
Thinking About Tomorrow -- Today: The Implications of Demographic Trends for Ontario's Credit Unions

A Presentation to the

Association of Credit Unions of Ontario

25th Anniversary Celebration: "Celebrating Our Past & Contemplating Our Future"

By

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Demographic Analysis

Overview

- Study of human populations
- Key factors of analysis:
 - » Sex
 - » Ethnicity/race
 - » Marital status and family structure
 - » Births and deaths
 - » Migration
 - » **AGE**

Demographic Analysis

Overview

To become an amateur demographer
you must understand:

- Two assumptions
- Template of “cohorts”

Demographic Analysis

Assumptions

Assumption #1

Every year you get a year older

Demographic Analysis

Assumptions

Assumption #2

You tend to act your age

Demographic Analysis

Assumptions

- *Acting your age:*

- » “Two-thirds of everything” (David K. Foot, *Boom, Bust & Echo 2000*)
- » Life cycle analysis of **economic behaviour**: how you spend your time and money
- » **Strategic and long-term** (10-20 years)
- » **Baseline analysis** (don't forget the survey research, economic forecasting, policy analysis, etc.)

Demographic Analysis

Cohorts

- **Boom:** 1947-1966
 - » 41-60 in 2007
 - » 30 percent of Canada's population
- **Bust:** 1967-1979
 - » 28-40 in 2007
 - » 18 percent of Canada's population
- **Echo:** 1980-1995
 - » 12-27 in 2007
 - » 22 percent of Canada's population

Today's Presentation

- Major demographic trends in Canada, with emphasis on Ontario:
 - Historical
 - Projected
- What the trends mean for your industry:
 - Projected “demographic pressure” on product demand
 - Labour market
 - Marketing approaches

Today's Presentation

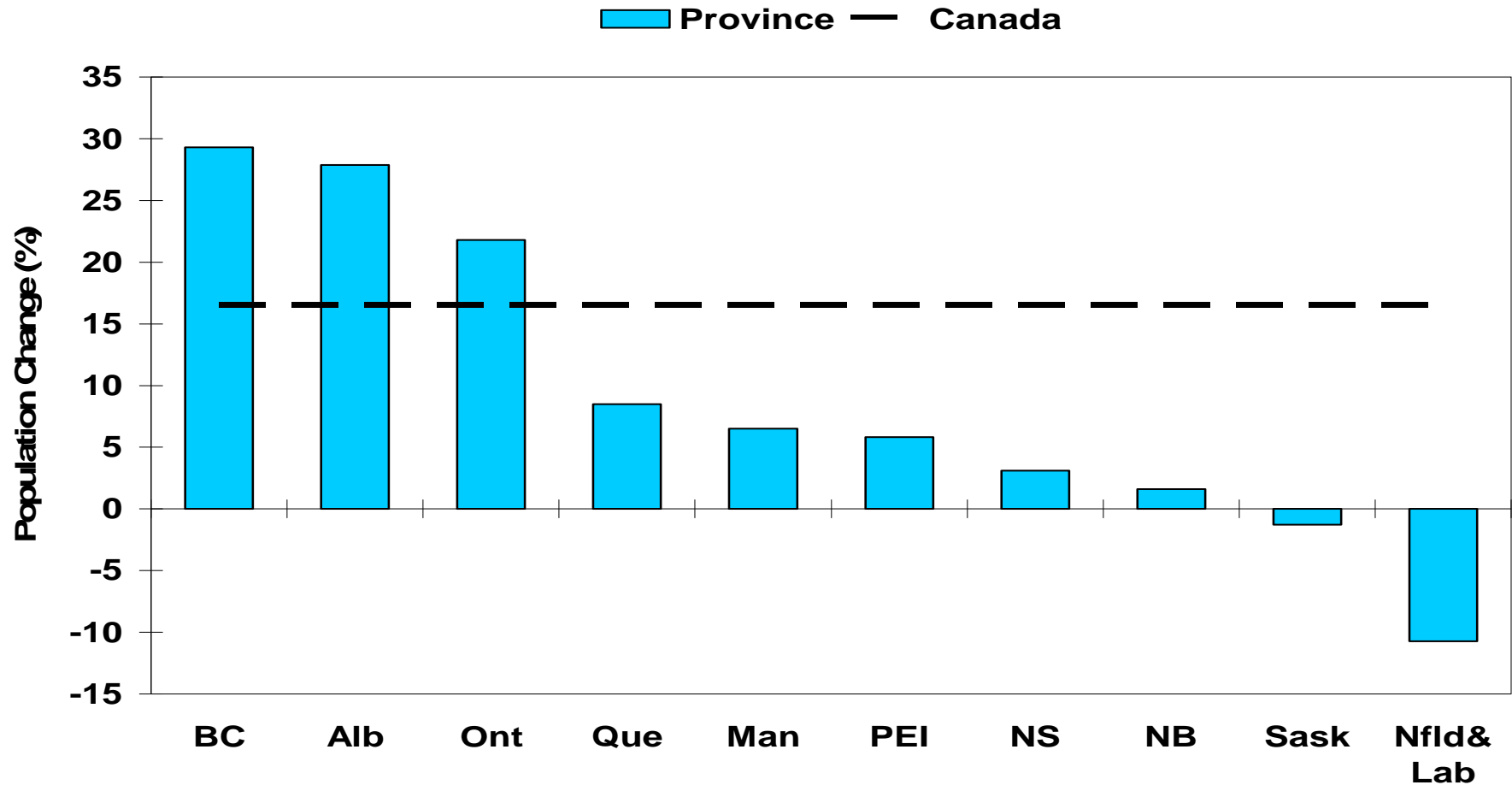
- **Assumption: The core markets of ACUO's members are the stakeholder groups that initiated the formation of credit unions. For example:**
 - » Ontario residents of Dutch, Latvian, or Polish descent; or
 - » People working in the Ontario Government or living in Lambton County.

Demographic Trends - Canada

Between 1990 and 2005, Ontario's population increased by 22 percent. Along with British Columbia and Alberta, Ontario grew well above the national average of 16.5 percent. Saskatchewan and Newfoundland & Labrador experienced population decline.

Canada's Provinces

Population Change, 1990-2005 (percent)

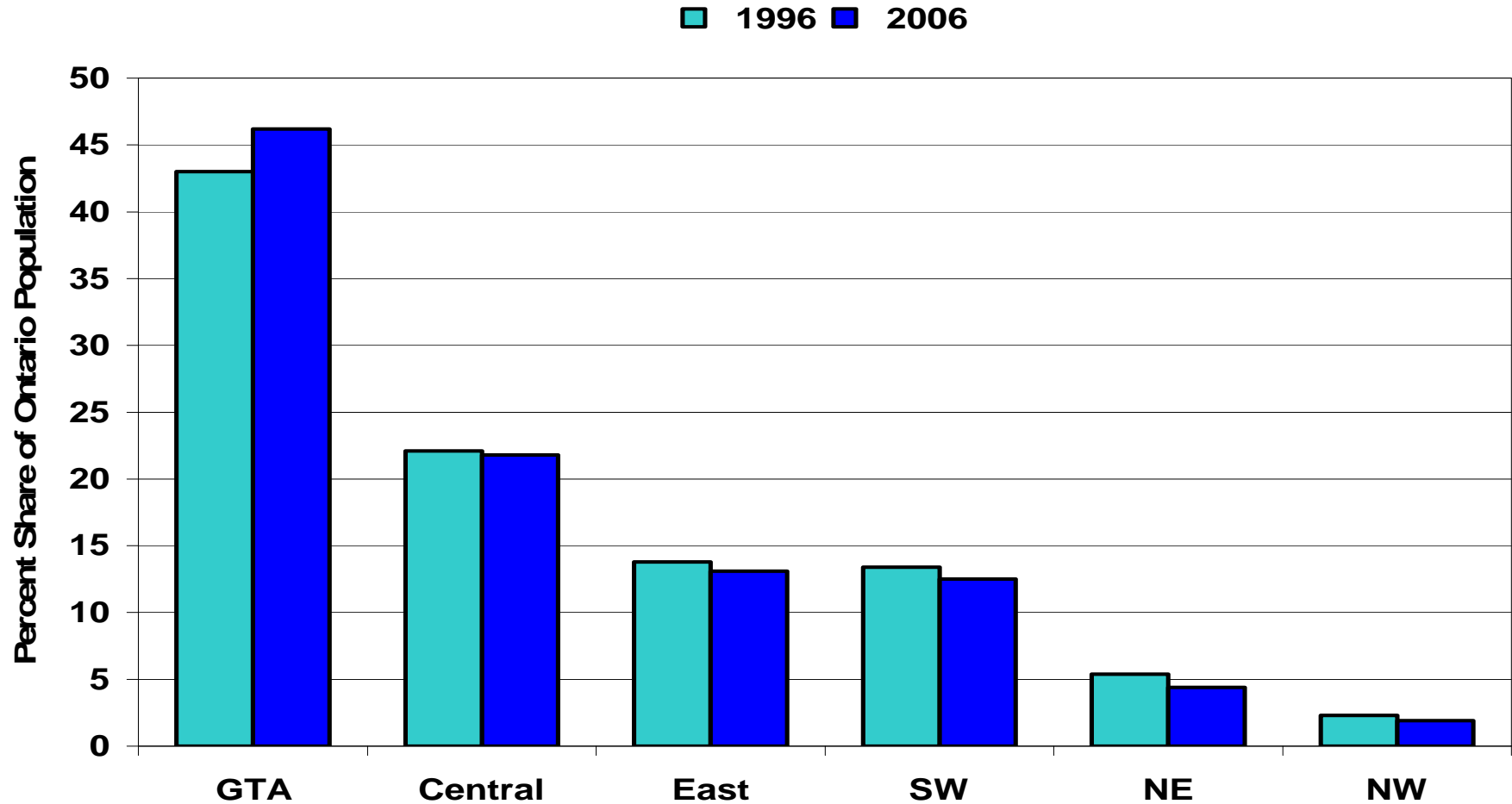


Demographic Trends - Ontario

Ontario's population is skewed regionally. Roughly one-half of the population lives in the GTA; two-thirds, in the GTA and Central Ontario. Only the GTA increased its share between 1996 and 2006.

Ontario

Population Distribution by Region, 1996 versus 2006

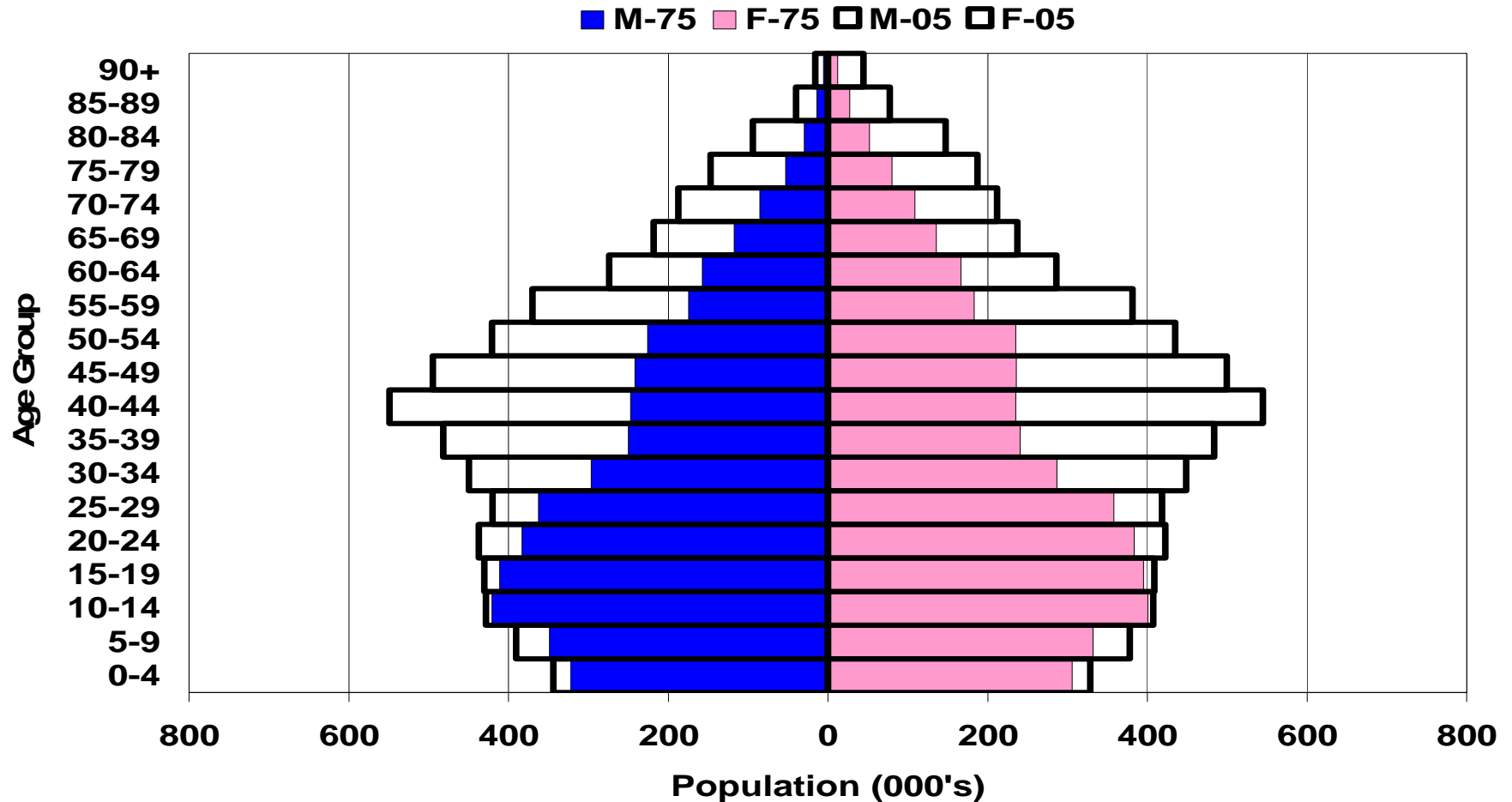


Demographic Trends - Ontario

Since 1975, Ontario's population has increased by one-half. It has also been aging. In 1975, 28 percent of Ontario's residents were 45-plus; by 2005, 38 percent.

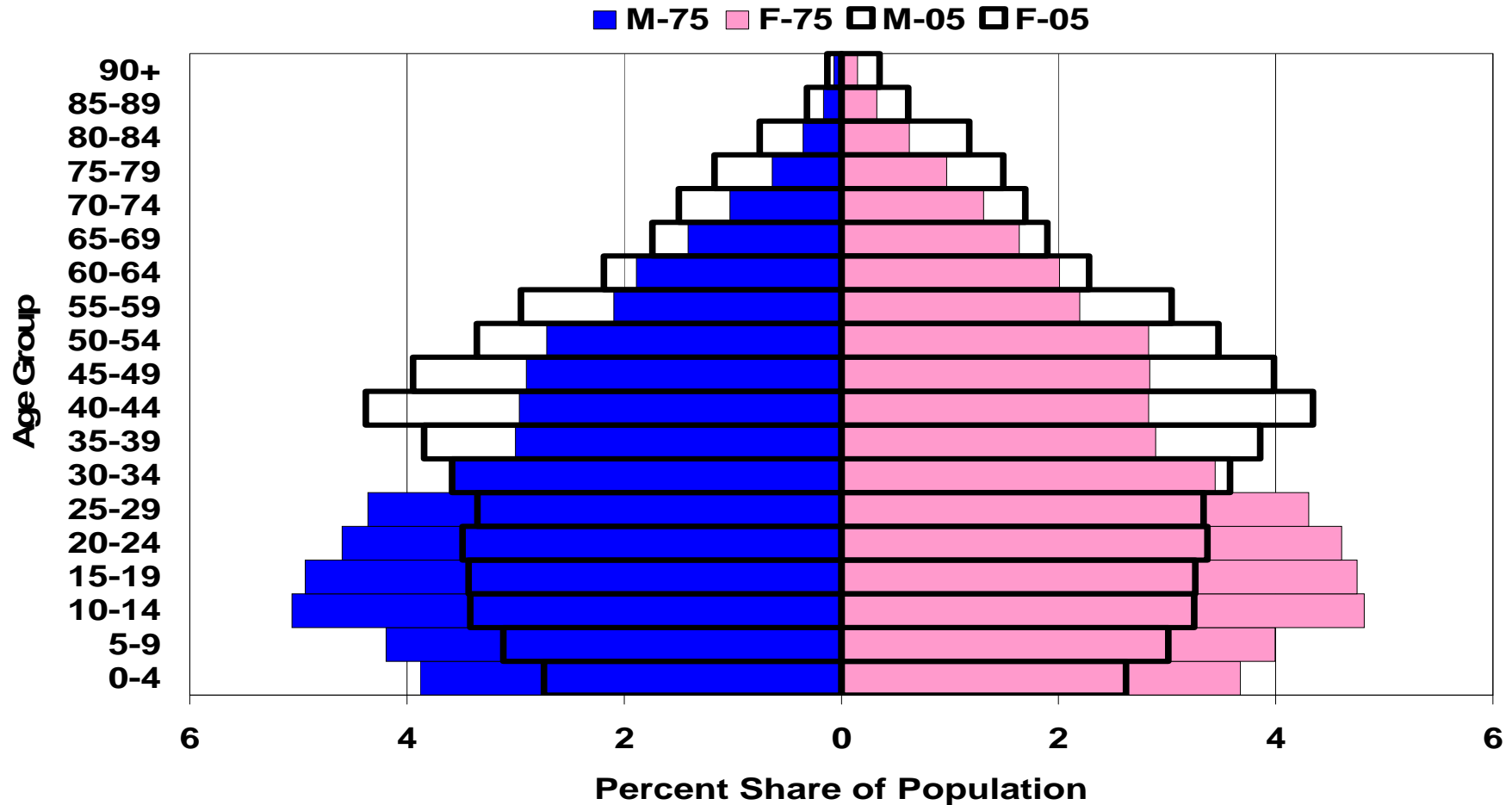
Ontario

Population Pyramid, 1975 (colour) versus 2005 (outline)



