

Consumer Behaviour of Recession-hit Black Americans in the Pre-pandemic Digital World

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Abstract Black Americans were disproportionately hard hit by the Great Recession and the Covid-19 epidemic/recession. This paper analyses the consumer behaviour of recession-hit black Americans in the pre-pandemic digital world. It shows that the consumer behaviour of black Americans is changing due to digitalization and that the recession is affecting them similarly to other consumers.

Ključne besede: • black American • black consumer • black English • Black Twitter • consumer behaviour • pre-pandemic digital world • recession

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<https://doi.org/10.4335/2021.9.8> ISBN 978-961-7124-08-8 (PDF)
Available at <http://www.lex-localis.press>.



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1 Introduction

There is a growing interest among marketers in the consumer behaviour of recession-hit black Americans who represent the third largest ethnic group in the United States with over 44 million people or an estimate of 13,4 % of all US residents as per 2019 US Census. The long and often troublesome history of this group of Americans shows itself in basic demographics as black Americans are less educated, less likely to own a home or a vehicle, more likely to live with their parent(s) and earn significantly less per household compared to the rest of the population (Breman, 2020). Recent studies have shown that black Americans were also disproportionately hard hit by the Great Recession and the COVID-19 epidemic/recession. More than one third are employed in the service industry (Breman, 2020), which faced the harshest reality of COVID-19 epidemic restrictions. During that time, many black Americans felt the hardship and were lured by low prices. This paper analyses the consumer behaviour of recession-hit black Americans in the pre-pandemic digital world. Digital technology is reshaping the black American community. It provides new ways of searching for information about products and services, new paths to purchase and consume them, as well as a unique opportunity to interact with brands and other consumers and sharing their experiences with world-wide audience. The effects that digital media have are not limited only to consumer behaviour online (i.e., environment-integral effects) but also to consumer behaviour in other, unrelated environments (i.e., environment-incident effects) (Stephen, 2016). As it appears, black American community embraced this new, digital way of brand-consumer interaction. This is partly because many of its members are digital natives – born and raised alongside rapid digital expansion. Their world is all digital. As a result, companies must adapt to the all-digital world to compete for black American customers. They must provide a digital shopping experience for black American digital shoppers. After all, digital shopping is the new black.

The rest of this paper is divided into four sections. Section 2 analyses the consumer behaviour of black Americans in the pre-pandemic digital world, Section 3 analyses the consumer behaviour of recession-hit black Americans in the pre-pandemic digital world, Section 4 analyses the use of black English in marketing and Section 5 concludes this paper.

2 Consumer behaviour of black Americans in the pre-pandemic digital world

The digital age has brought new technology and marketers have taken advantage of the new opportunities to communicate and interact with respective target groups. The new technology has changed consumer behaviour, which is driven by digital developments. There is a new layer to information gathering and exchange, and while in the past the salespeople were the true experts on store's offerings, today it is not unusual to assume that a consumer has more information on what is available. Additionally, digital

developments provided a whole new meaning to consumer engagement and as consumers tend to be more proactive and expect a greater level of personalization in all marketing activities (product and service design, distribution options, pricing, and communication), they will reward the brands that give them such opportunities. Finally, if in the past consumers used to go to a store to find out about a product and make a purchase, with the new technology, consumers can make their purchases online, with nothing but a few simple clicks.

Consequently, the digital age has also spurred buying power in the Black community. This is because black Americans are notorious for their love of digital devices and actively embrace new technologies. Black Americans, for example, are 37 % more likely to be the first among their peers to try new technology products compared to the general population. They are also 43 % more likely to own many gadgets, such as mobile phones, tablets, computers, etc. (The Nielsen Company [Nielsen], 2019). In fact, black Americans own more gadgets in their households than the entire US population. These devices include smartphones, tablets, gaming consoles, wireless headphones, smart TV, Internet-to-TV streaming devices, smart speakers, smartwatches, and virtual reality head-mounted devices (Nielsen, 2018). According to Nielsen, 96 % of black Americans own a smartphone. What is even more amazing is that they make up 23 % of the total market for US mobile sales while only accounting for 14 % of the total population (Nielsen, 2019). This is probably because 54 % of the black American population has lived their entire lives in the digital age (Cavill, 2019).

