

# Idaho Multicultural Buying Power Spring 2021

# Idaho Multicultural Buying Power



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## Introduction

This report is intended to examine multicultural diversity in Idaho through the buying power of races and ethnicities in Idaho. Using data from the Selig Center for Economic Growth, the report evaluates changes in population, buying power, Idaho's market concentration and nationwide rankings, and changes in consumer spending across races and ethnicities and years. Select years have been evaluated dating back to 1990 with five-year projections through 2024.

## Executive Summary

Idaho has been experiencing rapid growth in recent years, ranking in the top states for population growth. Diversity in Idaho has also been growing, with Idaho's minority groups rising from just 3 percent in 1990 to more than 8 percent projected in 2024. Idaho's Hispanic population has grown even more from 5 percent in 1990 to comprising 14 percent of the population projected in 2024.

From 2010 to 2019, the Hispanic population ranked 15<sup>th</sup> nationwide in its share of total buying power for Idaho. The Hispanic market share of consumer spending is projected to increase 39 percent from \$5.1 million to \$7.1 million by 2024. Buying power for American Indians and those who identify as multi-racial ranked in the top 20 of U.S. states for total share of buying power in Idaho. Conversely, market concentration for Asian and Black populations ranked low in Idaho among US states, at 45<sup>th</sup> and 50<sup>th</sup>, respectively.

Idaho ranked high for growth in consumer spending from 2010 through 2019. For nearly all races, growth in consumer spending outpaced the U.S. average. While growth in consumer spending for Asians in Idaho fell slightly short of the U.S. average, it ranked as the second highest growth in Idaho, 83 percent higher in 2019 compared with 2010. Over the same time period, per capita buying power has increased across all races and ethnicities by more than 30 percent. Hispanics had the highest growth in per capita buying power, increasing by 44 percent.

Since 1990, the share of Idaho's white population has been decreasing; however, for the selected years in the Selig report, the share of buying power has successively increased, suggesting rising buying power for white Idahoans. The opposite trend is seen particularly for multi-racial Idahoans, with their market share in Idaho lagging behind their population share. A similar but even more pronounced contrast is seen between Hispanic and Non-Hispanic populations, with a discrepancy between market share and population share projected to exceed 5 percent in 2024. The same trend is seen in U.S. aggregate data. Per capita buying power across all races continues to grow; however, the rate at which they grow differs among races.

For many, the majority of spending is on housing, making up approximately one-third of annual spending costs. For data in the Selig report, spending across the top five categories for every race is approximately the same. Together, housing and transportation make up nearly half of consumer spending for the typical American household.

## Population Growth

Idaho has been experiencing rapid growth in recent years, and with that comes change in cultural diversification. Though Idaho’s population continues to be predominately white – comprising 93 percent in 2019 – the share of minorities has progressively increased over the years. From 1990 through 2019, the minority population in Idaho has grown tremendously, from less than 30,000 in 1990 to more than 125,000 in 2019, a more than four-fold increase. The change in minority populations has significantly outpaced the growth rate of Idaho’s white population. Figures 1A and 1B show the relative growth of Idaho’s multicultural population, forecasted through 2024. Since 2010, the multi-cultural group has maintained the greatest share of minority populations, followed by Asians and American Indians. The Black population continues to make up of the smallest share of minority races examined in the Selig report.

Idaho’s Hispanic population has grown at a similar pace, from just over 50,000 Hispanics in 1990 to more than 200,000 in 2019. As shown in Figure 1C, Idaho’s Hispanic population is projected to comprise 14 percent of Idahoans in 2024, up from 5 percent in 1990.

## Idaho Cultural Diversity

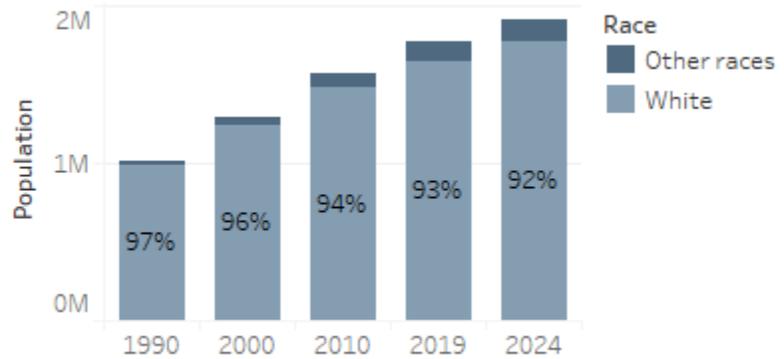


Fig 1A. Share of Idaho’s majority population compared to the share of all minority races.

