Research
Ethnic Minorities and the Retail Sector

Workplace
The UK Census 2001 recorded Britain's black, Asian and minority ethnic (BAME) population as 4.6 million people or 7.9% of the total population.

- Since then, the number of BAME people in the UK has grown to 6.4 million with nearly half, 42.3% living in London. After London, the second largest proportion of the ethnic minority population live in the West Midlands (12 per cent), followed by the South East (9 per cent), the North West (8 per cent), and Yorkshire and the Humber (7 per cent). Source: http://www.statistics.gov.uk/cci/nugget.asp?id=263

- In some areas of the country ethnic minorities are rapidly becoming the majority. A study by Interfocus, predicted that by 2011, blacks and South Asians were set to outnumber the white population in half of all London boroughs as well as the cities of Birmingham and Leicester.

- 2001 Census data determined that 2% of the population of England and Wales were Indian, and Bangladeshis formed 0.5% with the highest proportion in the London Borough of Tower Hamlets (33.4%). 1.1% of people were Black Caribbean, 0.9% Black African and a further 0.2% were from Other Black groups. Chinese people represented 0.4% of the population but formed more than 2% of the population in Westminster, Cambridge, City of London and Barnet. People who identified themselves as of Pakistani origin made up 1.3% of the UK population with higher proportions in Yorkshire and Humber (2.9%) and the West Midlands (2.9%).

Currently 1.7% of the population of England and Wales are Mixed race.

According to the Office for National Statistics more than 300 languages are now spoken in London alone.

Musims are now the largest religious group in the UK after Christianity. There are 1.5 million Muslims in the UK and around two fifths (38%) of them live in London. Muslims make up 8% of London's population overall, but 36% of the Tower Hamlets and 24% of the Newham Populations. Source: http://www.statistics.gov.uk/religion/geographicdistribution

Ethnic minorities in the UK also represent a younger, growing marketplace 80% are under 25 years old.

And 16% of the UK’s undergraduates are young people from ethnic minority communities.

Most second and third generation ethnic minorities are upwardly mobile with a high standard of education and disposable income. Computer literacy is particularly high amongst young consumers, suggesting a high level of future e-commerce success.
2 How big is the Retail Sector?

The retail industry employs over 3 million people (data collected March 08).

- This equates to 11% of the total UK workforce (UK Retail Futures 2011: Sector Summary, Datamonitor).

- Almost 8% of the Gross Domestic Product (GDP) of the UK is generated by the retail sector.

- UK retail sales were approximately £265 billion in 2007, which is larger than the combined economies of Denmark and Portugal (UK Retail Futures 2011: Sector Summary, Datamonitor).

- The retail industry and the jobs within it are susceptible to economic and consumer trends.

- The UK retail market is set to increase in size by 15% over the next five years, taking its value to just over £312bn (UK Retail Futures 2011: Sector Summary, Datamonitor).

- The electricals sector is currently the best performer, with a predicted growth of 24% (UK Retail Futures 2011: Sector Summary, Datamonitor), while the home sector retailers face a tough period as falling house prices make people more cautious about moving home.

- Customer confidence is a key issue: if people feel optimistic about their situation, they will spend more. If they are nervous about their own financial security, they will spend less.

Ethnic minorities have tremendous buying power and often have choices about whom they buy their products and services from.
A Force to be Reckoned With!

As a target market, ethnic minorities are big business. Data for 2000 revealed;

25% of ethnic minority households earned over £30,000 a year,

90% of the 83,200 independently-owned neighbourhood shops in the UK were owned by members of the ethnic minority community.

23% of Britain’s doctors, 50% of pharmacists, 13% of travel agents, 13% of service industry managers, 24% of restaurant staff and 27% of London Underground staff were of ethnic minority origin.

Ethnic Minority Spending Power

Economically, BAME consumers are a growing force:

- In 2003, a report by the Institute of Practitioners in Advertising (IPA) on ethnic diversity in the UK, disclosed the combined disposable income of ethnic minorities as an estimated £32bn.

- In 2007, the Multi-cultural Insight study commissioned by Weber Shandwick’s specialist multicultural marketing division Multi-Cultural Communications (MCC), estimated that the spending power of the UK’s ethnic minority communities would reach £300 billion by 2010. In the US, the combined purchasing power of ethnic Americans was estimated to be in excess of $2 trillion.