Black Americans also outperform the general population in other areas of digital technology. They use various types of technology more frequently, from video, messaging websites and apps, voice assistants, and podcasting to gaming and online grocery shopping.

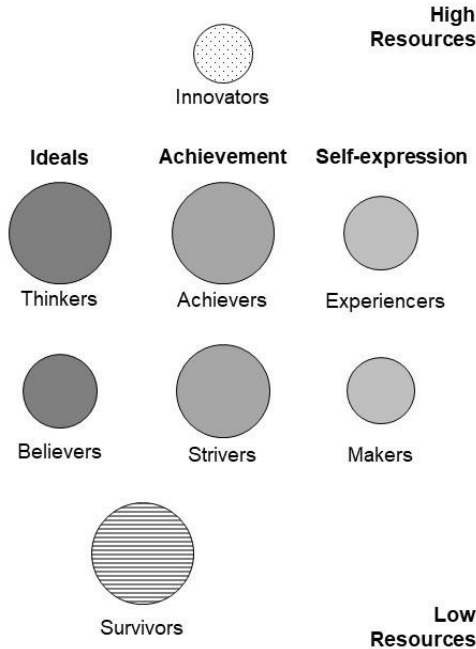
Nielsen (2019) shows fragmentation across media and time spent via traditional and emerging technologies. It shows that radio has the highest weekly reach among black Americans at 92 %, followed by total TV usage and Live and Time-Shifted TV at 91 % and 89 %, respectively (Nielsen, 2019). It is followed by App/Web on a smartphone at 81 %. In all these categories, the black population outperforms the overall population. Interestingly, Internet on a computer is below average at 46 %. Video on a computer has an even lower percentage at 21 %. In all these categories, the overall population outperforms the black population. This means that the black population spends much more time listening to the radio, watching television, and using their smartphones. These three types of media therefore seem to be the most reliable channels for reaching black consumers.

Video streaming is very important to the black community. It is their primary source of entertainment and cultural connection. Black Americans spend much more time per week in front of the television than the general population. They spend 50 hours and 38

minutes per week in front of the TV, compared to 39 hours and 6 minutes of the total population (Nielsen, 2019). This is quite a significant difference. Furthermore, the black population streams video across all devices, not just television. Streaming devices via Internet (TV) top the list, with 83 % of black Americans using them at least once a week, compared to 74 % of the overall population. Video streaming via smartphones, smart TVs, and computers is also popular among black Americans at 78 %, compared to 64 %, 76 %, and 63 %, respectively, for the overall population (Nielsen, 2018). This could also coincide with the rise of TV content (movies, series) that predominantly feature black people as the main characters. Black Americans strive for more content that they can relate to, and the American TV series *Empire* is just that. More content that caters to the black population means more people streaming videos. In addition, black viewers can also increase the rating and popularity of the content, and black American-created content seems to have a profound effect on the mainstream. Namely, they attract a large number of non-black viewers (Nielsen, 2018).

Apps have become omnipresent in the digital age. They are especially popular among black Americans. They use a variety of apps, from social media and online shopping to streaming music and video. More importantly, they also co-create apps that are specifically tailored to the needs of the black community. This is because black Americans feel they are not represented well enough in the media and their needs are different from the general population. One way of looking into these kinds of differences is offered by VALS™ framework. This survey separates consumers into eight distinct types based on primary motivation and resources. Primary motivations include ideals (consumers are guided by knowledge and principles), achievement (consumers who look for products and services that demonstrate success), and self-expression (consumers who desire social or physical activity, variety, and risk). Resources, on the other, hand exceed the obvious income criterion, and include energy, self-confidence, novelty seeking, impulsiveness, vanity, etc. Combining the two dimensions forms eight types of consumers as shown in Figure 1.

Figure 1: VALS™ Framework types



Source: Strategic Business Insights (2021).