## Idaho Minority Populations

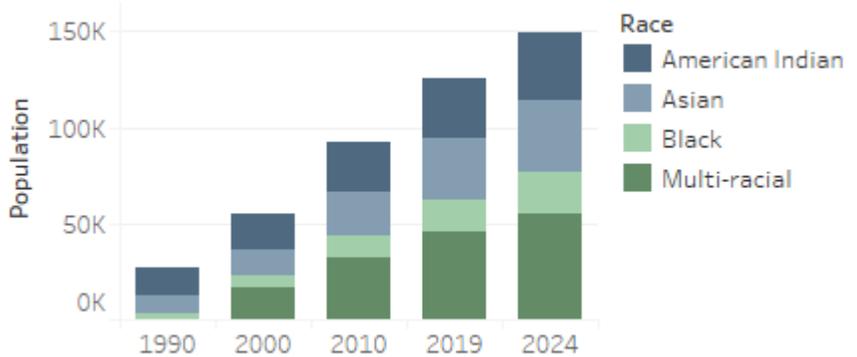


Fig 1B. Population of Idaho’s minority races by year.

## Idaho Hispanic Population

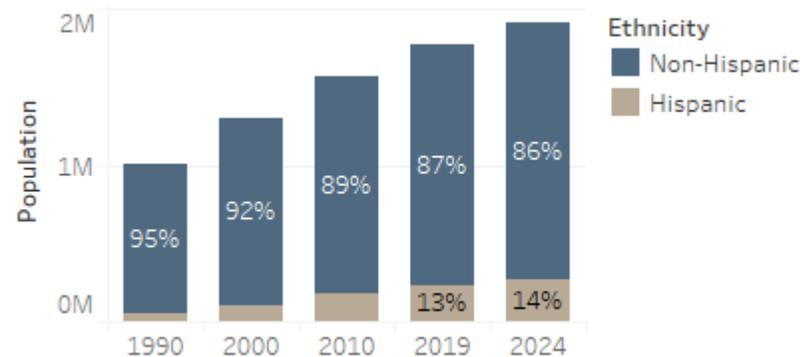


Fig 1C. Share of Idaho’s population by Hispanic and Non-Hispanic ethnicities.

## Market Concentration

While Idaho's market share of consumer spending in 2019 for the Asian and Black populations ranked low among U.S. states, at 45<sup>th</sup> and 50<sup>th</sup>, respectively, the share of consumer spending for American Indian and multi-racial ranked much higher, both in the top 20 of U.S. states. Figure 2 shows how Idaho's 2019 multi-cultural share of consumer spending compares to all other states.

### Where does Idaho rank for multi-cultural consumer spending?

Comparison of Idaho to all other states for the share of 2019 total consumer spending, by race and ethnicity.

#### By race



#### By ethnicity



Fig 2. Idaho (red star) comparison to other U.S. states (grey dots) of the market share by race / ethnicity within each state.

Additionally, Idaho's Hispanic population ranked 15<sup>th</sup> in Idaho's market share of consumer spending in 2019. The Hispanic market share of consumer spending is projected to increase 39 percent from \$5.1 million to \$7.1 million by 2024.

Since 1990, the share of total buying power for minorities in Idaho has continued to expand. In 2019, the total share of buying power from Idaho's minority races represented 4.9 percent of total buying power, up from 1.9 percent in 1990. In 2024, the minority share of Idaho's buying power is projected to increase another 0.5 percentage points to 5.4 percent.

The figures in the Selig report show how each race in Figures 3A and 3B has progressively expanded its buying power. In Idaho, Asians have generally represented the majority share of minorities in Idaho. In 2019, Asian buying power reached \$1.2 million, slightly more than multi-racial buying power of \$1

million. Hispanic buying power has increased from 3 percent of the total in 1990 to a projected 8 percent of the total in 2024.

### Minority Buying Power

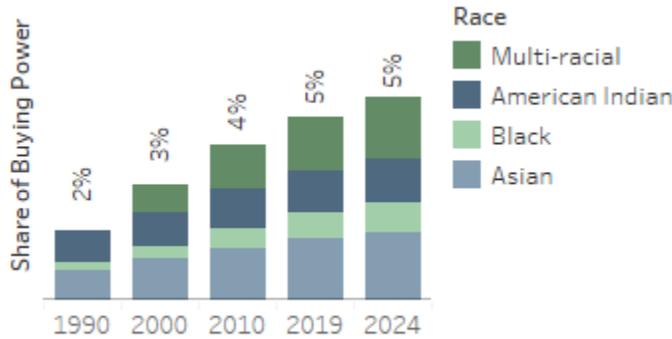


Fig 3A. Total share of buying power for Idaho's minority from 1990 - 2024.