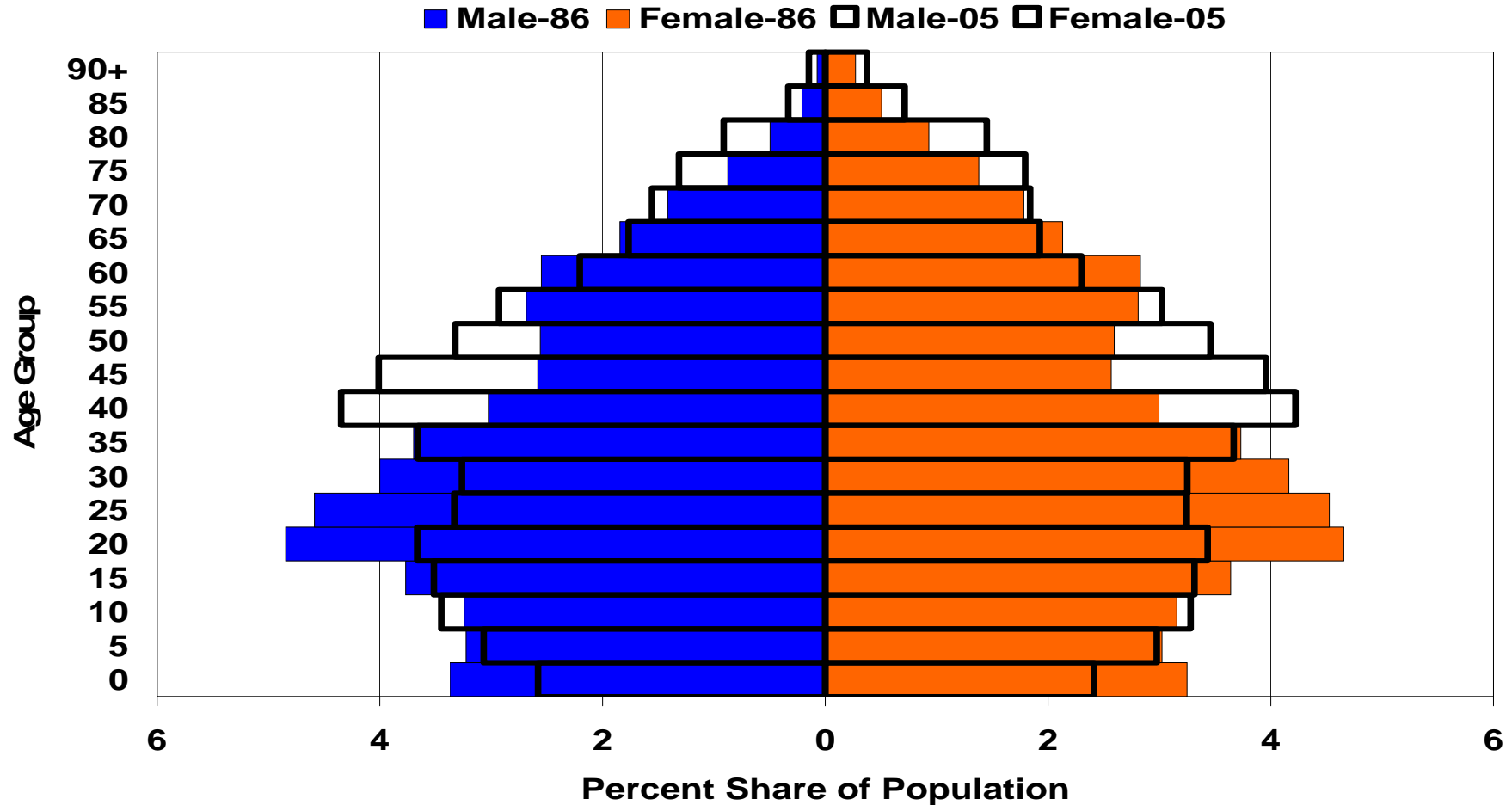
Ontario

Population Pyramid, 1975 (colour) versus 2005 (outline)



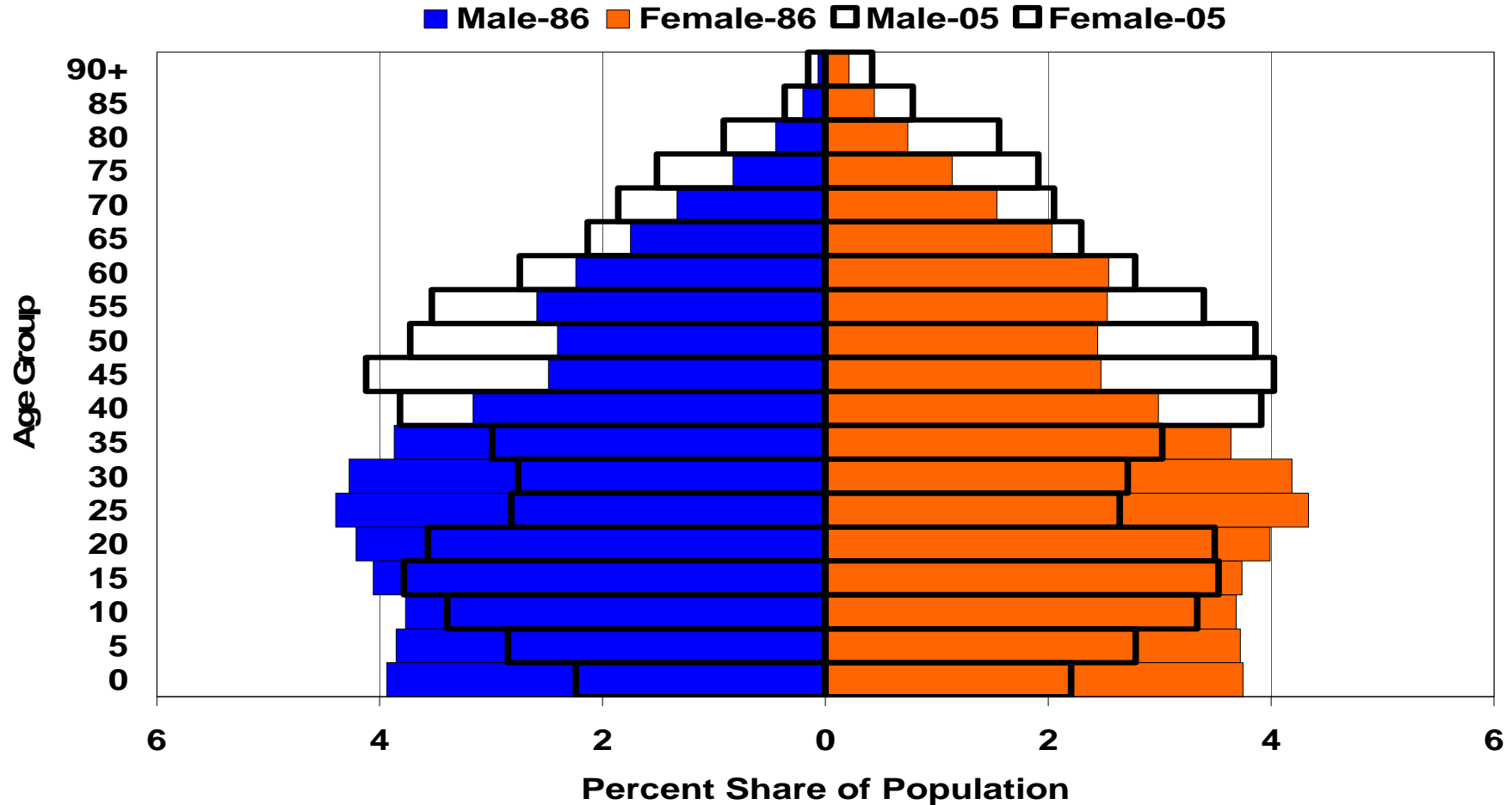
City of Hamilton

Population Pyramid, 1986 (colour) versus 2005 (outline)



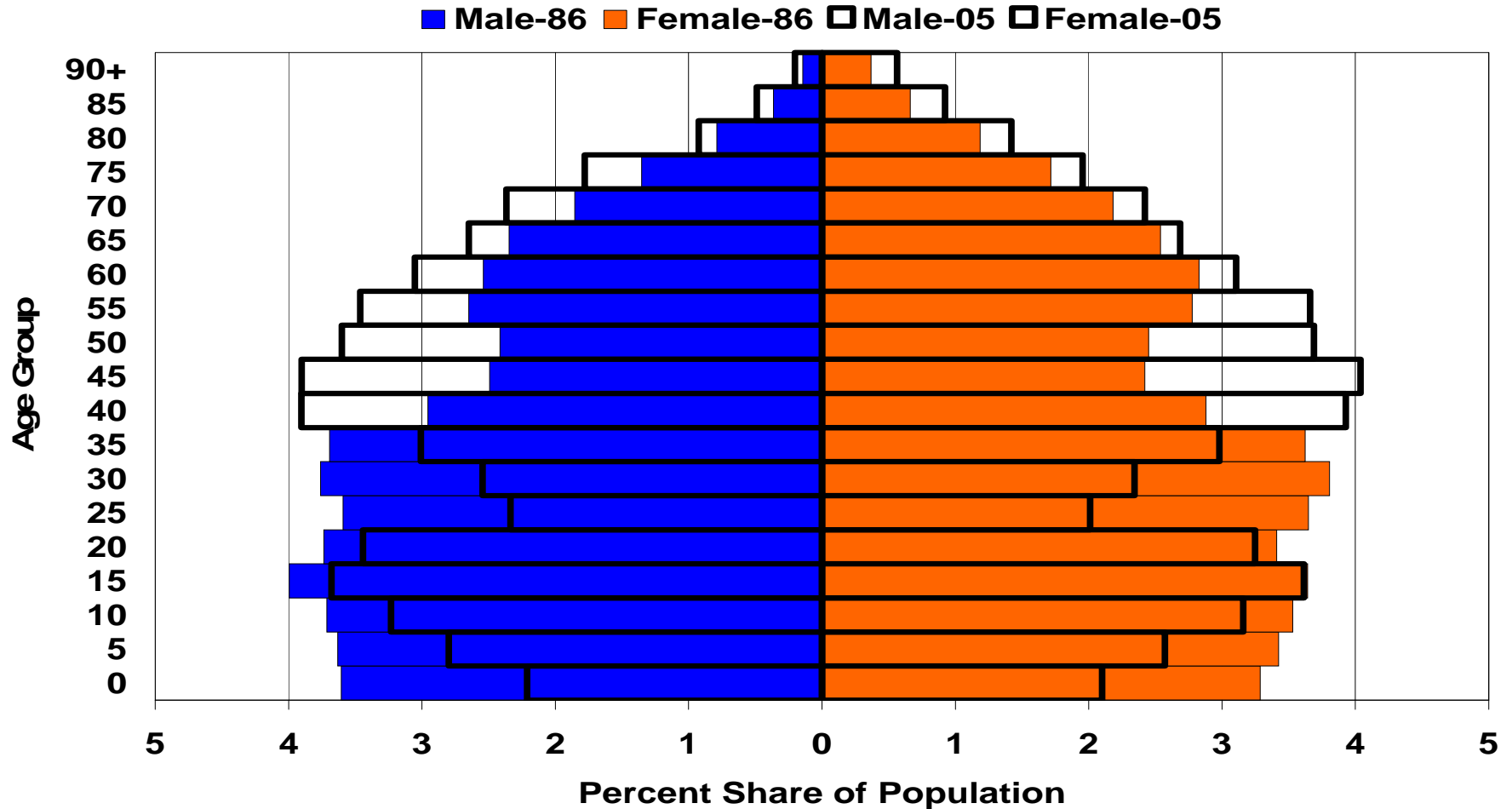
Lambton County

Population Pyramid, 1986 (colour) versus 2005 (outline)



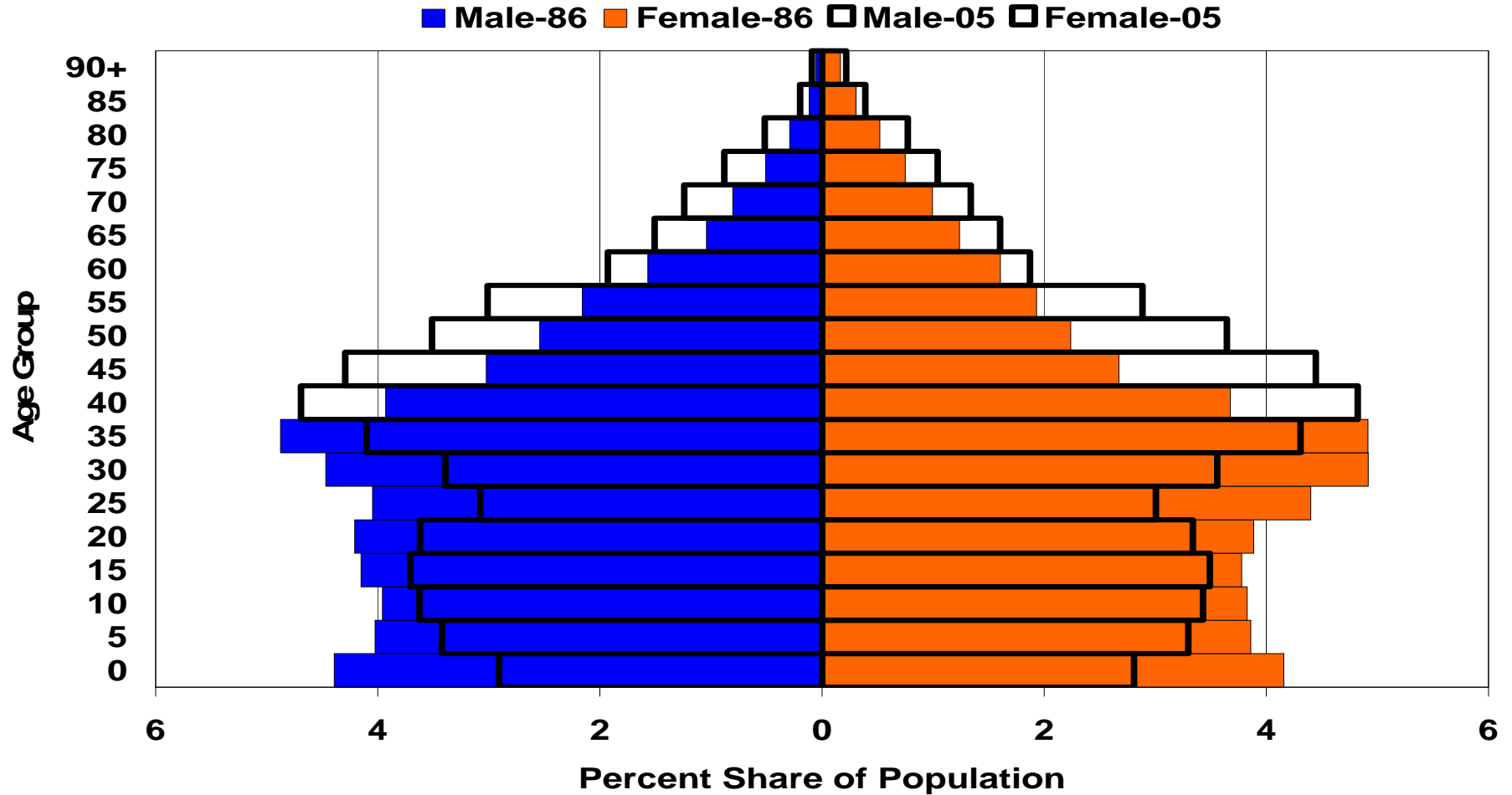
Grey County

Population Pyramid, 1986 (colour) versus 2005 (outline)



York Region

Population Pyramid, 1986 (colour) versus 2005 (outline)

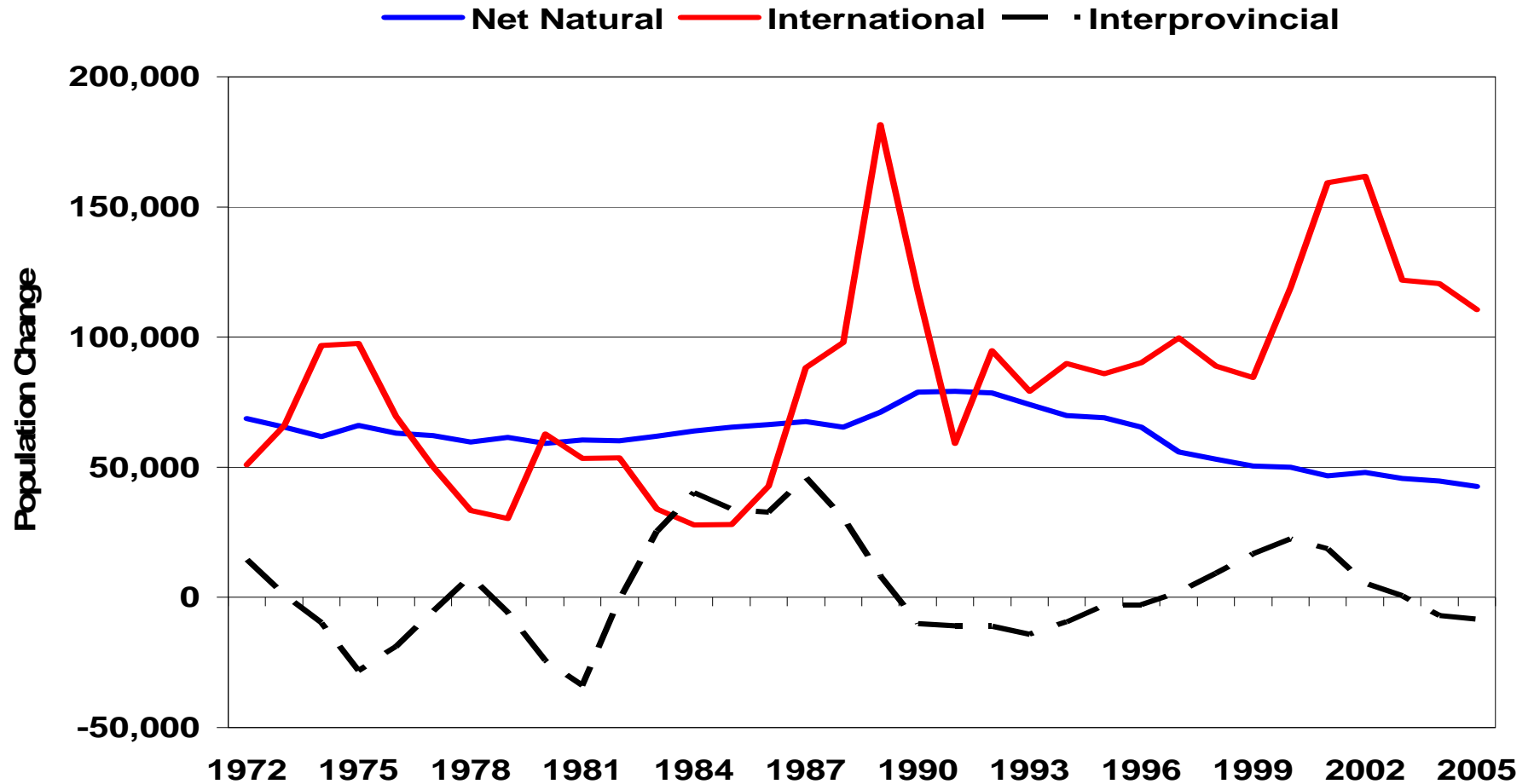


Demographic Trends - Ontario

**Between 1990 and 2005,
international migration
increasingly drove the growth
and ethnic/racial diversification
of Ontario's population.**

