strategies not only reaching African-Americans, but the general market as well."

State Farm has experienced this with its "50 Million Pound Challenge," a sponsored weight-loss effort that began in the African-American community. Since the program launched in April 2007, one million Americans have lost 3.5 million pounds.

"It now has a life of its own," said Pamela El, VP-marketing for State Farm. "All races and ethnicities have joined the challenge."

"We know through research ... that a way to connect to a different customer is to emotionally connect first and help with that community."

In the pudding

The Selig Center estimates that black buying power will rise to \$1.2 trillion in 2013 -- and that this number will translate to nearly 9% of the nation's estimated buying power. "Why people continue to question this customer segment continues to baffle me," said Mr. Chambers. "The proof is there."

Of course, treating a market knocking on \$1 trillion as one cohesive niche is over-simplifying things -- similar to making broad generalizations about Hispanics just because they speak Spanish. Yet it's another mistake commonly made when marketers do target African-Americans.



Pepper Miller

"We have never been a homogenous market," Ms. Miller said. "But we have never been as different and segmented as we

are today."

Last June, Mr. Liggins' Radio One -- the largest African-American broadcasting company, which includes TV One, Interactive One and Giant Magazine -- sponsored a black segmentation study by consumer-research firm Yankelovich. The study, called Black America Today, was the largest of its kind. It surveyed 3,400 African-Americans and identified 11 different consumer segments, ranging from "digital networkers" to "broadcast blacks," each group with its own diverse preferences and needs. Digital networkers tend to be in their 20s and are heavy users of social-networking sites, whereas broadcast blacks are significantly less tech-savvy and rely more on TV and radio.

"I define African-Americans as a fast-growing, emerging market inside a mature market in the U.S.," Mr. Liggins said. "There is still more opportunity in the U.S. market to tap."

Reaching segments

Companies need to research the different segments and understand how to efficiently reach each one. Research, though, is neither free nor easy -- especially for the ad agencies and research firms who aren't exactly exemplars of racial diversity. "Marketers need to ask questions and listen," said Ms. Miller. "If we are segmented more, and if niche marketing is the new ideal, then why aren't we going after these [segments]?"

One way to tap into these segments is to target black media. The Black America Today study found that on average, African-Americans are more than twice as likely to trust black media over mainstream media. Also, 81% of all African-Americans ages 13 to 74 watch black-interest TV channels weekly and 68% are online, about the same percentage of Americans as a whole.

But Ms. Sagers cautions against marketing to African-Americans exclusively on black media.

"African-American media suppliers are very important, but so are all other media suppliers," she said. African-Americans consume a lot of different media, and in order to connect with the black community, "Creative has to touch a nerve," she said.

"There is still money left on the table if [marketers] don't equally invest in the research and insights to obtain market share from this still large, growing and trendsetting consumer group," Ms. Tita-Reid said.

Many feel that while there have been visible improvements in race-based marketing over the years, a number of challenges that impede further progress stem from a lack of diversity within corporations themselves.

"It's easy to get left out of the dialogue," said Mr. Liggins.

Still, he added that for as many marketers that don't get it, there are those that do. Since the publication of Black America Today, Mr. Liggins has presented to Apple, Unilever and General Mills, among others, and believes that by educating marketers about his findings, more marketers will see the business value of marketing to the African-American community.