
The Demographics They are a Changin': What Does it Mean for Ontario's Grocery Suppliers and Retailers?

A Presentation to

Winning Together. Canadian Council of Grocery Distributors Ontario Conference

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 “generations”

Demographic Analysis

Assumptions

- Assumption #1: Every year you get a year older.
- 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

Generations

- *Boom*: 1947-1966
 - » 39-58 in 2005
 - » 31 percent of Ontario's population
- *Bust*: 1967-1979
 - » 26-38 in 2005
 - » 18 percent of Ontario's population
- *Echo*: 1980-1995
 - » 10-25 in 2005
 - » 21 percent of Ontario's population

Demographic Analysis

- Today's presentation:
 - » Major demographic trends in Ontario:
 - 1986-2004
 - 2006-2026
 - » What the trends mean for your industry:
 - Work force
 - Potential service demand
 - Marketing through the Internet

Demographic Trends - Ontario

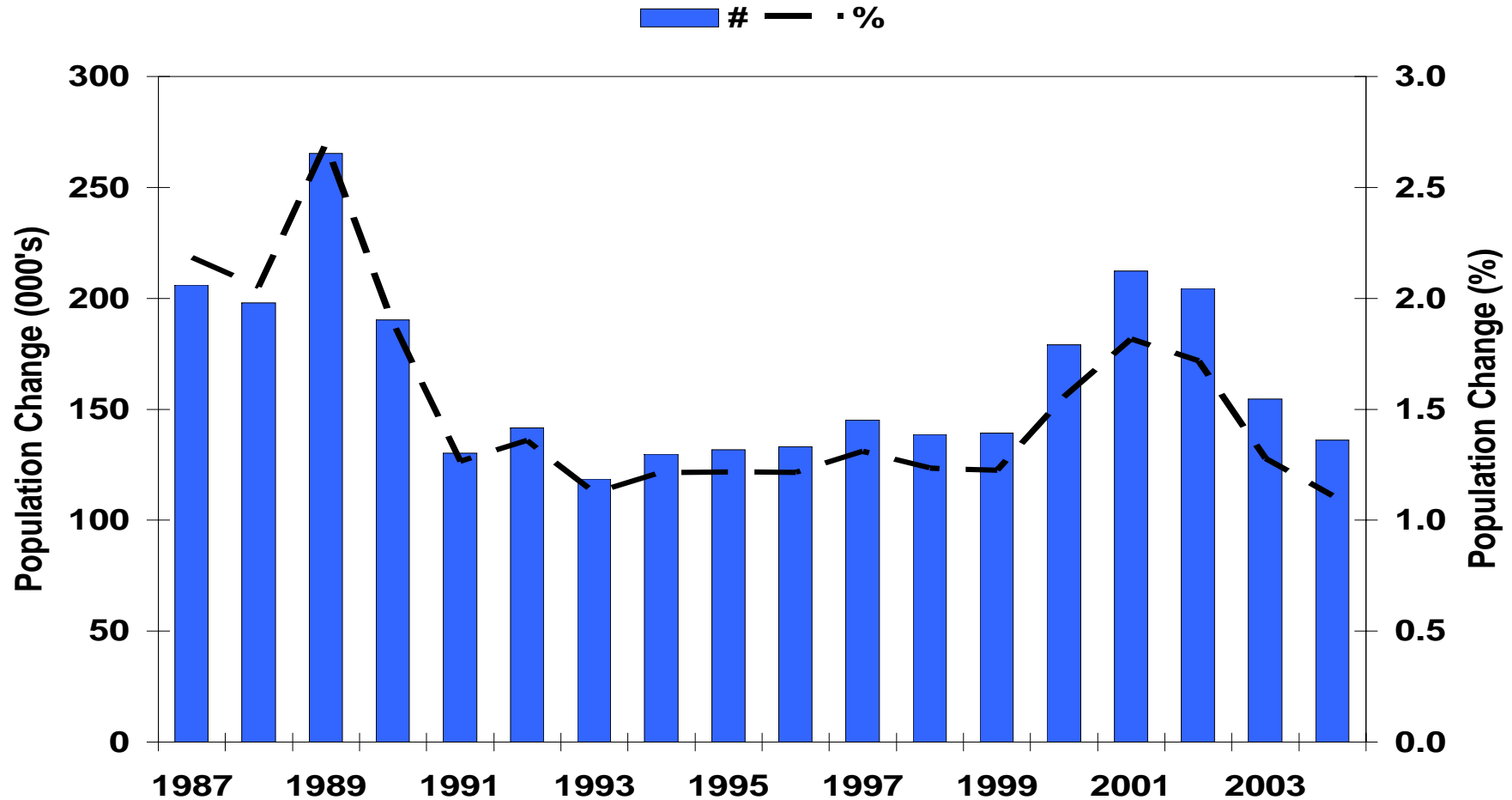
1986-2004

Demographic Trends - Ontario

**Between 1986 and 2004,
Ontario's population increased
by one-third. The annual average
rate of growth was 1.5 percent
(over 164,000 per year).**

Ontario

Population Change, 1986-2004

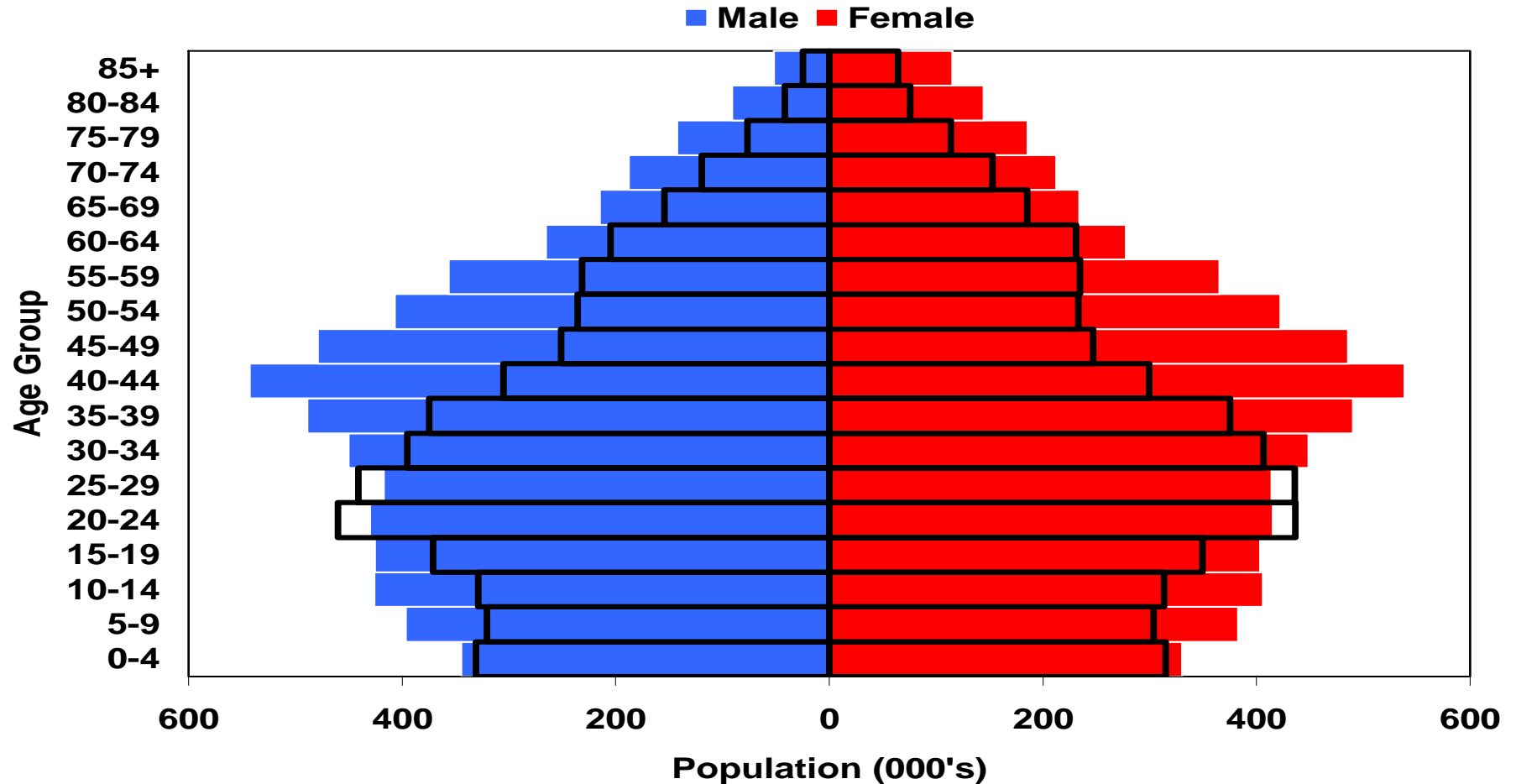


Demographic Trends - Ontario

The markers of an aging population were evident: a declining share of persons under 35 and fewer in their twenties.

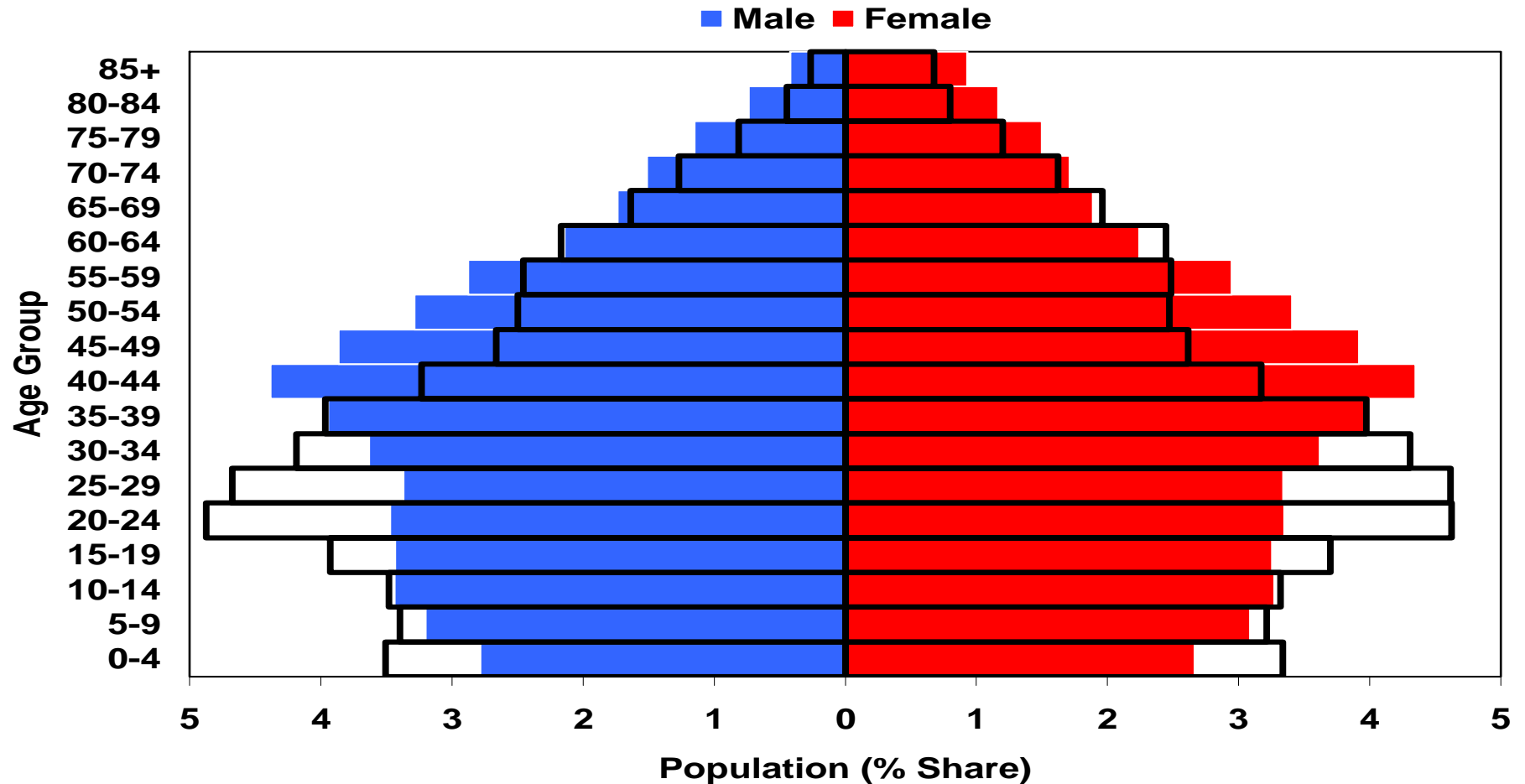
Ontario

Population Pyramid, 1986 (outline) versus 2004 (colour)



Ontario

Population Pyramid, 1986 (outline) versus 2004 (colour)

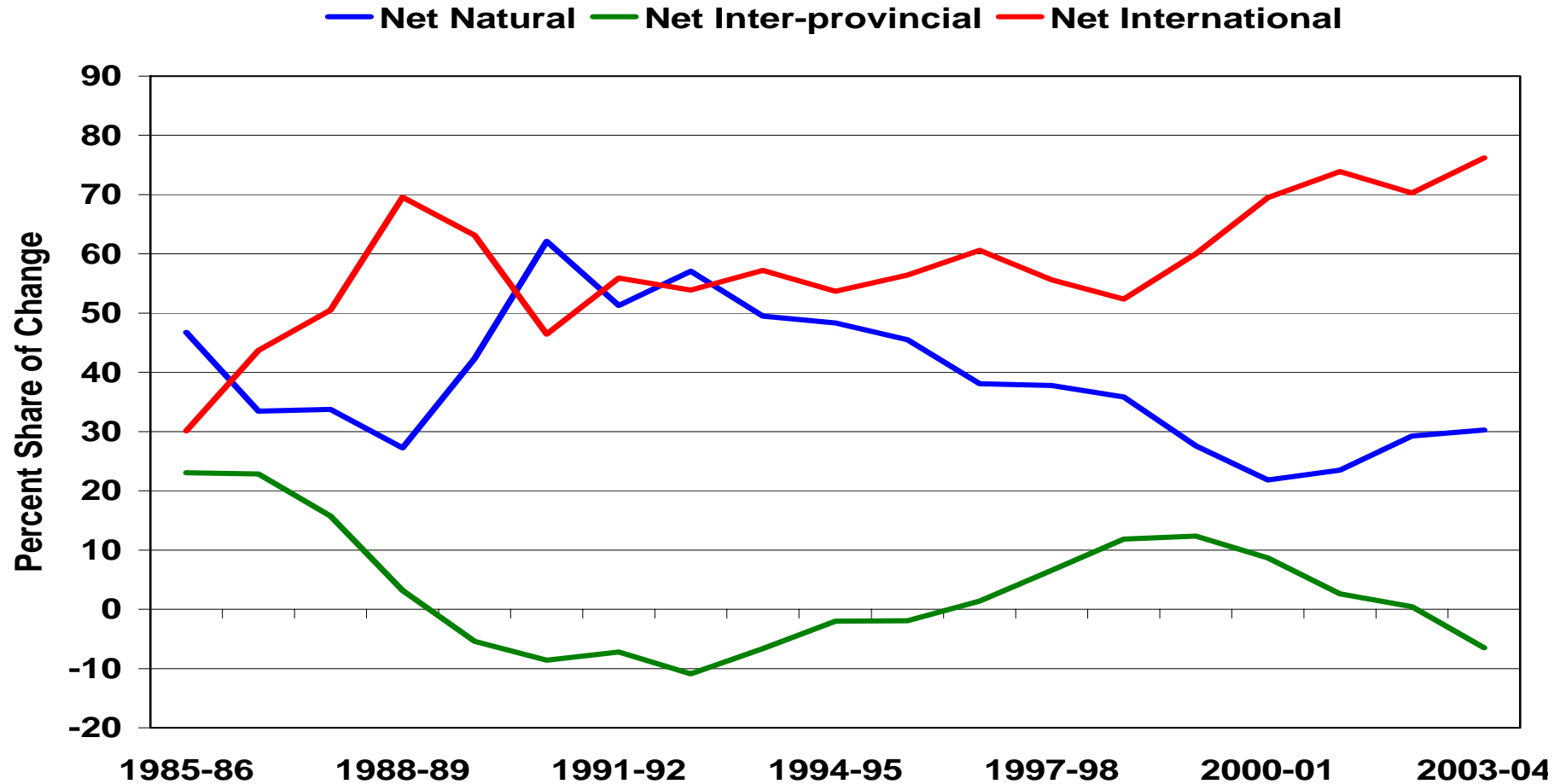


Demographic Trends - Ontario

International migration increasingly drove the growth and ethnic/racial diversification of Ontario's population.

