

DEMOGRAPHICS

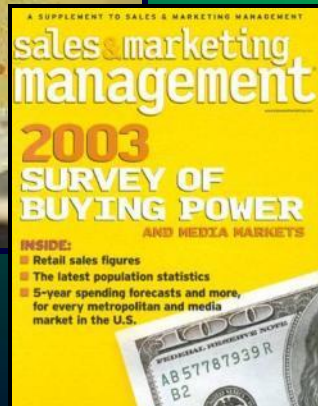
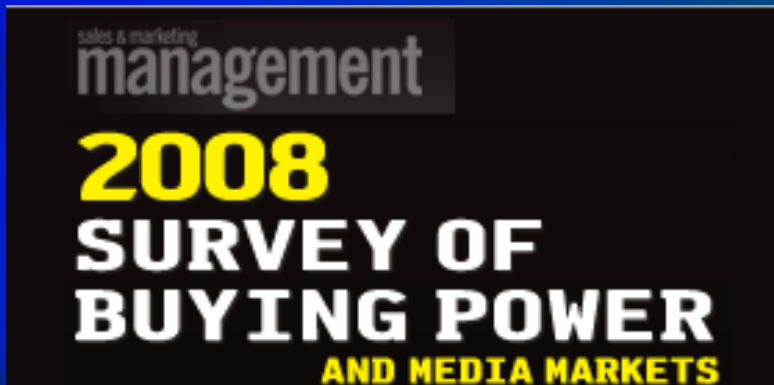
DEMOGRAPHICS

- Definition: Certain pieces of factual information about people such as age, sex, income, race, education, and occupation.
- It does not have to do with motives, personality, attitudes, etc.
- Demographic information is important to most organizations, not just businesses.

Sources of Demographic Data

- U.S. Bureau of the Census
- ***Sales and Marketing Management*** magazine's "Survey of Buying Power"
- There are many private businesses that sell demographic information.
- There are even ways to get demographic information about other countries.

Survey of Buying Power



Limited demographic data are provided for most metropolitan areas, but not by zip code.

Population, aggregate income, and aggregate retail sales are provided.

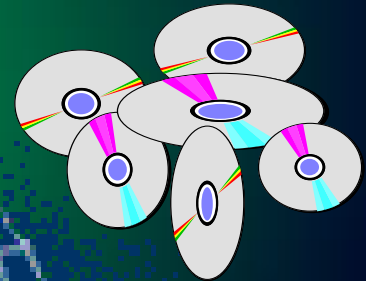
- Also, a Buying Power Index is estimated for each area. It tells you approximately what portion of a product's sales should be in an area.
- Only online now.

Buying Power Index example

- Assume a German company is preparing to introduce a new beer to the country & it plan to set up 100 distributors the first year. How many should cover the Chicago area?
- Assume the Chicago area has a BPI of 3.3. Given this, $3.3\% \times 100 = 3.3$. Of course, if demand is known to be much higher or lower in an area you can adjust the estimate up or down.
- The same process could be used to determine expenditures of the ad budget, salespeople, warehouses, and any other resources that need to be distributed across the country in some way that is logically linked with economic resources available.

