



QUICK TAKES • Buying Power

BUYING POWER – WHAT IS IT?

Buying power is defined as the total personal income of residents that is available, after taxes, for spending on good and services. It is also called “disposable income.”¹

WOMEN’S BUYING POWER

In general, buying power is challenging to measure, and this is particularly the case when trying to measure the buying power of women. Census data is reported by household unit. Since 50% of women are married householders, their individual spending is lost in the “household” spending, and thus difficult to find. The finding that most women are the “principal shopper” in their household implies that women make the majority of household purchases, but there is no financial data associated with that implication. Census findings do imply that spending increases with income, so a case can be made that as women’s incomes increase, so does their spending. By combining statistics below, some evidence for both trends are supported.²

INCOME & LABOR STATISTICS SHOW WOMEN ARE WORKING AND EARNING MORE

- Education is a factor in income and spending – higher degrees lead to higher median salaries as well as increased expenditures.
 - The median weekly earnings in 2005 was \$1,421 for people with doctorate degrees, \$1,370 for people with professional degrees, \$1,129 for people with master’s degrees, and \$937 for people with bachelor’s degrees, compared to \$699 for those with associate’s degrees, \$583 for people with high school degrees, and \$409 for those with no high school diploma.³
 - College graduates’ average annual expenditures in 2005 were \$65,542, compared to \$38,162 for high school graduates. They also spent \$7,610 on food, \$21,676 on housing, and \$2,768 on household furnishings and equipment compared to \$5,150 spent by high school graduates for food, \$12,380 for housing, and \$1,303 on furnishings and equipment.⁴
 - Women currently earn more bachelor’s (57.2%) and master’s degrees (58.9%) than men, and by 2013-14, are projected to continue to grow their share to earn more degrees than men in bachelor’s (60.0%), master’s (60.3%), doctorate (50.3%), and first professional* (54.2%).⁵
- Married couple families in which the husband and wife work had far higher median incomes (\$77,899) than married couple families in which the husband worked but the wife did not work (\$51,303).⁶
- Of the 26,749,000 married couples with children in the U.S., 64.6% were dual-career couples.⁷

- Between 1990 and 2004, women's median income grew 25.0% (\$14,112 to \$17,629), compared to 7.3% for men (\$28,439 to \$30,513).⁸
- In the U.S. in 2003, 25.2% of wives in dual-working couples earned more than their husbands.⁹
- In Canada in 2003, 29% of wives in dual-working couples earned more than their husbands.¹⁰

WOMEN MAKE KEY PURCHASING DECISIONS

- 76% of women identified themselves as the principal shoppers, according to one survey, down 10% since 1985. According to the same survey, the percent of men who identified themselves as the principal shopper increased to 24%.¹¹
- Women also play a large role in non-routine expenditures: The Consumer Electronics Association found that women influence 88 percent of household consumer electronics purchases in some fashion and in 2005 initiated \$65 billion in CE purchases themselves.¹²

PEOPLE OF COLOR BUYING POWER¹³

- African-Americans' buying power will increase from \$318.1 billion in 1990 to \$1,023.4 billion in 2010, an increase of 221.7%, which is significantly higher than the 163.7% growth rate for Whites, but lower than other race/ethnic groups. African-Americans' share of the consumer market will be 8.6% in 2010, larger than Asian-Americans or Native Americans.
- Asian-American buying power will increase from \$116.5 billion in 1990 to \$578.8 billion in 2010, an increase of 396.9.0% and will have a market share of 4.9%
- Latinos/Latinas' buying power will increase from \$221.9 billion in 1990 to \$1,086.5 billion in 2010, an increase of 412.8%, which is higher than the growth rate for any other race or ethnicity. Latinos/Latinas' projected share of the consumer market in 2010 is 9.2%. Note: Hispanics may be of any race.

GAY, LESBIAN, AND BISEXUAL BUYING POWER

- According to Simmons Market Research Bureau, the total spending of lesbian, gay, and transgender individuals at \$600 billion.¹⁴
- 78% of LGBT people would switch brands to companies that advertise in LGBT media.¹⁵

* Category includes the following degrees: Chiropractic (D.C. or D.C.M.), Dentistry (D.D.S. or D.M.D.), Law (L.L.B., J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Pharmacy (Pharm.D.), Podiatry (D.P.M., D.P., or Pod.D.), Theology (M.Div., M.H.L., B.D., or Ordination), Veterinary Medicine (D.V.M.)

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