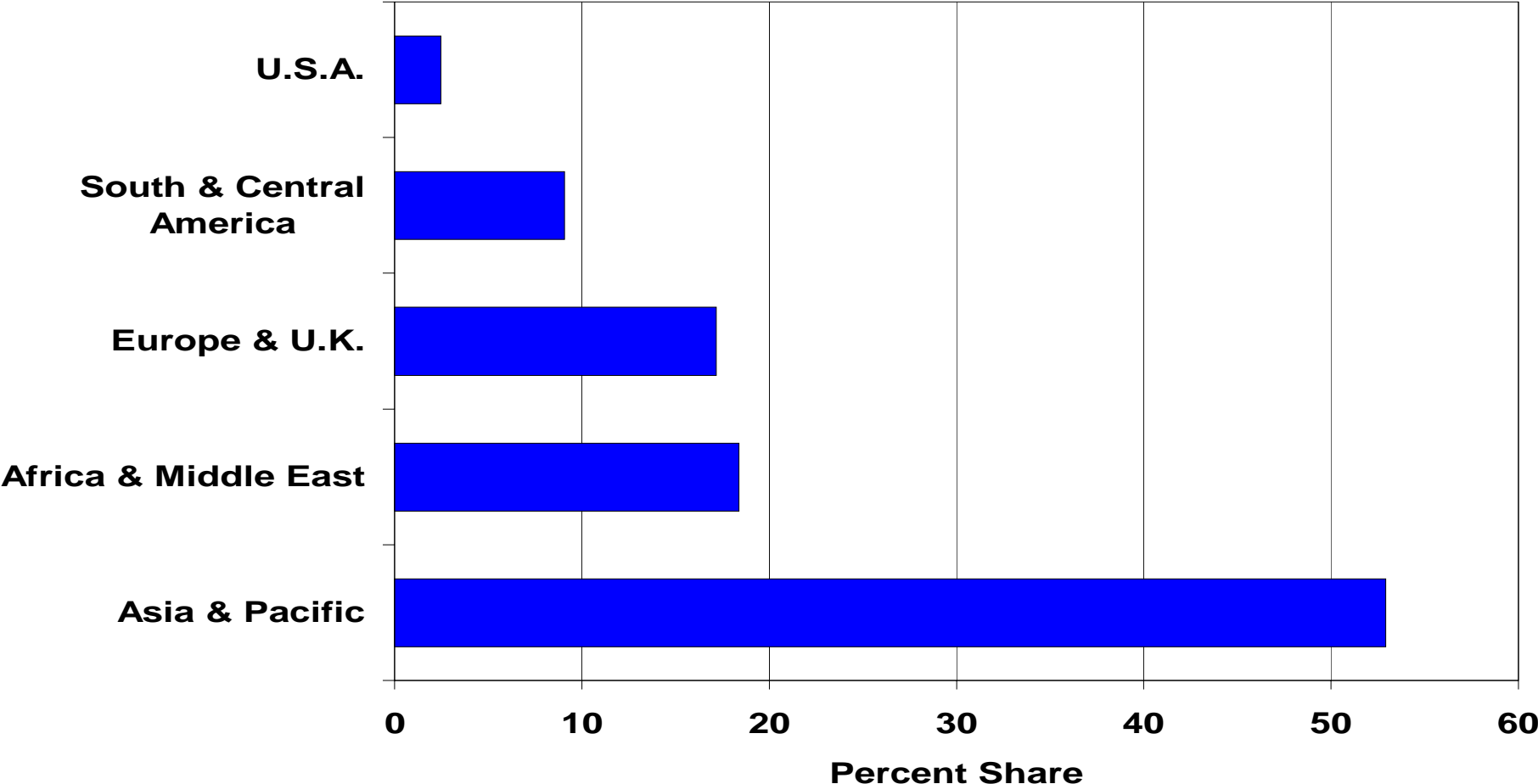
Ontario

Population Change by Source, 1986-2004 (percent share)



Ontario

Average Share of Immigrants by Source Region, 1995-2004



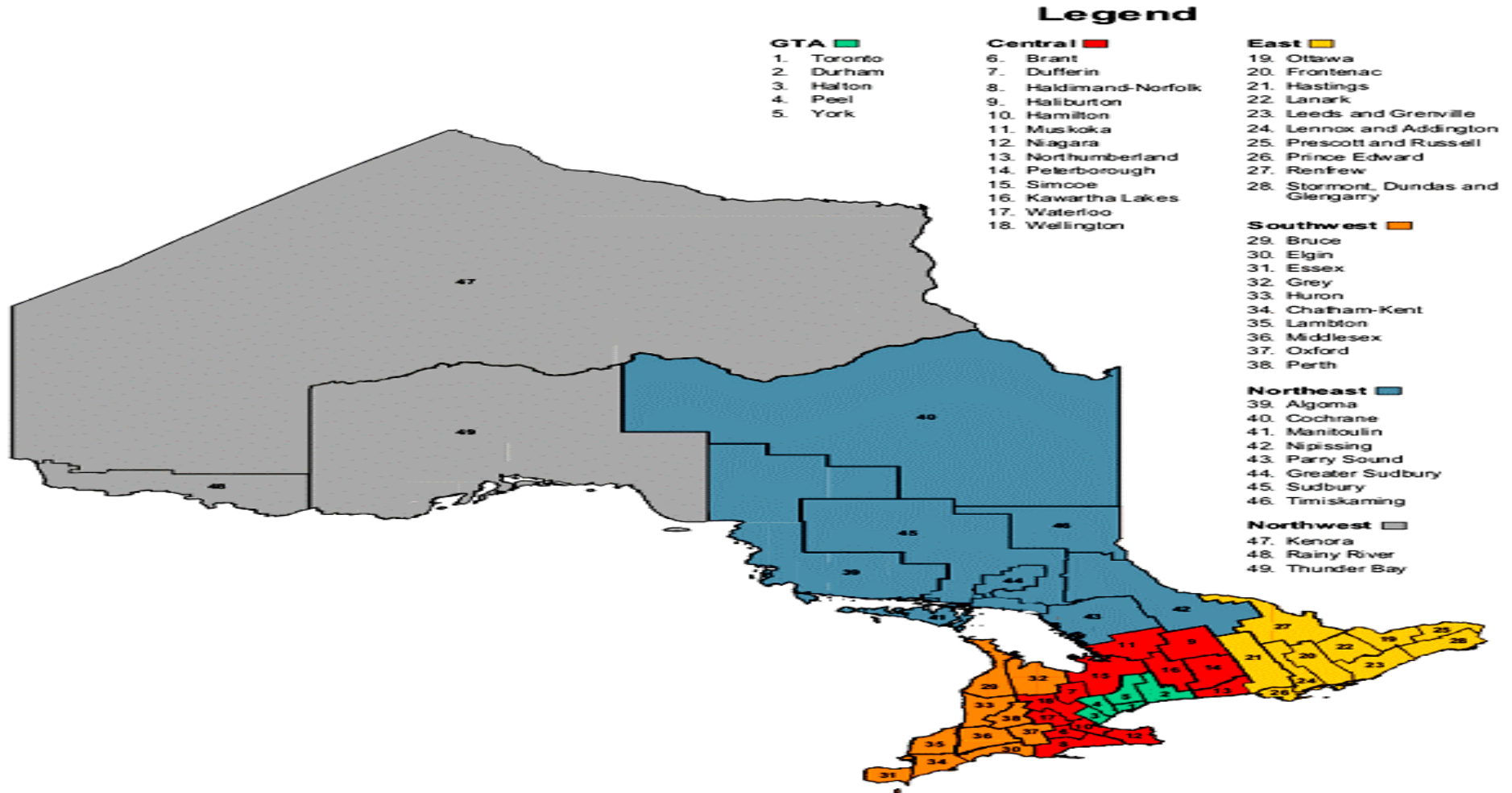
Demographic Trends - Ontario

At the regional level, the GTA accounted for around 60 percent of the growth in Ontario's population between 1986 and 2004. The Northeast and Northwest regions both experienced slight population decline.

Ontario - Regions

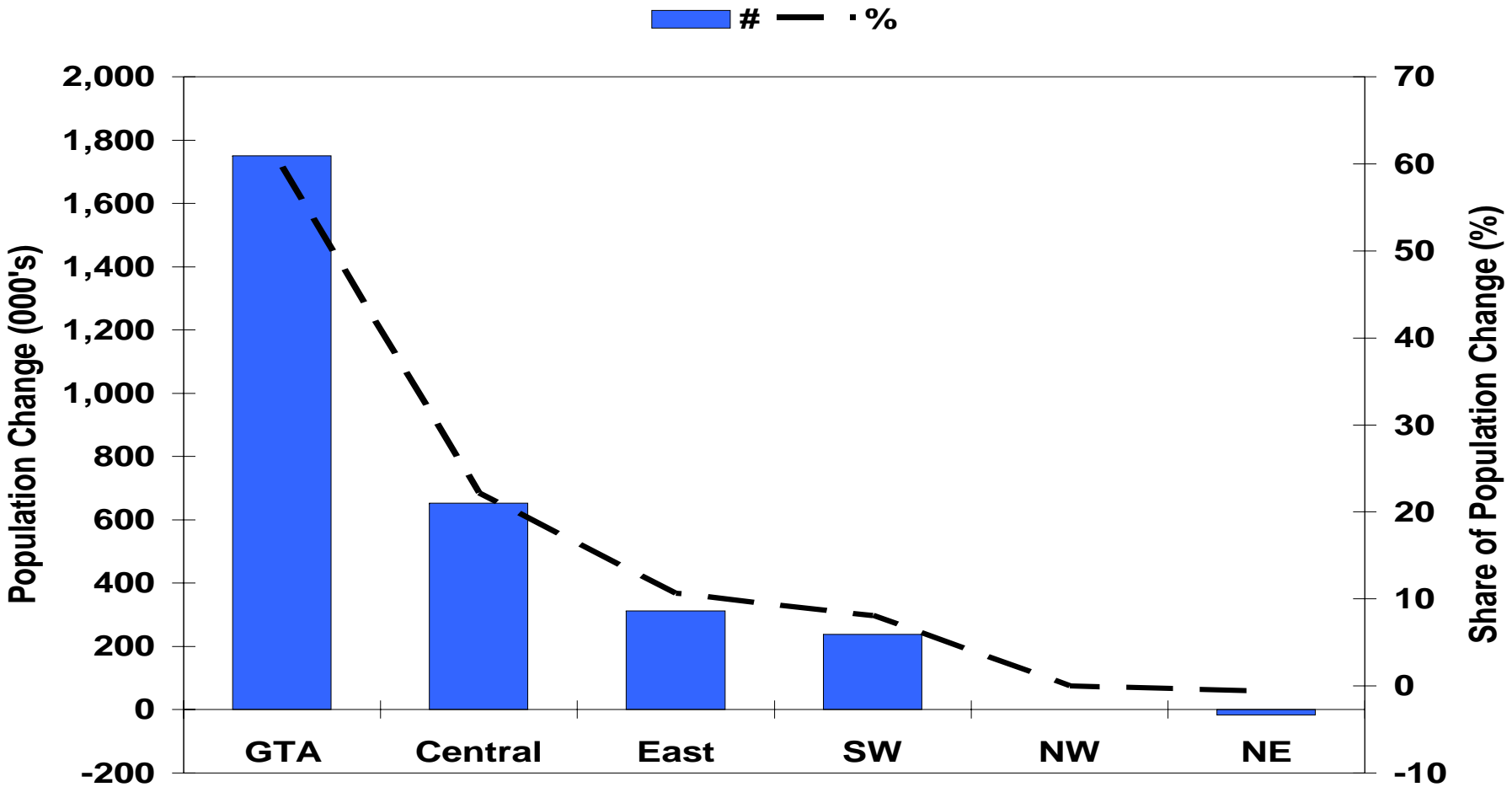
Boundaries

Map of Ontario Census Divisions



Ontario - Regions

Population Change, 1986-2004



Demographic Trends - Ontario

In all regions except the Northeast and Northwest, migration was the key source of population growth. In the North, net natural increase contributed most to population change.

Ontario - Regions

Population Change by Source, 1986-2004 (average)

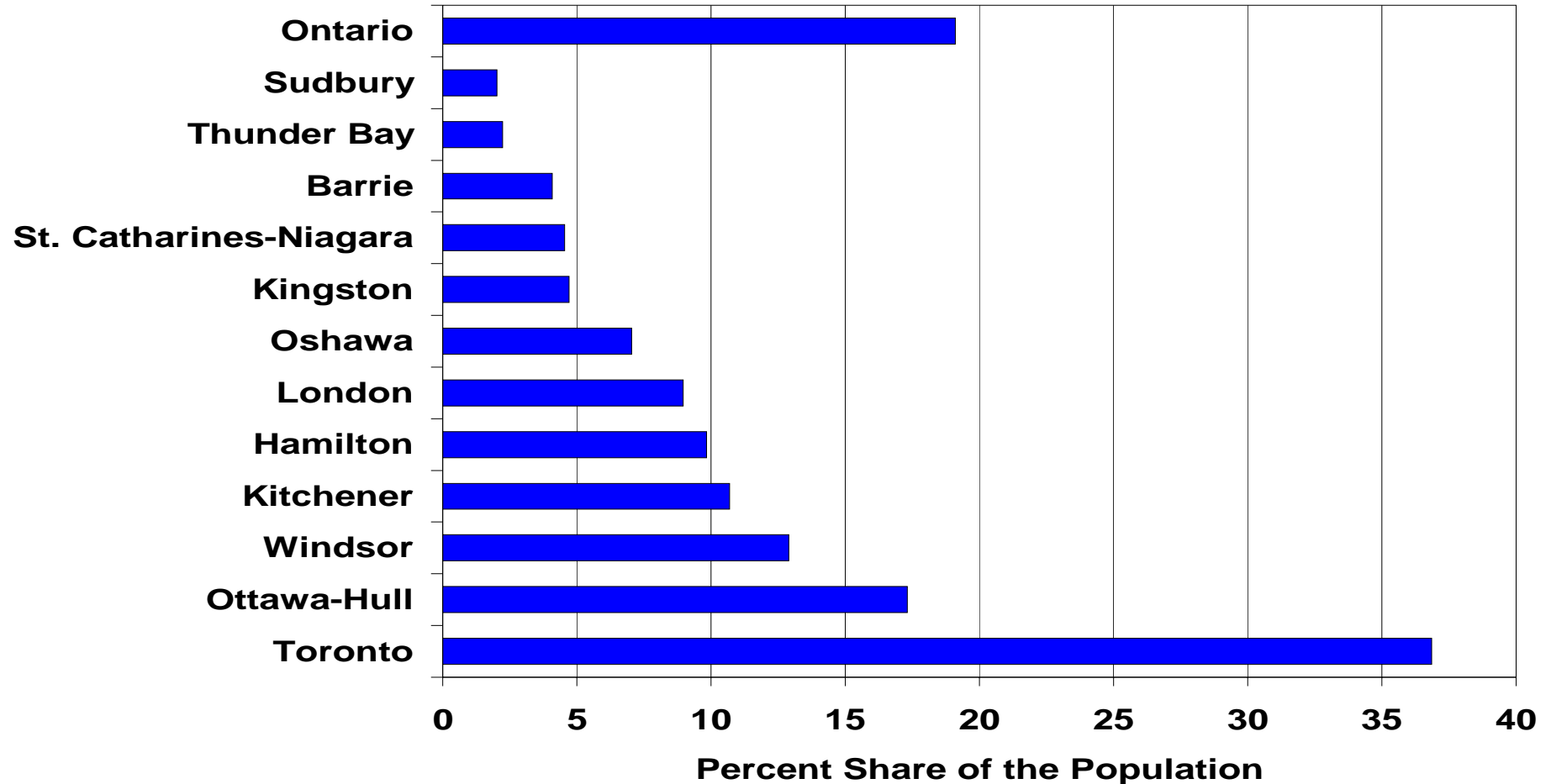
	Net Natural	Inter-provincial	Intra-provincial	Net International
GTA	36,140	2,784	-20,745	78,313
Central	10,099	447	17,812	8,834
East	6,522	2,824	2,860	6,996
Southwest	5,770	48	2,501	6,045
Northeast	1,747	-558	-1,723	125
Northwest	1,353	-563	-705	123

Demographic Trends - Ontario

Migration has made some regions more “diverse” than others.

