

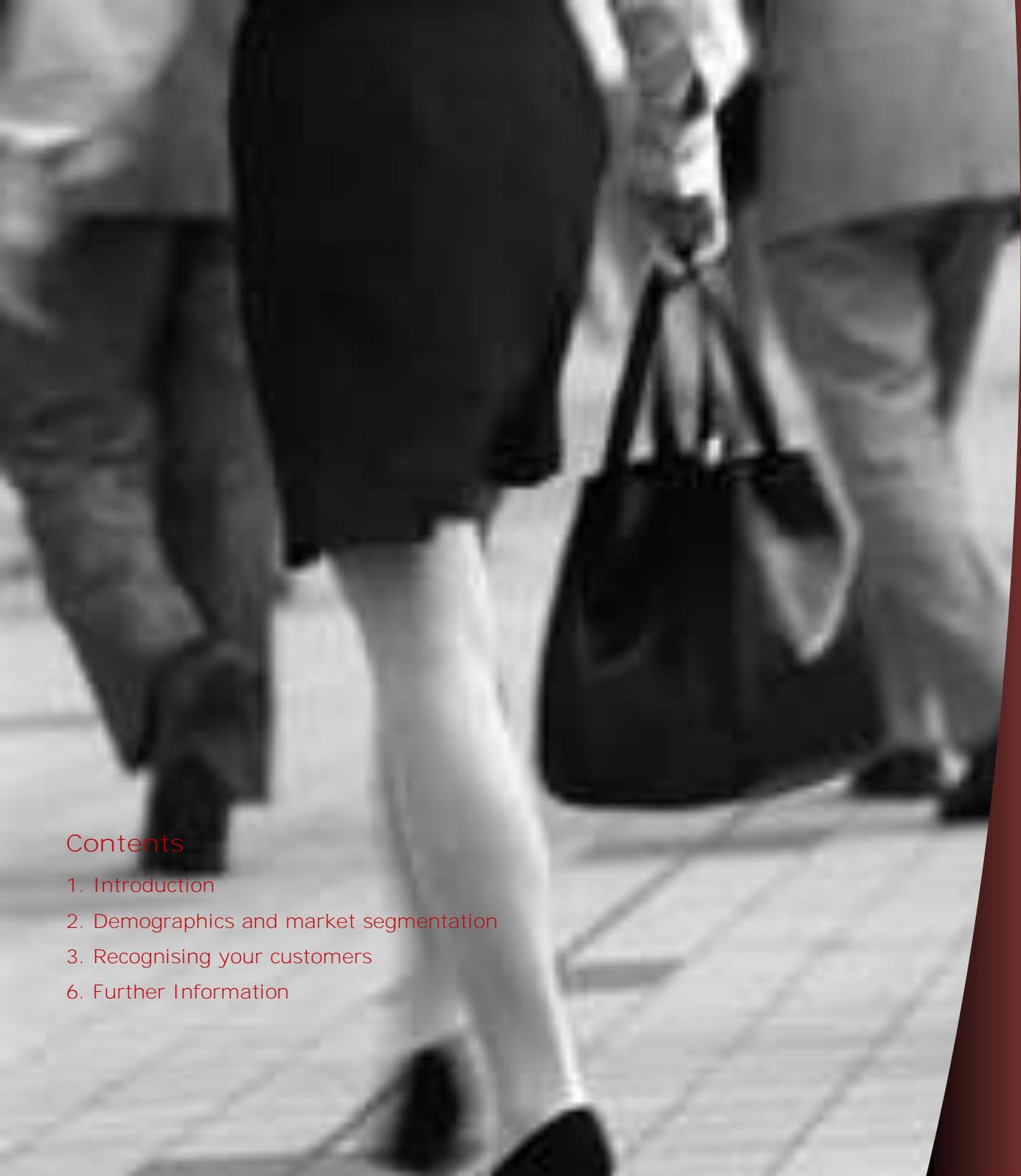
Demography...

and what it can do for you

Expert knowledge means success

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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