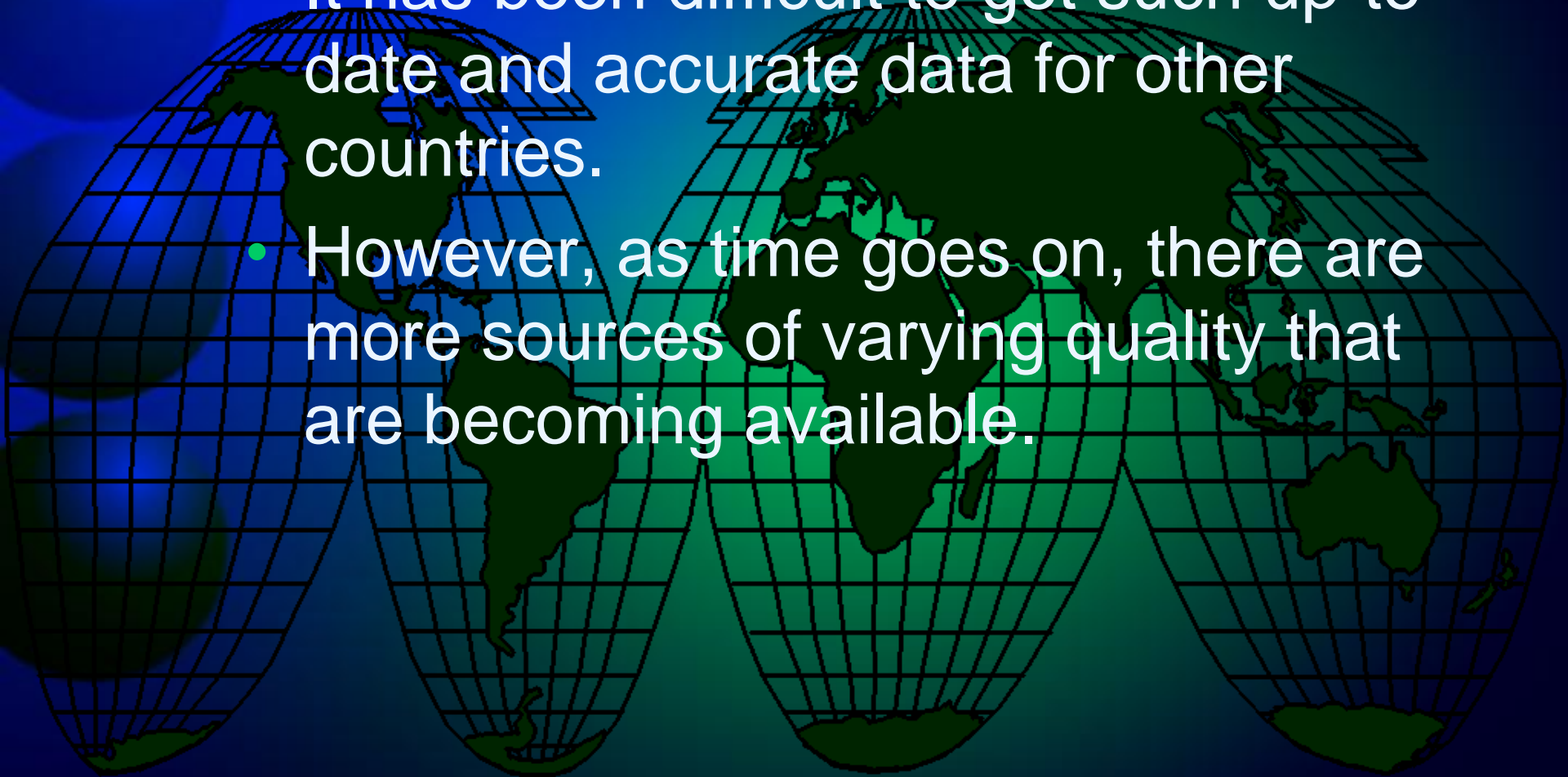
Private Firms Selling Demographic Data

- There are many companies that make it their business to use estimates to update census data year-to-year.
- They also merge the data with zip-codes so one can search just for those codes that meet certain criteria and then focus resources solely on them.
- Many have psychographic data too.



Demographic Data For Other Countries

- It has been difficult to get such up-to-date and accurate data for other countries.
- However, as time goes on, there are more sources of varying quality that are becoming available.



Sources of International Demographic Data:

- A country's government
- The U.S. government
 - International Data Base of the U.S. Bureau of the Census
 - Other (Trade Information Center, Statistical Abstract)
- UN publications
- World Bank's *Atlas of Global Development* and other publications
- Private companies, e.g., Euromonitor



Demographic Trends

- How many people are there?
- How well are the people educated?
- Where do the people live?
- What do the people do for a living?



Changing World Population

- The world's population is continuing to grow although the rate is declining.
- However, it is not growing at the same rate in each country.
- In fact, some countries, especially in western Europe, are growing very little or declining in size.
- In general, the less-developed regions will grow 30 times faster than the more developed ones.



U.S. Population & Age Structure

- Although the population is not growing at the rate it once was, it is still growing, with the country's total population over 309 million now.
- Not all age groups are growing at the same rate, in fact, some groups are shrinking in size.
- The average age of Americans continues to rise.



Age Effects on CB

- The older we get, the more risk-averse we are.
 - Guarantees and safety issues become more important.
 - Loyalty may increase as well.
- Attitudes are harder to change.
- Spend more on services than goods

Education

- Americans are getting more formal education than ever before.
- An educated consumer is different from an uneducated one.
 - The quality and quantity of what they read is different.
 - They gather more information before making decisions.
 - They're less likely to be blindly brand loyal.

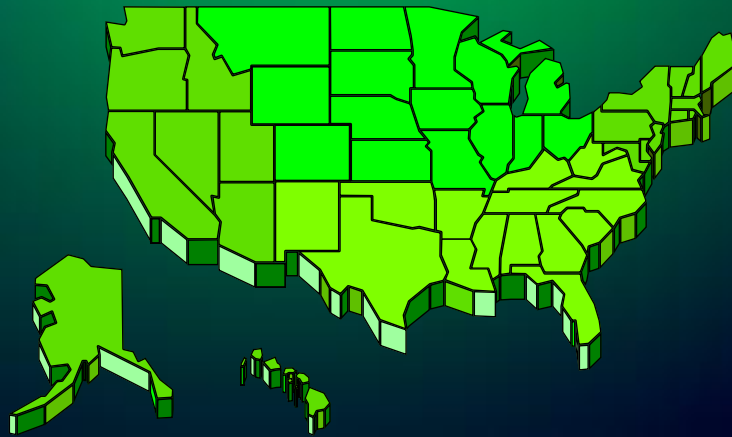


Population Distribution

- The Mobility of the population
 - We move a lot but not like we used to.
- Uneven Regional Growth
 - Some regions are growing while others are shrinking.
- Suburbanization and Gentrification
 - Growth is highest in suburbs and small towns but *gentrification* exists in some cities (e.g., New York, San Francisco.)

Population Distribution

- Bottom line: Business needs to be where the *market density* is greatest.
- Market Density is the number of potential customers per unit of land.



Occupational Trends

- Shift from blue- to white-collar jobs
 - This affects the way we dress.
 - It also affects what they read, watch, and many of the products we buy.



Occupational Trends

- > 60% of women work full-time but that's leveling off.
- They're still in charge of many family and house responsibilities.
- Implications
 - Need for nutritious fast food.
 - Need for high quality daycare.
 - Need for work/life “concierge” services.
 - Ability to buy higher priced products
 - Change in shopping habits



SUMMARY & CONCLUSIONS

- Populations are changing demographically all of the time.
- The question is, what demographic variables are relevant to a particular product, company, or industry?