Research by Strategic Business Insights (Bremann, 2020) shows that there are some considerable differences in distribution of VALS types in black American group compared to white Americans. Only low proportions of black Americans are in upper-resource groups (except for experiencers), while the majority lies in low resource groups (believers, strivers). Experiencers as a consumer group are among other things early adopters, are sensation seeking, see themselves as very sociable, spontaneous, and have a heightened sense of visual stimulation. Believers, believe in dichotomy between right and wrong, want friendly communities, watch TV to find an escape, have strong me-too fashion attitudes. Lastly, strivers have revolving unemployment, use video and video games as a form of fantasy, are fun loving, imitative, are the centre of low-status street culture and wear their wealth. Having apps that are specifically designed by and for the black population incorporates these characteristics and therefore allows black Americans to better connect with their culture and support others in the community. Such examples include apps, such as Official Black Wall Street and I Am Black Business, which contain information about black American-owned businesses. Through

these apps, they can also support black-owned businesses with their purchasing power (Nielsen, 2019). Another example is Squire Technologies, a fast-growing small business management platform. What started as an app to help black Americans find a good barber has evolved into a platform that is changing the landscape of the barbering experience (Nielsen, 2019). The app has processed \$100 million since its inception.

Apps have also spawned social platforms and with that, the ability for the black community to express themselves. These social platforms are often used as mobile apps. Social networks are one of the places where black Americans leave feedback and recommendations on products (Nielsen, 2019). They are also one of the places where businesses can reach out to the black community and tap into the buying power of black Americans. The most popular are Facebook (66 %), Instagram (55 %), Pinterest (34 %), Twitter (37 %), and Snapchat (33 %) (Nielsen, 2019). Surprisingly, Facebook is used less by Black Americans over the age of 18 compared to the general population. The two social networks that are significantly more popular are Instagram and Twitter. The latter stands out especially with the rise of “Black Twitter”. This term “refers to a particular collective of black identities and voices on Twitter taking part in collective, culturally specific jokes and dialogues that affect the community” (Wheeler, 2019). It is a platform for black Americans to express themselves, their culture, their concerns, etc. (Nielsen, 2018). Some of the topics raised by black twitter in 2020, spurred the expansion of movements such as black lives matter and blackout day, where the latter was “aimed at highlighting how the black dollar powers the larger U.S. economy and how the America would be a very different place if Black consumers did not participate” (Bridges, 2020). All in all, Twitter established itself as a very influential pathway, especially since celebrities have such a huge impact on the buying decisions of black Americans. These celebrities can promote their own products or products of certain brands on social media. For this reason, platforms, such as Instagram and Twitter, especially “Black Twitter”, can be a great opportunity for companies to reach the black community.

Gaming is another important component in the life of the black community. The black American population is relatively young, so gaming provides a great opportunity for marketers to connect with young black American gamers. The gaming industry is strong in the United States, with gaming revenue of \$36 billion in 2017 (Nielsen, 2018). However, there is a lack of diversity in gaming content. Most games are aimed at the general population, although there is much room for improvement. Although more and more games offer characterization of game characters, such as skin, hair, and facial features, these are minor elements. What is important is the content, the story that drives the gaming experience. This is something games lack when it comes to black culture. However, some developers are trying to bring in content that includes all demographics, such as Culture Shock Games and Dim Bulb Games with their projects We Are Chicago and Where the Water Tastes Like Wine (Nielsen, 2018).

Regardless of the digital platform, black Americans' embrace of technology impacts their shopping behaviours, from information and content search, to how they use their devices to shop and purchase products, and their interaction with brands. Black Americans have significant purchasing power in the United States and their buying power is increasing as shown in Table 1.

Table 1: Buying power of black Americans

	Share of US population (2019)	Share of buying power (2019)	Buying power (US\$) (2019)	Increase in buying power (2010–2019)
White	76.2%	81.7%	13.2 trillion	39.5%
Black	13.4%	8.9%	1.4 trillion	48.1%
Asian	6.3%	7.1%	1.2 trillion	89.5%
Latinx	18.6%	10.7%	1.7 trillion	69.1%
American Indian	1.3%	0.8%	126.8 billion	51.8%
Multiracial	2.8%	1.6%	253.9 billion	73.6%

Source: Humphreys (2019).

This growth is facilitated by increasing education levels and the number of black-owned companies (Humphreys, 2019), while the digital age has additionally enabled the black community to become more prominent in the marketplace. Consequently, black Americans are also co-designing apps that are tailored to their needs. Moreover, they represent a great potential for companies and brands to tap into the buying power of the black community and capitalize on the untapped potential.