Ontario - Regions

Visible Minorities as a Share CMA Population, 2001

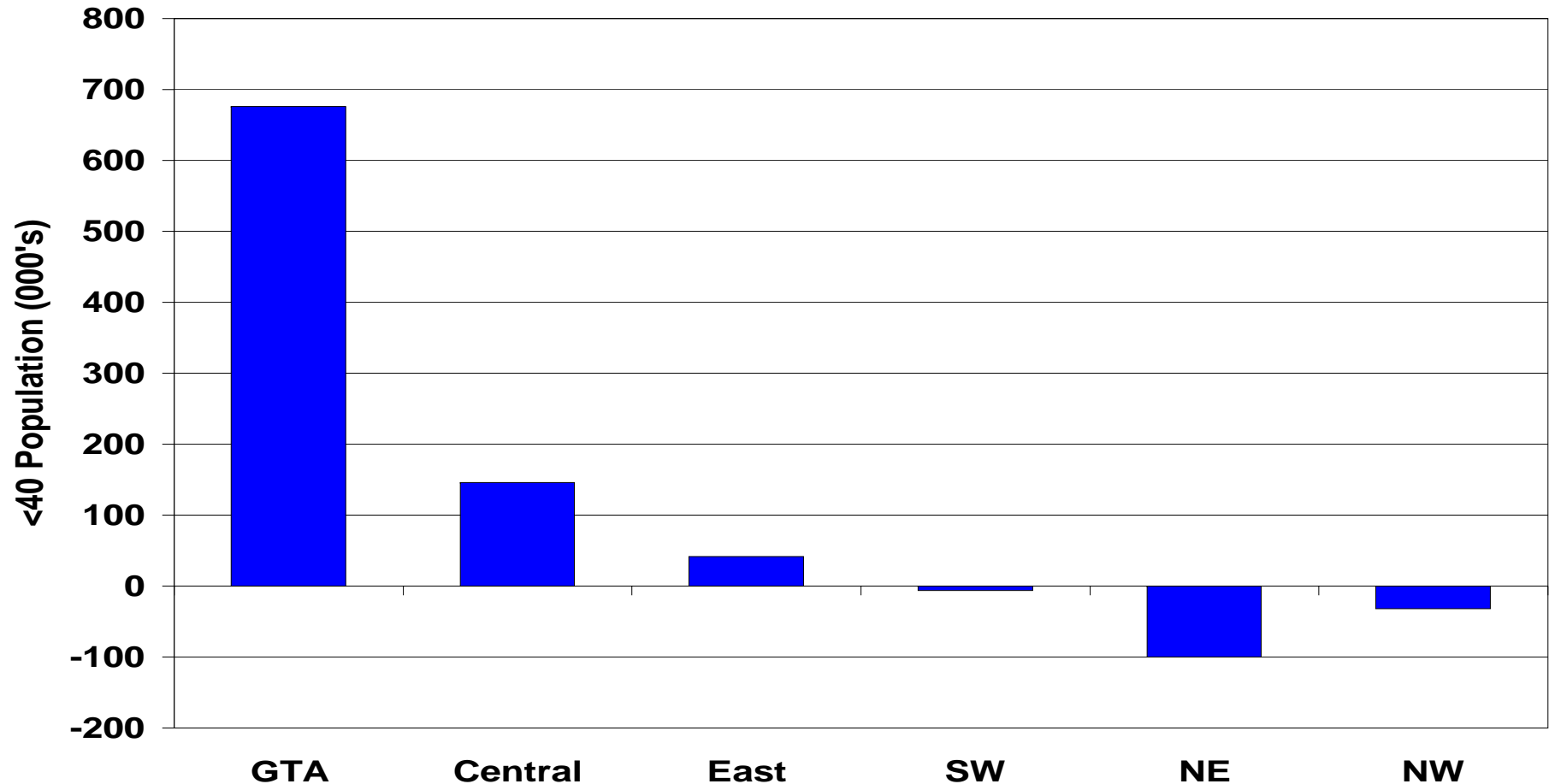


Demographic Trends - Ontario

Migration has made some regions older than others.

Ontario - Regions

<40 Population Change (thousands), 1986-2004



Demographic Trends - Ontario

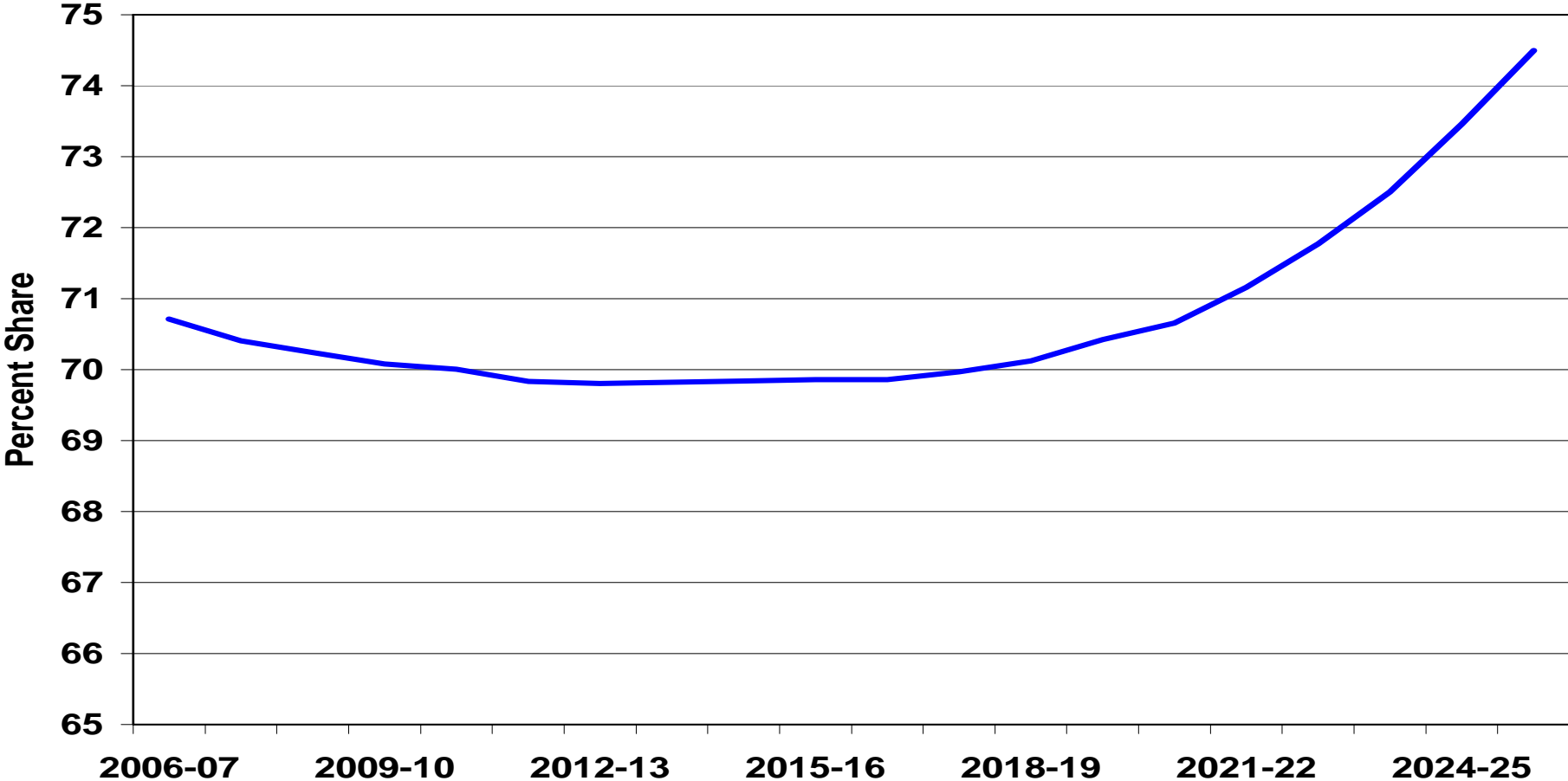
2006-2026

Demographic Trends - Ontario

Under the Ministry of Finance's "reference" scenario, Ontario's population will increase by one-quarter between 2006 and 2026. Migration will be the main driver underlying population growth.

Ontario

Migration (share of projected population growth), 2006-2026

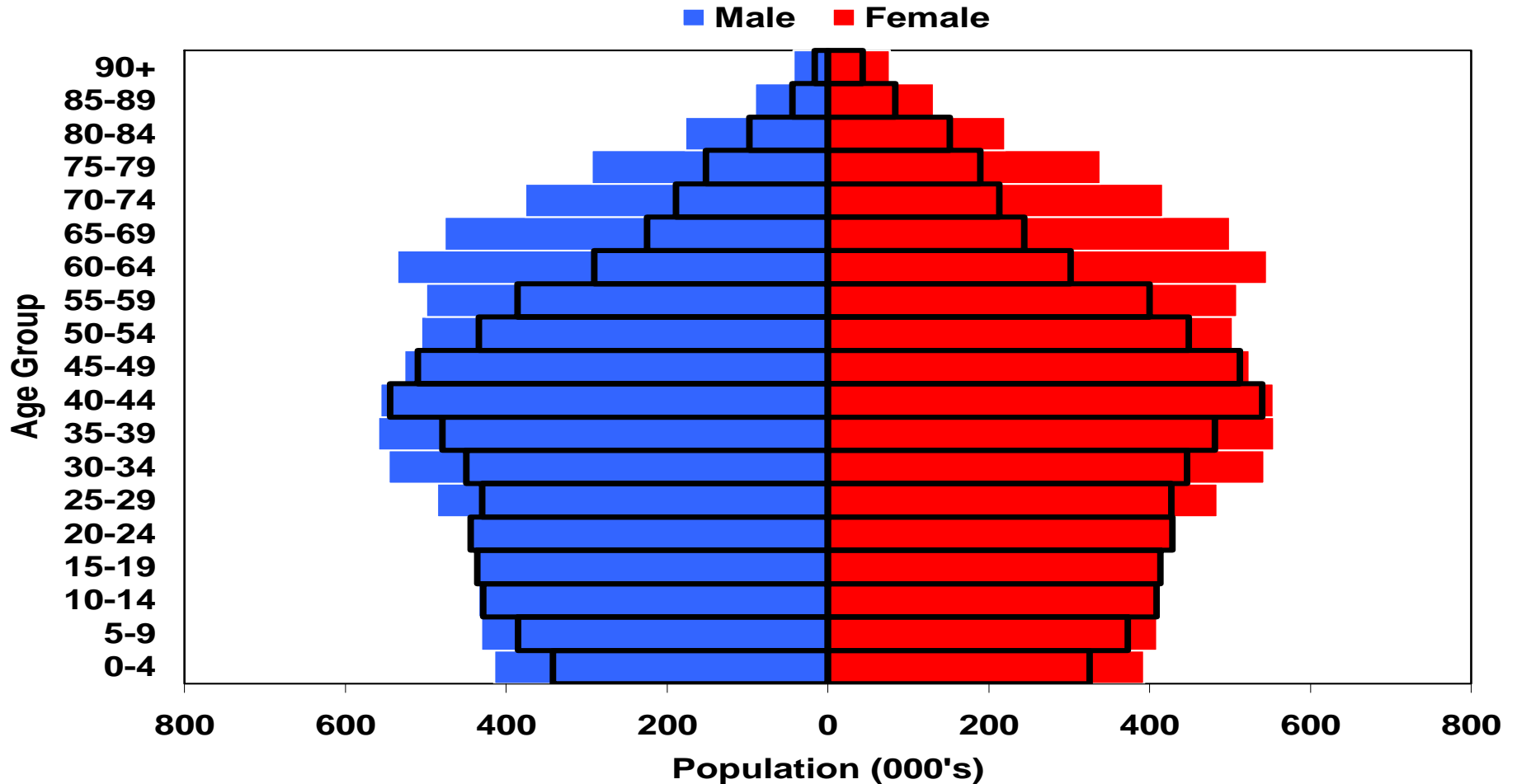


Demographic Trends - Ontario

***Population aging will continue.
The 50+ population will increase
60 percent between 2006 and
2026 compared to 8.5 percent for
the <50 segment.***

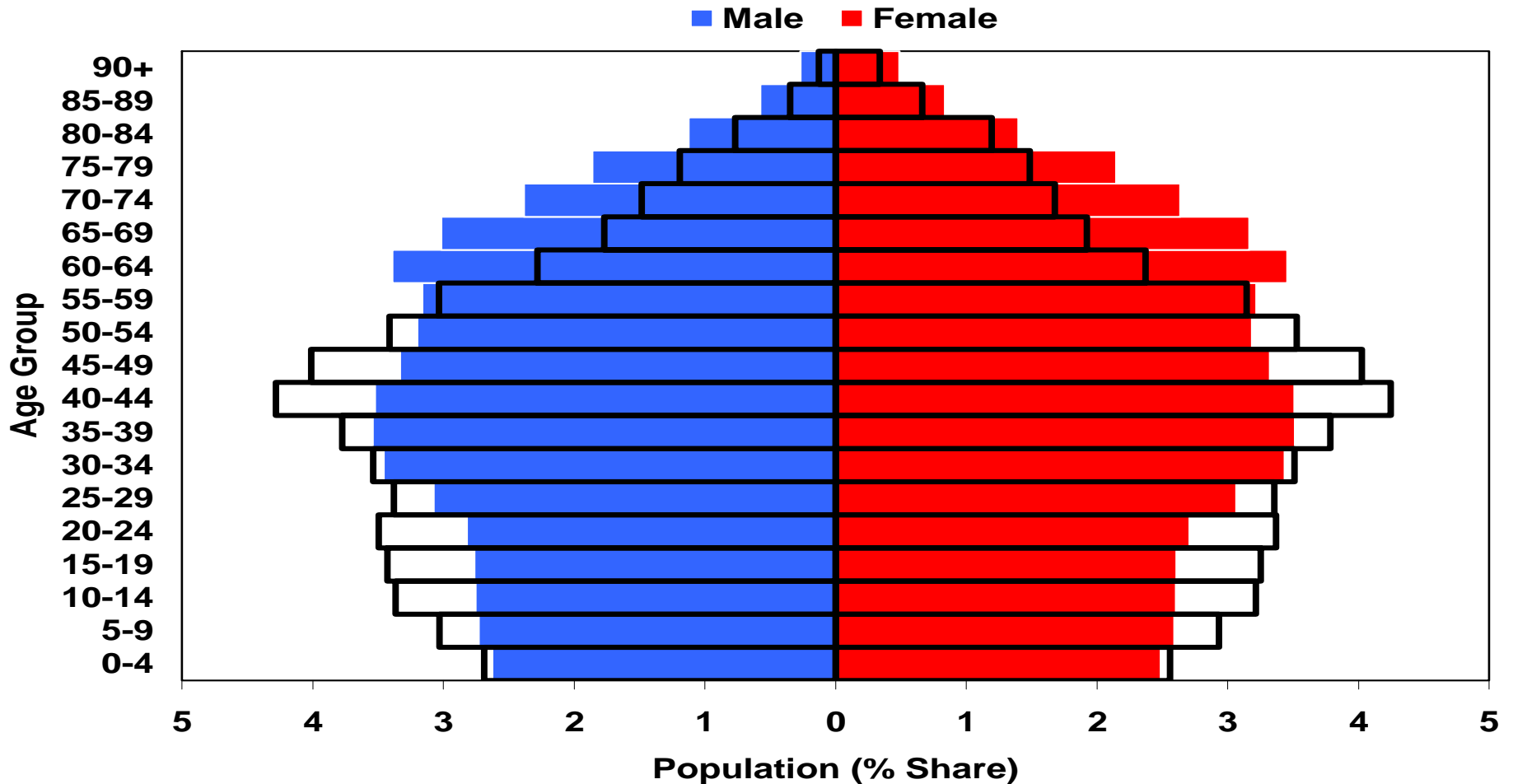
Ontario

Population Pyramid, 2006 (outline) versus 2026 (colour)



Ontario

Population Pyramid, 2006 (outline) versus 2026 (colour)

