The Impact of Demographics on Markets

Lectures in Marketing
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Dr. Richard Sjolander

Demographics Trends

- The Changing age structure of a population
  - Many nations are aging, and this process is expected to continue for the foreseeable future
  - Fertility rates are down
  - Women are changing their roles and expanding out-of-home work

Demographic Trends

- Every two days the World population increase is = Pensacola MSA
- Within 15 Years China should overtake the U.S. as the country with the highest Gross Domestic Product
- In 30 Years India will be the most populated country in the world
Begin by looking at the U.S. Market

- This is the logical place to start.
- Everyone looks to the States because it is,
- Or at least was the largest consumer market.
- It is well researched
- Media coverage is huge meaning that trends in that market are generally known.
- Begin with Population Pyramids

**United States: 2000**

*Source: U.S. Census Bureau, International Data Base.*

**United States: 2025**

*Source: U.S. Census Bureau, International Data Base.*
Look at the U.S. Population Aggregated by 10 year age groups.

- The following series of slides combines males and females
- Look for changes in the relative sizes of the population groups over time
Finally, we look at the percent change in the size of the 10 year age groups as we move through time, Look for both Opportunities, and Threats

US Population Change 2000-2010 in Percent

US Population Change 2010-2020 in Percent
Demographic Forces in the US Market

- 1950 – 1960: Babies and young
- 1960 – 1970: Teens + Adults
- 1980 – 1990: Early Middle Age
- 1990 – 2000: Middle Years
- 2000 – 2010: Older Middle Age
- 2010 – 2020: Active Seniors
- 2020+: Seniors

Population Trends in the United States

- The population is growing older
- The growth rates in various age segments are radically different
- Each decade the fast changing cohorts change, however, they are easily predicted
- A forewarned business can plan for the future.
- Remember: There are also changes in the size of sub-cultural components of the population.
The European Union

This demonstration of EU Demographics begins with 2000. The 1990’s were anything but a stable environment for the EU.

Structural Change in the 1990’s

- Annexation of the Eastern Sector of Germany to the Republic and membership in the EU.
- Expansion of the EU from 12 to 15 members in 1995
  - Austria
  - Finland, and
  - Sweden

Start with Sample Country Population Pyramids

- Choose the Netherlands and Germany.
- Compare resulting pyramids with what we saw for the U.S.
Germany: 2000

United States: 2000

Germany: 2023

Population (in millions)

Source: U.S. Census Bureau, International Data Base.
### Population Trends in Europe

- The population of the EU is aging.
- Birth rates are below replacement.
- Total population size is decreasing.
- The smaller cohorts of younger consumers continue to shrink.
- The market may look quite different in the future.

### In Summary: The Macroenvironments

- Are outside the control of the business organization.
- They can be studied, as we have demonstrated here.
- Strategies can be designed to optimize the impact of organizational marketing efforts, but
- Organizations adapt to them, rather than the opposite.