3 The consumer behaviour of recession-hit black Americans in the pre-pandemic digital world

The Great Recession was tough on all Americans, but it hit black Americans the hardest. They were the most economically and financially vulnerable segment of the population anyway. Even today, they have not fully recovered. Pre-recession data also shows that black Americans lay behind other groups when it comes to income. The average black family earned \$55,265 in 2007, just 64 % of an average white family. The poorest black American families had it even harder, earning only 43 % of a white family's earnings (Adejumo, 2019). In addition, more than 20 % of black Americans earned less than \$15,000 a year in 2008 and were also significantly more likely to be unemployed. For example, during the Great Recession, unemployment for all Americans peaked at 10 %, while it exceeded 16 % for black Americans (Adejumo, 2019).

Recessions usually cause consumers to become poorer or feel poorer. They also become more cautious when it comes to spending (Quelch, 2008). This means reduced spending and fewer purchases overall. Hampson and McGoldrick (2013) provided even more in-depth description of shopping adaptations during recessions. Their research showed that consumers amidst recession exhibit less impulse buying and more planning, less store loyalty and lower shopping frequency. Consumers tend to be more price conscious, they buy more store brands, and when shopping for clothes, value seeking is the way to go. Lastly, authors find that recessions discourage ethical buying and charity donations. Black Americans are no different from other groups in this regard.

Recession-hit black Americans, just like Americans in general, are more likely to defer purchases and buy things that are more likely to be necessary (Quelch, 2008). In other words, black Americans tend to prioritize things. If the latest smartphone or computer seemed like a must-have yesterday, today it is something they can do without. They also tend to look for more durable goods (Quelch, 2008). If an item tends to last longer, there is less need for a new item. This can help save money in the long run. Trusted brands are especially valued by recession-hit black Americans, who are known to be loyal consumers (Quelch, 2008). If a black American is satisfied with purchasing digital items from a particular brand, they are much more likely to return to that brand during and after a recession.

In bad times, consumers tend to look for things that evoke familiarity and tend to spend more time at home (Quelch, 2008). Black consumers value family and friendship ties. Consequently, they tend to spend much more on home entertainment, such as television and video games. The latter is especially true for the younger generation of black Americans. Both older and younger generations tend to spend much more time streaming video. As a result of the recession, people are spending less time outside shopping, eating at restaurants, and going to the movies. And, subsequently, the amount of time spent on smartphones and using various apps is also increasing.

As mentioned earlier, quality is important to recession-hit black Americans. However, the price of a product is just as important, or perhaps even more so. Recession-hit consumers are looking for best deals, best prices, and best promotions. It may be that less is being spent overall and black consumers are more careful about what they buy, but this is where smartphone apps have an advantage. We can assume that recession-hit black Americans are much more likely to use smartphones to make purchases. The reason for this is many apps available to help consumers find the best deals and best prices. This helps them save money and time.

The recent COVID-19 pandemic caused a recession. Many people, including black Americans, stayed home. The use of entertainment technology such as television, radio, streaming video, and video games skyrocketed. Many of them were forced to order food and other essential products, such as face masks and hand sanitizer, through apps.

Computer sales increased as people had to work from home and many still do. As a result of the pandemic, many people have lost their jobs or have been put on hold. Black Americans were worse off than their white counterparts even before the crisis. The latter could trigger another recession. Since black Americans have not even fully recovered from the last recession, this could mean even less spending power.

4 The use of black English in marketing

Consumer groups composed predominantly of black Americans outperform all other consumer groups in the US market. Having mentioned above that they are strong representatives of consumers of the digital age, it is of great importance to focus on all parts of this American subculture, which has a unique complex of behaviours, traditions, language, and values (Escalas, 1994). Since there is not enough space and time to include all cultural aspects, let us focus on language.

The development of the formal designation of the language of the black American population goes way back to the early 1980s. It was then that the differences between the various styles of language were first worked out scientifically. It went from Ebonics to Black English, to African American English and finally to African American Vernacular English (AAVE) compared to Standard English. When Ebonics acquired a pejorative meaning and was called a politically coded language, with reference to the need for further education of speakers, it was finally agreed to AAVE.