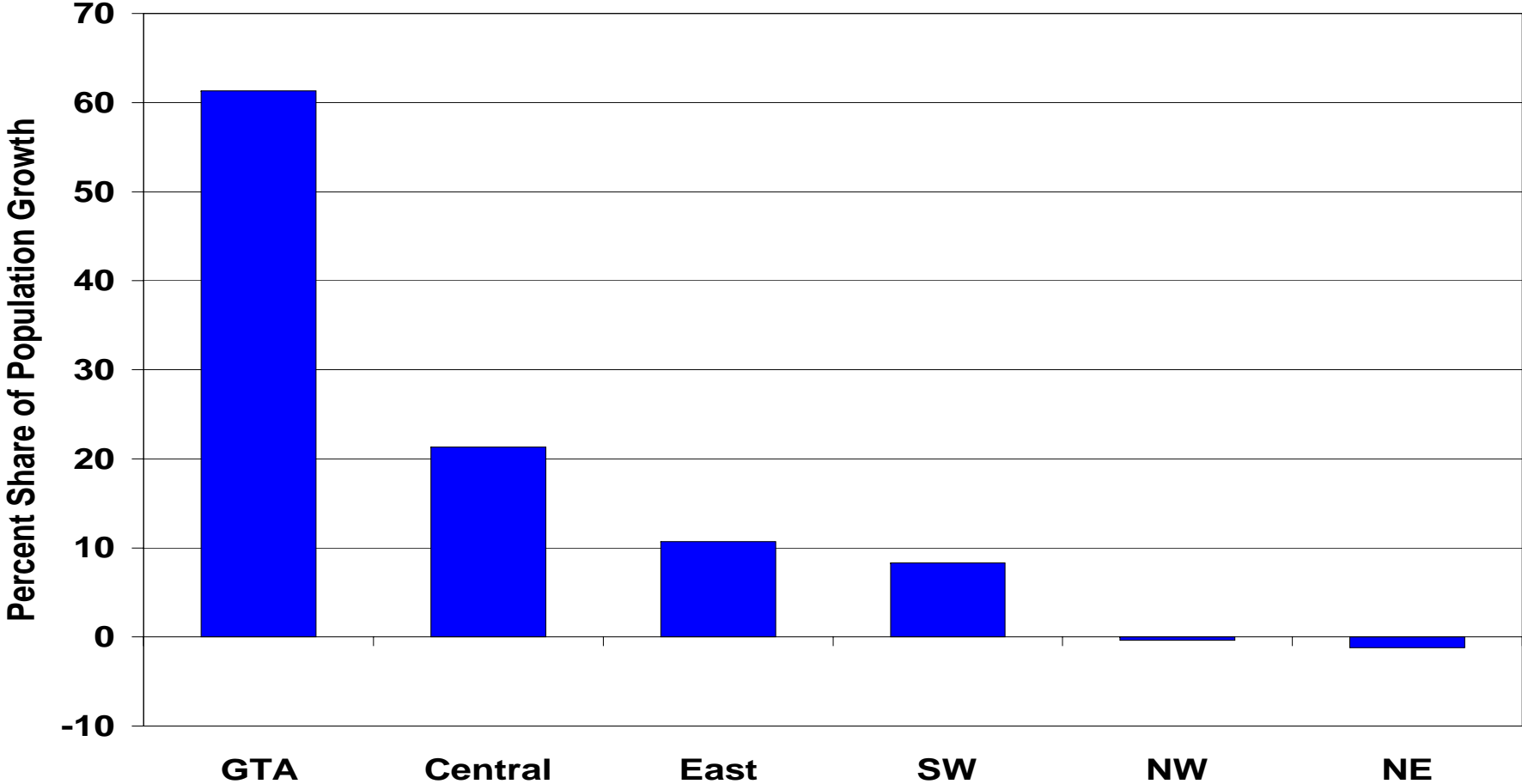


Demographic Trends - Ontario

The GTA (61 percent) and Central (21 percent) will account for over four-fifths of the projected population growth.

Ontario - Regions

Share of Population Growth (percent), 2006-2026

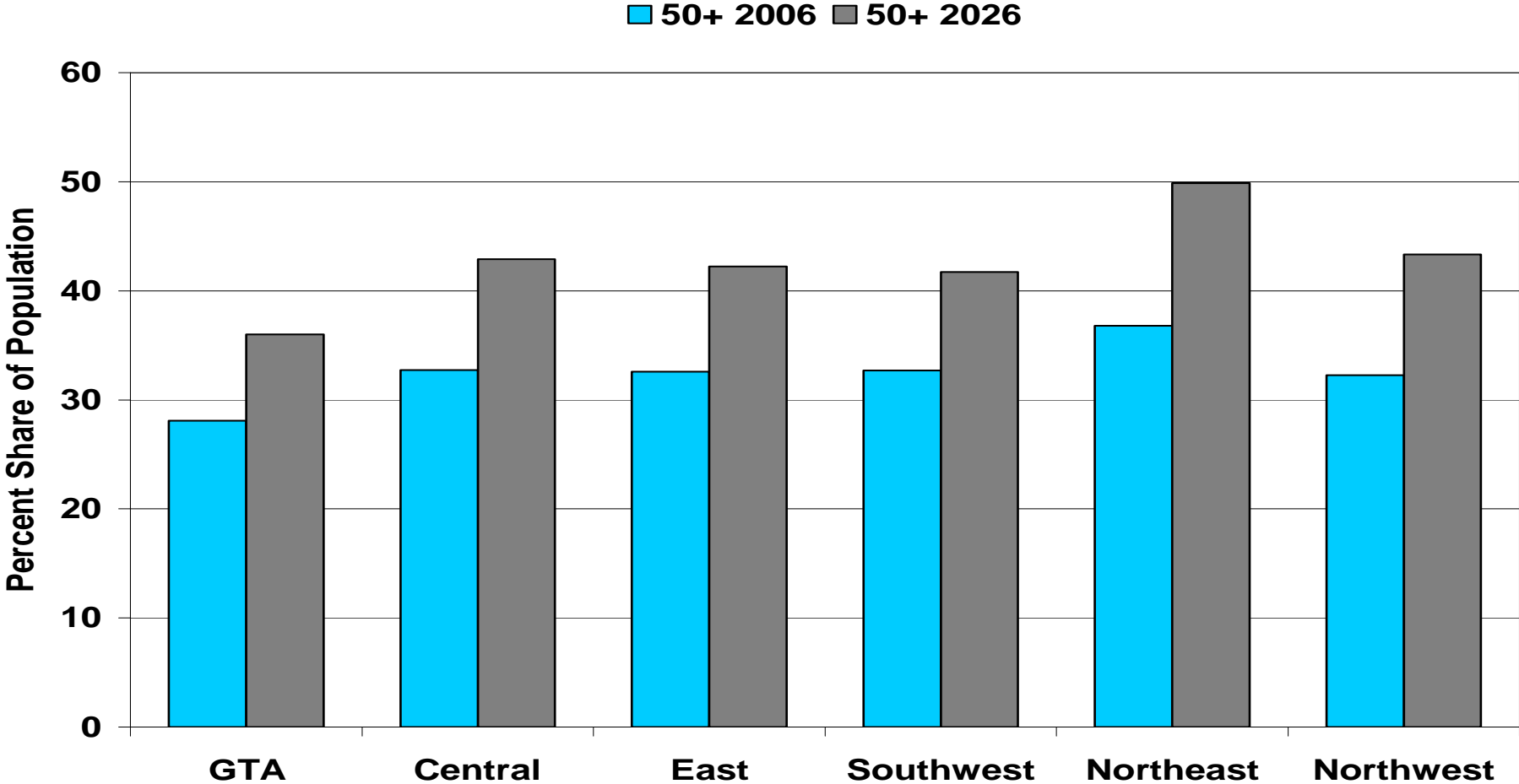


Demographic Trends - Ontario

Some regions will age more quickly than others.

Ontario - Regions

Share of Population 50+ (percent), 2006 versus 2026

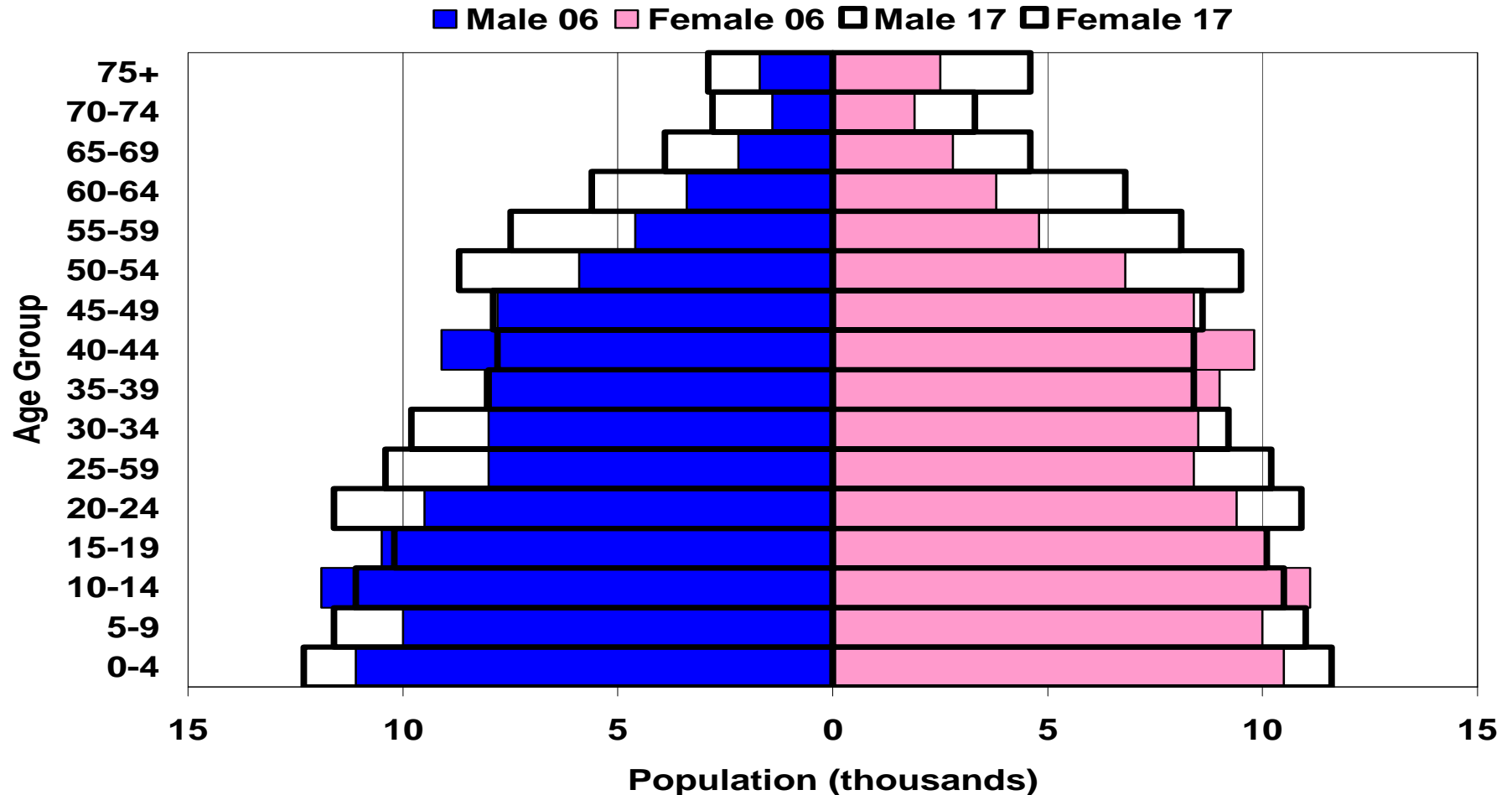


Demographic Trends - Ontario

***Visible minorities and
Aboriginals will represent
youthful elements of Ontario's
aging population and labour
force.***

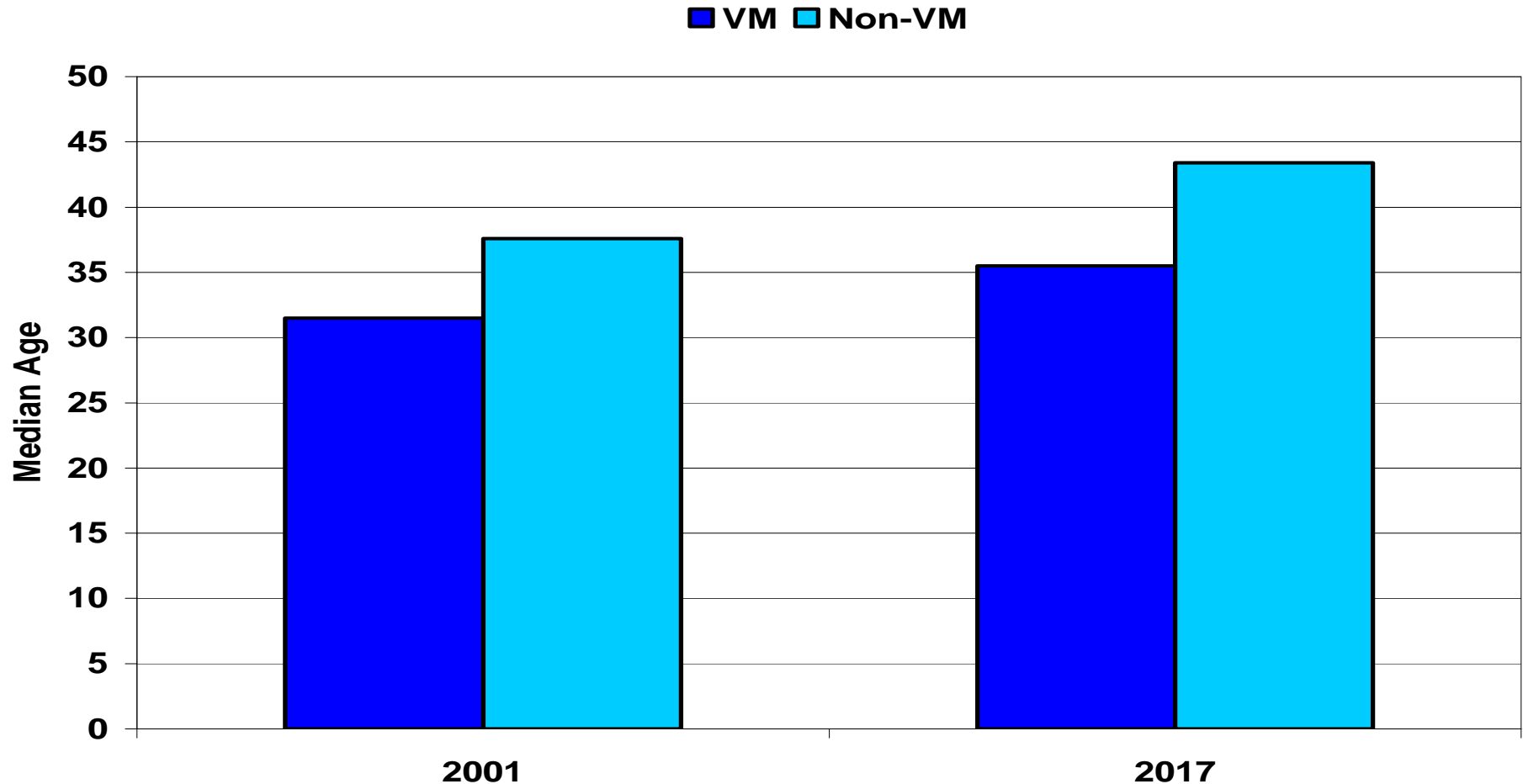
Ontario - Aboriginal Population

Population Pyramid, 2006 (colour) versus 2017 (outline)



Ontario

Median Age, Visible vs. Non-visible Minorities, 2001/2017

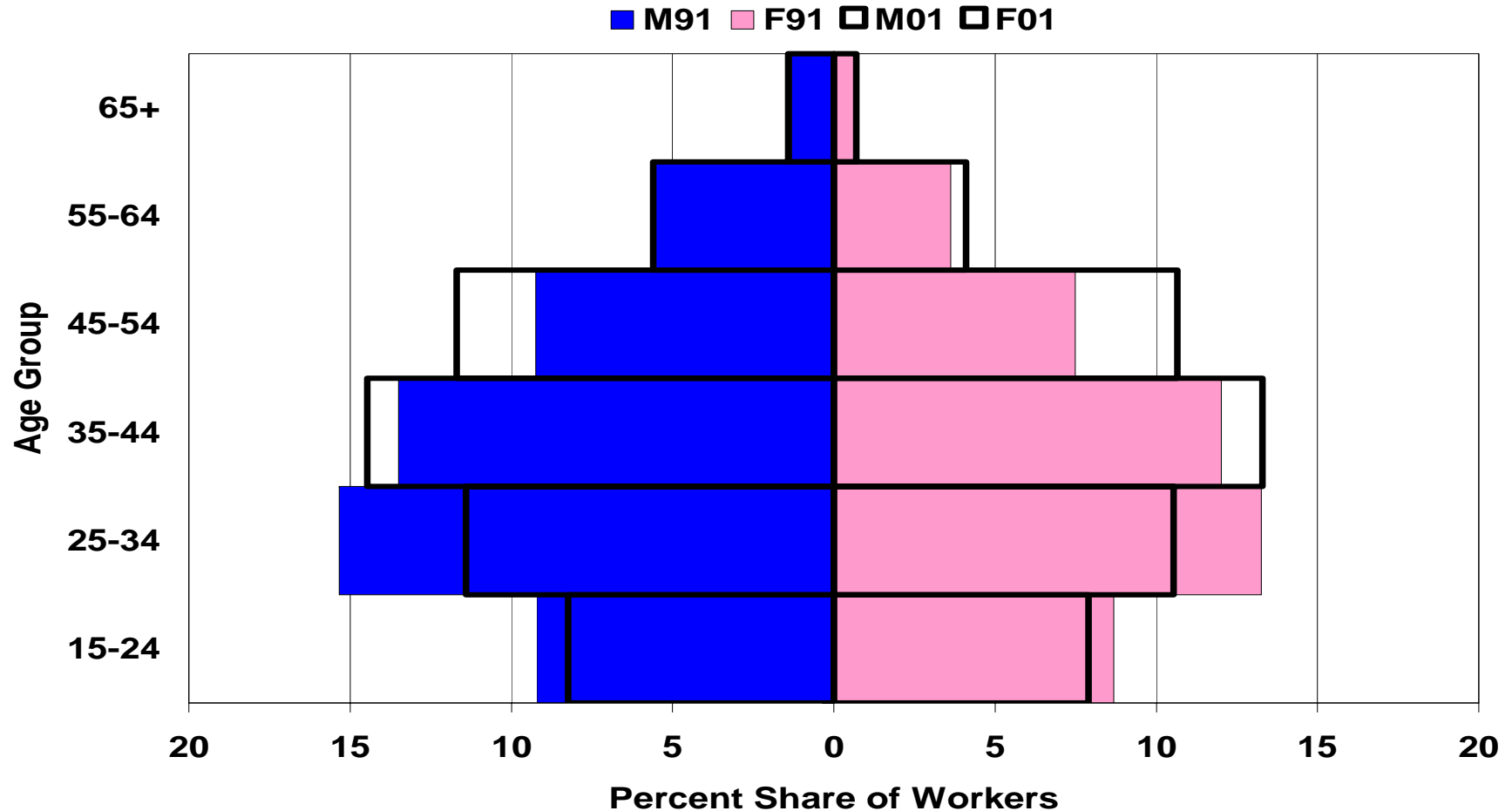


Labour Force Trends

During the 1990's, the aging of Ontario's labour force continued. Workers under the age of 35 declined by 10 percent; workers, 45 and older increased by 35 percent.