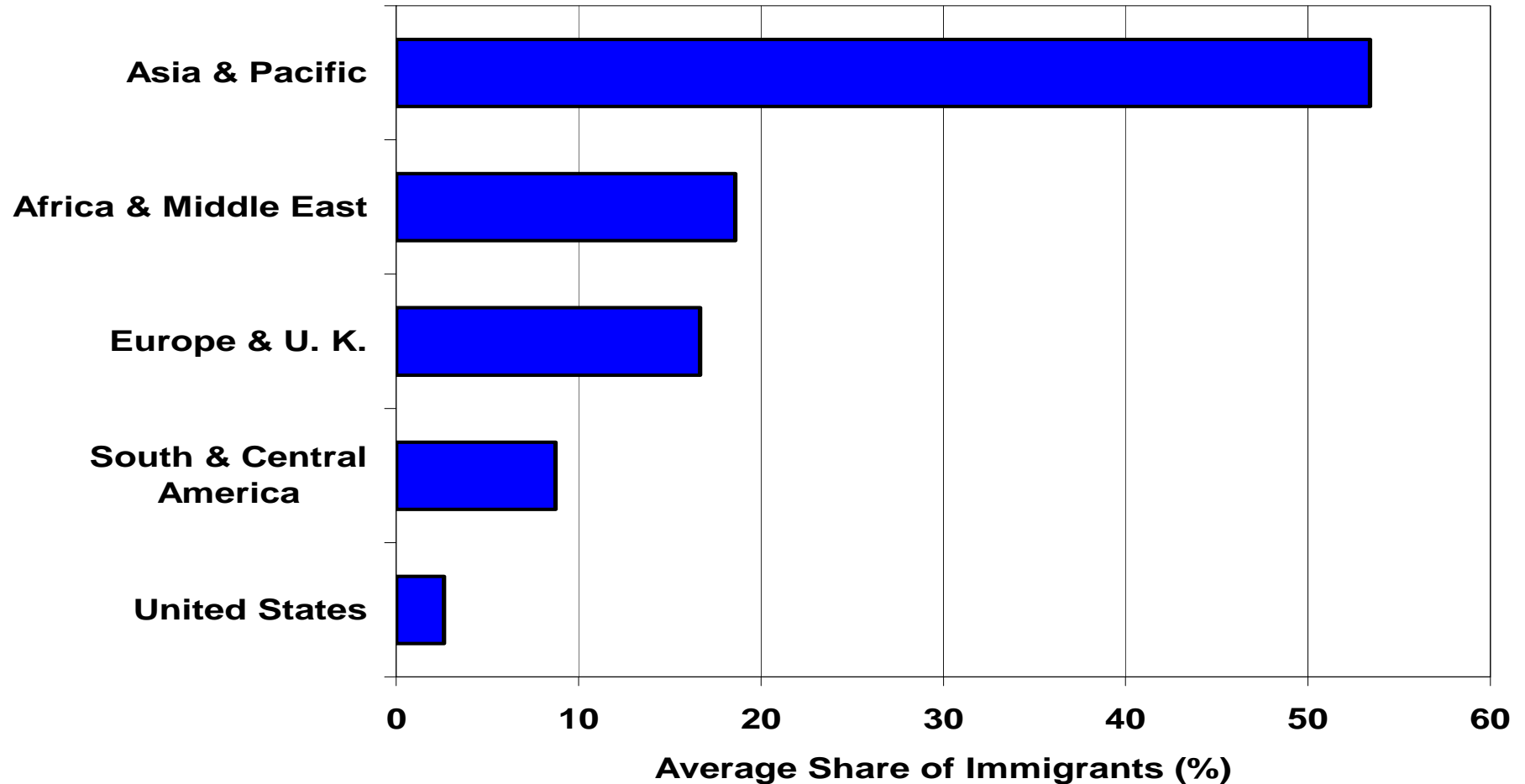
Ontario

Population Change by Source, 1972-2005



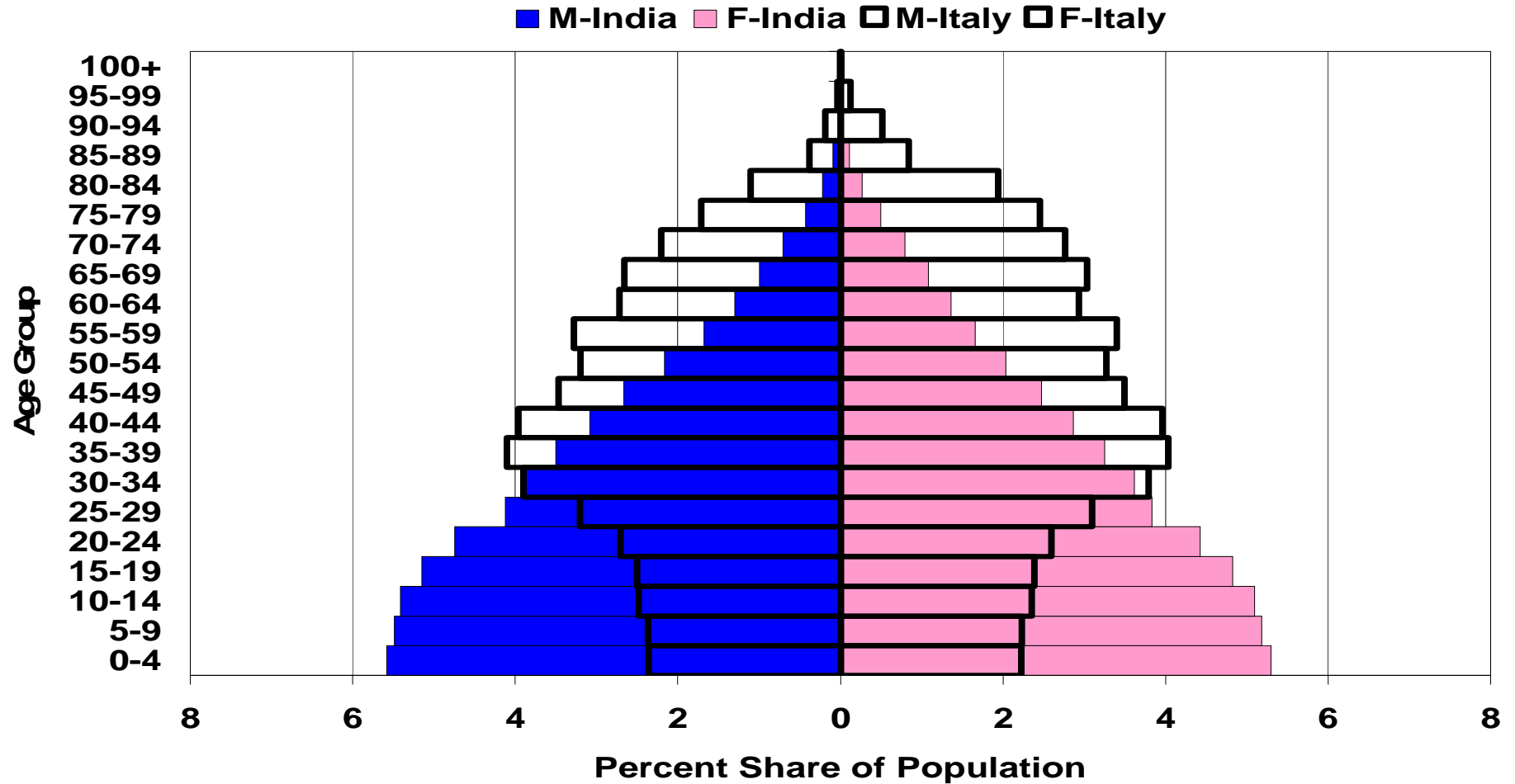
Ontario

Average Share of Immigrants by Source Region, 1996-2005



Population Pyramid

Italy versus India, 2005 (percent)

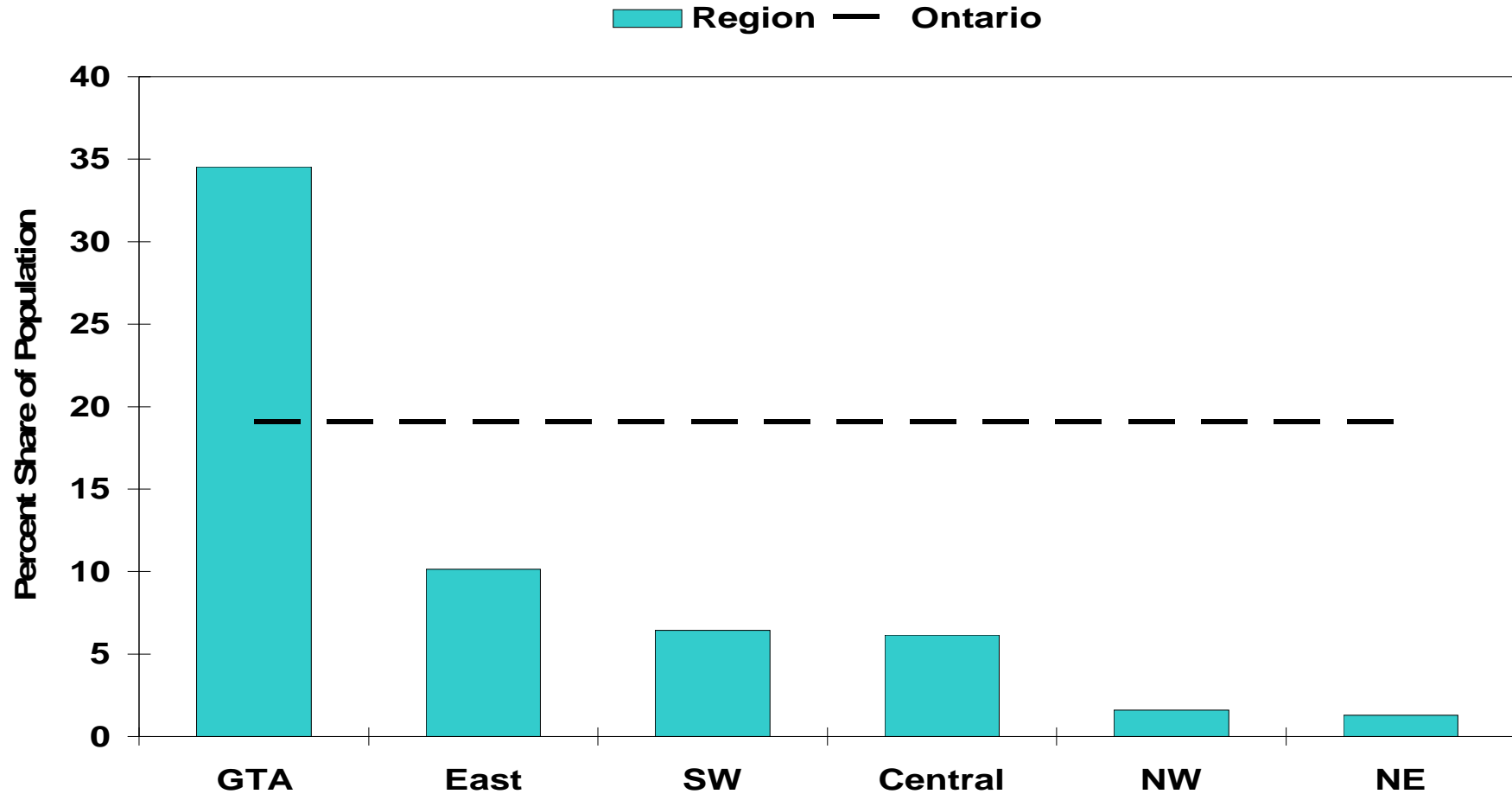


Demographic Trends - Ontario

The ethnic/racial diversification of Ontario's population varies dramatically by region.

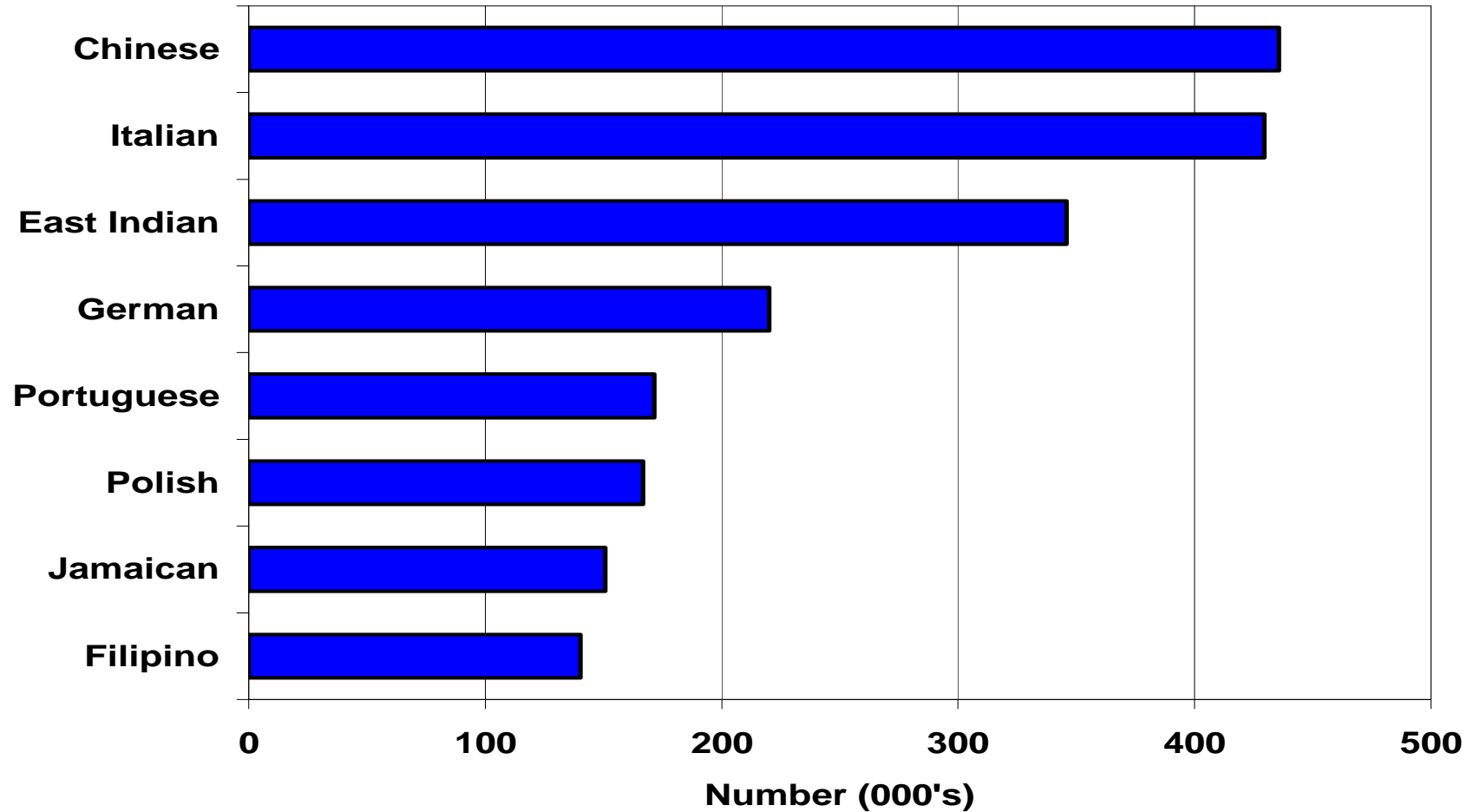
Ontario

Visible Minority Population Share by Region, 2001



Major Ethnic Groups

Toronto CMA, 2001 (thousands)

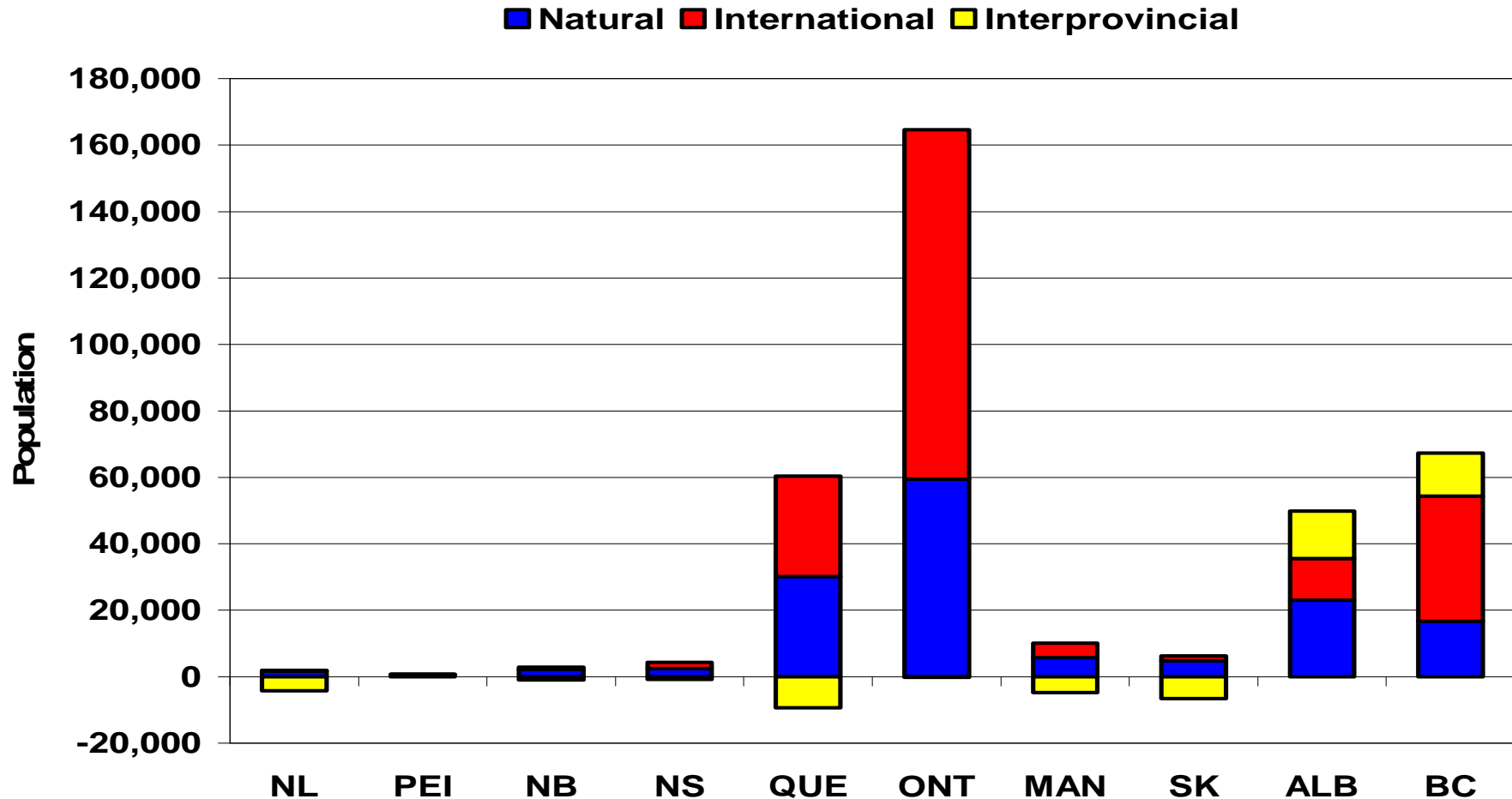


Demographic Trends - Canada

Migration has increased the population of some provinces more than others.