### Hispanic Buying Power

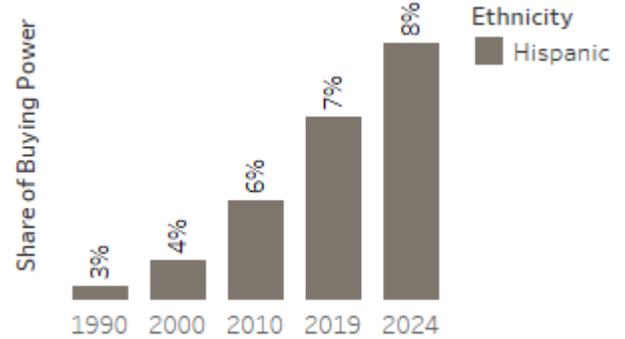


Fig 3B. Total share of buying power for Idaho's Hispanic population from 1990 - 2024.

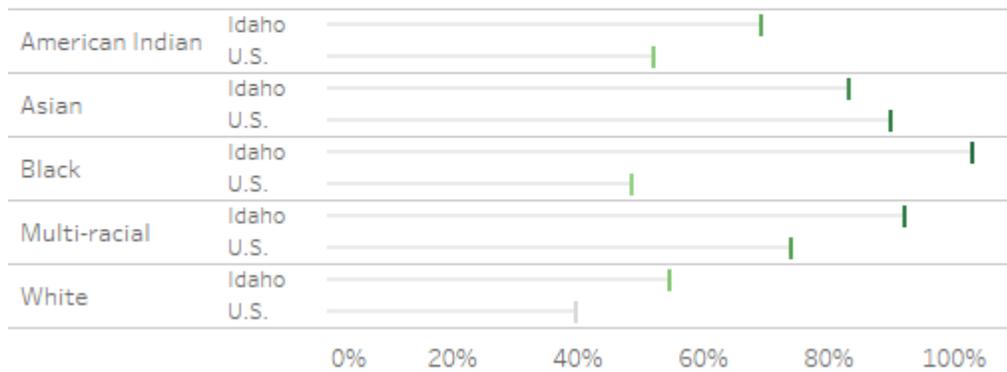
## Consumer Growth

From 2010 – 2019, Idaho experienced some of the highest multi-cultural consumer growth in spending across all U.S. states. White, Black and American Indians ranked in the top 5 highest percentage change of consumer spending over this time period. Figure 4 shows that nearly all races and ethnicities grew at

### 2010 - 2019 Growth in Consumer Spending

Idaho - U.S. Comparison

#### By race



#### By ethnicity



Fig 4. Comparison in market growth by race / ethnicity from 2010 - 2019.

a faster rate than the U.S. average. While the Asian consumer growth in spending fell slightly short of the U.S. average, it had the second greatest change in Idaho, an 83 percent increase.

Idaho's Black population had the greatest increase in consumer spending, growing from \$237 million in 2010 to \$480 million in 2019, and more than doubling with an increase of 103 percent. Over the same time period, Idaho's Black population grew 51 percent, suggesting rising strength in per capita buying power for Black Idahoans. Figure 5 shows the changes in per capita buying power from 2010 – 2019 by

