



The New **MULTICULTURALECONOMY**

2014 – 2015 Trends and Why It Matters To Marketers
SSG Total Market ROI Watch; Issue 4

As part of SSG's series, we bring deep analysis & insights on economic & growth indicators pointing at Total Market opportunities where Multicultural & Millennial advantages increasingly impact marketers' overall success.

The New Multicultural Economy

Exec Summary

- Multicultural new hires are driving the growth of overall U.S. employment while WNH drop off the labor rosters.
- In 2014, there were 83.1M employed WNH adults over 25 years old, its lowest level in the last 10 years, while the number of Hispanics employed reached its highest level ever at 19.7M.
- The Annual Growth Rate at which Hispanic and Asian/Other are securing employment is increasing at 3% per year while that of WNH is decreasing at 1% per year.
- Hispanic & African American segments are the only segments in which the labor participation rate has stabilized. Hispanics participation rate leads all groups and is currently 7 points higher than WNH.



Multicultural Employment Has Been Expanding While WNH Employment Base is Contracting

The U.S. Economy Has Never Had So Many Multiculturals Employed In the Labor Force

- Since 2007 Pre-recession Levels, the number of Hispanics employed has increased 14%, Asian/Others 18%, AA 4%, but WNH employment has decreased 5% since its all time high.