Canada's Provinces

Population Change by Source, 1990-2005 (annual average)



Demographic Projections

2006-2016

Demographic Projections - Ontario

Ministry of Finance projections for Ontario's population in 2016:

- » **Low = 13,605,000**
- » **Reference = 14,270,500**
- » **High = 14,736,200**
- » **The reference projection envisions a 12.4 percent increase in Ontario's population over the next ten years.**

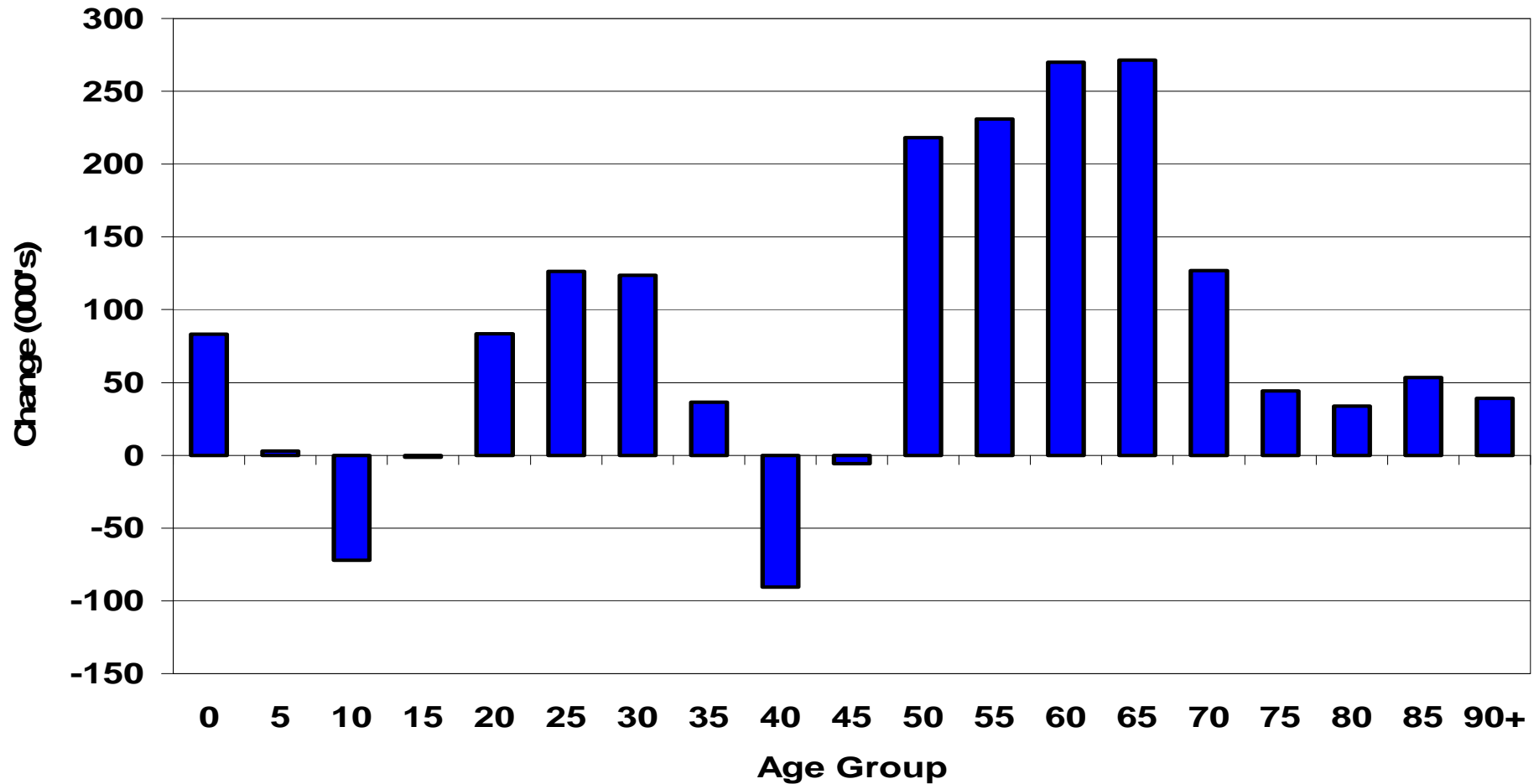
Demographic Projections - Ontario

Over the next 10 years, Ontario's population will continue to age:

- » The youth share (<25 years) will increase 2.4 percent;***
- » The labour force share (25-54) will increase 7.2 percent; and***
- » The “retiree” share (55+) will increase 35.6 percent.***

Ontario Population

Projected Change by Age Group, 2006-16 (thousands)

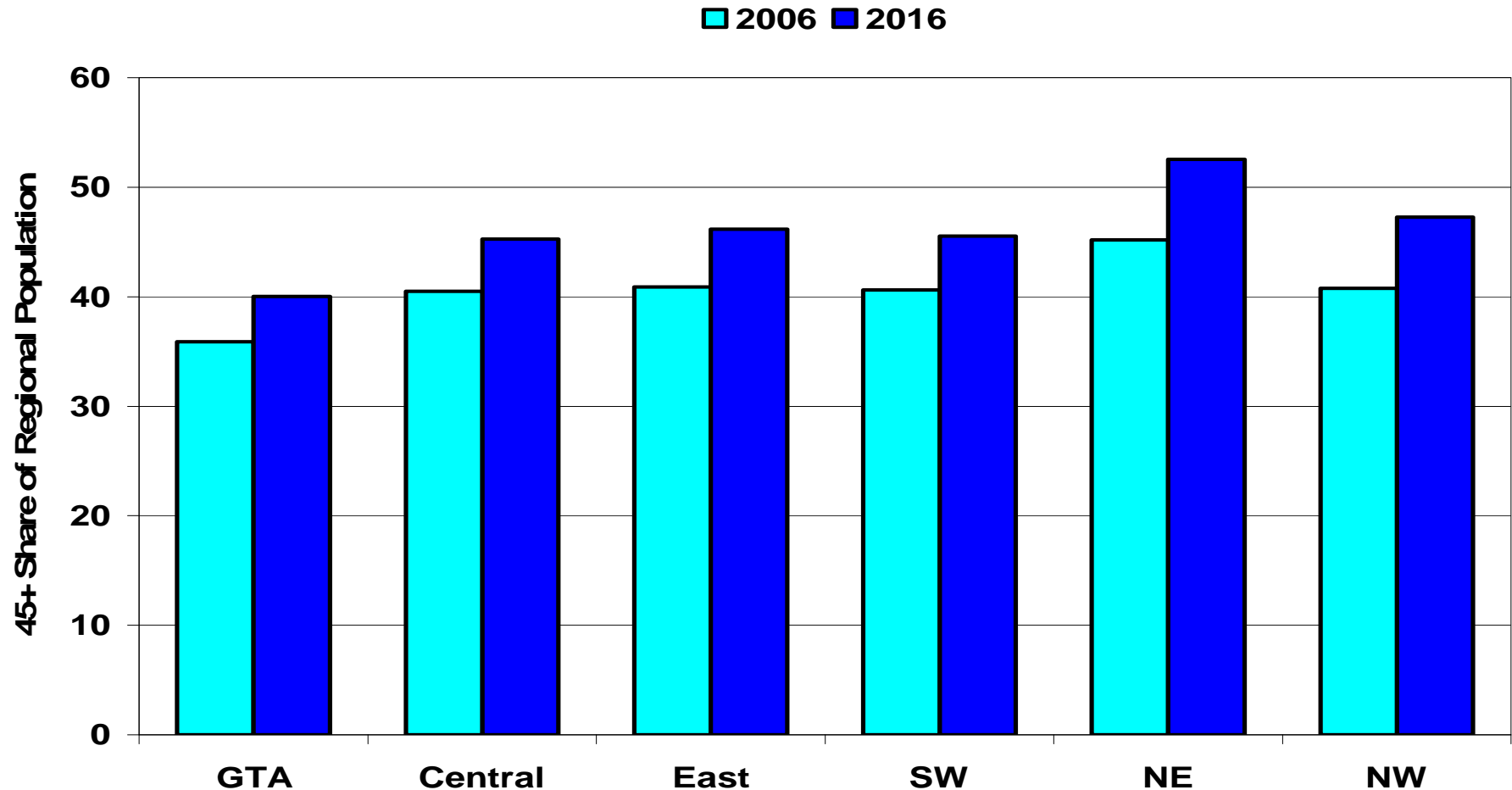


Demographic Projections - Ontario

Ontario's population is projected to age at different rates at the regional level.

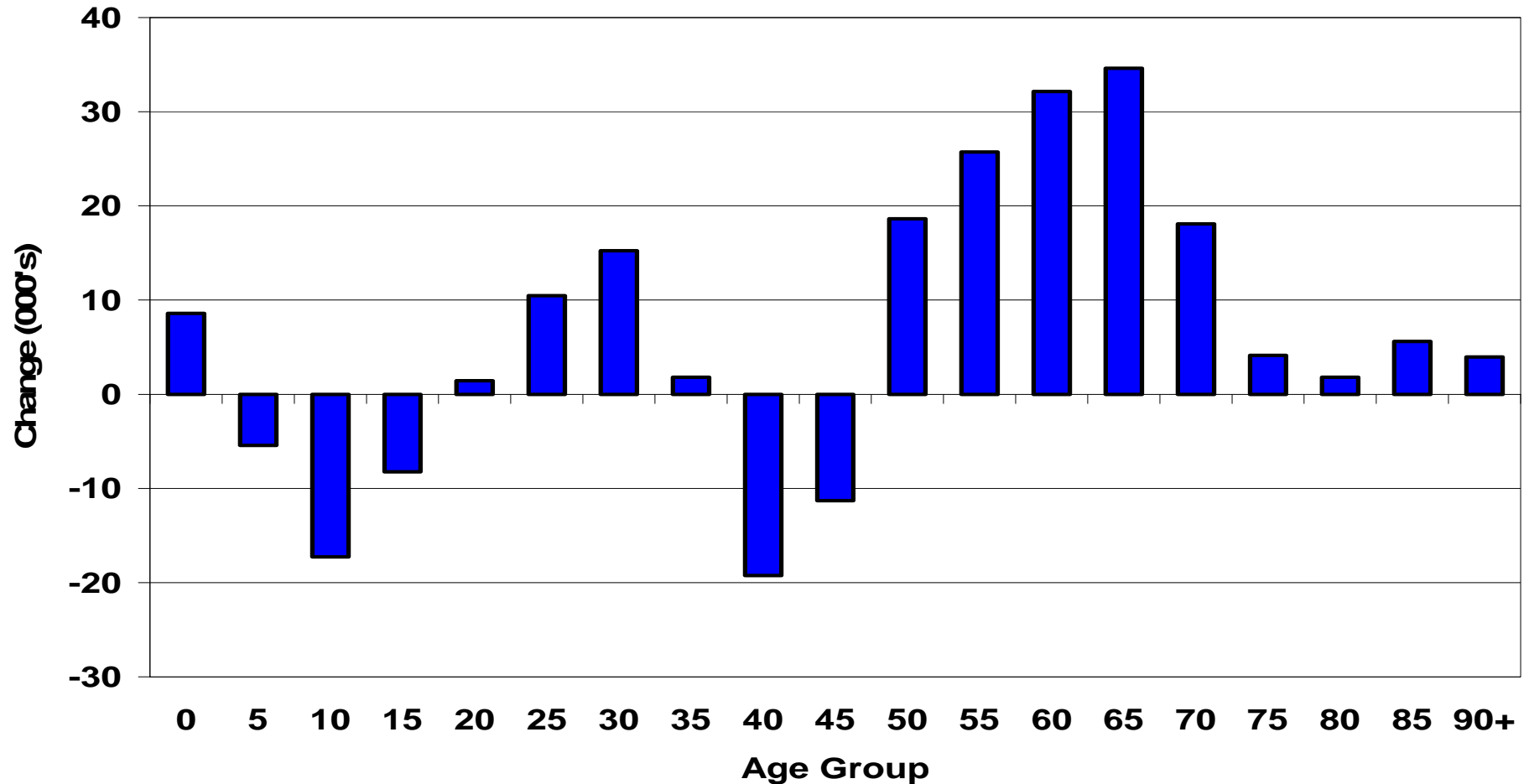
Ontario Population

Projected 45+ Age Group Share by Region, 2006 versus 2016



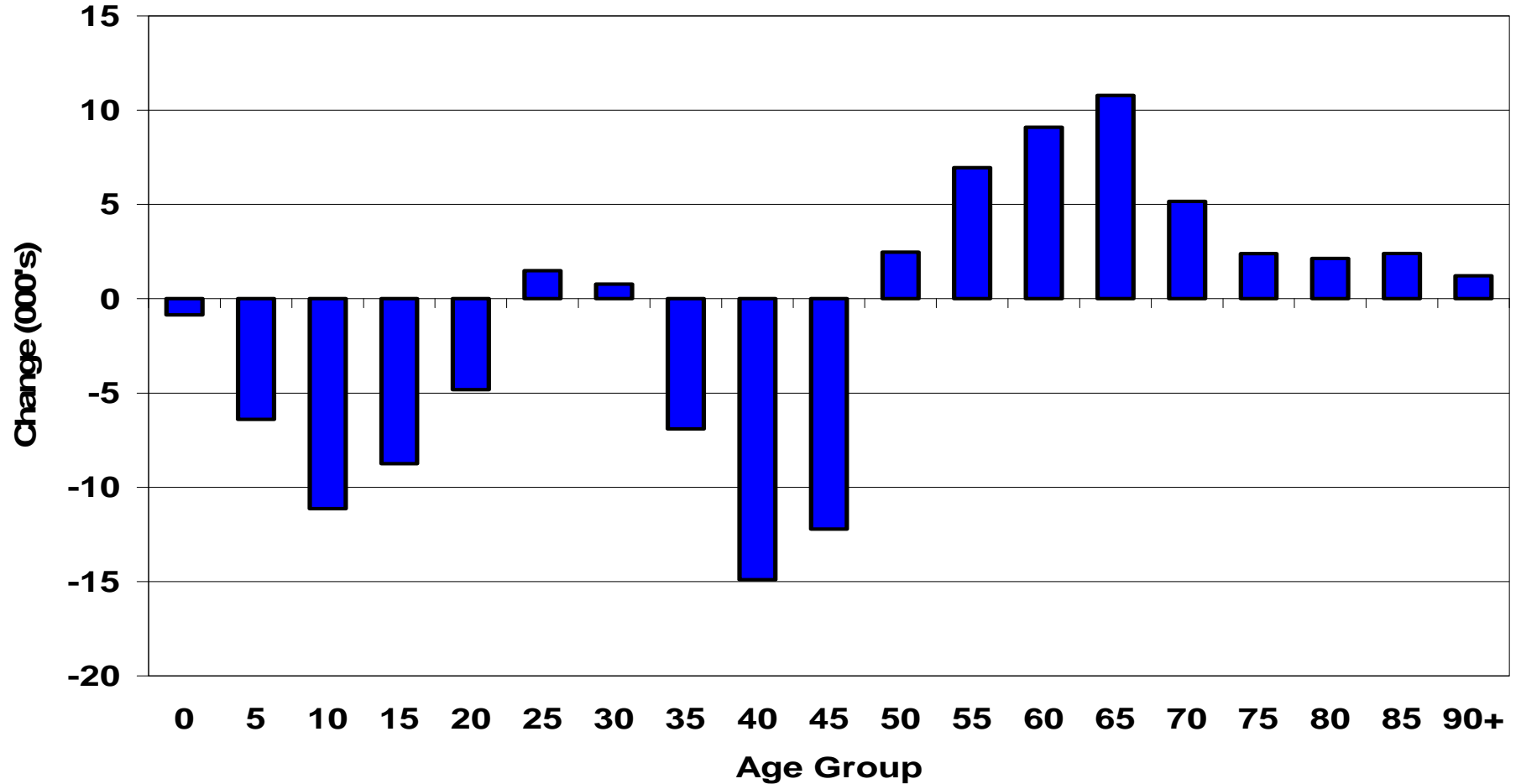
Southwest Region Population

Projected Change by Age Group, 2006-16 (thousands)



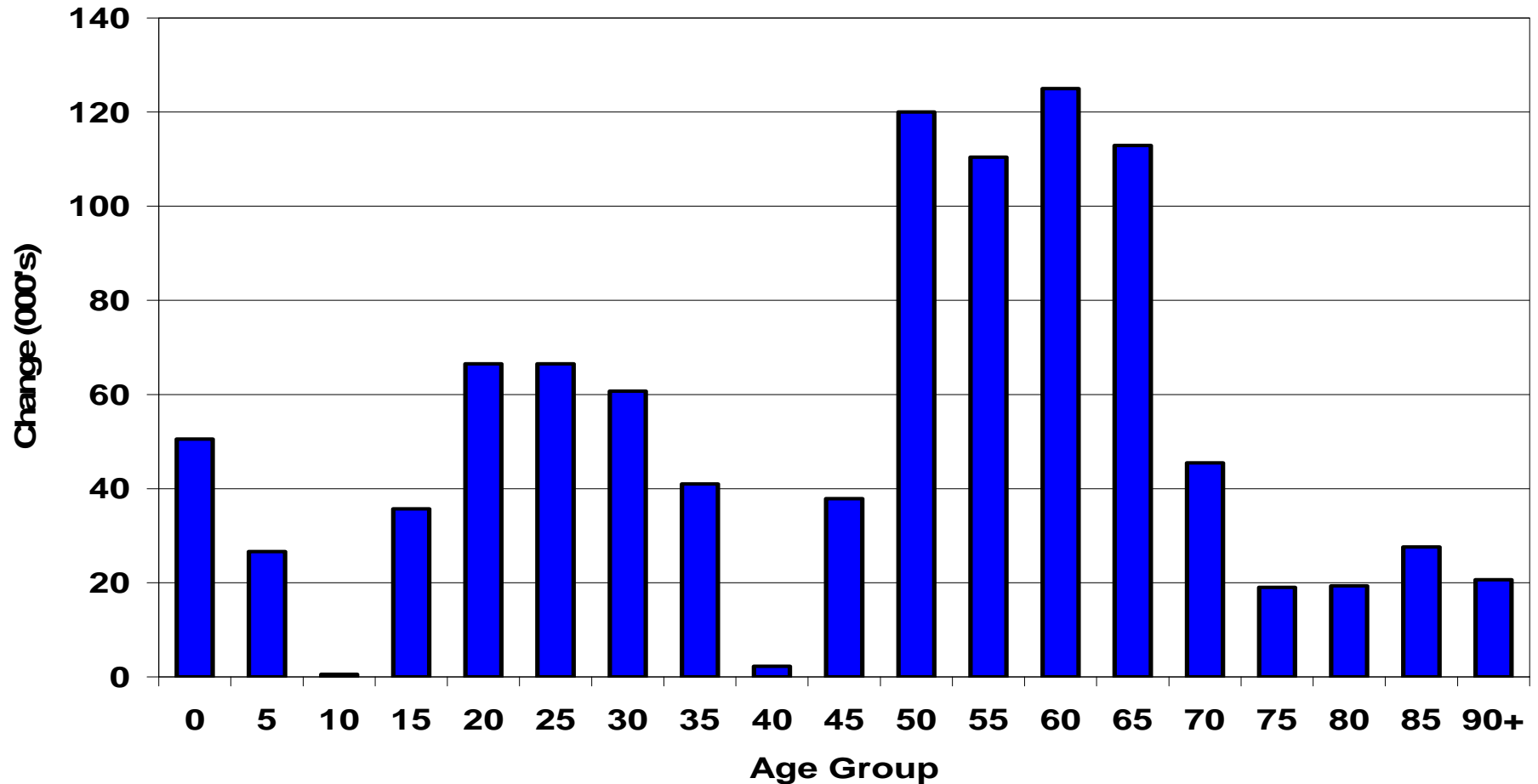
Northeast Region Population

Projected Change by Age Group, 2006-16 (thousands)



Greater Toronto Area Population

Projected Change by Age Group, 2006-16 (thousands)

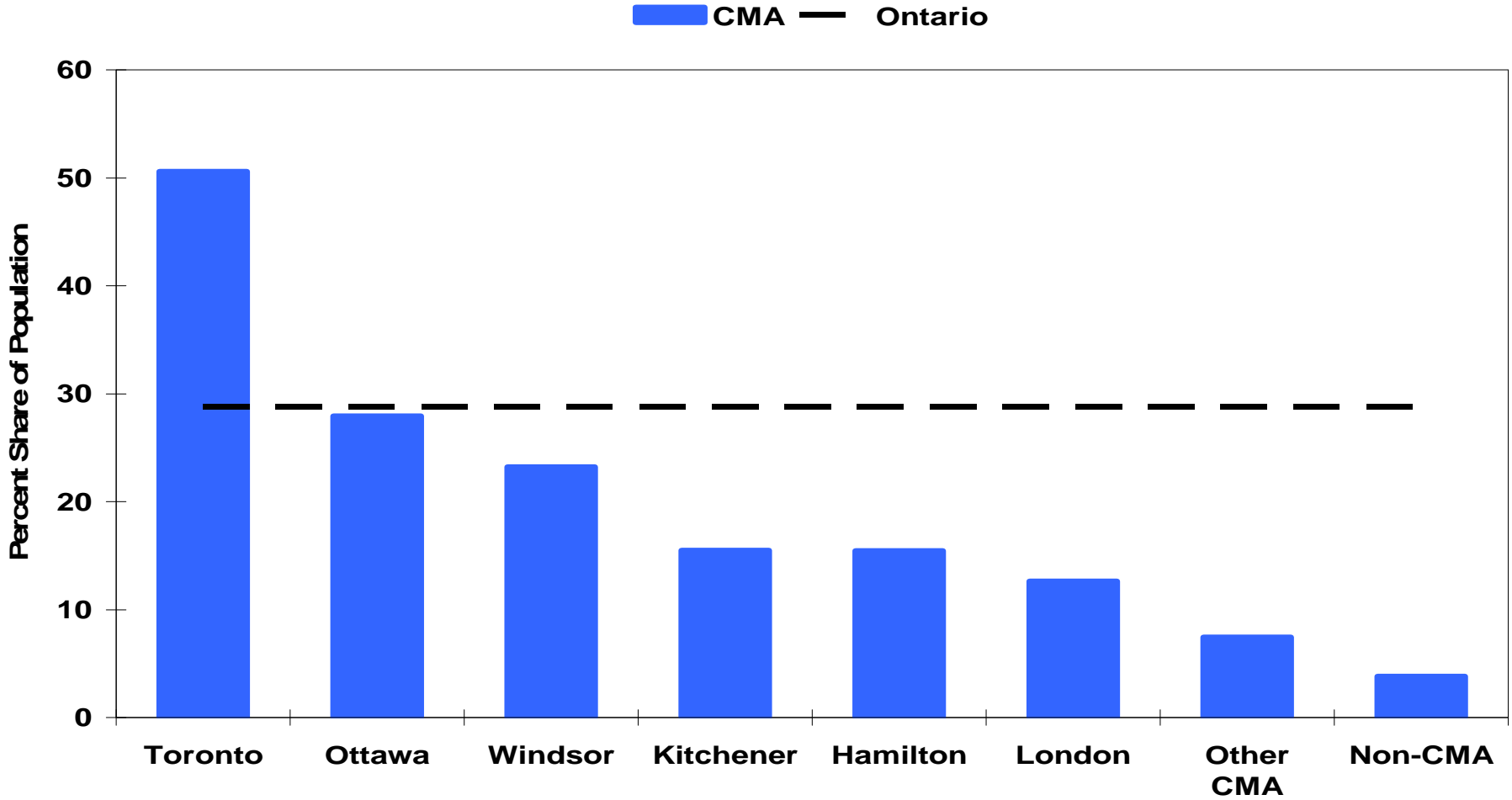


Demographic Projections - Ontario

Currently, two in ten Ontario residents are a visible minority. By 2017, Statistics Canada projects that three in ten will be visible minorities. The diversity of the province's population will continue to be skewed regionally.