Labour Force Pyramid

Ontario, 1991 (colour) versus 2001 (outline)

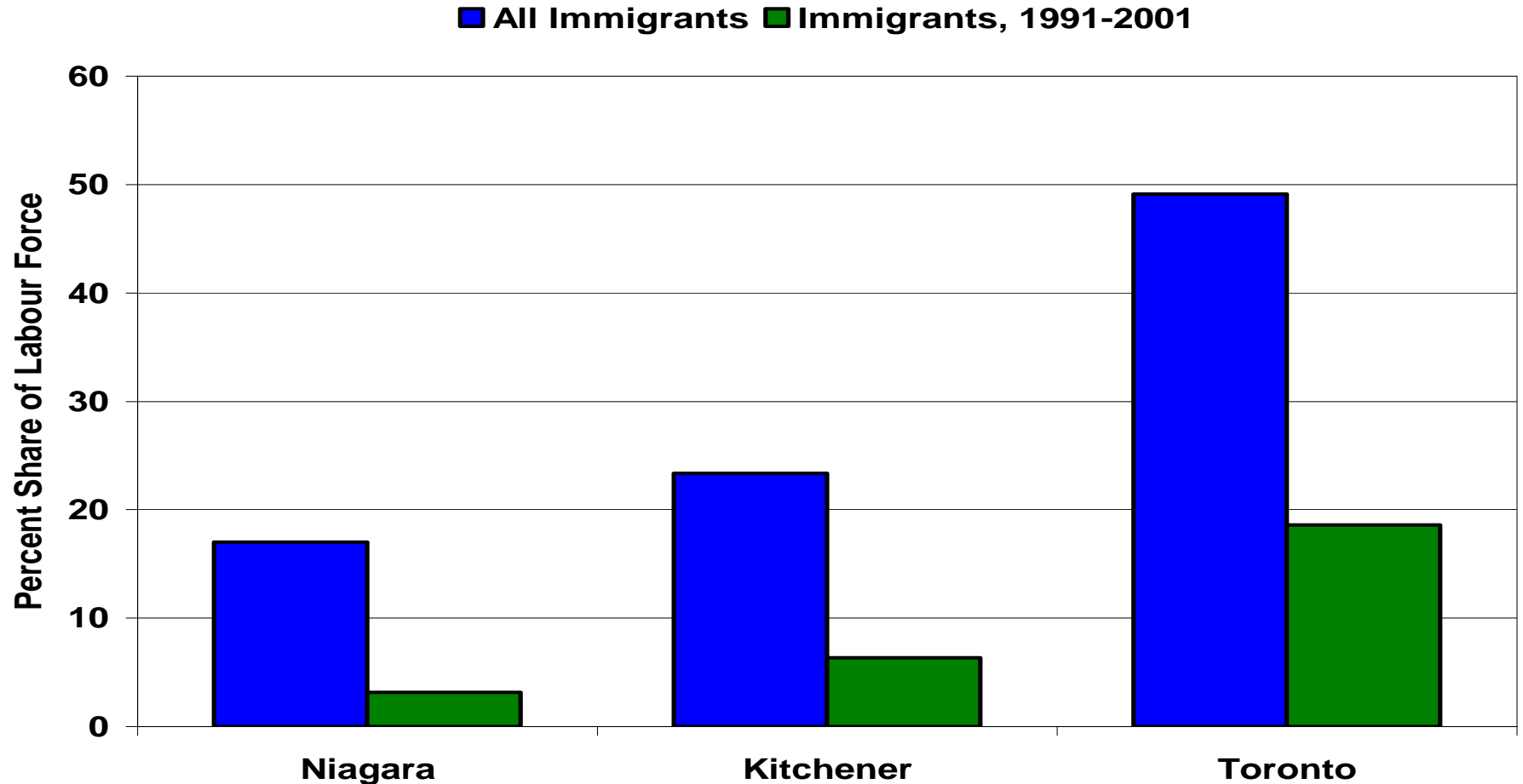


Labour Force Trends

During the 1990's, Ontario's labour force also became more "diverse".

Immigrant Share of Labour Force

Ontario, Selected CMA's, 2001

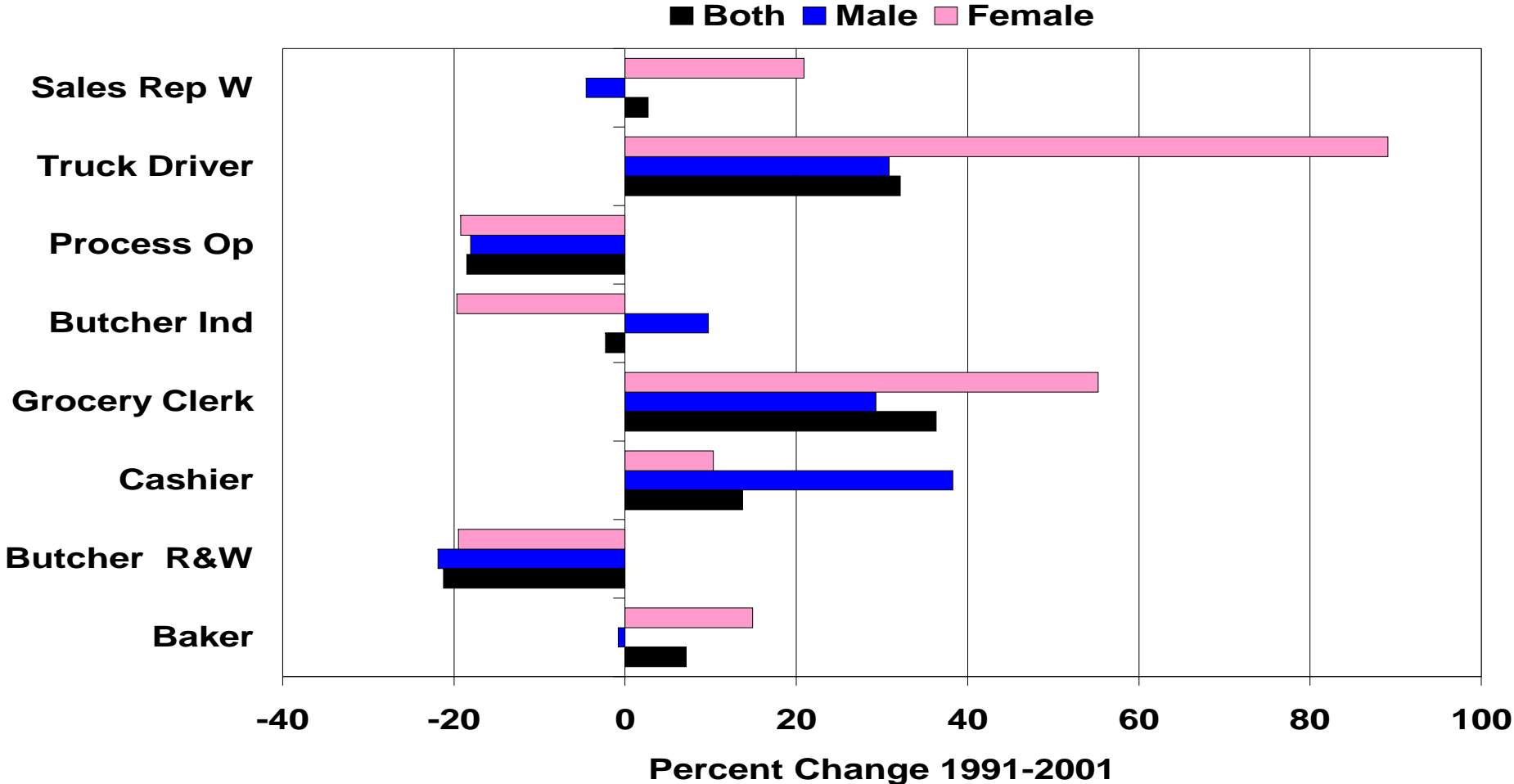


Labour Force Trends

Between 1991 and 2001, the number of workers in most of the industry's occupations increased. The growth rate of female workers exceeded that of male workers.

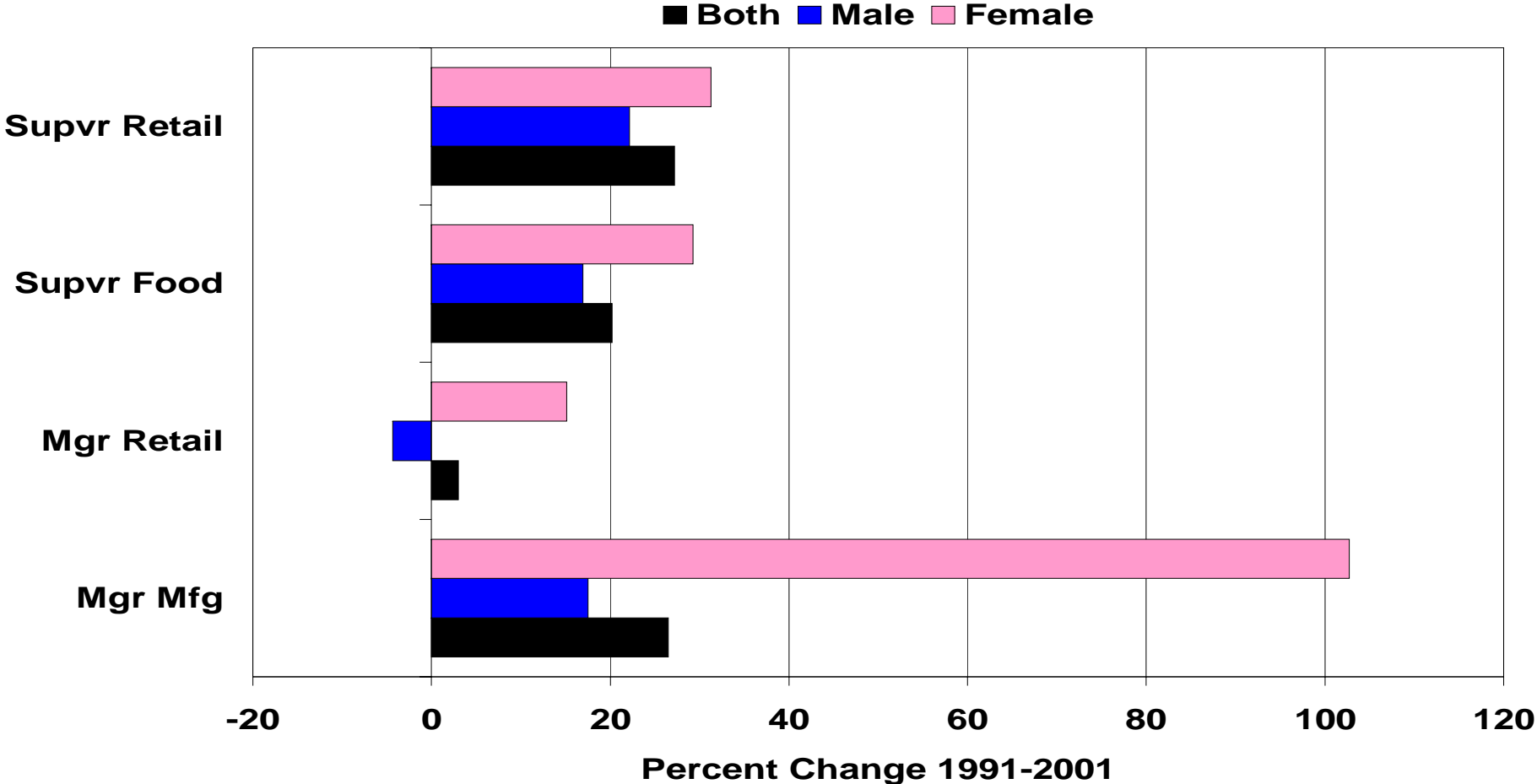
Ontario - Grocery Industry

Operational Workers, Percent Change, 1991 versus 2001



Ontario - Grocery Industry

Supervisory Workers, Percent Change, 1991 versus 2001

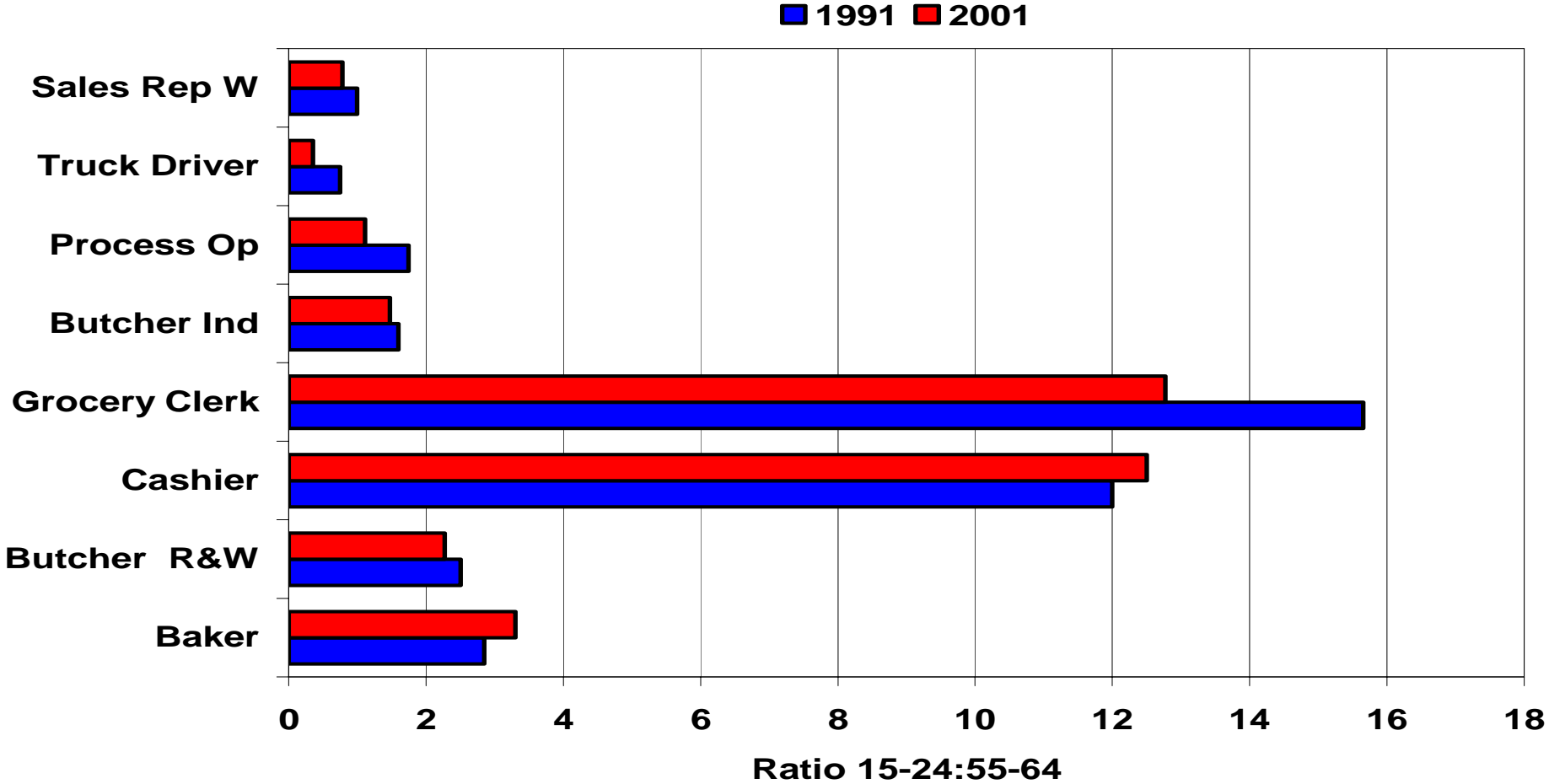


Labour Force Trends

By 2001, the industry's work force exhibited signs of "demographic imbalance" in terms of its age structure and the male/female shares.