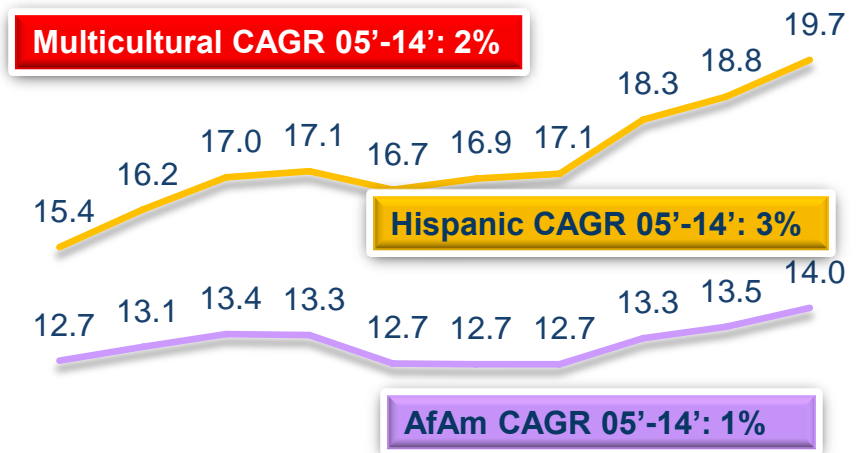
Employed 2005-2014 Adults 25+

— WNH — HISP



Employed 2005-2014 Adults 25+

— AANH — HISP — AONH



Hispanic CAGR 05'-14': 3%



Asian/Other CAGR 05'-14': 3%



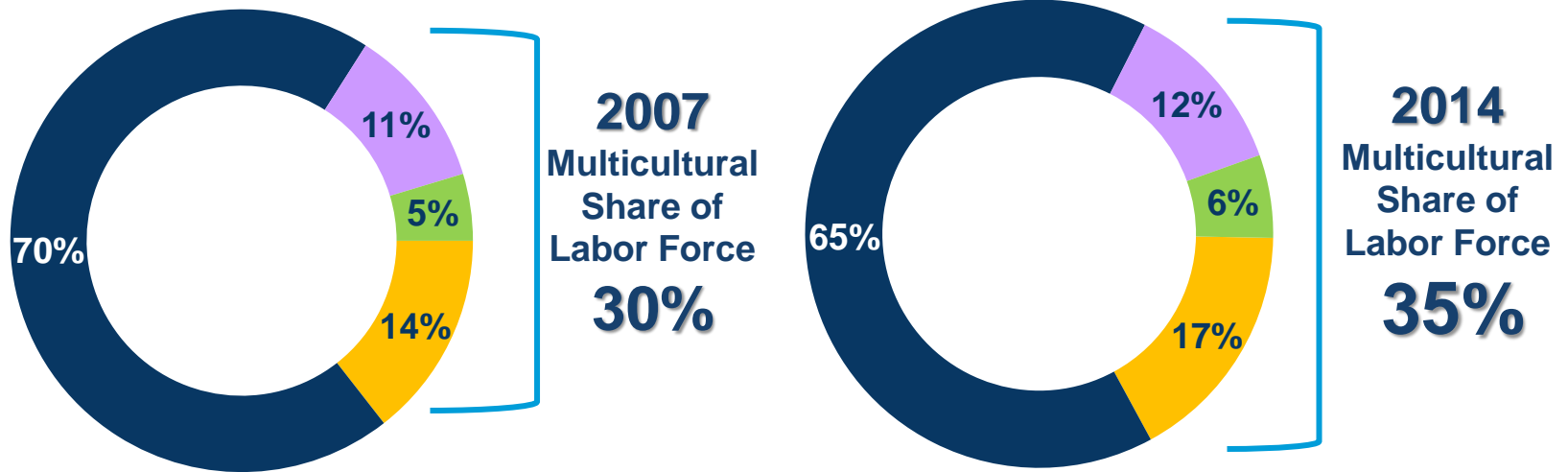
The American Labor Force has changed

–over a third of the U.S. Force is now Multicultural

- The Multicultural share in the Labor Force grew by 5 percentage points in the last 7 years.

2007 Share of Civilian Labor Force 2014 Share of Civilian Labor Force

■ HISP ■ WNH ■ AA NH ■ A/O NH



- The share of WNH in the Labor Force has shrunk by 5 points from pre-recession levels to 2014, while the Hispanic share increased by 3 points from 14 to 17%.

WNH: White Non-Hispanic; AANH: African American Non-Hispanic; AONH: All other Non-Hispanic

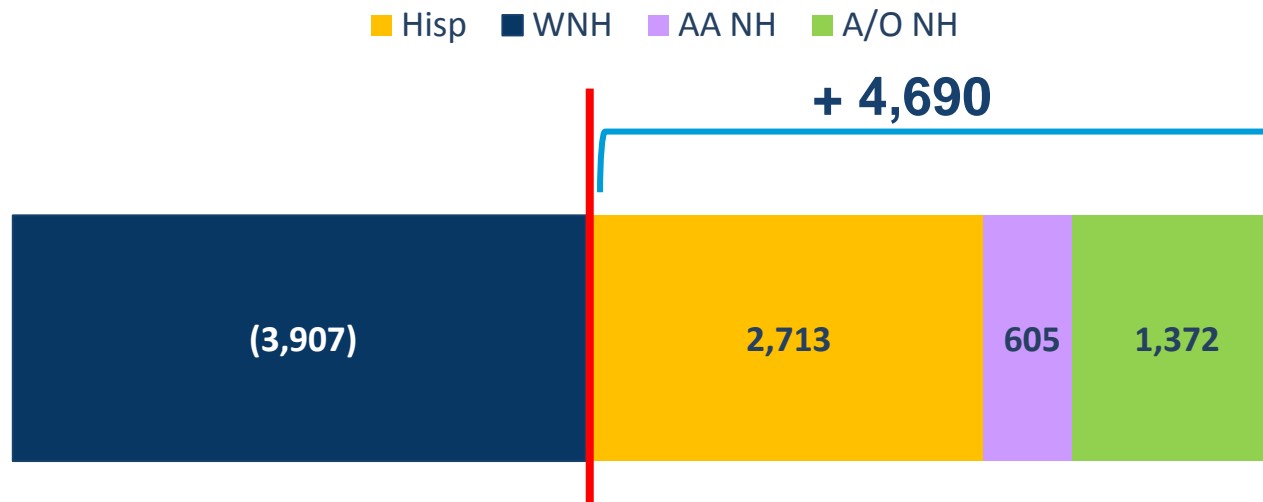
Source: SSG analysis of BLS Quarterly Census of Employment and Wages

Multicultural Segments Generated The Entire Increase in U.S. Employment Rosters Since Pre-Recession

-For Every 1 WNH Job Lost, There Have Been 1.2 Jobs Filled by Multicultural

- Employment among WNH adults never regained to pre-recession employment levels, instead decreasing by 4M jobs or -4.5%.
- On the other hand, the economy benefited by Multicultural segments' 4.7M new job increase, that is, a +14% increase in the same period.

