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# Working Smart



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## THE SECRET

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TO WINNING

# BIG

in the

AFRICAN-AMERICAN

# MARKET

by Miriam Muléy

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Every day, businesses make the conscious decision to broaden their demographics by reaching new, diverse audiences. They do this by attempting to fine-tune their messages, improve their product line, review sales strategies and focus recruitment efforts to reflect changing demographics. This can be very profitable—if you *truly know* the secret of what it takes to win big at the “game” of targeting new markets—especially in targeting the \$1 trillion dollar African-American market.

Unfortunately, some businesses don’t play this game very well and end up leaving money on the table. They:

- Turn their cards in too early in the game by taking a short-term view of the market or becoming disappointed by not seeing immediate results;
- Invest too little in the game and therefore reap results that are inconsequential to the bottom line;
- Send inexperienced players to the game without providing the training that is required to thoroughly understand the rules of the game and who the African-American consumer really is; or,
- Don’t study their competitors’ moves well enough to respond to the aggressive and attacking style used by professional players who are in the game for the long haul.

The African-American market is one of the most visible, fastest-growing, most influential segments in business today.

The African-American market is one of the *most visible, fastest-growing, most influential* segments in business today. The very concept of “ethnic target marketing” was born as a result of the tremendous growth of African-Americans and the desire to reap economic benefits by driving resources to this audience. This influence has not diminished; in fact, it has grown. Yet, despite this growth, the recognition of African-Americans as a vital source of incremental business has waned in recent years.

Here’s what you need to know about being a profitable winner among African-American audiences.

### The African-American Consumer Segment Is Large, Dynamic, and Increasingly Affluent

- There are 38 million African-Americans in the United States—13 percent of the U.S. population. By 2010 the number of African-Americans will grow to more than 41 million, an increase of 6.8 percent over 2005 levels. (Table 1)

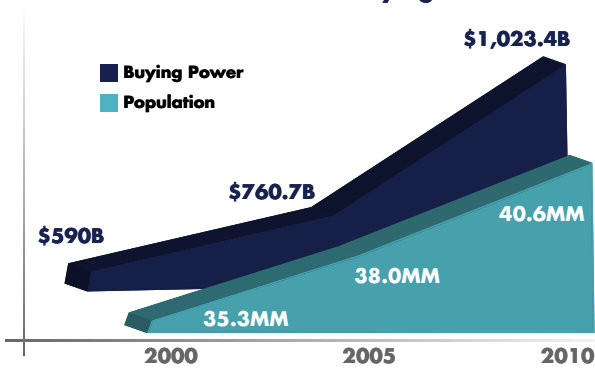
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continued from page 53

- They are young. In 2002, the median age for African-Americans was 29.7 years versus 37.3 among non-Hispanic white persons in this country.
- They are increasingly affluent. Total African-American buying power was \$761 billion in 2005 and is projected to grow to more than \$1 trillion by 2010. (Table 1)
- There are more than 9 million African-Americans with income of \$60,000 or more. In addition, 3 million live in households with income of \$100,000 or more. A total of 3.3 million African-American children live in affluent households. The top 10 states of greatest African-American affluence are noted in Table 2.
- The African-American population is concentrated in the top 10 markets of: New York; Chicago; Detroit; Philadelphia; Houston; Baltimore; Los Angeles; Memphis; Washington, D.C.; and New Orleans. If you are doing business in any of these markets, you have a huge opportunity to grow sales by focusing on African-Americans in three ways: as *customers* of your products, as *independent distributors* of your direct selling business and as *employees* of your company.
- African-Americans are *increasingly entrepreneurial* and represent a pipeline of potential suppliers for the direct selling industry. There are 1.2 million African-American-owned firms in the United States—45 percent more than there were in 1997—and they generated a record \$88.6 billion in sales and receipts. Many are concentrated in important fields of construction (6 percent), administration (10 percent) and transportation and warehousing (8 percent) and can provide essential supplier services to direct selling companies (Source: U.S. Census Bureau. 2002 Economic Census).

The growing population and buying power, geographic concentration in key markets, heavy buying preferences in key categories, entrepreneurial energy and passion of African-American consumers make them a *prime and compelling business opportunity* for direct sellers.

**TABLE 1**  
African-American Buying Power



Source: Census Data, Selig Center

**TABLE 2**  
Top 10 States in African-American Buying Power

	Total Pop. 2003	Black Pop. (Alone and in Combination)*	Black Buying Power 2003 (in Billions)
New York	18,571,545	3,162,778	\$ 65.5
California	34,292,871	2,439,489	53.1
Texas	21,215,494	2,454,979	50.1
Georgia	8,326,251	2,412,050	46.4
Florida	16,318,656	2,594,770	40.9
Maryland	5,321,993	1,511,665	38.8
Illinois	12,279,027	1,889,267	37.8
North Carolina	8,063,874	1,784,791	31.0
Virginia	7,063,247	1,432,967	29.0
Michigan	9,797,198	1,445,610	28.7

\*Alone and in combination with at least one other ethnic group.

