

## **DEMOGRAPHICS: HELPING BUSINESS SUCCEED**

*by Lori Cimino*

Demographics are used by businesses for targeting customers, planning business expansions, and coming up with new ideas in an ever-changing marketplace. They are used to study topics as varied as the activities people immerse themselves in to recover from the break-up of a personal relationship, what to call a soft drink in a particular area of the country, and who is most likely to make an online purchase.

### ***Development of Demography***

Demography, a social science, is the study of human population. Throughout history, governments have performed censuses to study population. In the 1950's, the United Nations held its first World Population Conference. These Conferences are held to discuss factors that effect population changes, particularly fertility and mortality in both developing and developed countries, for the purpose of implementing action programs.

Once businesses recognized the power of demography, they used it to discover the age, sex, income level, life style, location, and consumer habits of individuals and identify potential new markets for their products. Armed with demographic information, businesses were finally able to produce marketing plans that targeted specific customers.

### ***New Business Opportunities***

With so many businesses competing for the attention of today's consumer, demographics are often employed to locate and target niche markets. For

example, a study reported in the December 2002/January 2003 issue of *American Demographics*, showed that health club membership is on the rise. The newest group of members, however, is not the stereotypical audience that one usually thinks of as frequenting the gym. The article asserts that Americans who are age 55 or older account for 17 percent of the total gym-membership population today, compared with 9 percent in 1987. This single group represents significant buying power. Using this information, marketing campaigns have been designed to target this specific segment of the population.



Active seniors are just one distinct demographic group. Others include women, families, upscale professionals, and prominent citizens and celebrities. By utilizing demographics, companies have found they can use samples, promotions, and demonstrations to advertise their products and services and reach out to unique, identifiable groups that might otherwise be overlooked.

Demographics reveal new venues for existing businesses. According to the U.S. Census Bureau, there were approximately 11.5 million people over the age of 75 living in the United States in 2000. The number is predicted to climb to more than 25 million by 2020. With this rise in the elderly population, there will be a rise in the construction and operation of continuing-care retirement communities.

Demographic studies have revealed that more and more affluent people will be residing in these retirement communities and that they prefer many dining options. Traditional formal, informal buffet, and casual dining, as well as takeout, are alternatives that seniors desire. A number of companies in the food service industry have discovered this trend and are using their knowledge of it to provide catering in such facilities.



The January 20, 2003 issue of *Nation's Restaurant News* reported in the article, "Feeding the Affluent Elderly," that in order to incorporate change in its menu, Luther Village, a 643-unit community in Arlington Heights, Illinois, offers variety by providing two specials a night, changing the set portion of the menu monthly, and operating a bar-and-grill facility, in addition to providing a formal dining room. Accommodating this population is seen as a lucrative venture for companies in the food service industry.

### ***Impact of Geographic Location***

Understanding differences among consumers in various geographic locations is one obstacle that businesses must face when selling their merchandise. A recent study in the February 2003 issue of *American Demographics* sought to identify those sections of the country with the highest spending on home furnishings. It divided the country into top of the line, lavishly appointed, spruced up, and no frills segments. The study found "high concentrations of spending on home furnishings in major metro areas and their suburbs" and indicated that the "most extravagant buyers in 2001 hailed from Fairfax County, Va." Such information is invaluable to the home furnishings industry.

Demographics should be an integral part of marketing endeavors for any business. The use of demographics, or lack there of, can make or break a business. Information may be available on just about any subject you can think of and used to make your business successful today and well into the future.

### **DEMOGRAPHIC INFORMATION ON THE WWW**



**www.census.gov:** *United States Census Bureau* site containing information on the 2000 U.S. Census. Data on people and businesses are just two of the categories to be found on this informative site.

**http://cyberatlas.internet.com/big\_picture/demographics:** *CyberAtlas' Big Picture: Demographics* offers users valuable statistics and Web marketing information, enabling them to understand their business environment and make more informed business decisions. It provides full-text articles containing current research on the use of media. Previous topics have included women and text-messaging, retail spending online, and e-mail.

**www.freedemographics.com:** Developed by SRC, LLC, *FreeDemographics* gives users the ability to create custom reports, perform quick market analysis, and create summary, as well as comparative reports for any U.S. geographic areas using U.S. Census data.

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