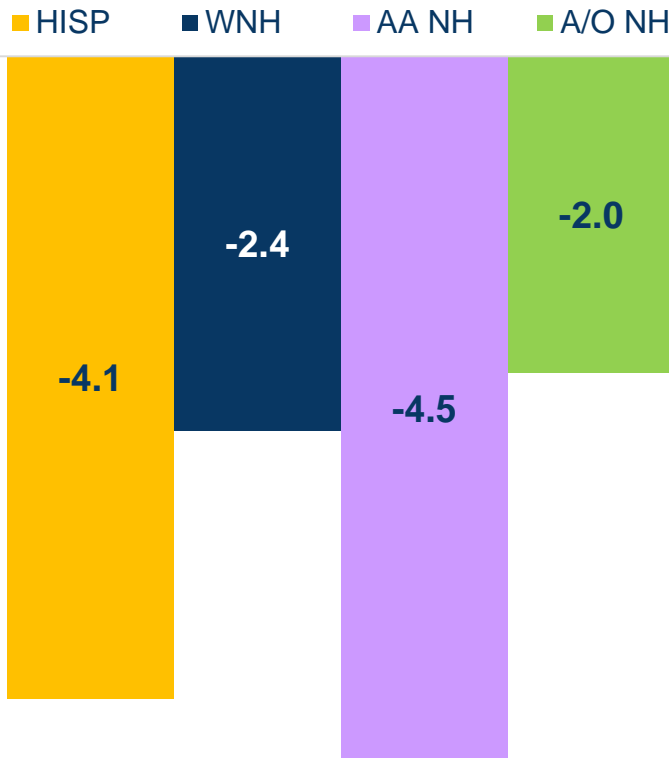
Growth in Employment 2007-2014



- Hispanics have gained 6 of 10 new jobs created in the U.S. from the pre-recession to 2014.

Multicultural Unemployment Rate Declined At Twice the Rate of WNH

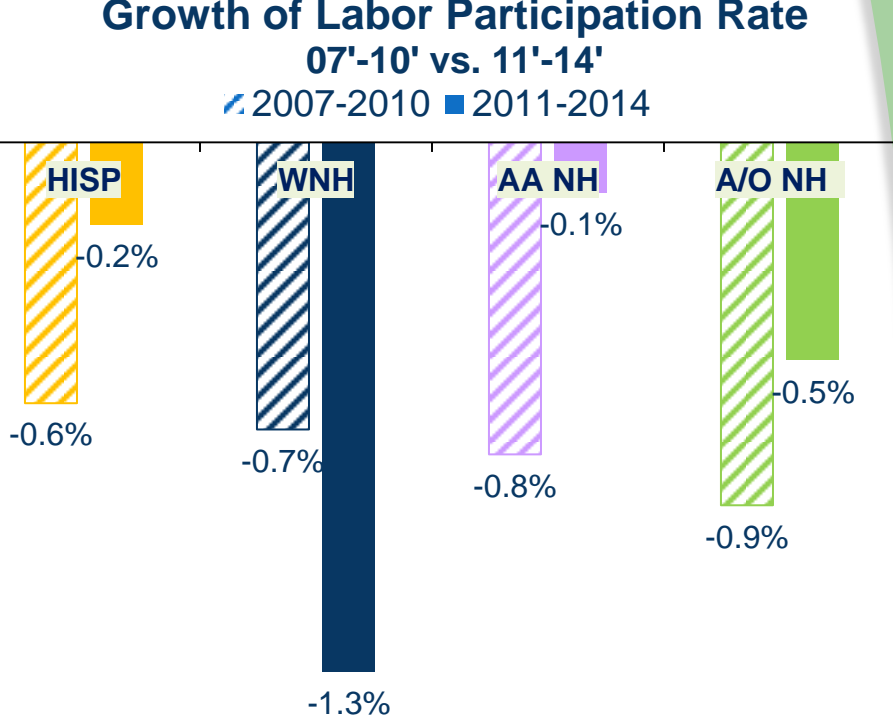
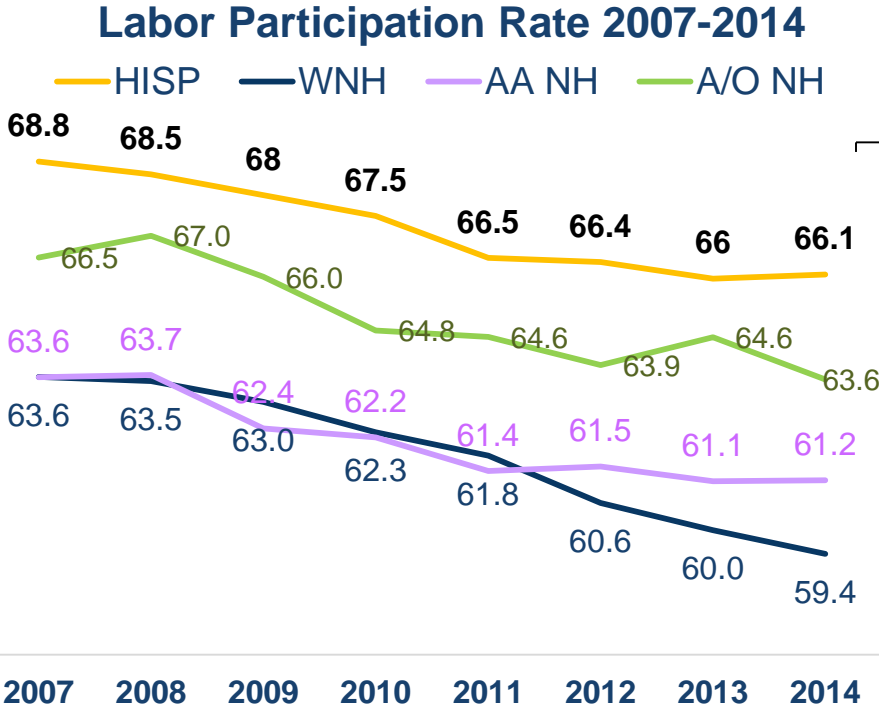
2011- 2014 Share of Unemployment Rate