Ontario Population

Projected Visible Minority Population Share by CMA, 2017 (percent)



Demographic Forecasting

To construct a demographic forecast, you need to know the size of your market, both in total and by strategic age groups.

Demographic Trends - Canada

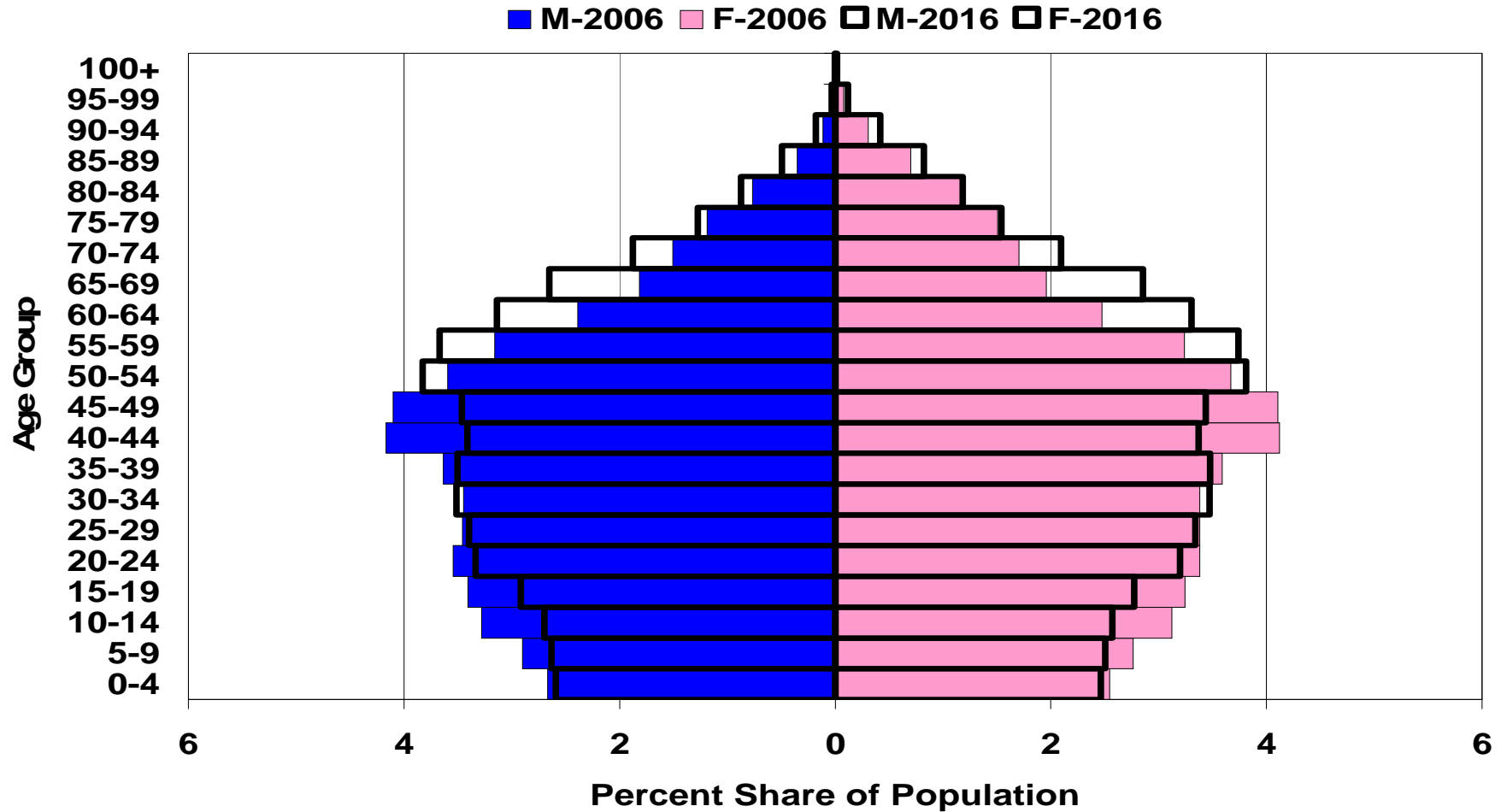
Between 2006 and 2016, 2.72 million people will be added to the population of Canada, an increase of 8.4 percent.

Demographic Trends - Canada

Between 2006 and 2016, about 2.8 million people 45 and older will be added to Canada's population. The under 45 age group will decrease by 86,000. Boomers will account for 60 percent of the 45-plus population in 2016.

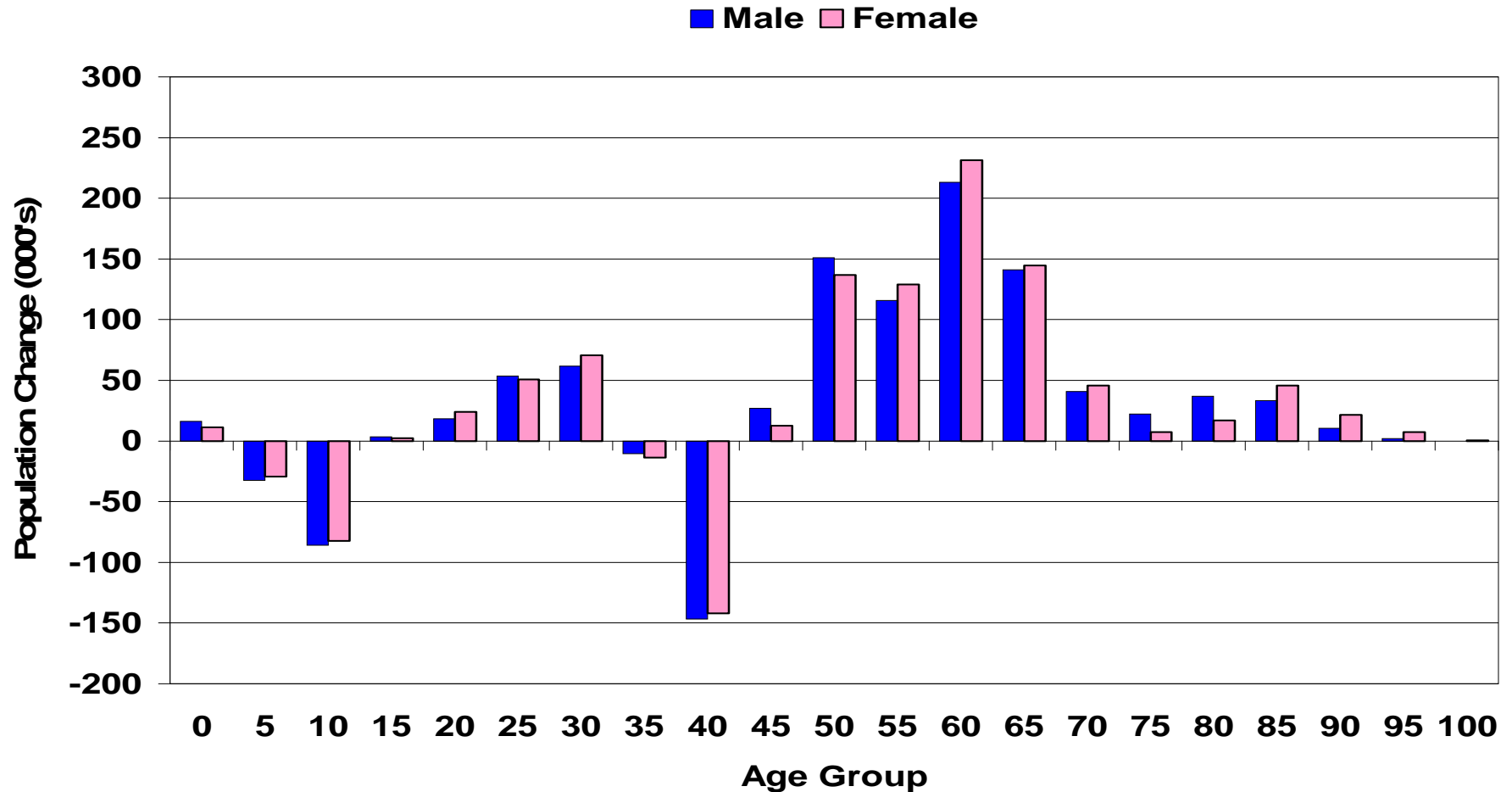
Canada

Population Pyramid, 2006 (colour) versus 2016 (outline)



Population Change by Age and Sex

Canada, 2006-2016 (thousands)

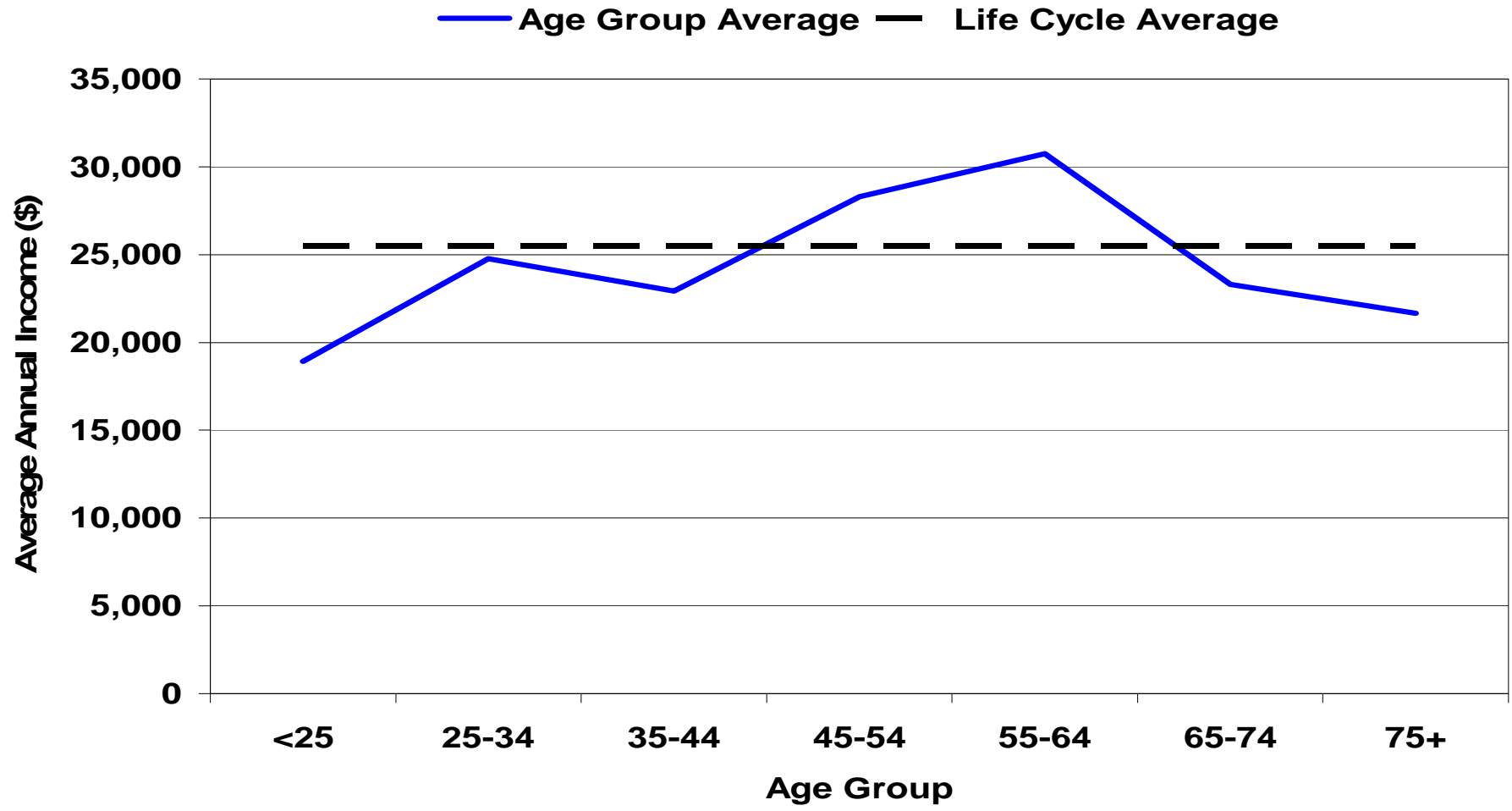


Demographic Forecasting

To construct a demographic forecast, you also need to know how consumers spend their money (or time) differently over the life cycle.

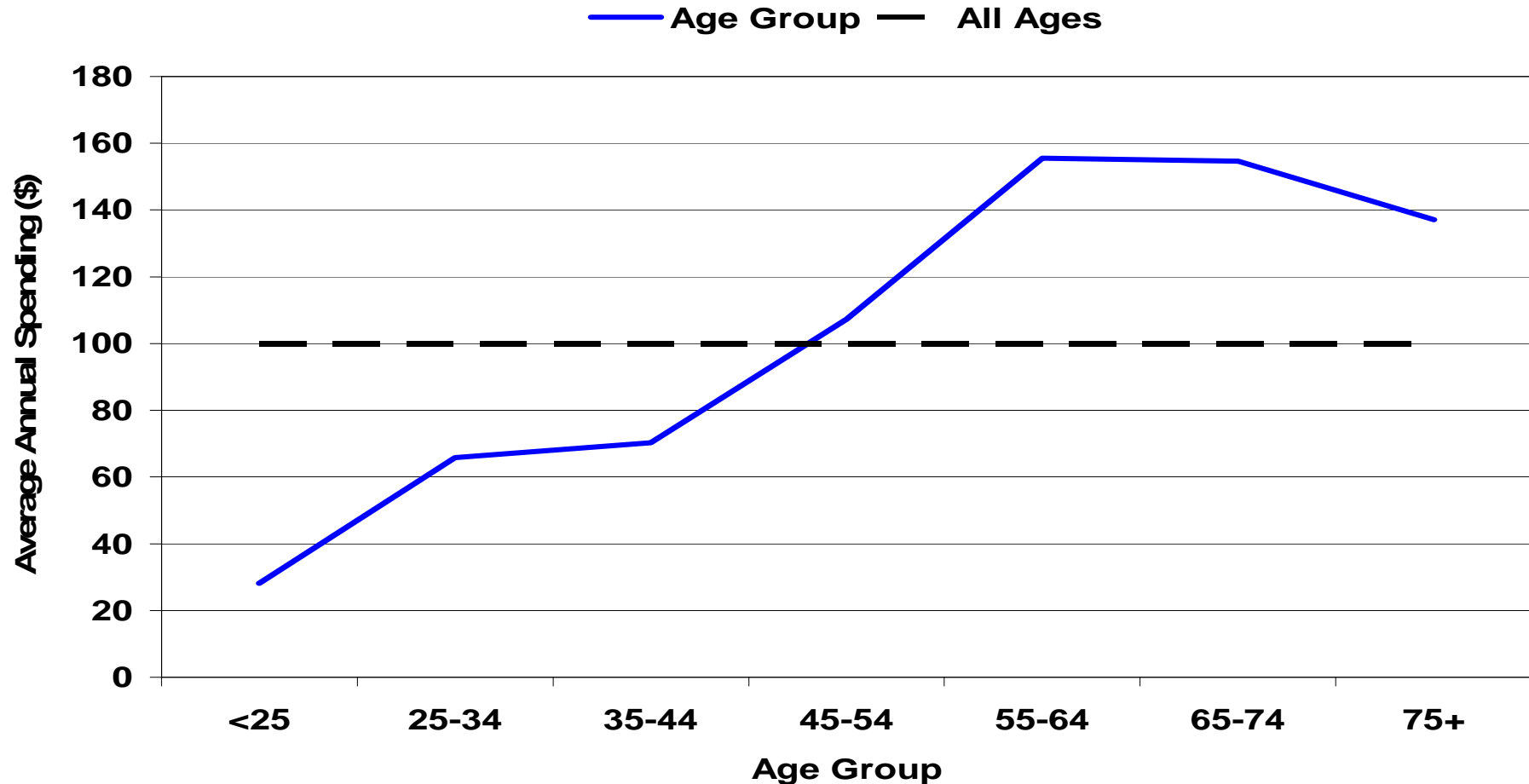
Household Income Before Taxes

Canada, 2004 (income per person)