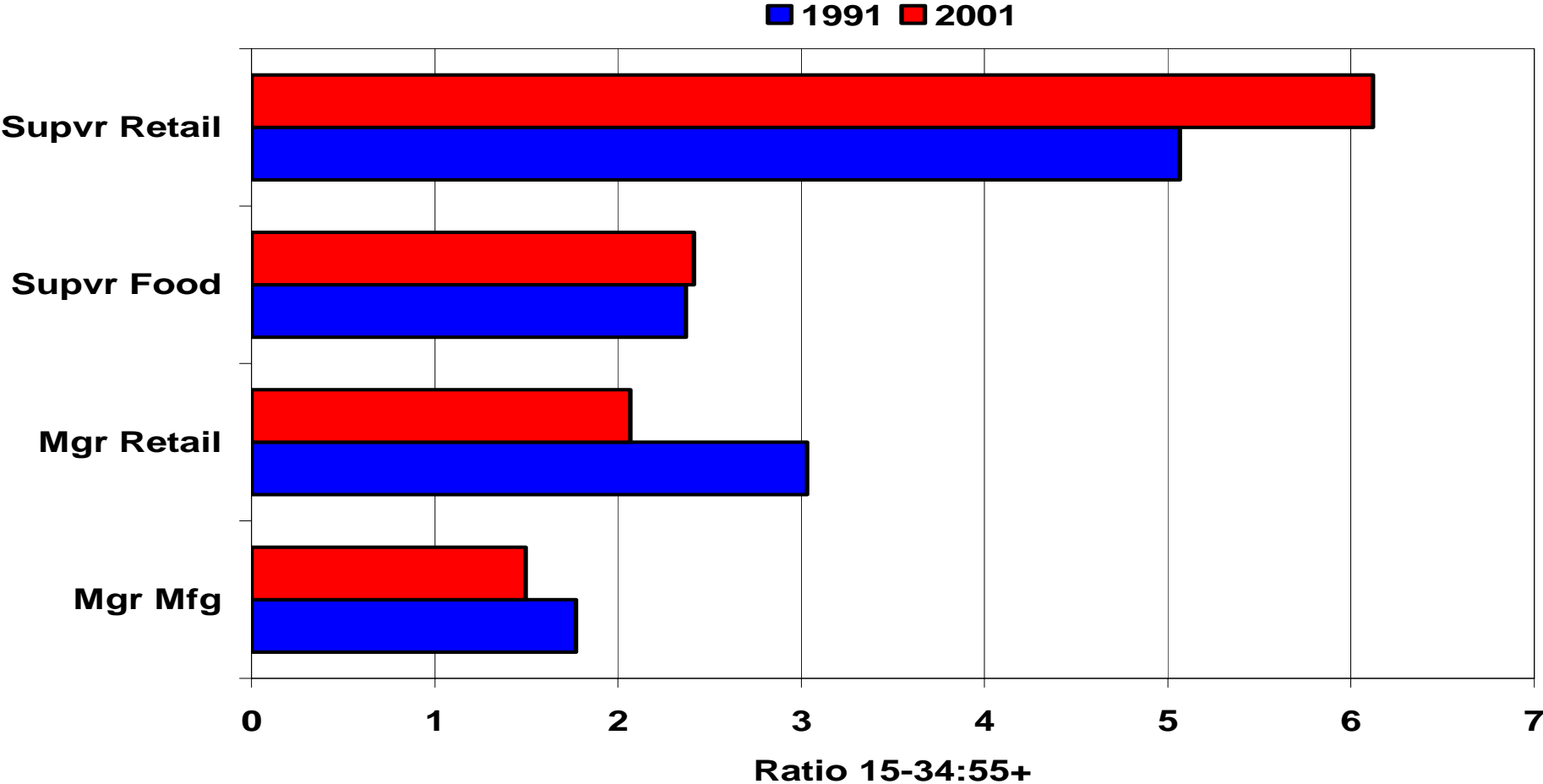
Ontario - Grocery Industry

Operational Workers, "Feeder Group" Ratios, 1991 versus 2001



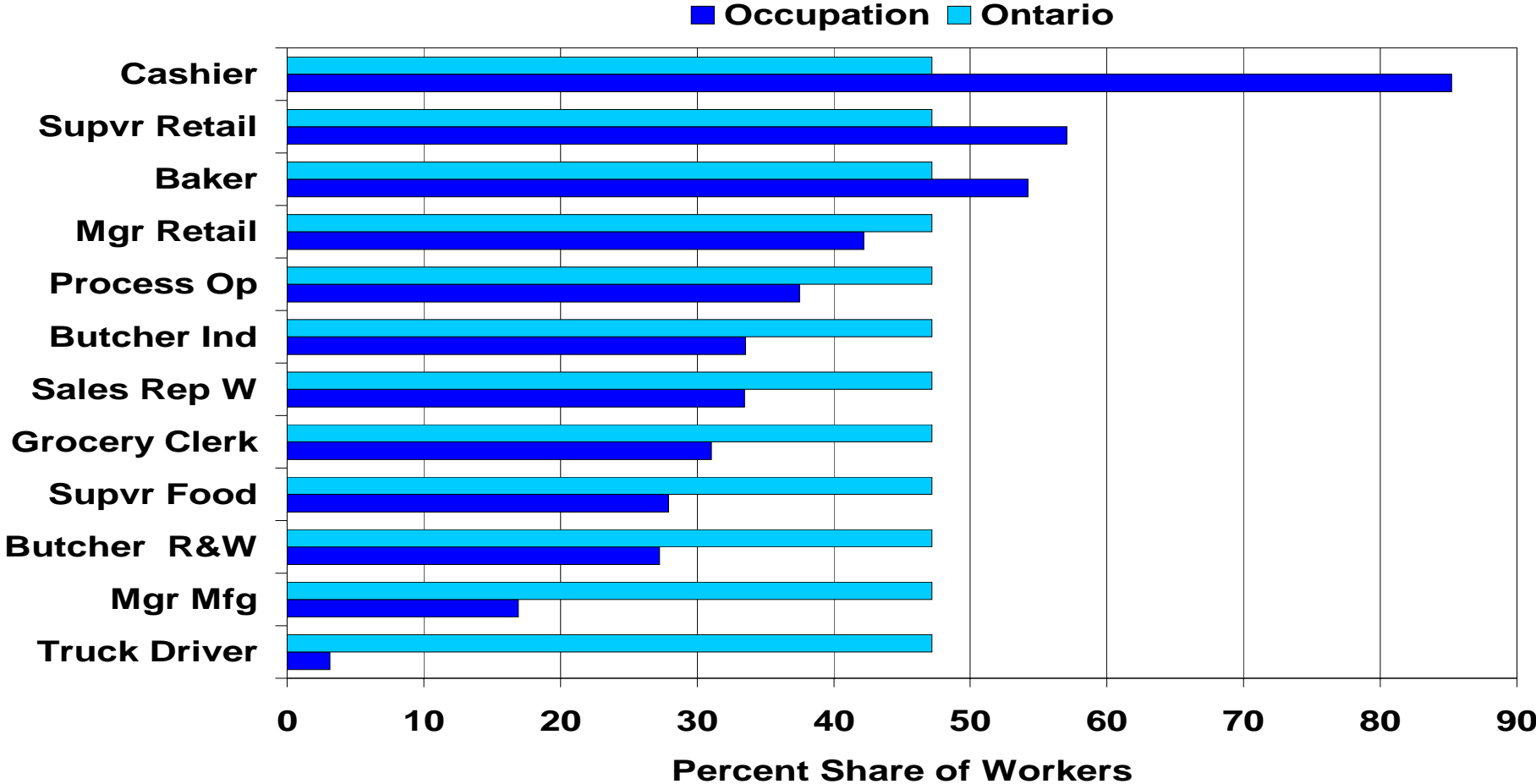
Ontario - Grocery Industry

Supervisory Workers, "Feeder Group" Ratios, 1991 versus 2001



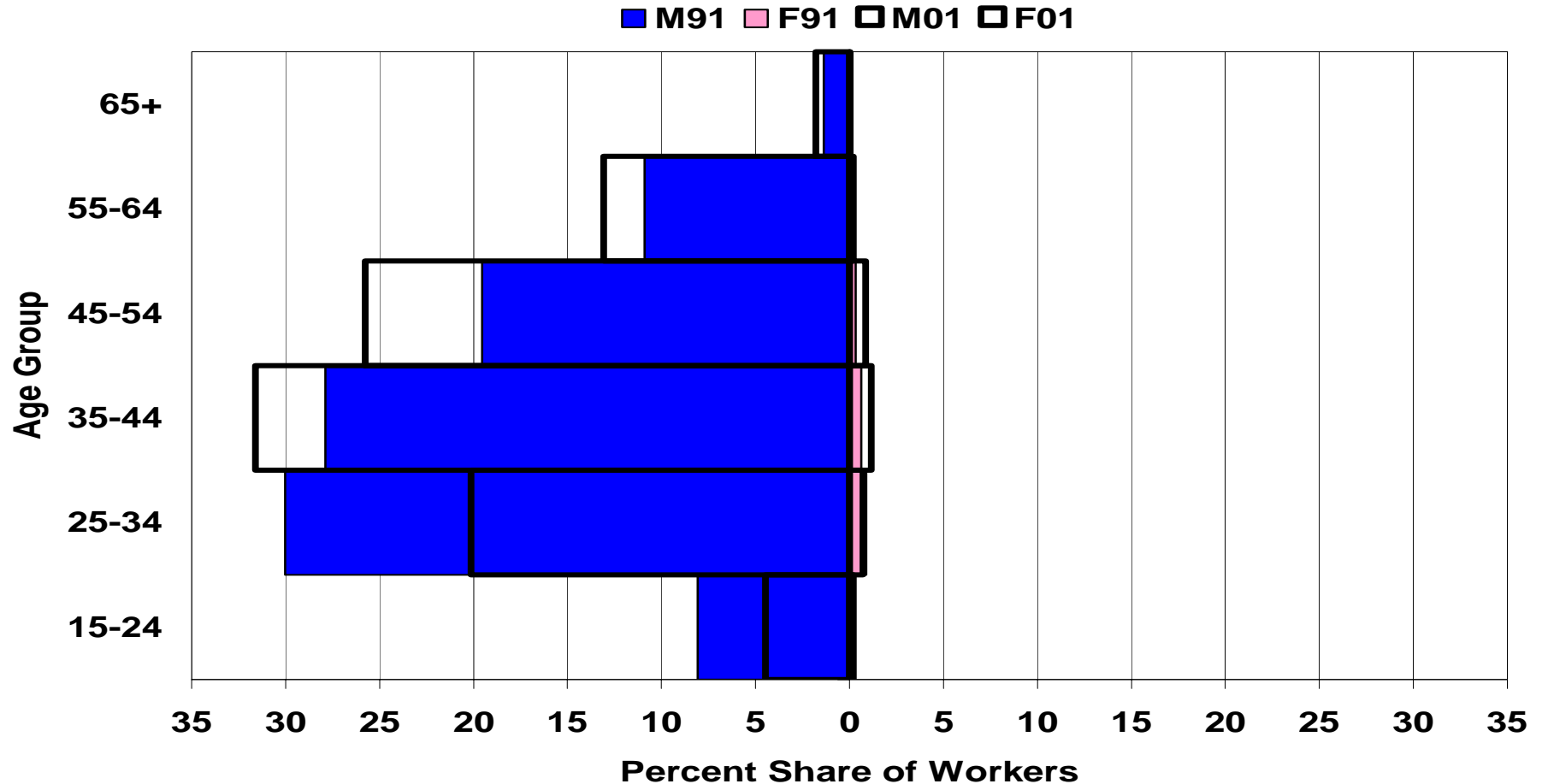
Ontario - Grocery Industry

Female Share of Selected Occupations, 2001 (percent)



Occupational Pyramid

Ontario, Truck Driver, 1991 (colour) vs. 2001 (outline)



Demographic Forecasting

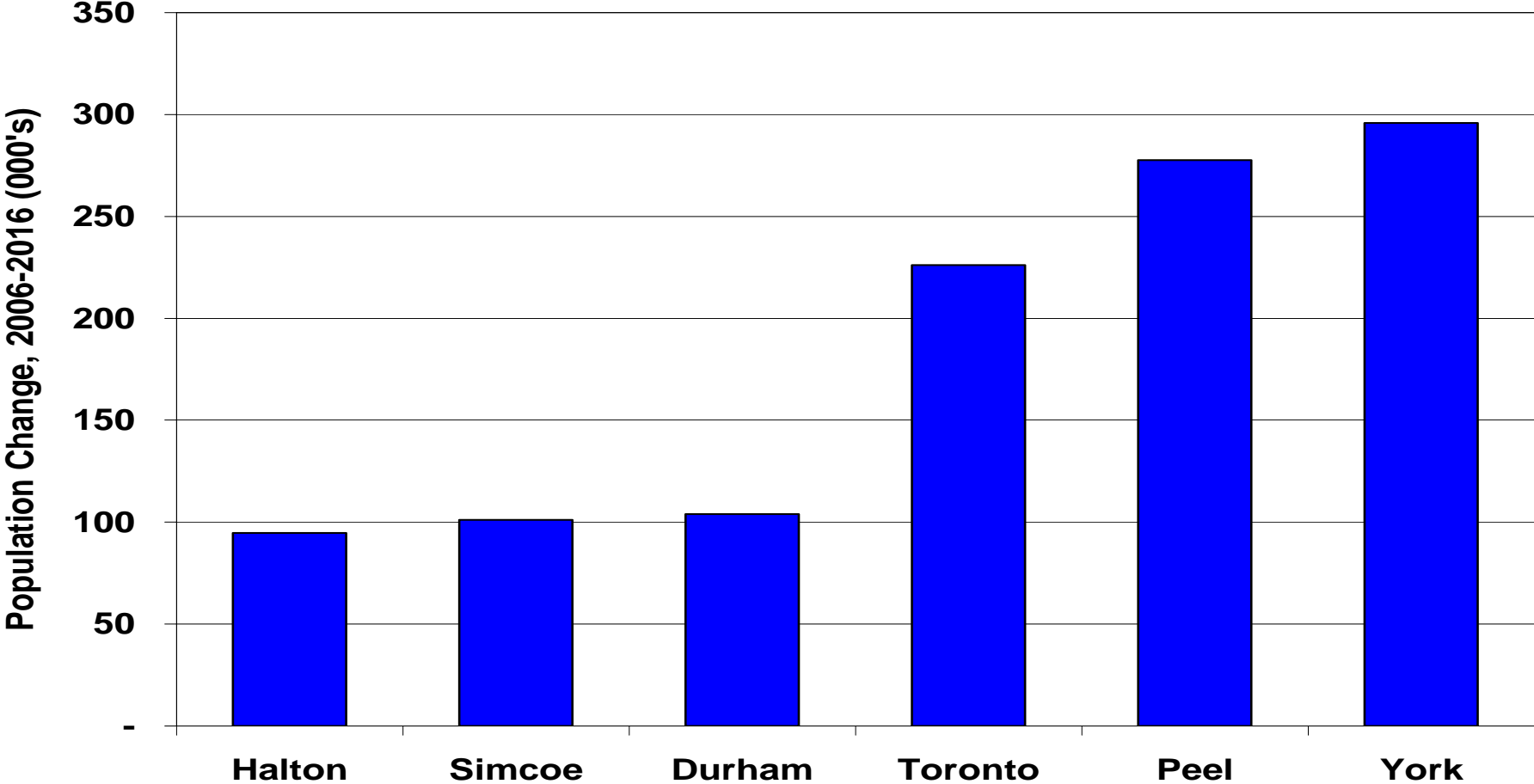
To construct a demographic forecast, you need to know the size of your market, both in total and by strategic age groups.