Source: U.S. Census Bureau: 2002 American Community Survey Profile; Selig Center for Economic Growth, 2002

What are other key insights important to understand as you advance plans to connect with this incredible growth market?

**Where African-Americans Lead, the World Follows**

African-Americans play a leading role in defining “what is cool” in many areas, notably sports, music, entertainment and fashion/style. According to Yankelovich (*African-American Monitor*), African-Americans tend to be early adopters and consider themselves to be on the cutting edge of new trends.

- 34 percent are more likely to keep up with changes in trends and fashions compared with 25 percent of whites.
- 71 percent of African-Americans versus 65 percent of whites say it is important to keep up with the latest technology products and services.
- 48 percent of African-Americans say they need to keep up on the latest trends in movies, music and TV.

Direct sellers who want to differentiate themselves and raise the stakes in the game of targeting African-Americans will want to consider a bolder, more aggressive “influencer marketing strategy.” This strategy uses known African-American talent in a more visible, aggressive manner and throughout marketing communications to influence both the African-American consumer and segments of the general market. In addition, companies can leverage what is “cool” among urban populations to influence the decisions of the larger masses. Executed well and tastefully done, this plan will yield impressive results among both the general and the African-American markets.

## The Power of the African-American Woman Is Unrivaled

Strategically, direct sellers will want to figure out how to attract and keep the loyalty of the African-American woman. Her power is unmatched. The company that speaks to this segment best, the one that “adopts” African-American professional women—inviting her to join their ranks as an *independent distributor*, as part of their *management leadership team* and as a *customer* will win in the long run, creating a major opportunity for growth.

Consider these compelling facts about this powerhouse consumer. Use this knowledge to steer your plans. African-American women:

- Possessed \$403 billion in spending power in 2004, according to the Selig Center of Economic Growth—*more than the buying power of Latina and Asian women combined*. The buying power among African-American women will increase to an estimated \$447 billion by 2008.
- Were 19.1 million strong in 2000, representing 52.5 percent of all African-Americans. Will grow 9.6 percent by 2010.
- Between 2001 and 2055, African-Americans will transfer \$1.1 trillion to \$3.4 trillion of their wealth to offspring; *black women are expected to be the gatekeepers* of this wealth transference.
- Are educated—there will be 200 black female college graduates for every 100 black male graduates by 2010. The

number of master’s degrees conferred to black women increased 149.5 percent between 1991 and 2001.

- Had the highest labor force participation rate among women in 2004 at 61.5 percent versus 58.9 percent for whites.
- *Are very entrepreneurial*. In 2002 there were 547,000 African-American women-owned businesses in the United States with revenues of \$20.6 billion.
- Are professionally advancing, assuming powerful positions in business, law, medicine, journalism and other fields.
- 70 percent were head of household in 2004, compared with 50 percent of women, overall.
- Browse the Internet for shopping.

INTERNET USERS	MALE	FEMALE
African-Americans	50 percent	60 percent
Total U.S. Population	66 percent	68 percent

- *Spend in major categories*—from home and family care to personal care to wellness and more—categories representing significant volume to direct sellers.
  - Spent \$57 billion on food-related items
  - Skew high on food-at-home expenditures (\$36 billion)
  - Spend 30 percent more on personal/beauty products than the general market

*continued on page 56*

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continued from page 55

## Leveraging the Right Pillars in the African-American Community

There are four essential pillars or points of commonality that direct sellers can use to leverage a position of growth with the African-American market:

### Religion & Faith

- Strong faith believers
- 87 percent of African-Americans are religious versus 68 percent of non-Hispanic whites
- The black church has historically been a source of hope and strength for the African-American community
- The African Methodist Episcopal Church (AME) represents the largest and oldest black church in America with more than 4,000 churches

### Education

- Valued and respected
- Historically black colleges and universities (HBCUs) are important institutions in the African-American community; 105 universities have produced 25 percent of all African-American graduates but represent only 3 percent of all U.S. universities
- Direct sellers that invest in educating the African-American community gain credibility and loyalty

### Family

- The nucleus
- Spending time with family and friends are important leisure activities
- Family genealogy and research represent growing areas of interest

### Community

- It takes a village...
- 87 percent of African-Americans agree, "I would be more likely to buy products from a company that I felt gave back to the African-American community."

### Communication: They Speak English, Don't They?

The absence of a language barrier among African-Americans has negatively affected spending, research and targeted creative development for this audience. According to *Target Market News*, less than 1 percent of U.S. advertising spending uses targeted ethnic black media. Because we speak English, there is a tendency to believe that general market advertising is effective or that by simply adding black images to advertising, catalogs or Web sites that blacks will respond. This belief leads to many missed opportunities in generating sales among African-Americans.