## Per Capita Buying Power

By Race & Ethnicity

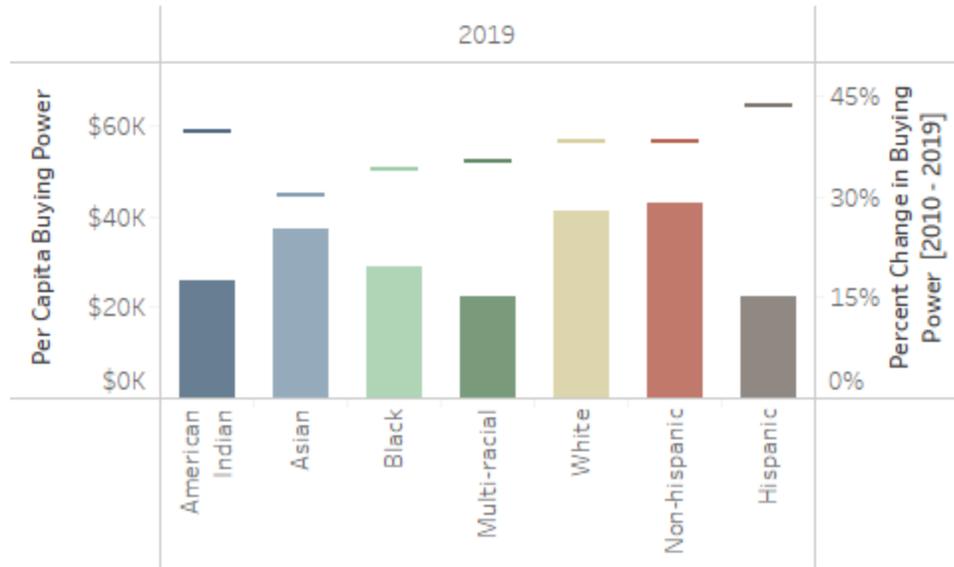


Fig 5. Per capita buying power in 2019 by race and ethnicity (solid bars); and percent change from 2010 (lines).

race and ethnicity. All races and ethnicities experienced an increase in per capita buying power, ranging from 30 to 40 percent higher in 2019. Hispanics, however, had the greatest increase in per capita buying power, growing by 44 percent.

With Idaho's population growth and continued influx of diverse races, the distribution of buying power is also changing. However, the racial and ethnic shares that make up Idaho's population does not always equate to the buying power of each demographic. This can be conceptualized by comparing the difference in market share to population share. Considering the scenario where buying power within a given race always remains constant, there would be no difference between population share and market share over time. However, when the population share grows at the faster rate than market share, it suggests a relative decrease in buying power for a particular ethnicity. As an example, Figure 6A illustrates the discrepancy between total market share of consumer spending (by year) as compared to the share of population.

Since 1990, the difference between the white market share of consumer spending and its share of Idaho's population has grown from 0.8 percentage points to a projected 2.4 percentage point difference in 2024. Conversely, minority races have a smaller market share of consumer spending than their respective population share. Note that the calculated difference between these two measures are based on aggregate data from the Selig report, hence the pooled variance is unknown; results should be taken

on a qualitative basis. Since 1990, particularly the white and multi-racial groups considered in the Selig report have expanded the discrepancy further in the same direction, whether that means greater buying power for a shrinking share of white Idahoans, or lesser buying power for a growing share of minority races.

The pattern is even more pronounced for Hispanic and non-Hispanic ethnicities, with percentage point

### Market vs. Population Share

Discrepancy between multi-cultural share of consumer spending and share of population

By race

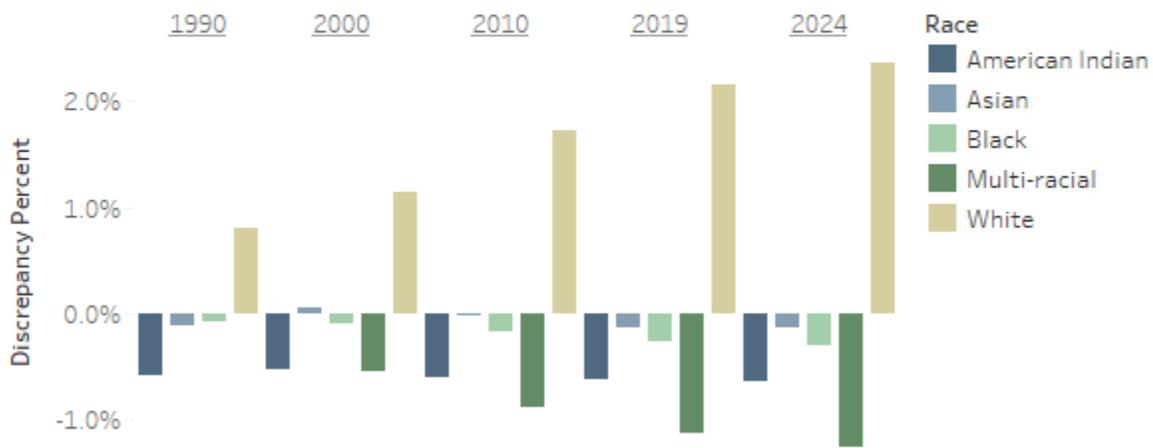


Fig 6A. Population share versus market share by race.

differences in market share to population share projected in 2024 to be upward of 5 percentage points. A similar trend is seen using U.S. aggregate data.