- In 2001, Muslims in the UK had an estimated spending power of £20.5 billion. Mintel put the overall halal market in the UK - for both in- and out-of-home consumption - at around £700 million, with extensive market potential.

- According to the Asian Rich List 2009, there has been substantial growth in the Asian money market in Britain now totalling £9bn having grown by £1bn.

- Asian millionaires are getting younger - In 2003, 47 of the richest Asian millionaires were under the age of 40, controlling a staggering £1.33 billion. In 2009, another six Asians under the age of 30 have joined the line up.

Source: http://www.independent.co.uk/news/uk/home-news/hooda-brothers-and-mittal-top-asian-rich-list-661566.html
Research confirms that not only are ethnic minorities hardworking and inspirational, they are also economically powerful.

- According to Starfish Research, BAME consumers are three times more likely to own a BMW than the population in general and twice as likely to own a Mercedes-Benz.

- Ethnic minorities account for a twelfth of fashion spending. With continuing net inward migration, ethnic minorities will continue to grow in numbers as will this group’s spending power. Source: Mintel 2009

- Ethnic minority consumers are keen purchasers of hi-tech products with their ownership of laptops, digital stills cameras and iPods/MP3 players being above the national average, making them an important consumer group for manufacturers of hi-tech goods.

- The same goes for mobile phones, where there are high levels of mobile phone ownership amongst ethnic minority groups.

- One in three Black and Asian respondents in recent market research (33% & 32% respectively) identified Nike as one of the brands they buy most often, compared to only 20% of White respondents. And, Black women spend 6 times more on hair care products than white women.

- Ethnic minorities are increasingly tuning in to ethnic media, which speak to them within familiar cultural context. The ethnic minority media has grown dramatically from 8 titles 20 years ago to more than 56 TV stations, 24 radio channels and more than 180 titles targeting both younger generations as well as the gate keepers and influencers. Most of these groups pay more than £200 million to subscribe to the specialist channels on top of the £200 million paid in licence fees.

The Starfish Research Minority report revealed that almost half of all ethnic minority groups would take more notice of advertising if it included someone from their own ethnic minority group!

This is reinforced by the Weber Shandwick study (2007), which claims that 77% of Asians, 78% of black people and 51% of Chinese people in the UK say marketing by mainstream brands has little or no relevance to them.
Employers who are members of the Race for Opportunity campaign know the importance of measuring and monitoring progress. The campaign's benchmarking tool allows employers to measure and celebrate their progress on race year on year and is the only investigation of UK employers' attitudes to, and action on race, that describes the trends and challenges of ethnic diversity. The following chart illustrates the progress of one of the key marketing trends the campaign has measured amongst its network members since 2001:

**RFO Employers who are committed to understanding and engaging ethnic minority customers, clients and service users**

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<th>Year</th>
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A tremendous shift from only 66% of network employers understanding and engaging with ethnic minority consumers in 2001, to 90% in 2009.

In addition, the 2009 survey revealed that 79% of the RfO network regularly review advertising and promotional material.

**Businesses that regularly review advertising and promotional material**

- Yes: 79%
- No: 21%
7 RfO Best Practice Tips for Customers, Clients and Service Users

- Ensure your marketing teams or policy makers are signed up to your organisation’s commitment to race equality.

- Review your advertising and promotional material to ensure they reflect the diverse marketplace, both in the content and images used.

- Consider including ethnic minorities in your focus groups and evaluation programmes for promotional or marketing campaigns.

- Consider adjusting your messages to effectively engage different customer groups since the ‘one-size fits all’ approach to communication is no longer adequate for brands to effectively build awareness and trust.

- Focus on different ethnic minority groups for targeted products and services.

- The Shap Calendar of Religious Festivals is an invaluable resource for businesses to use to develop a marketing plan in accordance with annual multicultural festivals and celebrations. It contains details on 12 different faiths from Baha’i to Zoroastrian (Parsee) and including Buddhism, Christianity, Islam, Hinduism, Judaism and Sikhism.

- Review the take-up of specific products and services.

- As part of training your managers, set objectives for them to market relevant products to diverse segments of the market.
For further information on the Race for Opportunity campaign, please visit www.raceforopportunity.org.uk or telephone 020 7566 8661.

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