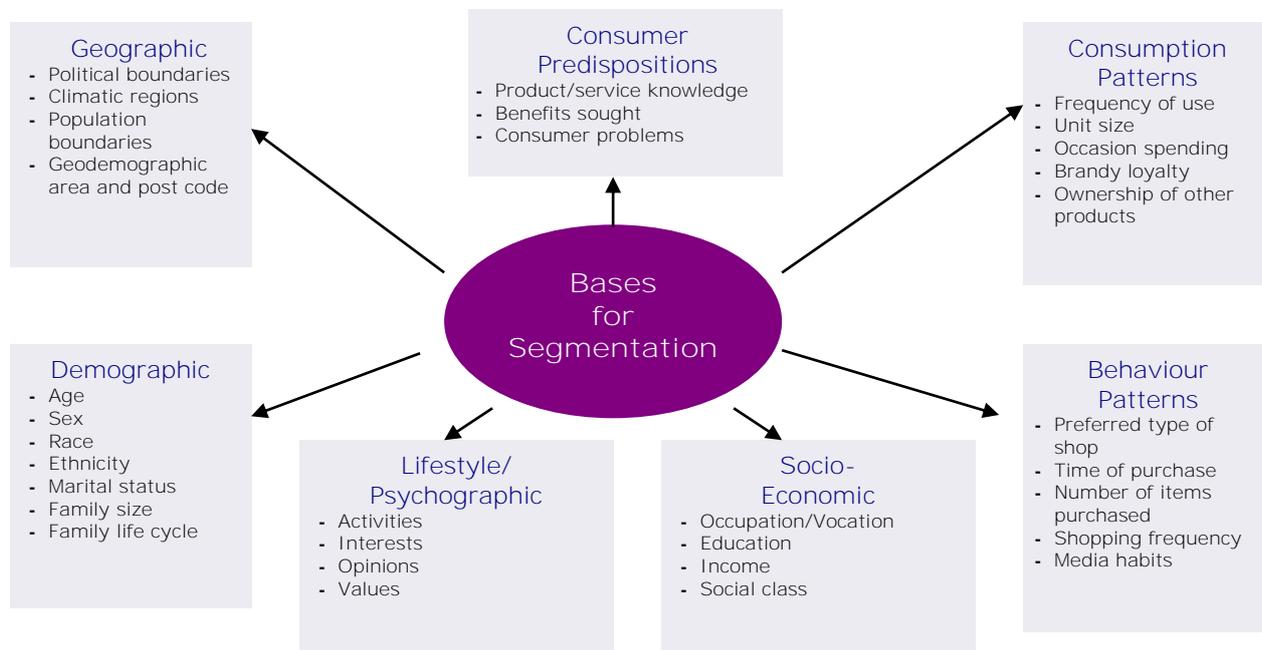
Introduction

Whilst in days gone by, military and other leaders sought to predict the outcome of battles by examining chicken entrails or consulting oracles, today "Demography" is more likely to be used by marketing people in their pursuit to succeed in their businesses.

Demography is the study of the population, its size, distribution, composition (such as by social, ethnic, age or other groupings) and its changes in relation to social factors such as geographical boundaries. Actually, the words "demography" and "demographics" come from the Greek word "demos" meaning people.

Replace the word "population" by "customer" and you'll see straightaway why demography has such an important part to play in marketing. If you are trying to "segment" your potential market, you've got to know as much as possible about the people who live and work in that market and their predictable buying habits. The demographic characteristics of age, sex, marital status, family size and income category are easily understood variables in the market segmentation exercise and their relationship to various product and service needs are both obvious and well established.

The following table indicates the typical bases used for segmentation of consumer markets (see where demographic factors fits in).



Demographics and market segmentation

Demographic- or Market-segmentation is the division of your potential market into groups based on variables such as age, gender, family size, occupation, education, religion and so on. In simple terms, demographics describe the profile of a particular market segment¹. There's another factor called "Psychographics" - the attitudinal traits people exhibit in their approach to life. Because both sets of traits have an impact on buying behaviour, both have an impact on how you should package, price and communicate your product to your key segments. Tapper's examples of demographic and psychographic attributes include:

Consumer Demographics examples

- Age
- Gender
- Occupation
- Household Income
- Marital Status
- Presence of children in the household
- Home Value
- Geographic Region(s)

Business Demographics examples

- Job Title
- Industry Type or SIC Code
- Annual Sales
- Number of Employees
- Geographic Region(s)

Psychographics (attitudes) examples

- Need for status
- Role of money (does it buy material things, self-esteem, etc?)
- Ethics/"moral compass"
- Risk-taker vs. conservative
- Spendthrift vs. hoarder of money

And when the target audience is identified, you'll then have an idea of what your key message should be and how to convey it.

Art Weinstein² says:

"While top executives often advocate being "market-oriented" and "customer focused", I have found that few companies (large or small) use target marketing to its maximum potential. In spite of the many advances made in segmentation methodology and technology over its forty-year evolution, a majority of firms still base their marketing plans on cursory, incomplete, or intuitive marketing analysis. However, used effectively, segmentation-based marketing strategy (strategic segmentation) provides the foundation for increasing sales and improving overall marketing performance."

One of the most critical decisions small business owners/managers face is determining the type of customers they should pursue. Typically, small retailers do not have a "game plan" for conducting effective market segmentation and selecting the right target markets. This fundamental marketing strategy is too often left to chance - based solely on an entrepreneur's "gut feel" or at best, a cursory analysis of a particular market.

Recognising your customers

Do you know how to recognise the customer you're looking for to beef up your sales figures? The following charts will help you to see the groups into which customers fall. They are not meant to be judgemental or definitive but do show the general, most likely attributes of different sectors of the population.