### Consumer Spending

By ethnicity

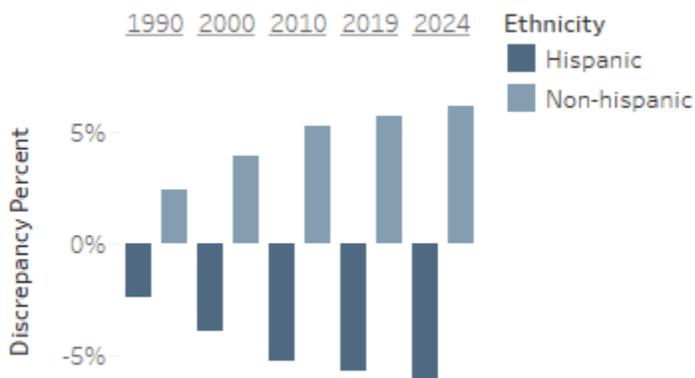


Fig 6B. Population share versus market share by race.

For many, the majority of spending is used on housing, making up approximately one-third of annual spending costs. Figure 7 shows that for the races and ethnicities included in the Selig report, spending across the top 5 categories for every group are approximately the same. Following housing, the top 5 categories include transportation, personal insurance, health care and food at home. Together, housing and transportation make up nearly half of consumer spending for the typical American household.

## Top 5 Spending Categories

By race & ethnicity

Product	Asian	Black	Hispanic	Non-Hispanic	Average
Housing	35%	37%	37%	32%	33%
Transportation	16%	16%	16%	16%	16%
Personal Insurance & Pensions	13%	11%	11%	11%	11%
Health Care	6%	7%	6%	8%	8%
Food At Home	7%	7%	8%	7%	7%

Fig 7. Top 5 spending categories by race and ethnicity (as available in the Selig report). Data reflects US averages and is not specific to Idaho spending trends.

Asian Americans ranked highest in their annual average spending, at \$75,103 and more than 20 percent higher than the average American household. Black Americans' annual average spending for the same year was \$44,258, approximately 28 percent lower than the average American household. Figure 8 shows how the average annual household spending for the races examined in the Selig report.

## Average Annual Spending

U.S. Averages

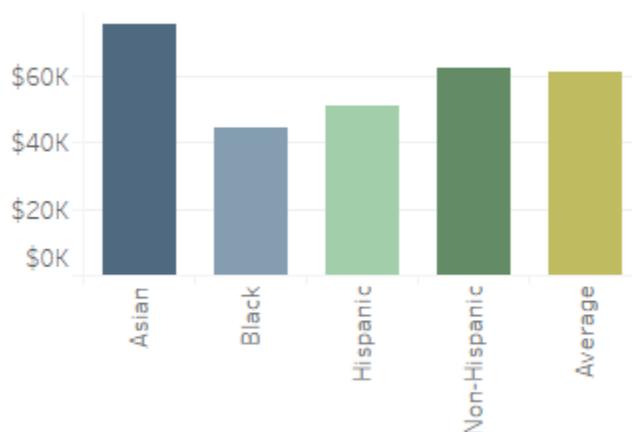


Fig 8. Average annual spending by race & ethnicity. Data is sourced from the Selig Center for Economic Growth and based on the Consumer Expenditures Survey, 2019.

## Summary

Cultural diversity in Idaho has also been changing alongside Idaho's rapid population growth. Idaho's minority population is projected to reach 8 percent in 2024, and Idaho's Hispanic population nearly 15 percent. Nationwide, Idaho ranks 15<sup>th</sup> in buying power for Hispanics, and in the top 20 for American Indians and multi-racial groups.

Consumer spending for nearly all groups grew at a faster rate than the U.S. average from 2010 through 2019, with Idaho's Black population more than doubling total buying power. Per capita buying power has increase by more than 30 percent for all races and ethnicities over the same time period, with Hispanics leading with an increase of 44 percent. While per capita buying power has been increasing across all ethnicities, the relative change differs. This is particularly evident in Hispanic versus Non-Hispanic populations, where a discrepancy between market share of buying power and population share is nearly 5 percent.

For many, the majority of spending is used on housing, making up approximately one-third of annual spending costs. Spending across the top 5 categories for every race is approximately the same. Together, housing and transportation make up nearly half of consumer spending for the typical American household.

## Methodology

Data for this report is compiled and retrieved from the Selig Center for Economic Growth. According the *2019 Multicultural Economy* report methodology used in this report, "Estimates were calculated using national and regional economic models, univariate forecasting techniques, and data from various U.S. government sources. The model developed by the Selig Center integrates statistical methods used in regional economics with those of market research. In general, the estimation process has two parts: estimating disposable personal income and allocating that estimate by race or ethnicity based on both population estimates and variances in per capita income." Aggregate measures produced are calculated from relevant tables in the Selig report.