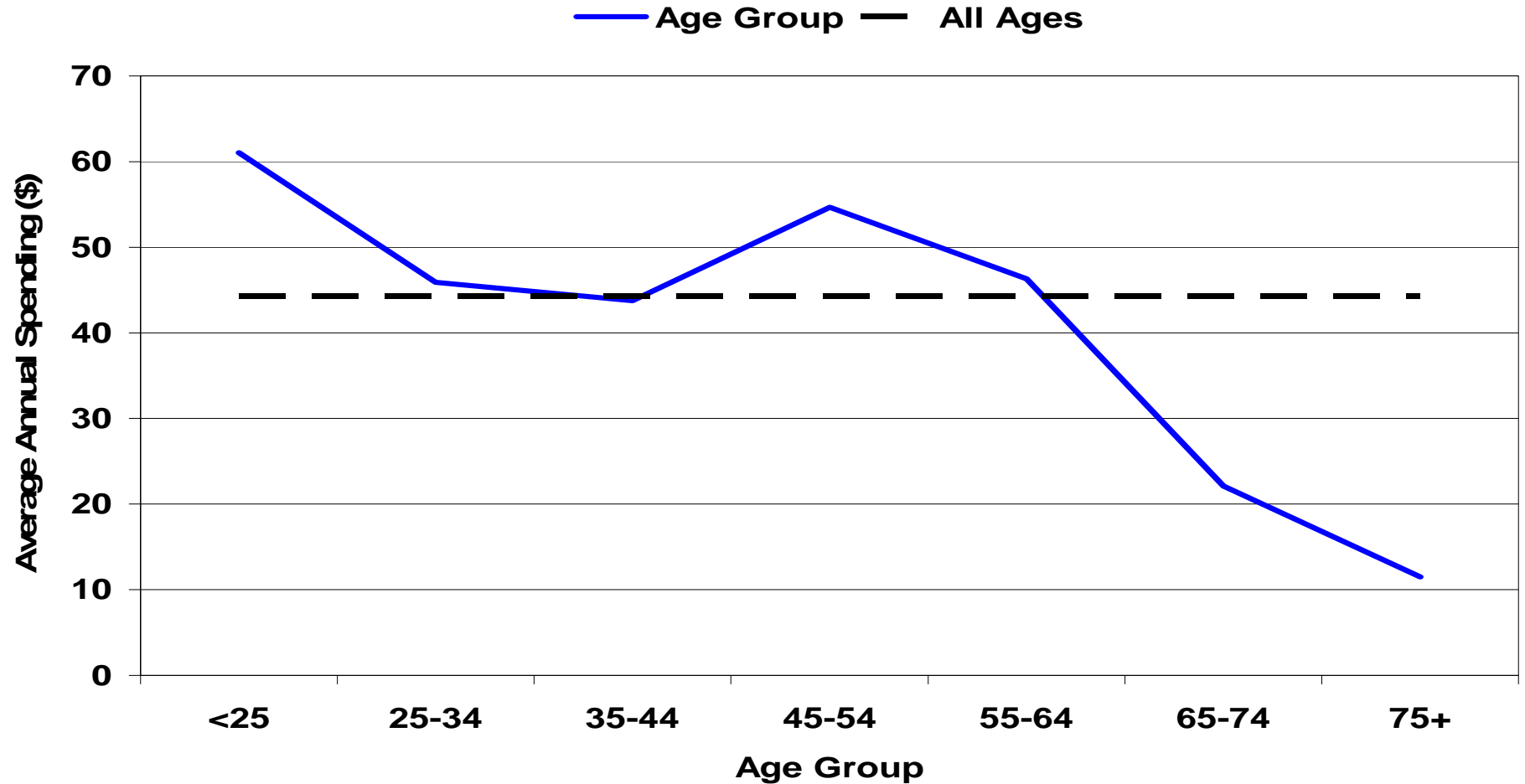
Household Spending - Canada

Garden Supplies and Services (\$ per person), 2004



Household Spending - Canada

Movie Theatres (\$ per person), 2004

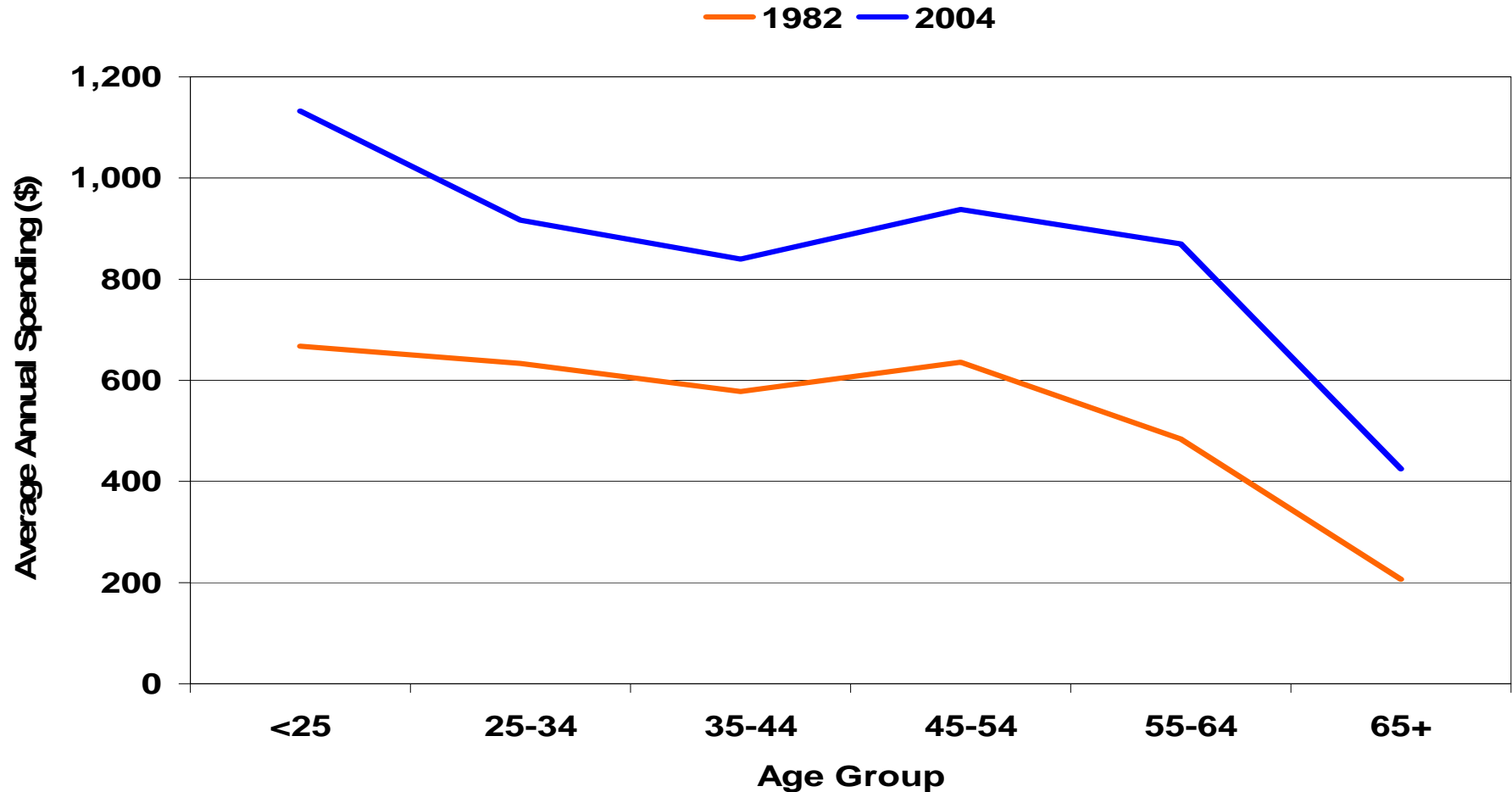


Demographic Forecasting

Finally, a demographic forecast assumes that life cycle spending patterns are fairly durable.

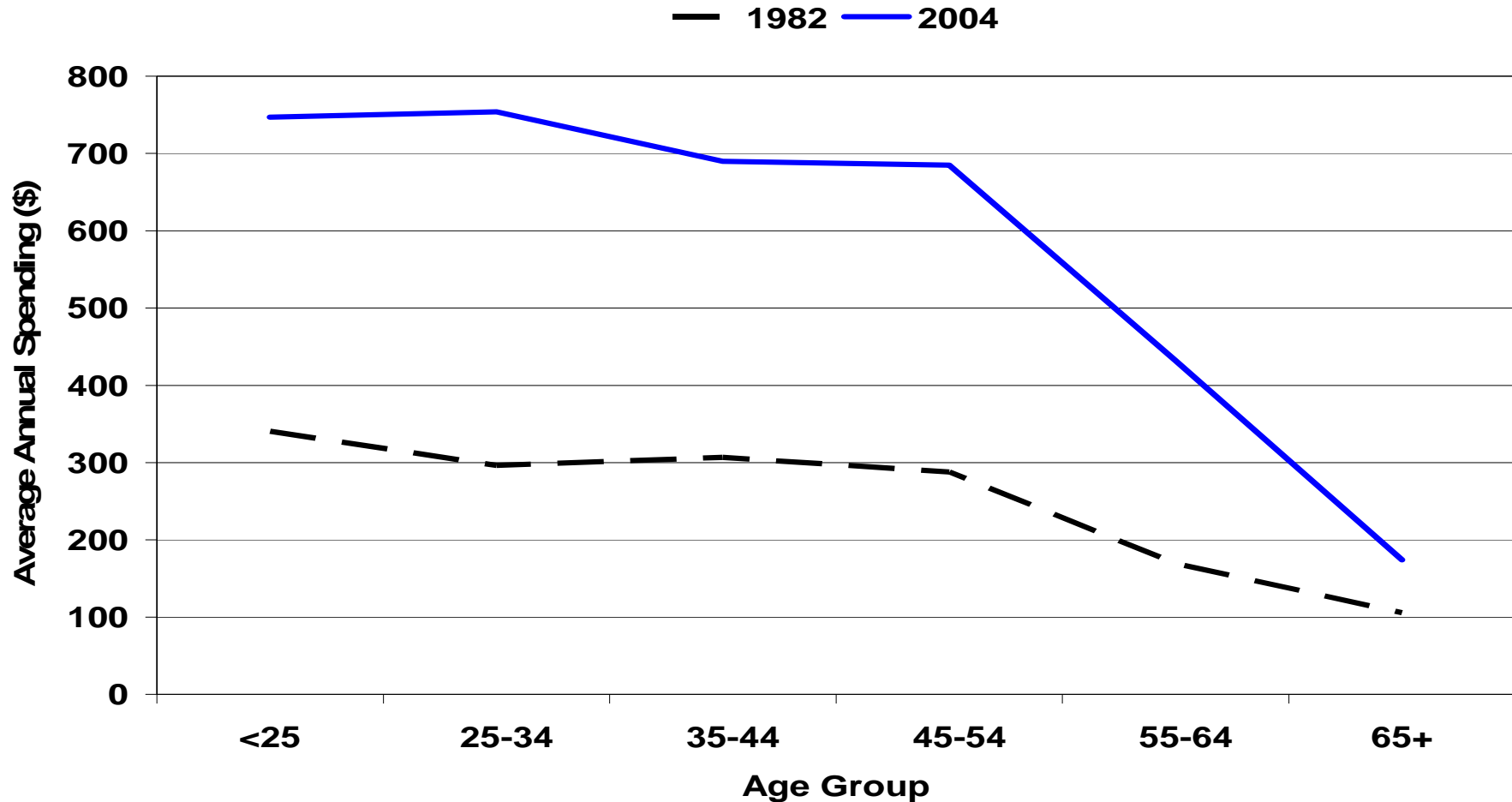
Alcoholic Beverages

Canada, 1982 versus 2004 (current \$ per household)



Home Entertainment

Canada, 1982 versus 2004 (current \$ per household)



Demographic Forecasting

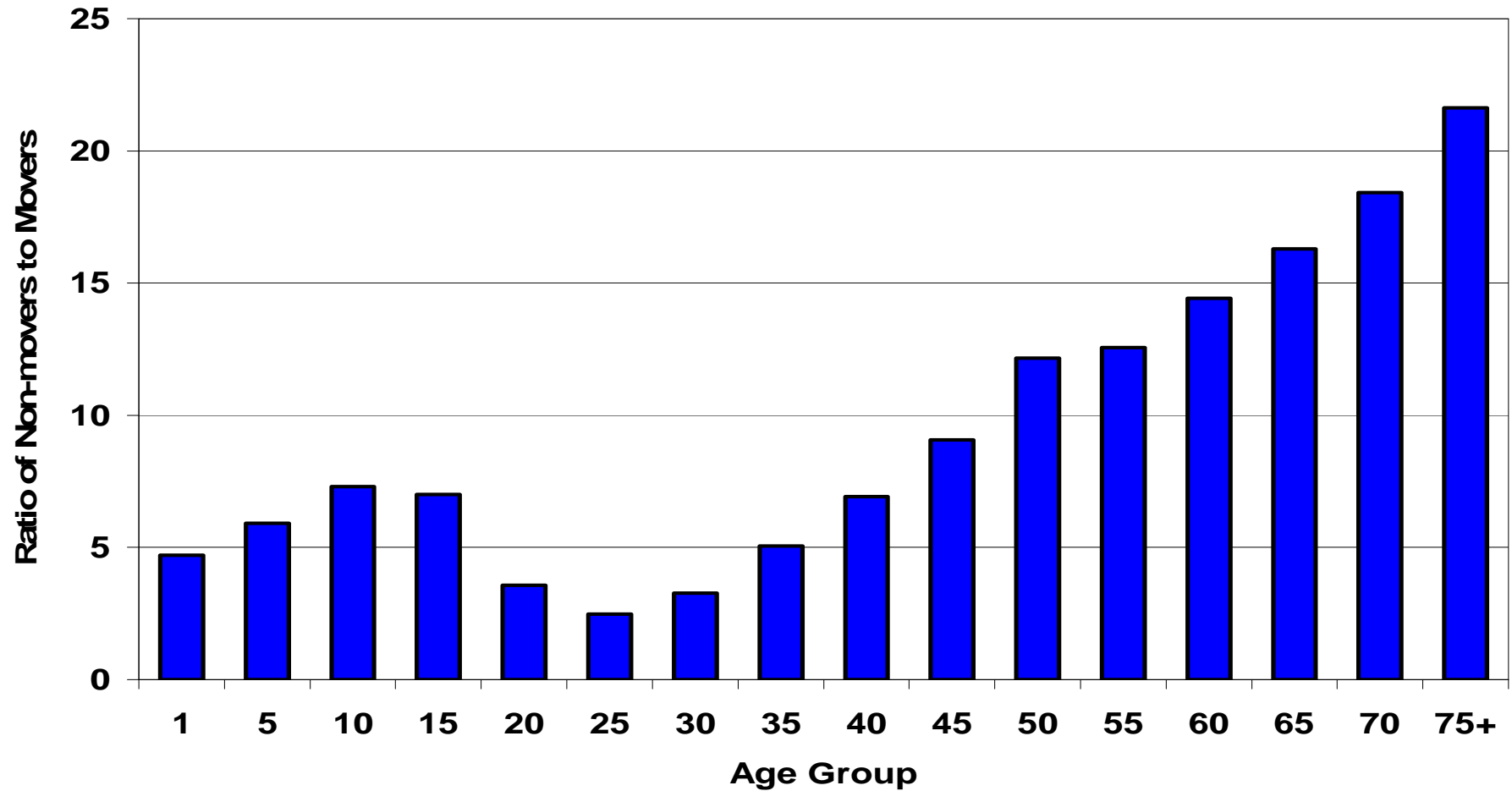
A demographic forecast marries data on the projected population with data on consumer spending by age. Let's take a look at a few products that are important to your industry.

Relative Growth Index (RGI)

	2006-11	2006	2011-16
	RGI- Spending	45+ Share	RGI- Spending
Mortgage payments	71	43.0	60
Post-secondary tuition	72	36.1	2
Rent	80	34.9	75
Bank service charges	85	43.6	70
Household appliances	103	53.5	106
Purchase of automobiles & trucks	115	55.0	120
Home renovation	131	69.7	159
Contributions to charity	144	72.3	192
Condominium charges	144	69.5	213
Package travel tours	144	71.3	163
Owned vacation home	165	85.6	172

Toronto CMA

Ratio of Non-movers to Movers, 2001

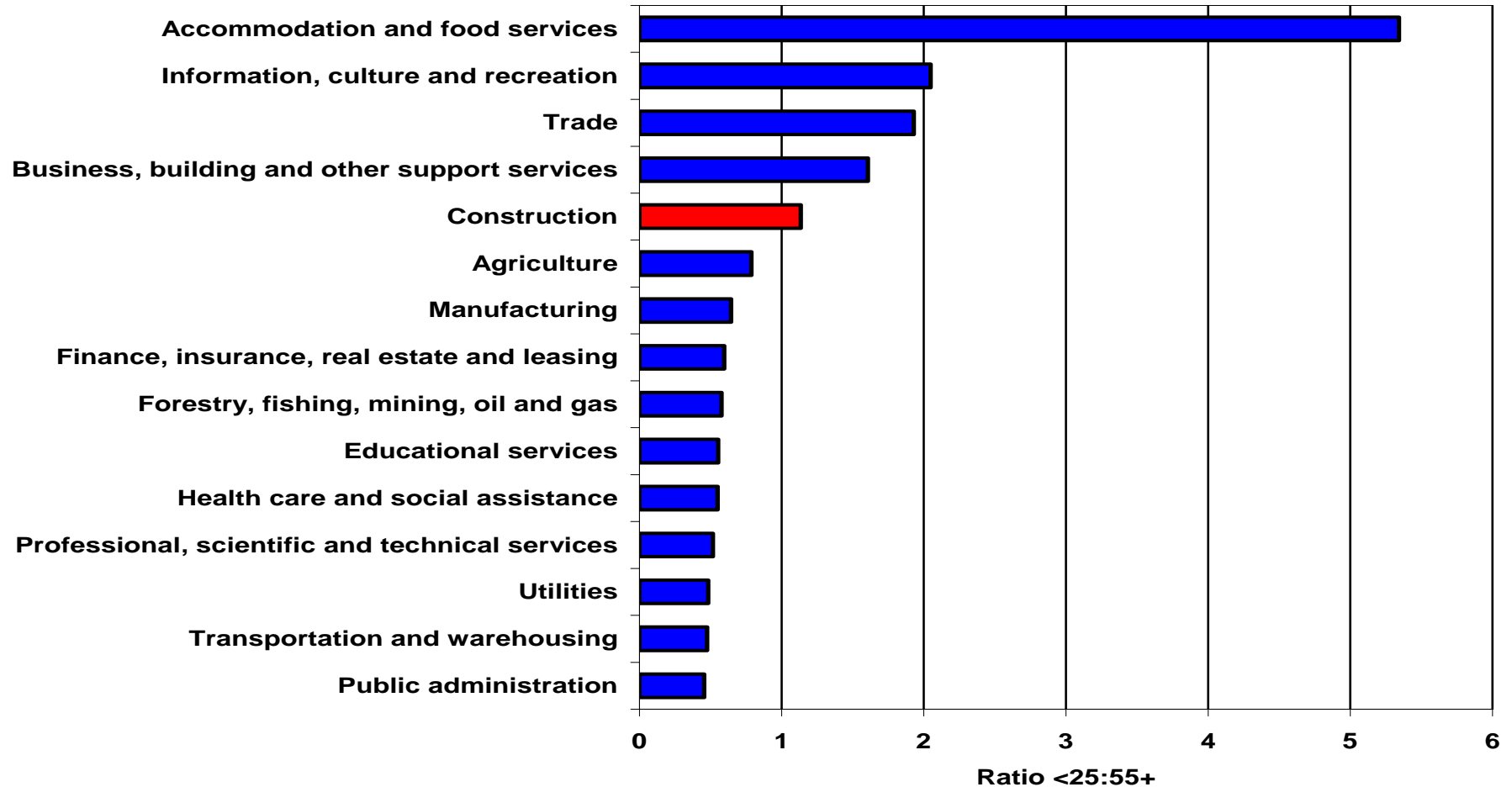


Demographics and the Labour Market

The issue of an aging work force is now affecting most industries in Ontario.