- From 2011 to 2014, the Unemployment Rate among Hispanic decreased by 4.1 points from 11.5% to 7.4%
- AA Unemployment Rate decreased by 4.5 points from 15.9% to 11.4%
- AO* Unemployment Rate decreased by 2 points from 7.0% to 5.0%
- WNH Unemployment Rate declined by 2.4 points from 7.2% to 4.8%

*AO: All Other

Since 2011, Labor Participation Rate Stabilized For Hispanic & AA; It Declined Faster for WNH



- Total Labor Force Participation Rate in the U.S. is stabilizing thanks to Multicultural groups, lead by Hispanic at -0.2% since 2010 while WNH is the only segment whose decline accelerated (from -0.7% between 2007-2010 to -1.3% between 2011-2014).
- Hispanic lead in Labor Participation Rate widened from 5 points over WNH in 2007 to 7 points in 2014, the largest lead in the last 10 years.

Three Quarters of the 2014 U.S. Incremental Personal Income Is Generated by Multicultural New Job Holders

- ◉ \$66B of \$88B incremental income generated by multicultural new job holders

- ◉ 8 in 10 of newly employed in U.S. are Multicultural, nearly Half are Hispanics

75%
\$66B of \$88B

\$22.1



WnH

\$35.3



Hisp

\$17.7



AA

\$13.3



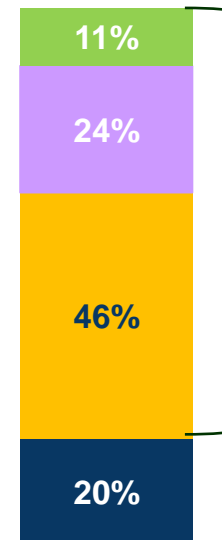
Asian/O

■ White NH

■ Hisp

■ AA NH

■ AO NH



81%



Why Does The New **MULTICULTURALECONOMY** Matter To Marketers

“There are reasons to be optimistic and to expect a further pick-up in 2015...Consumption will continue to be supported by the labor market, by the boost to disposable income ... Housing is another area that is just due for a bounce-back. Chances are we are going to see some acceleration next year.”

- Aneta Markowska, chief economist at Societe Generale in New York

Practical Translation

At SSG we believe that there are several basic ways to generate double digit growth rates:

- A. your product seeks to expand its household penetration in an overall market which is flat or contracting **...except for in the Multicultural segments which are expanding.**
- B. your product gains growth from increased occasions versus the competition, that is, increased loyalty **...Multicultural consumers are less likely to brand shift especially for a few cents and a catchy display at the moment of truth.**
- C. your brand gains from increased purchase size, higher usage without deteriorating margins **...larger, busier Multicultural households can generate the most volume.**

Source:

<http://www.bloomberg.com/news/articles/2015-01-30/economy-in-u-s-expanded-less-than-forecast-in-fourth-quarter>

About SSG

SSG is a strategy, analytics and research consulting firm; experts in guiding clients' growth strategies by leveraging Big Data, advanced consumer research, predictive modeling, and innovative segmentations.

We uncover actionable consumer segment insights that enhance clients' marketing effectiveness and optimize sustainable total market growth.

We arm clients with intelligence and roadmaps, including 'size of the prize', drivers to purchase, and customer journeys across marketing "Ps," aligned with ROI targets for Millennial, Multicultural, Hispanic and Total Market.

Find previous SSG Total Market ROI Watch issues at:

www.SantiagoSolutionsGroup.com/Media-Center/Newsletters



SSG
Monthly Insights Newsletter
santiagosolutionsgroup.com/subscribe/

@Santiago_Group

@Carlos_SSG



Santiago Solutions Group



818.905.5666



SantiagoSolutionsGroup.com



Carlos@SantiagoSolutionsGroup.com