Demographic Trends - Ontario

Between 2006 and 2016, 1.1 million people will be added to the population of the GTA (and Simcoe County), accounting for over two-thirds of the increase in Ontario's population. By 2016, 52% of the province's population (7.4 million) will be in the GTA and Simcoe.

GTA and Simcoe County

Population Change (thousands), 2006-2016

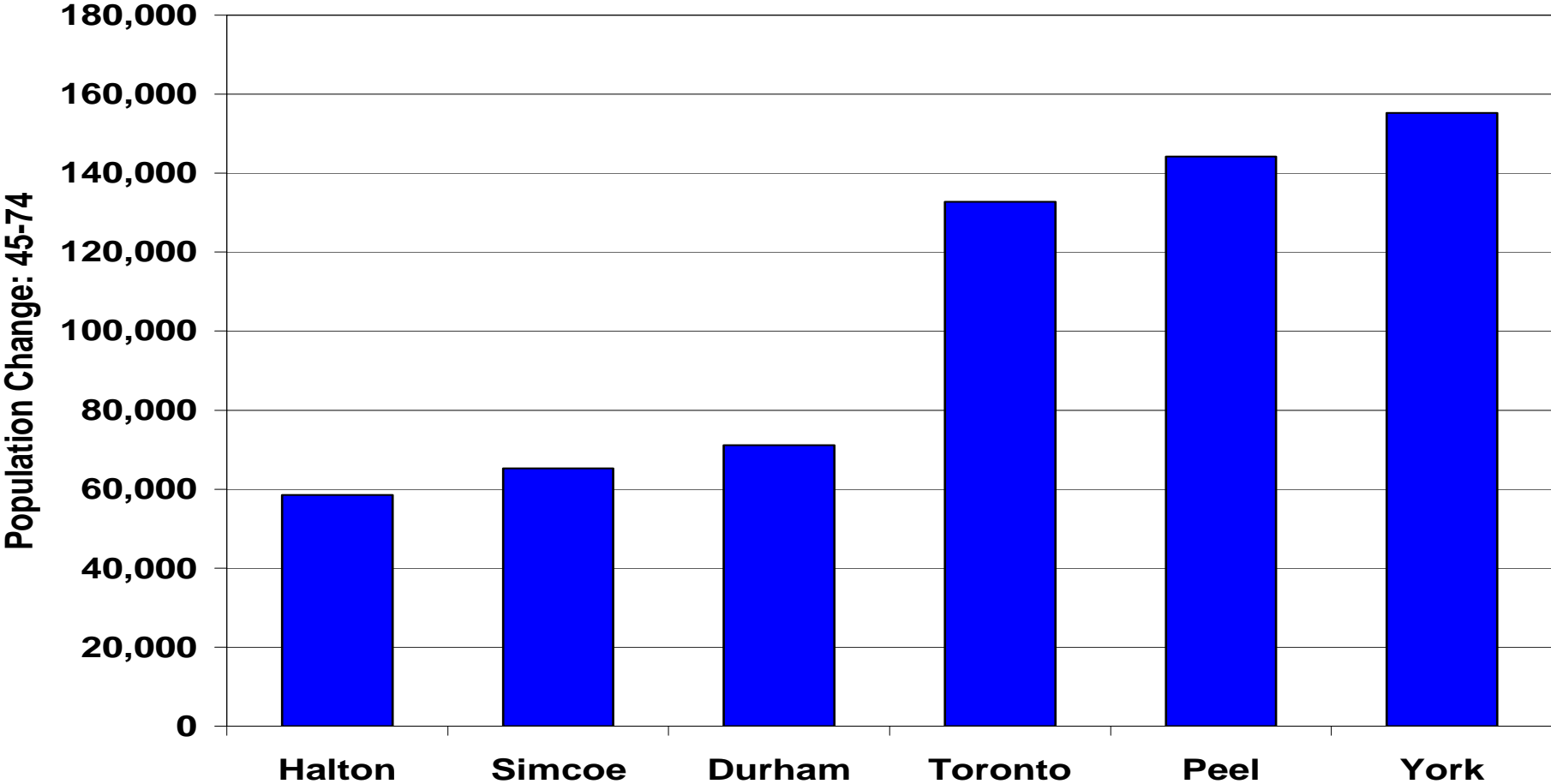


Demographic Trends - Ontario

Between 2006 and 2016, about 1.31 million people between the ages of 45 and 74 will be added to Ontario's population. This group will increase by 627,000 in the GTA and Simcoe County (55.5% of the Ontario total).

GTA and Simcoe County

Population Change (thousands), 45-74 Age Group, 2006-2016

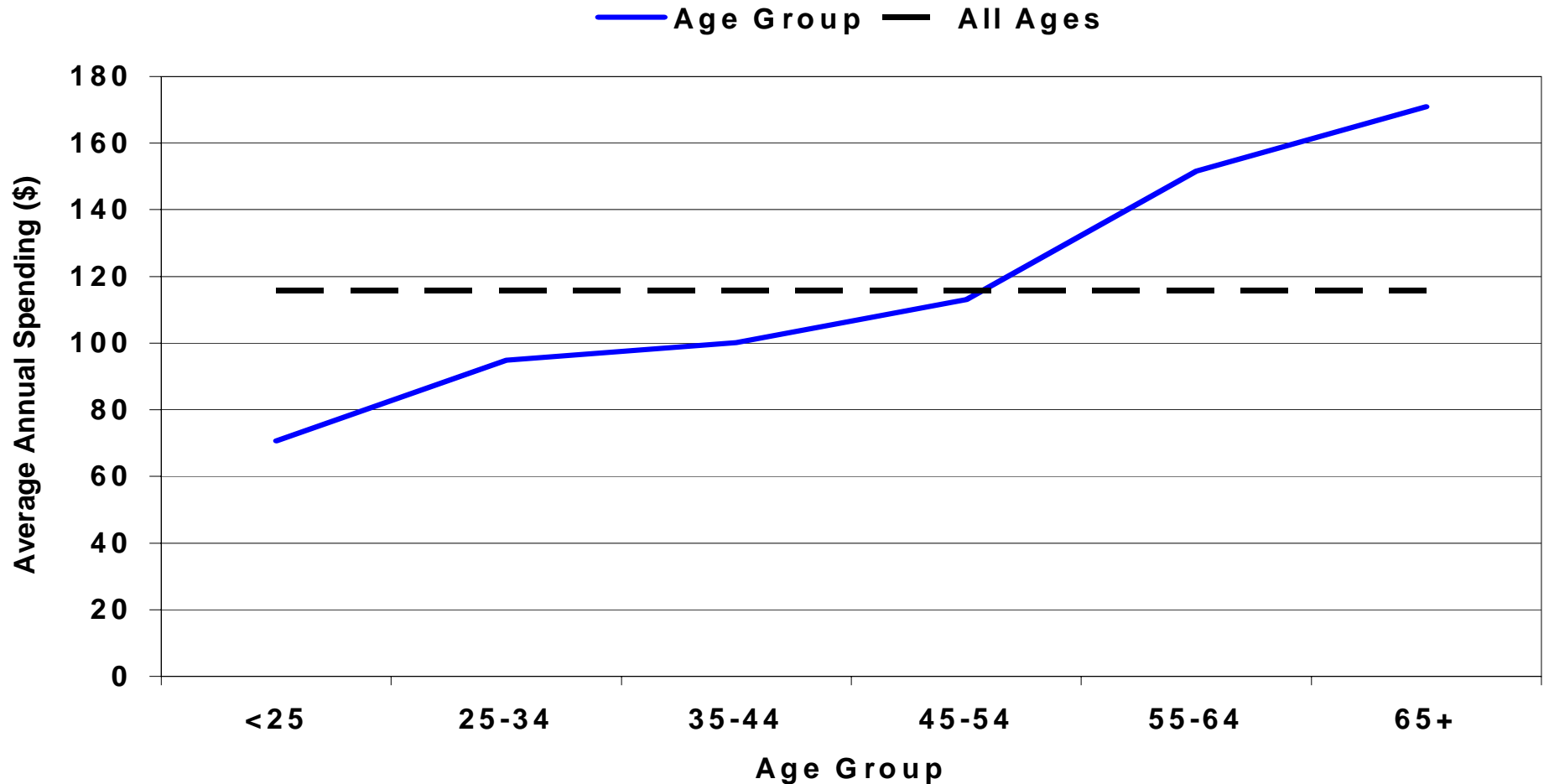


Demographic Forecasting

To construct a demographic forecast, you also need to know how consumers spend their money (or time) differently over the life cycle. Let's take a look at one well known product – fresh fruit.

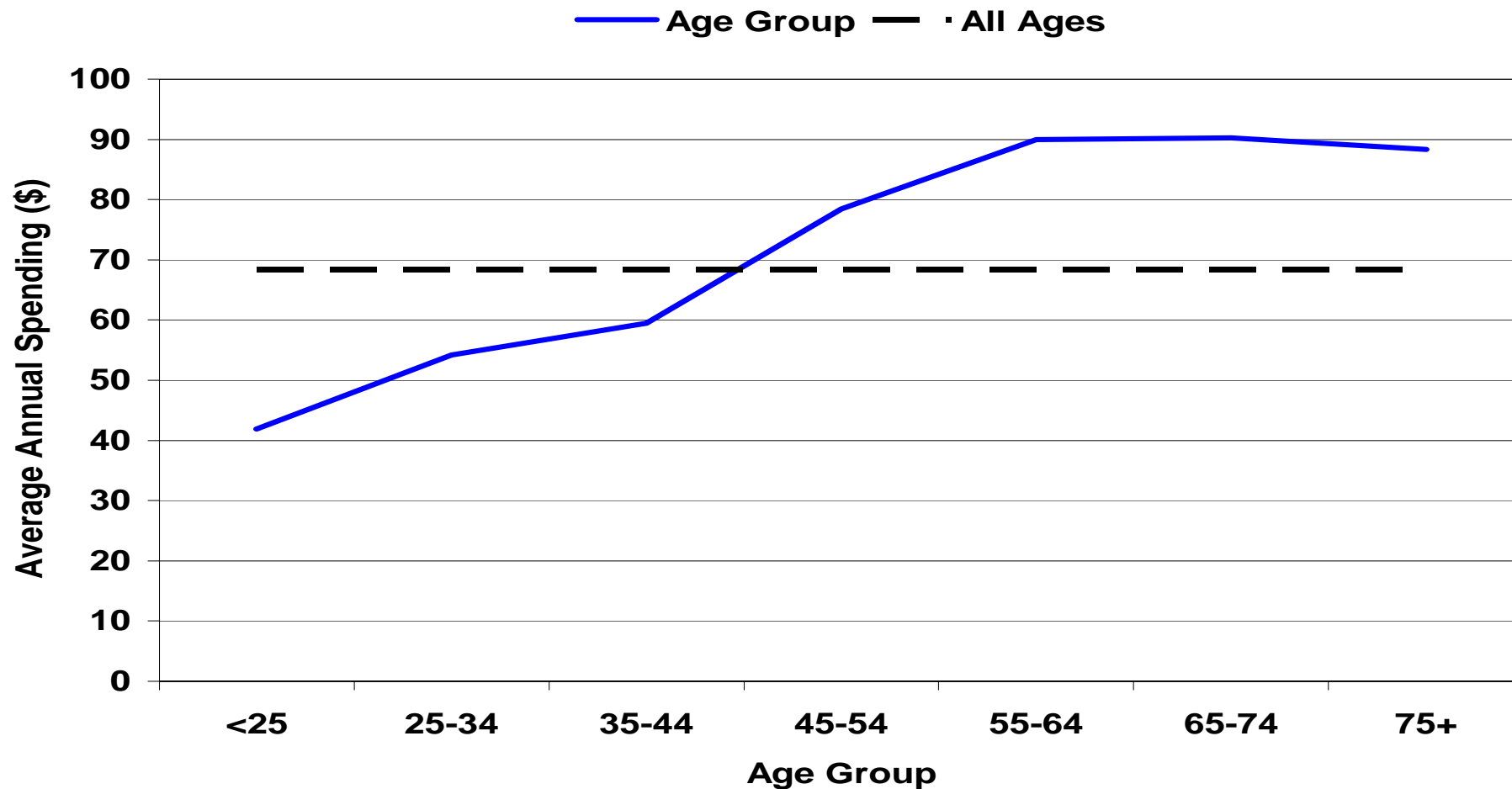
Household Food Spending

Fresh Fruit, Canada, 2001 (\$ per person)



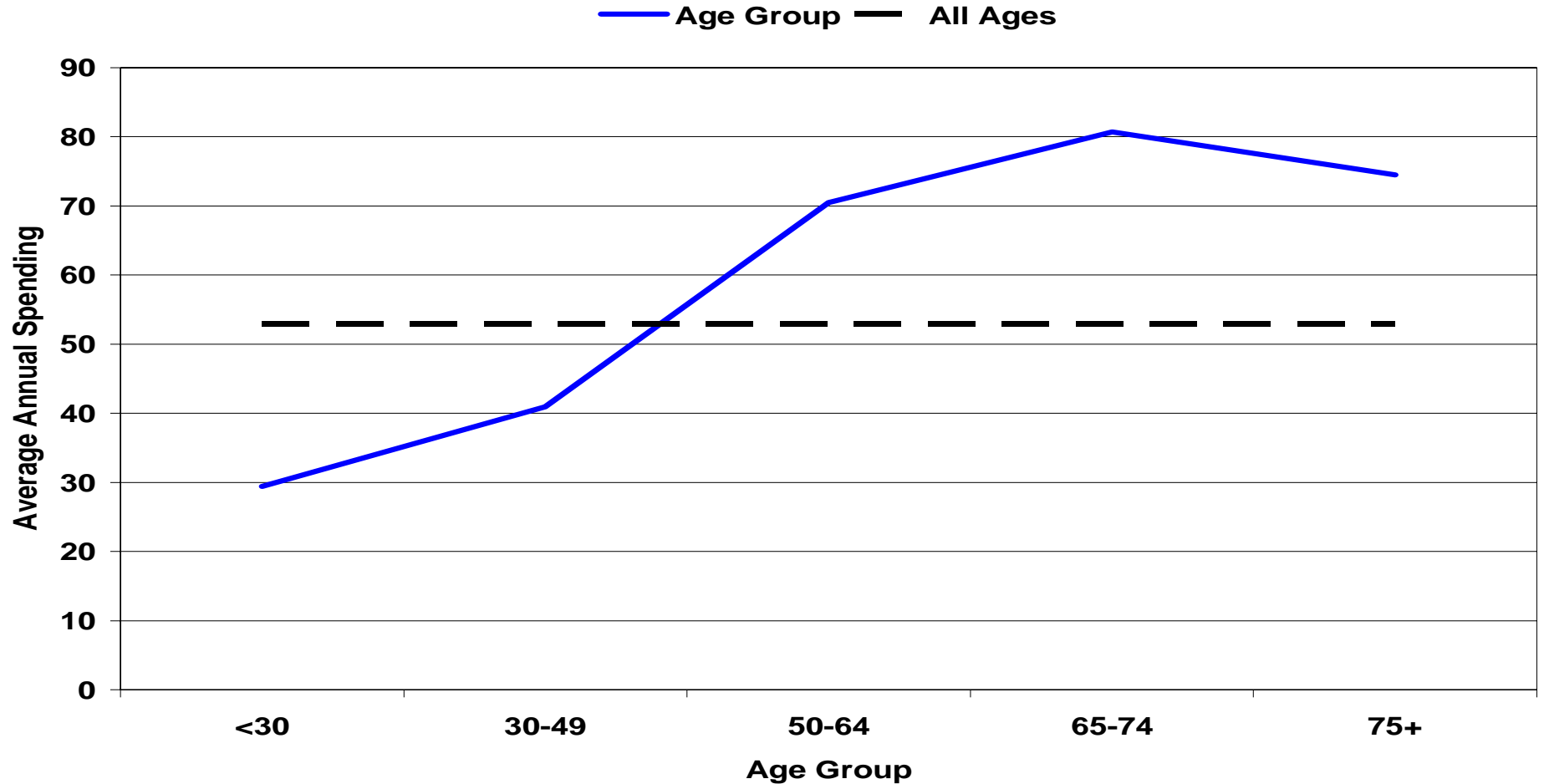
Household Food Spending

Fresh Fruit, United States, 2003 (U.S. \$ per person)