Nearly 40 years later, the field of language used in commercials for black Americans still had to touch on the history of the language name before explaining and describing the research. Luu (2020) included the brief summary of AAVE as the final version. She went even further by defending and slightly outlining the idea that it is a language with its own history, development, incorporated values, and behavioural styles. Thus, she argued, there are many cultural aspects to it. This leads to the belief that AAVE is not just a deviation from Standard English, but a language of its own.

Combine the facts that black Americans are a growing consumer group, enthusiastic about digital devices and app use, with the importance of their urge to express themselves as a cultural subgroup, and there should be a strong call to explore their kinds of expressions, phrases, and words they like to use. This could be a shortcut to connect their enthusiasm for technology and their path of digitalized shopping. Thus, closely analysing the language used in marketing could be a game changer in reaching this particular consumer group. To satisfy the notion of black Americans communicating authentically or simply responding to marketing language, the use of the AAVE could make a difference.

So, the use of language in marketing is important. AAVE is, after all, a cultural aspect that black Americans identify with and as Vicki Bolton from Burrell, an American

advertising agency that has specialized in African American consumers, states: “People want to see themselves in messaging.” (Maheshwari, 2017). However, using the language of a minority is a double-edged sword. On one hand, using it in marketing could prove to be an advantage. It could attract potential black consumers. If done right. On the other hand, it could turn off black consumers if done wrong. This is because companies have often resorted to stereotypes when trying to reach black consumers. This began in the 1970s when the industry stopped portraying black Americans as slaves and inferior to white Americans. Instead, companies, such as McDonald's Corporation and The Coca-Cola Company, began to lean towards racial diversity in their advertisements (The Atlantic, 2015). All of this to keep up with the times and reach a wider range of consumers. Companies began to use what they believed to be the language of black Americans by dropping the final g in words, such as makin', doin', and dinnertimin' (The Atlantic, 2015). Other examples include the use of phrases, such as gettin' down, have mercy, and mammy. Such attempts were perceived by many as tone deaf. This is because companies were trying to reach black consumers without knowing their culture and most advertising agencies were white owned, although there were some that were black owned.

Today, these racial stereotypes are much more subtle and audiences much more vocal about them than in the past. Businesses, therefore, must consider whether they want to gain a significant portion of the consumer market or lose access to it altogether (The Atlantic, 2015). Using AAVE in advertising can be dangerous without knowing the target culture. If done incorrectly, there can be backlash and the advertiser alienates black consumers, who have considerable power in the marketplace, from their products. Use AAVE or other minority language correctly, and the company can benefit from strong buyers.

5 Conclusions

Black Americans represent a growing group of what are already the largest new consumers of new technology. For some, their entire world is all digital. Their online and offline consumer behaviour is shaped by digital developments. They are the ones who listen to the radio almost constantly, spend the longest time in front of TV every day, are the first among their peers to try new technology products, own the most gadgets in their households, use and even co-create apps, and actively participate in many different social platforms. In addition, there are games that black Americans also enjoy because of their relatively young population. However, to connect the dots, one could argue that the percentage could be even higher. A much more efficient way to reach the black community could be through content and adapted cultural factors. Research (Breman, 2020) shows that black American consumers differ from other ethnic groups in their primary motivations and particularly in their resources' levels. Brands that could address such differences with appropriate marketing mix could benefit immensely. Furthermore, black Americans crave customized products that

would allow them to express themselves fully and appropriately. Some companies (e.g., McDonald's, Coca Cola, Culture Shock Games, Official Black Wall Street) are making important strides in this direction, and we believe that others ought to follow. Further research could expand on these topics and contribute to a more thorough understanding of black American consumer markets.

During the recession, black Americans were especially affected and were paid unequally even before. They also had the highest unemployment rate as a result of the recession. Therefore, they became much more cautious about spending money, but were still considered the most loyal consumers, valuing quality and attainable prices of products. All this had a great impact on the group as a whole and kept them from being extremely active buyers.

One of the factors that could speed up the process of making them again the group of consumers that represents the fastest growing population and focused on purchasing new products could definitely be the use of the right language. It is considered as a very important part of black American culture and allows them to identify themselves. Therefore, AAVE should be used to the fullest and invite sellers to benefit from them as strong buyers.

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