Outer-Directed Consumers

Demographics	Values	Buying Behaviour
Conspicuous Consumers 20% of the population Predominantly women Slightly more from North All social classes Medium Income	Work primarily for money Average leisure activity Child conformity expected Unconcerned with political and social activities Highly materialistic "Successful lifestyle" Concern for future Less innovative	Wants the "right" product Heavy furnishing buyers Appearance preferred over functionality Trend followers.
Belongers 19% of the population Mr and Mrs Average Middle income	Devoted to family and home work Traditional views about work Family leisure activities Socially and politically unaware Unconcerned for self-development Fairly materialistic Will reject change Plans for the future	Buys DIY products Buys tried and trusted products Savers Rejects fads Likes plain, practical products

Sustenance Groups

Demographics	Values	Buying Behaviour
Survivors 14% of the population Heavily C2DE social classes Predominantly male More from the North The group has grown rapidly recently Low incomes In debt	If in work, money is more important than job satisfaction Few leisure activities Soccer, gambling and bingo Chauvinistic Traditional family views Unconcerned for self development Escapist Life has "little to offer" A fear of change	Heavy pub users Heavy TV watchers Price before quality Impulsive Day-to-day buying Buys known brands
Aimless 5% of the population Young and old Predominantly female Young unemployed Old solitary survivors Midland/North resident Worst off financially	Young dismiss work Old seek work Lack of enthusiasm Young form cohesive groups - punks, skinheads Traditional family views Reactionary Chauvinistic Fear of technology Not innovative Demoralised Unconcerned for self-development	Heavy TV watchers No disposable income

Demography ... and what it can do for you

Inner Directed Consumers

Demographics	Values	Buying Behaviour
Self Explorers 17% of the population Equally male and female All age groups Average age 34 40% reside in South East Better educated 60% in ABC1 social classes	Socially aware Supporters of single-issue groups Work brings satisfaction Less materialistic Highly active Women's Rights supporters Individuals are important Innovative	Can afford to indulge Pursues interests No wish to keep up with "The Jones" Buys leisure products Reads a lot Less time for TV and radio Buys healthcare products Buys nutritional foods Open to new products Resistant to advertising Information seekers
Social Resisters 13% of the population Reasonably well off	More traditional Conservative Works hard Sedentary leisure interests Family loyalty Duty is important Politically and socially aware Concerned for the environment Personal integrity is vital Confident and concerned	Buys home-craft products Concern for quality Concern for durability Uses informational media Saves and invests

Inner/Outer-Directed Consumers

Demographics	Values	Buying Behaviour
Experimentalists 12% of the population Mostly male 60% are aged under 34 Mostly ABC social classes Resident in London Quite affluent	Work is important Ambitious Women's Rights supporters Will accept authority Highly active Enjoys experiential pursuits Less concerned with health Materialistic Pleasure and excitement are important Trend setters	Socially active Car and DIY products Variety seekers High-Tec products

Demography ... and what it can do for you

Criteria for marketing new products or services

CRITERIA	Excellent	Good	Fair	Poor	Bad
Financial Availability of finance Effect on overall company profitability Effect on overall company activity (volume) Effect on break-even point Effect on overall working capital Rate of return on investment Relationship with present terms of trading Contribution to profit					
New Product Unique characteristics Difficulty to imitate Expected marketing life Absence of seasonal effect Few variations Complementary to existing products or services Compliance with legal requirements Price advantage over competitors' products or services Technical or features advantage over competitors' products or services					
Marketing Market size Growth prospects of market Market stability Excess of demand over supply Corporate familiarity with new product or service Strength of competition Impact on present products and services Impact on relationships with existing customers Suitability of present channels Suitability of existing locations Time-frame for launch to saturation Speed of launch and developing sales Suitability of input costs Comparative promotion costs					
Production and delivery Suitability of buildings and services Suitability of existing technology Availability of suitable personnel Availability of suitable materials Value added Further utilisation of spare capacity Ability to meet service requirements Ability to hold requisite stocks Minimum re-layout and re-equipment needed					
SUMMARY Is it compatible with new product/service strategy? What are the overall business success prospects for the product/service? Is there a low risk of failure?					

Further Information

This guide is for general interest - it is always essential to take advice on specific issues.

We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

References:

¹ Excerpted from the work of Sandy Tapper, Tapper Web Consulting & Marketing, 1472 72nd Avenue N.E. St. Petersburg, Florida 33702 USA, Web: www.tappernet.com, Phone: 001 727-521-4471 Fax: 001 727-528-8621, E-mail: Tapper@tappernet.com

² Art Weinstein, Ph.D., Editor - Journal of Segmentation in Marketing, Nova Southeastern University, School of Business & Entrepreneurship, 3100 SW 9th Avenue, Fort Lauderdale, FL 33315, USA

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