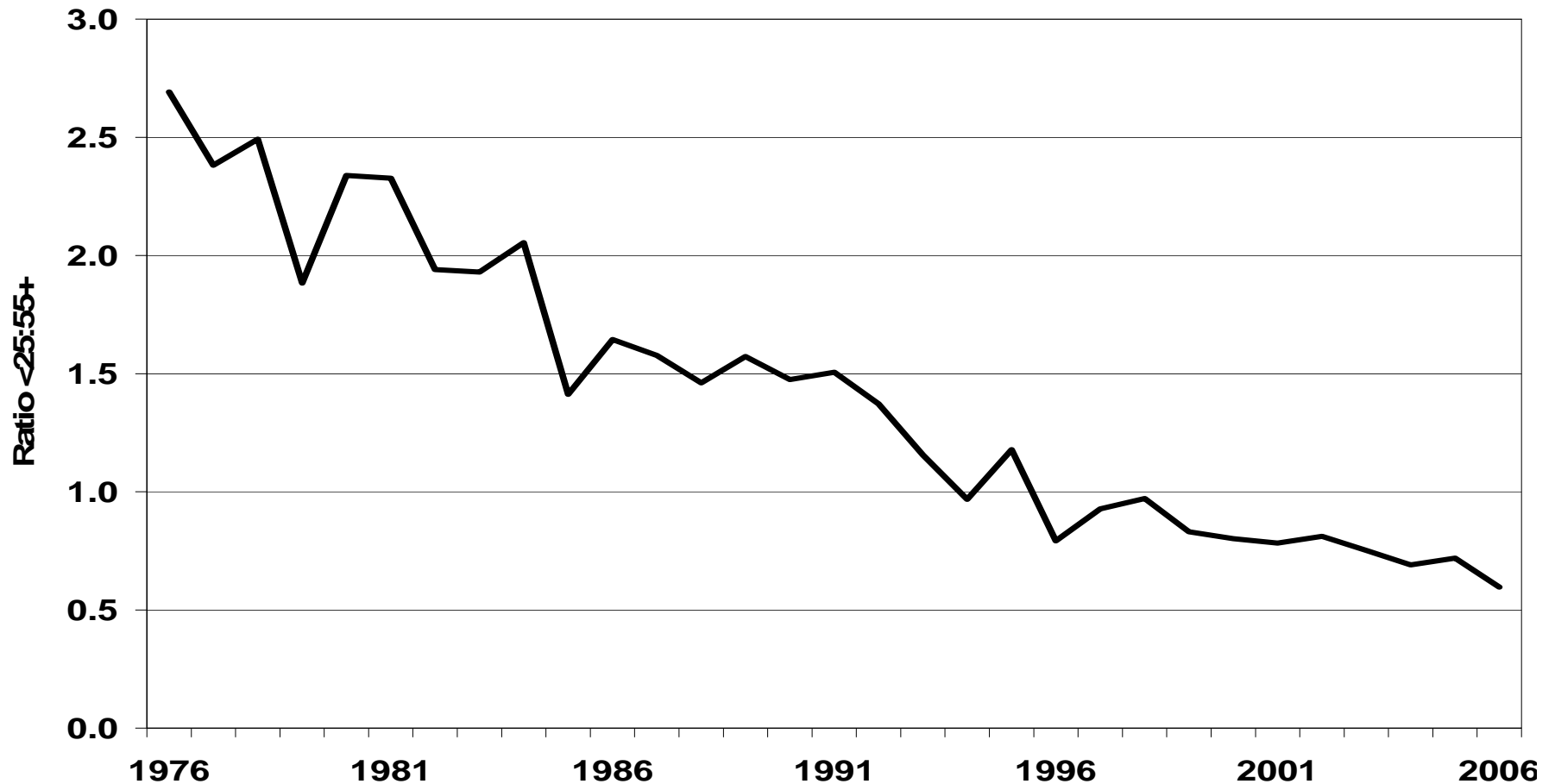
Ontario Labour Force

Entry/exit Ratios by Industry, 2006 (<25:55+ ratio)



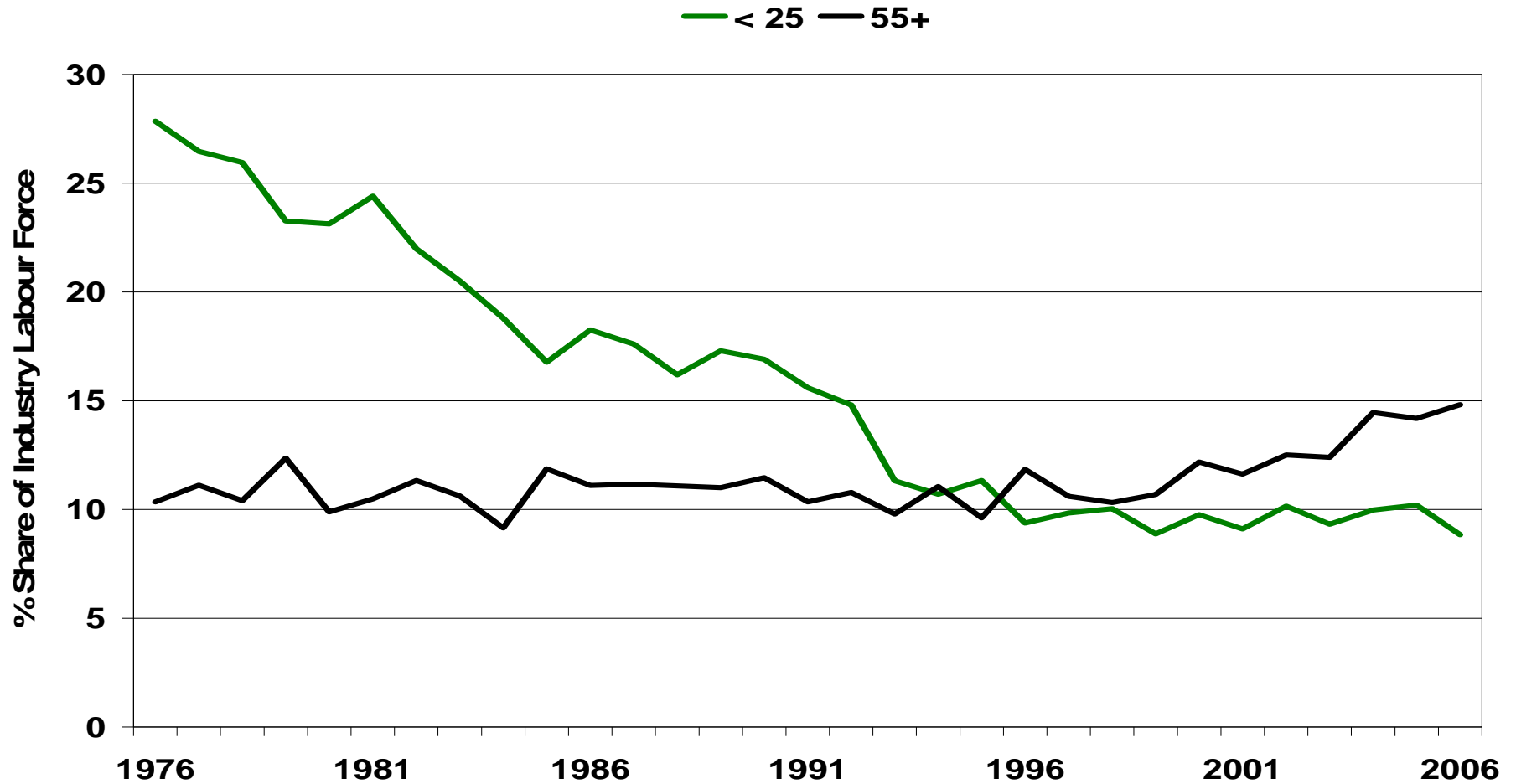
Ontario Labour Force

Entry/Exit Ratio (<25:55+), Financial Services, 1976-2006



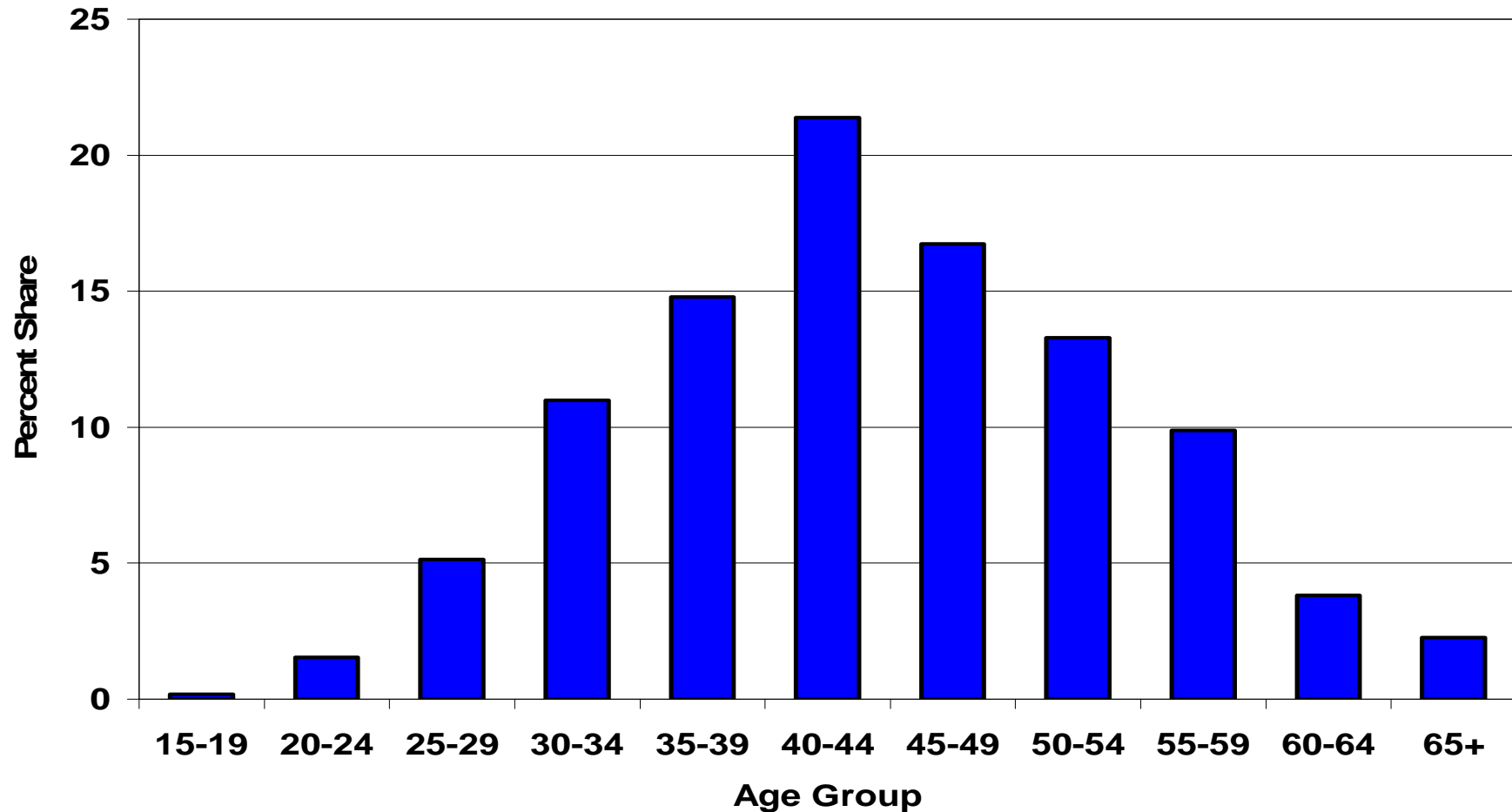
Ontario Labour Force

Entry/Exit Shares (<25:55+), Financial Services, 1976-2006 (percent)



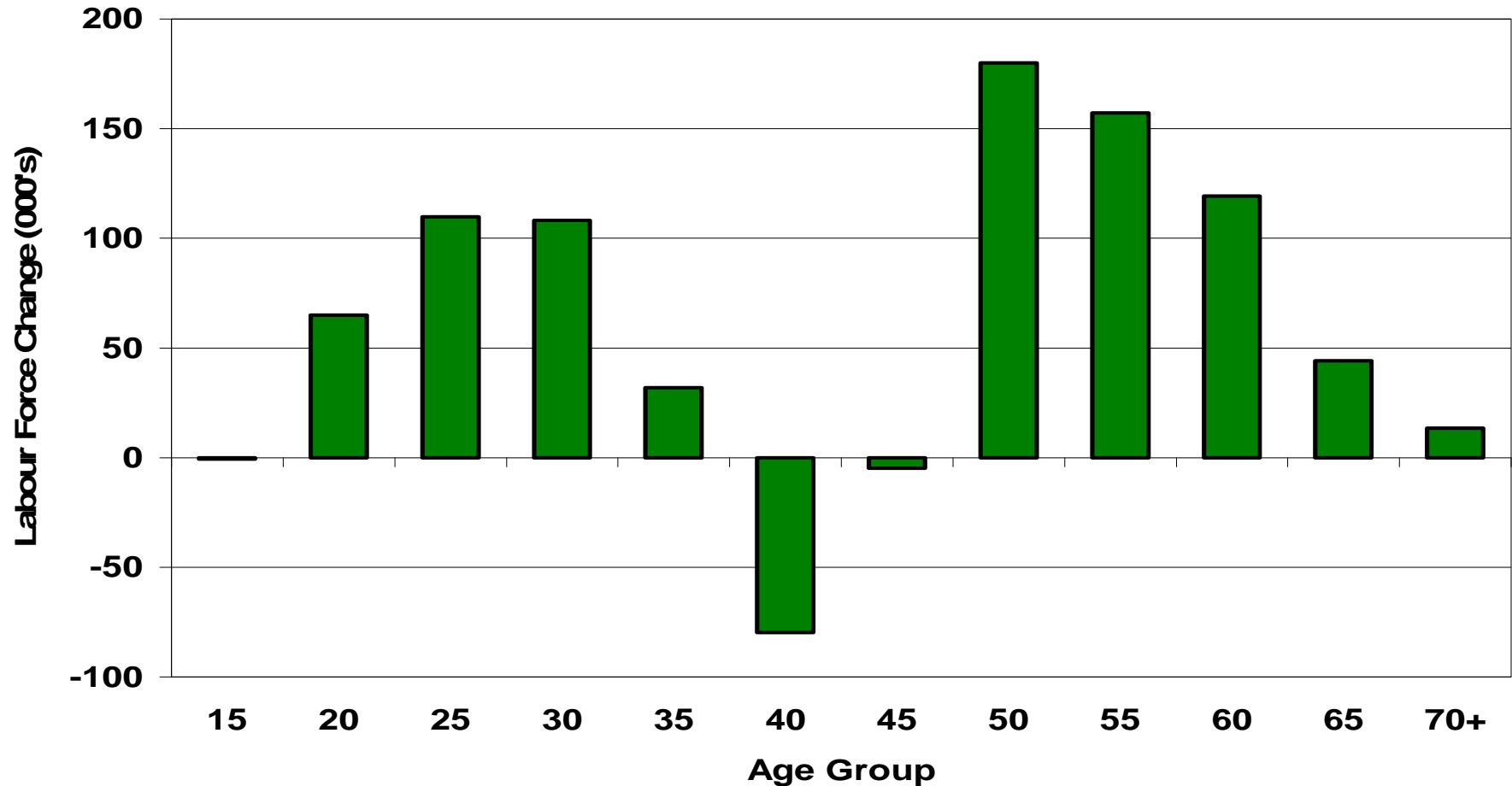
Ontario Labour Force

Change, 1976-2005 (percent share of total)



Ontario Labour Force

Projected Change by Age Group, 2006-2016 (000's)

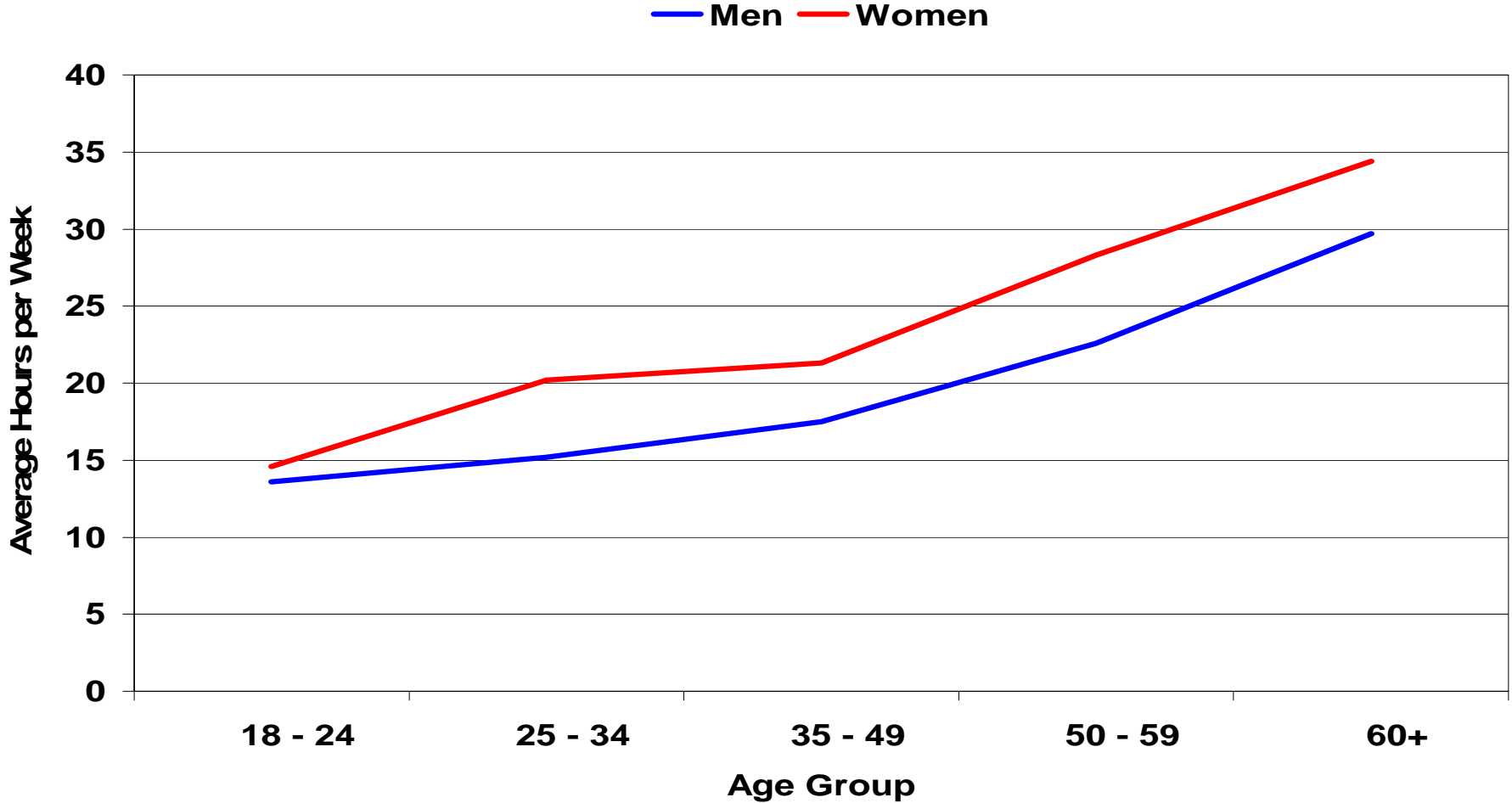


Demographics and Marketing

“Everybody is not on the Net”. In 2005, 68 percent of 18-plus Canadians used the Internet from any location. About one-third of 18+ Canadians engaged in electronic banking or paid bills online; one-sixth, to research investments. Traditional marketing tools remain effective options for reaching the 45-plus consumer. The Internet works well with younger (under 45) consumers and a niche market of wealthy, university educated, 45-plus consumers.