Pepper Miller and Herb Kemp, authors of *What's Black About It?*, state that many marketers lack a deep and relevant understanding of the black consumer. The result is

the overreliance on general market media with *multicultural creative*—actors and actresses of all ethnic backgrounds—to reach African-Americans. Or, as an alternative, models of indistinguishable or multiracial backgrounds are used to appeal to African-Americans. Neither approach is ideal.

From the author's 25-year experience in marketing and selling to diverse consumers, the most effective strategy is one that uses targeted ethnic media (*Ebony*, *Essence*, BET, the Internet) and general market media with targeted, relevant creative to celebrate the unique lifestyle, aspirations and product needs of ethnic consumers. Spending should be at levels that allow the brand to be "heard" vis-à-vis the competition, drive awareness and build positive opinion of the brand. The further away from this strategy one moves, the less effective companies will be in maximizing communication among African-Americans.

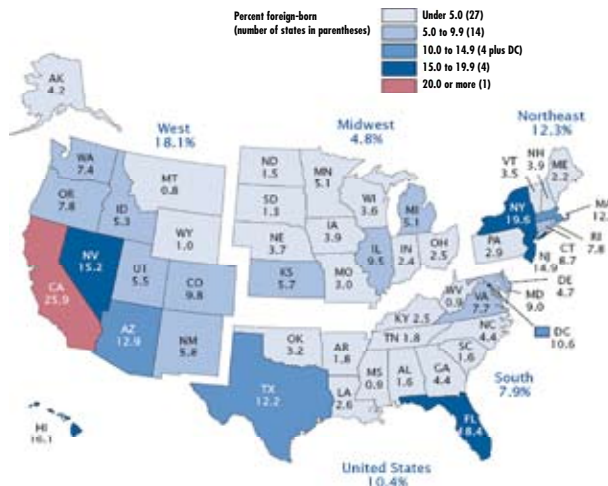
### Shades of Blackness: Segmentation of the African-American Consumer

Not all African-Americans are the same. It is important for direct sellers to understand who their target audience is within the African-American universe and to drive planning to this audience in a meaningful way. To highlight the primary segments, there are:

- ♦ **Pre/Post Civil Rights Consumers:** Maintaining the African-American culture is most important. They are politically aware, community-focused and embrace entrepreneurship as a way to control their economic destiny.
- ♦ **Gen Xers:** Believe the culture is important, but lifestyle and personal gratification are also important values. Increasingly well-educated, benefiting from civil rights movement. Higher propensity for inclusion in employment opportunities, product messages, advertising, etc.
- ♦ **Teens/Urban Youth:** Representative of "hip-hop" culture; major trendsetters in music, clothing, jewelry, technology, athletic footwear, fashion and accessories; serve as cool, hip models for peers and crossover youth. Spend \$164 billion as a segment.
- ♦ **Foreign-Born:** Account for 6 to 8 percent of African-Americans. Half are Caribbean—from Jamaica, Haiti, Bahamas and other Caribbean Islands. The remaining half emigrates from Africa. At least 2 percent (and potentially more) of all U.S. Hispanics claim African ancestry. Therefore, there are an estimated 4 million to 6 million African-descended Americans who speak English, Spanish, French or a native-African language. (Table 3.) Direct sellers can market to these audiences as customers and can build their businesses by recruiting them as independent distributors or as members of their employee teams.

**TABLE 3**  
**Foreign-Born African-Descended Population**

*The Northeast and Southeast have the largest concentration of the Caribbean population, particularly New York and Florida.*



Source: U.S. Census Bureau, 2001, Table 4-1A

continued on page 58

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continued from page 57

As mentioned before, the African-American market is one of the *most visible, fastest-growing, most influential segments* in business today. It is a tremendous source of sales, energy and profits for direct sellers. The secret to

gaining access to this market and winning big lies in four important and fundamental steps:

1. Galvanize the entire organization around the market potential. The African-American market's \$1 trillion growing economic and political clout demands the attention and commitment of you, as a member of the senior management team, to marshal the efforts of the organization toward this business opportunity.
2. Direct sales and marketing strategies, communication, Internet programs, promotions and new product development activities need to be held to the same high-quality standards as any implemented in the general population.
3. Measurement and tracking mechanisms should be put in place from the outset to measure success and fine-tune efforts for optimum results. Set base and more aggressive stretch goals, with appropriate payout requirements for each, to determine the full market potential for your brand. Test and track results.
4. Commitment should be for the long term and not just short-term opportunistic spurts, as these are most likely to fail. 🌐



Miriam Muléy is CEO of The 85 percent Niche. For more information visit [www.85percentniche.com](http://www.85percentniche.com).



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