Household Food Spending

Fresh Fruit, United Kingdom, 2003 (£ per person)

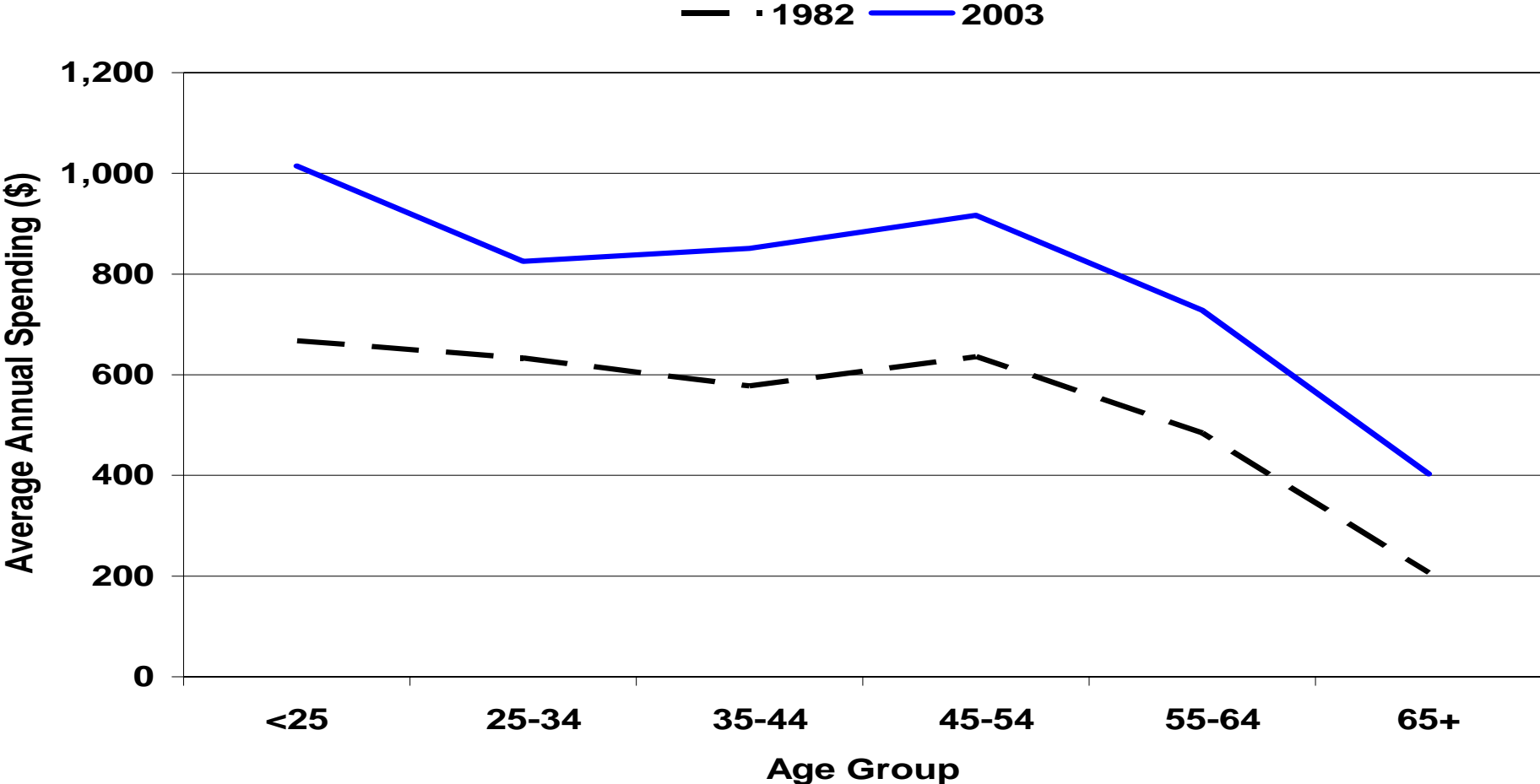


Demographic Forecasting

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

Alcoholic Beverages

Canada, 1982 versus 2003 (\$ per household)



Spending Growth

Canada, 2001-11 (Total Food Spending=100)

	Relative Growth Index	45+ Share (%)
Specialty stores	111	56.6
Supermarkets	102	52.3
Restaurants	95	47.0
Convenience stores	74	39.9
Fast food (travel)	74	40.5
Fast food (local)	71	37.2
Total Food Spending	100	50.9

Spending Growth

Canada, 2001-11 (Total Food Spending=100)

	Relative Growth Index	45+ Share (%)
Coffee	125	64.6
Fish & marine products	123	61.8
Pork	117	58.5
Fresh fruit	112	56.7
Fresh vegetables	111	56.2
Beef	110	55.5
Fresh or frozen poultry	98	51.8
Carbonated beverages	92	47.3
Breakfast cereal	90	48.3
Pre-cooked frozen food preparations	85	45.1
Potato chips and snacks	73	41.2
Total Food Spending	100	50.9

Spending Growth

Canada, 2001-11 (Total Spending=100)

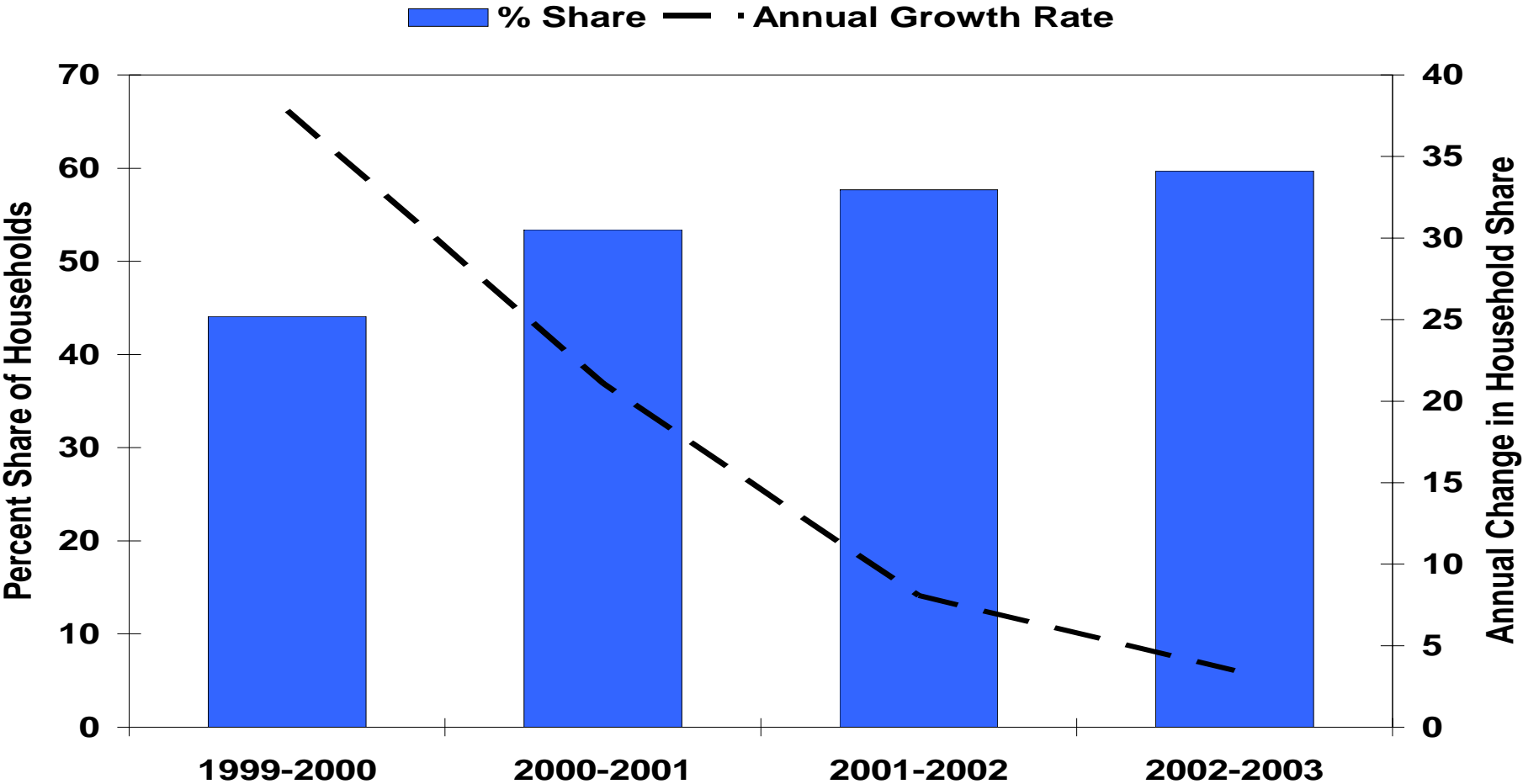
	Relative Growth Index	45+ Share (%)
Prescribed medicines and pharmaceuticals	157	70.3
Government-run lotteries	144	67.3
Other medicines and pharmaceuticals	120	56.5
Fertilizers, soil and soil conditioners	114	55.4
Pet food	104	47.3
Paper, plastic and foil household supplies	99	47.1
Household cleaning supplies	97	46.7
Tobacco products and smokers' supplies	93	43.7
Personal care preparations	90	42.9
Total Spending	100	47.9

Demographics and the Internet

Technological change is one the key drivers of productivity growth. The case of the Internet illustrates both the opportunities and challenges created by the intersection of demographic and technological trends.

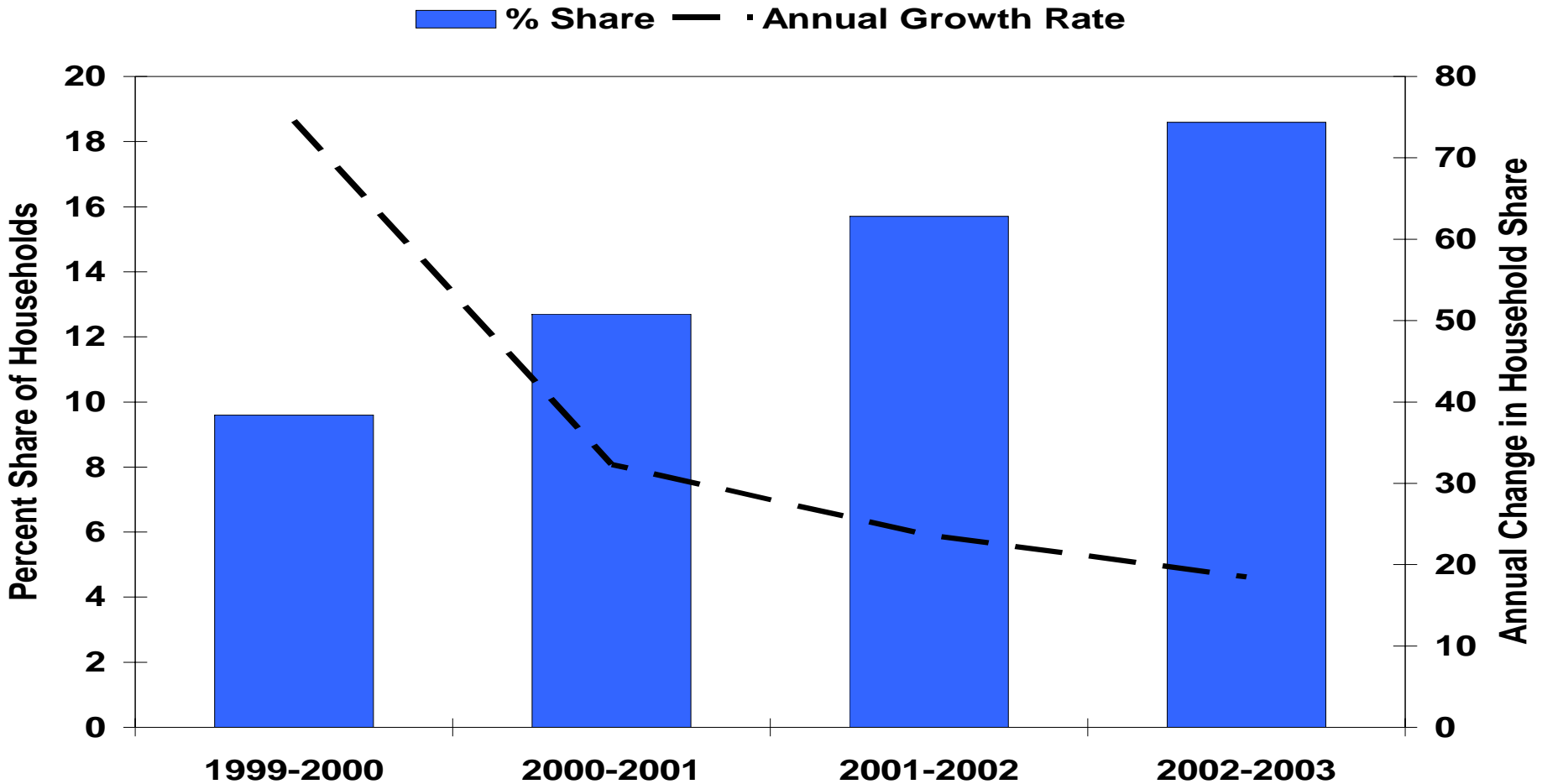
Home Internet Use - Ontario

Annual Growth in Household Share (percent), 1999-2003



Home Internet Use - Buying Goods and Services

Canada, Annual Growth in Household Share (percent), 1999-2003



Internet Use (any location) - Canada

E-commerce by Type of Activity, 2001-2003 (percent of households)

	<i>2001</i>	<i>2002</i>	<i>2003</i>
Books, magazines and newspapers	28.1	26.9	29.8
Travel arrangements	16.2	18.2	21.9
Computer software	13.8	13.8	14.2
Automotive products	2.6	3.5	2.9
Music compact discs (CDs), tapes and audio files (MP3)	11.8	9.4	11.1
Clothing, jewellery and accessories	18.2	17.7	17.2
Computer hardware	6.4	6.5	6.0
Consumer electronics	6.7	6.4	10.5
Other entertainment (for example, tickets)	10.6	10.4	10.0
Housewares (furniture and appliances)	5.6	6.4	7.0
Videos and Digital Video Discs (DVDs)	5.0	5.5	8.0
Hobbies	3.6	3.8	4.5
Food, condiments and beverages	2.9	3.1	2.1
Toys and games	6.1	5.4	5.7
Real estate	0.4E	0.1E	0.4E
Health, beauty and vitamins	5.1	4.6	4.9
Flowers and gifts	4.8	3.7	3.5
Sports equipment	5.5	5.3	5.8
Other products and services (not elsewhere classified)	14.8	17.8	15.0

Internet Use, Canada, 1999-2003

Socio-demographic Characteristics of Users (percent)

	1999	2000	2001	2002	2003
All households	41.8	51.3	60.2	61.6	64.2
Household type					
Single family with unmarried children under age 18	59.0	71.2	80.5	81.2	83.7
Single family without unmarried children under age 18	38.7	46.7	55.6	58.9	63.0
One-person household	22.1	27.9	36.2	37.5	39.8
Multi-family household	55.1	64.3	73.9	75.3	73.2
Age of head of household					
Under age 35	53.0	66.3	76.2	75.4	79.5
Age 35 to 54	54.9	65.7	74.1	75.5	78.8
Age 55 to 64	32.7	42.4	52.5	56.3	59.2
Age 65 and over	10.1	13.9	19.3	21.6	24.9
Education of head of household					
Less than high school	16.1	22.4	29.9	30.2	31.6
High school or college	44.4	55.2	64.6	65.7	69.0
University degree	70.1	79.1	85.8	86.8	87.8
Household income					
Lowest quartile	18.8	23.9	31.6	33.0	35.0
Second quartile	29.2	42.8	51.8	50.9	56.3
Third quartile	48.1	60.6	70.1	74.7	75.3
Highest quartile	71.2	77.9	87.3	87.9	90.3

What You Should Tell Others --

About What You Learned Today

- Suppliers:
 - » Ontario's future population: regional distribution, age structure, and ethnic/racial composition
 - » Planning for an aging work force in a changing labour market
 - » Forecasting baseline demographic "pressure" on products
- Retailers:
 - » Ontario's future population: regional distribution, age structure, and ethnic/racial composition
 - » Retaining our younger employees in an aging labour market
 - » Forecasting baseline demographic "pressure" on products
 - » Technology and demographics

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