

# Brands step up efforts to reflect diversity in their products and spending

## Article

**The trend:** Brands are waking up to opportunities to cater to communities of different races, backgrounds, and identities in their products and ad spending, with more work to be done.

- Diversity and inclusion can positively influence consumers' attitudes and behavior toward companies, an October 2021 [report](#) by researchers at Rice University and the University of Miami found.

- **Two-thirds of consumers say social values** shape their shopping decisions, with 45% of people expressing a believe that retailers should actively support Black-owned businesses, **per** a recent McKinsey report.

**More on this:** Value-conscious consumers want to see diversity reflected in products, advertising, and merchandising. The potential financial impact of giving more attention to inclusion is a no-brainer as the US grows more diverse.

- The rise in the US population from 2010 to 2020 was wholly fueled by people who identified as Hispanic, Asian, Black, or more than one race, the New York Times **reported** in 2021, citing data from the latest census.
- Hispanics make up **nearly 20%** of the US population and will account for 12% of the nation's buying power by 2025.
- African-Americans account for 12.4% of the US population and wielded 9% of US buying power in 2020, **per** the University of Georgia's Multicultural Economy report.
- Asian Americans had the fastest population growth among US racial and ethnic groups from 2000 to 2019, **per** Pew Research Center.

**Supporting diversity:** In response to these demographic changes, some brands are seizing opportunities to support racial and ethnic groups in their business.

- American Girl created a **Chinese-American doll** to be its 2022 "Girl of the Year" in an effort to teach kids to stand against racism.
- The **Fifteen Percent Pledge** was launched in 2020 to expand the amount of Black-owned products carried on store shelves. Companies such as **Nordstrom, Crate & Barrel, and Sephora** have signed the pledge.
- Media groups and ad agencies are **encouraging** their clients to devote a greater portion of their ad budgets to minorities, with some agencies such as Omnicom launching networks to identify and support diverse content creators.

**The big takeaway:** Brands that shrug off consumers of color are forgoing opportunities to cultivate relationships with shoppers from communities that will keep growing and gaining economic clout. The US buying power of Asian and Black consumers, for example, is expected to rise nearly 39% and 26%, respectively, from 2020 to 2025, compared with growth of 22% for white consumers.

## US Buying Power\*, by Race/Ethnicity, 2000-2025

billions

	2000	2010	2020	2025
White	\$6,425.0	\$9,479.0	\$14,191.0	\$17,350.0
Black	\$611.0	\$979.0	\$1,574.0	\$1,978.0
Asian	\$278.0	\$614.0	\$1,297.0	\$1,802.0
Multiracial	\$60.6	\$149.2	\$286.4	\$396.8
Native American	\$40.0	\$84.0	\$140.0	\$178.0
<b>Total</b>	<b>\$7,415.0</b>	<b>\$11,306.0</b>	<b>\$17,489.0</b>	<b>\$21,705.0</b>
—Hispanic**	\$496.0	\$1,044.0	\$1,950.0	\$2,599.0

Note: numbers may not add up to total due to rounding; racial group figures add up to total, while a separate breakout for non-Hispanic is not shown; \*defined as disposable personal income, meaning the share of total personal income available for personal consumption, personal interest, payments, and savings; \*\*"Hispanic" is an ethnicity rather than a race, and can be of any race

Source: Selig Center for Economic Growth, Terry College of Business, and The University of Georgia, "The Multicultural Economy 2021," Aug 11, 2021

271296

eMarketer | insiderintelligence.com