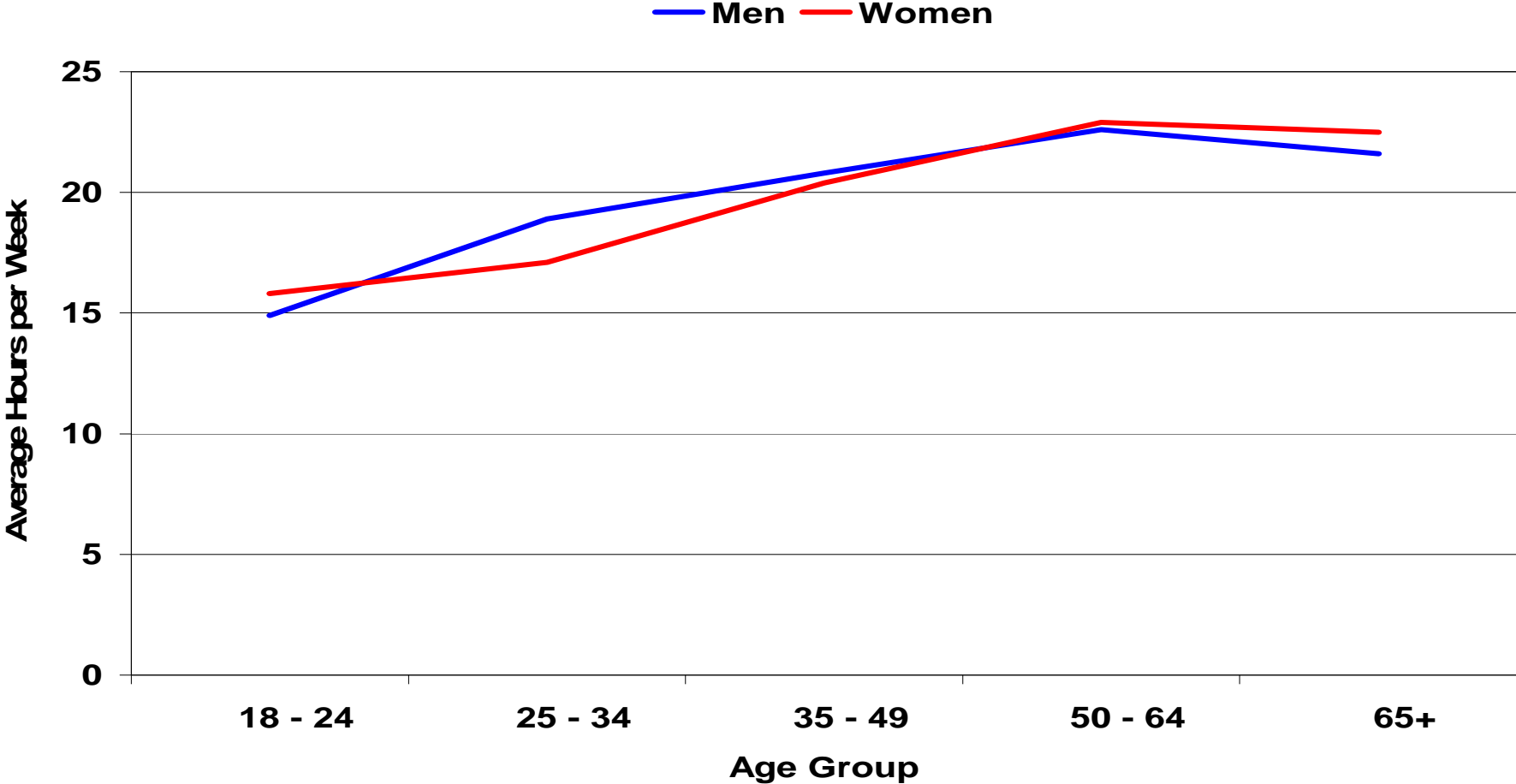
Television Viewing

Ontario, 2004 (hours per week)



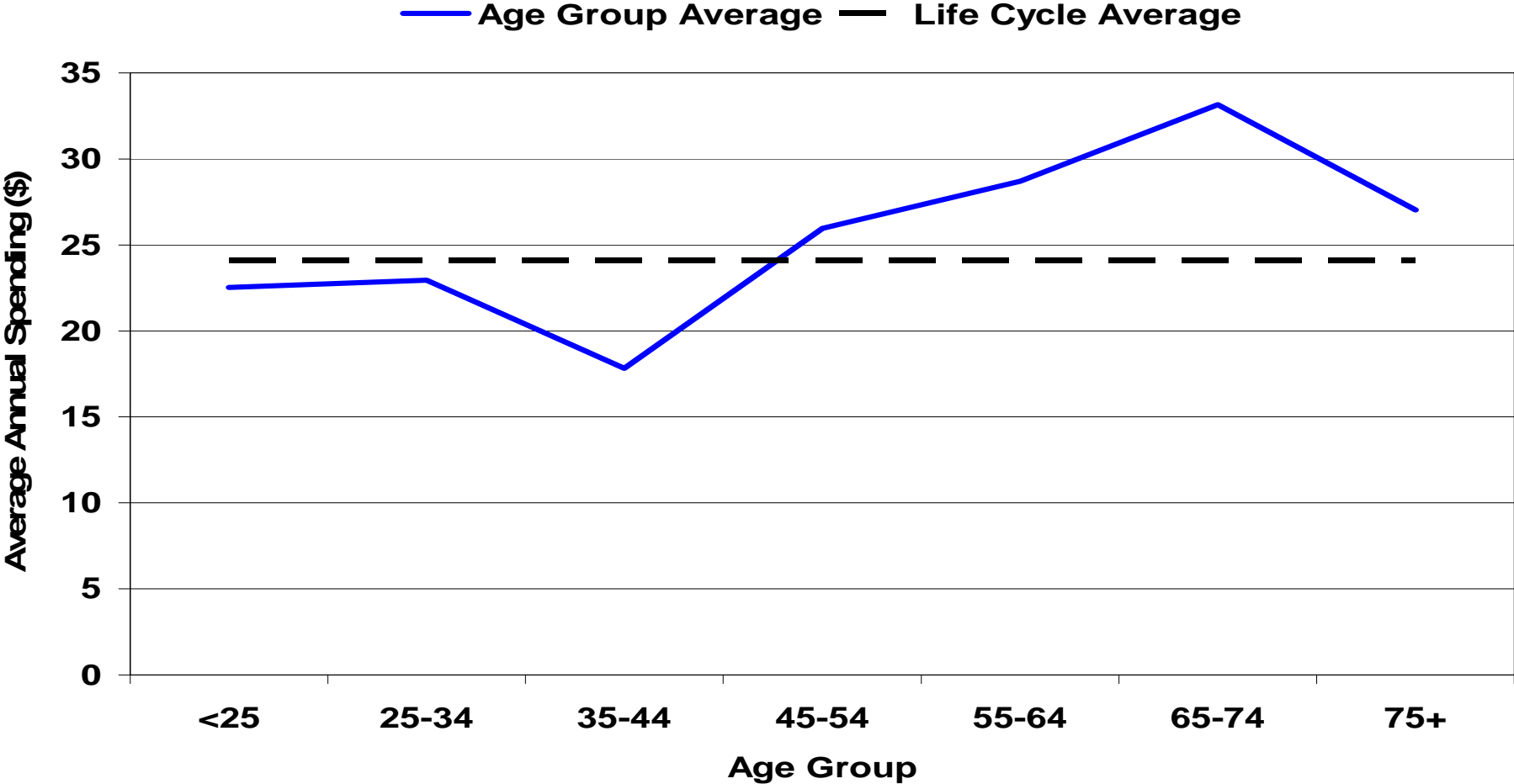
Radio Listening

Ontario, 2005 (hours per week)



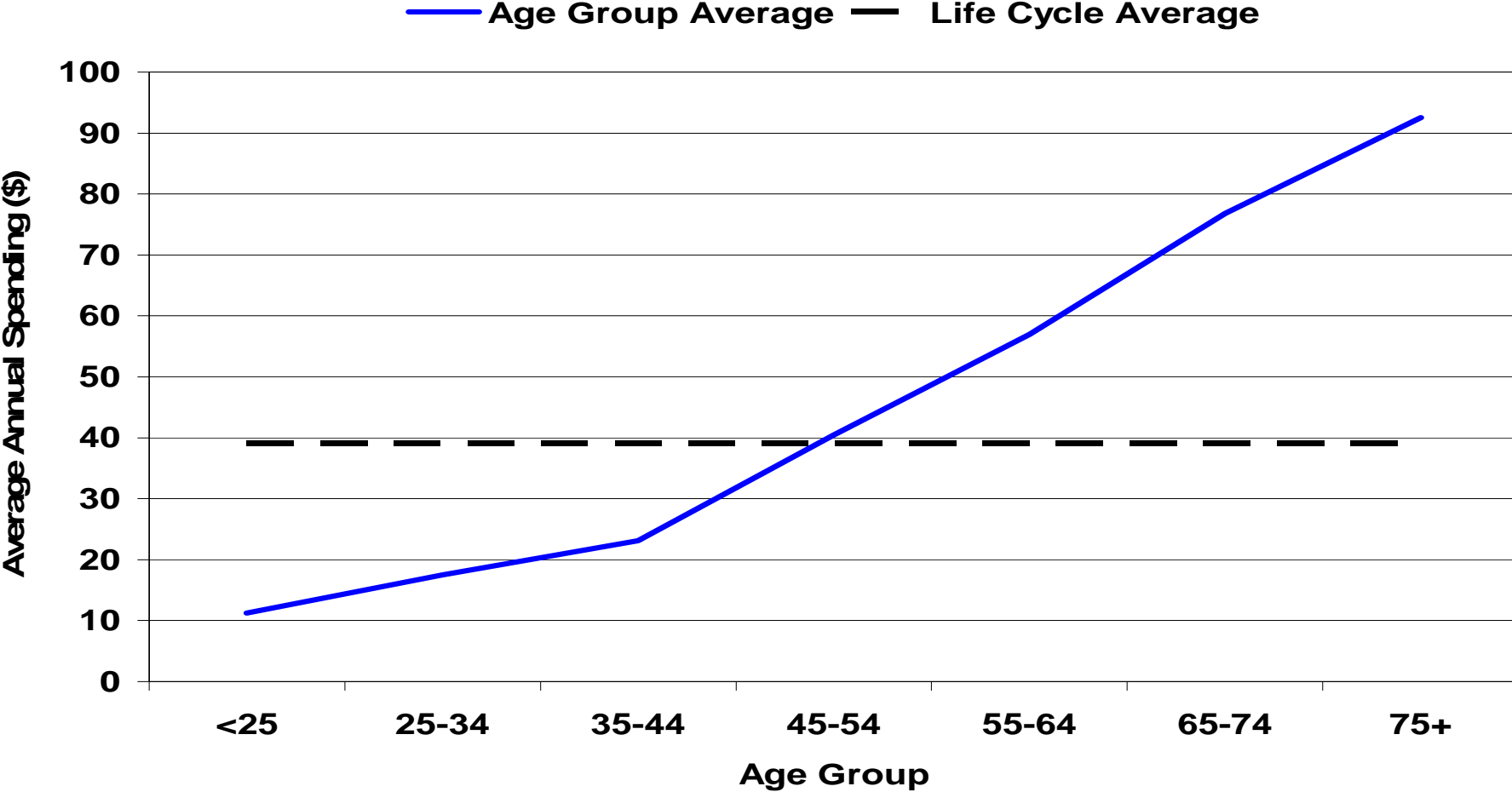
Household Spending - Canada

Magazines, 2004 (\$ per person)



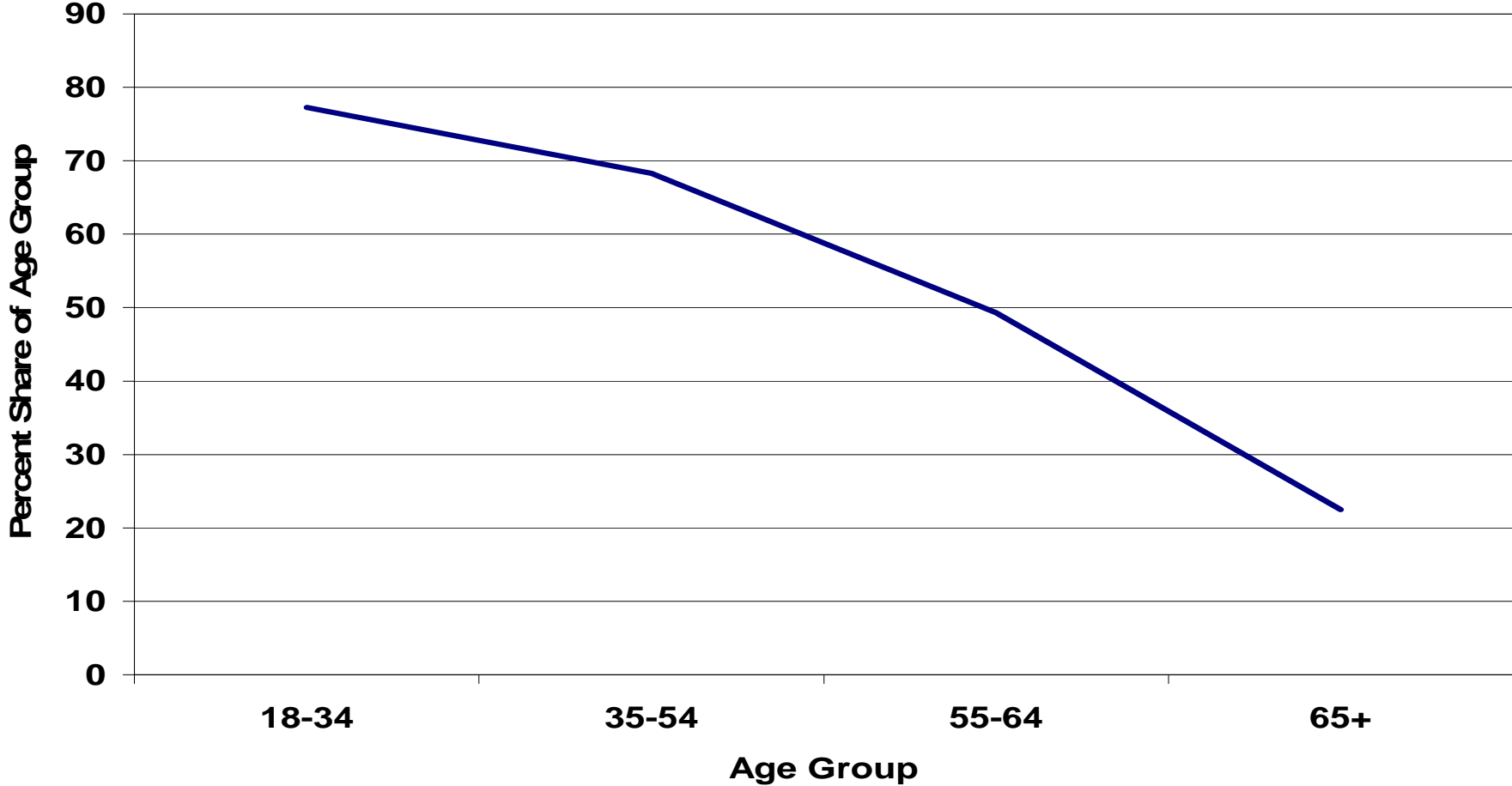
Household Spending - Canada

Newspapers, 2004 (\$ per person)



Home Internet Users

Canada, 2005 (percent)



Applying Demographics to Business Strategy

What should you remember about this presentation?

1. Demographics as the foundation of strategy:
 - Life cycle analysis - “Acting your age”
 - Durability of consumer behaviour by age
2. Methodology:
 - In-depth comparative and historical analysis
 - Segmentation by age, ethnicity, and geography
3. Be challenged not intimidated by the implications of demographic trends:
 - Magnitude and direction of demographic pressure
 - Creativity

Applying Demographics to Business Strategy

What should you remember about this presentation?

4. Increasing importance of the 45-plus consumer:
 - Favoured products
 - Income
 - Quality and service
5. Labour market opportunities and challenges:
 - Immigration
 - Technology
6. Marketing:
 - Multi-media, targeted approach

Applying Demographics to Business Strategy

QUESTION?

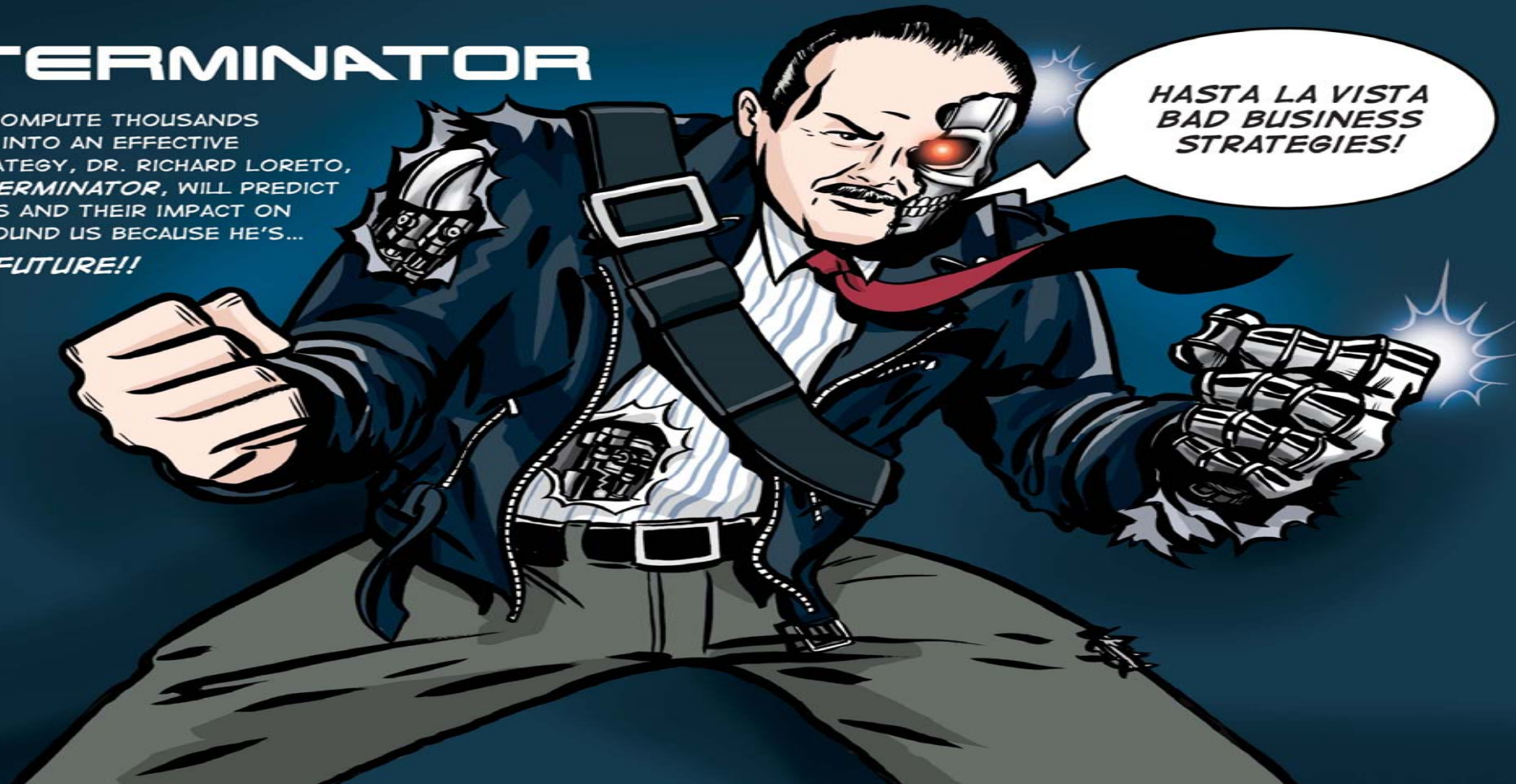
- Thinking about your geographic market, customers, and current products and services, what impacts will demographic trends have on:
 - New products and services;
 - Recruitment and retention of staff; and
 - Marketing approaches.

I'll be back (at your next meeting)



THE DETERMINATOR

ABLE TO COMPUTE THOUSANDS OF STATISTICS INTO AN EFFECTIVE BUSINESS STRATEGY, DR. RICHARD LORETO, A.K.A. *THE DETERMINATOR*, WILL PREDICT FUTURE TRENDS AND THEIR IMPACT ON THE WORLD AROUND US BECAUSE HE'S... *FROM THE FUTURE!!*



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