
Eat Your Fruit and Veggies: Boomers and the Food Industry - A Demographic Perspective

A Presentation to

Foodland Ontario

Ontario Ministry of Agriculture, Food & Rural Affairs

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
 - » 40-59 in 2006
 - » 30 percent of Canada's population
- **Bust:** 1967-1979
 - » 27-39 in 2006
 - » 18 percent of Canada's population
- **Echo:** 1980-1995
 - » 11-26 in 2006
 - » 21 percent of Canada's population

Demographic Analysis

- Today's presentation:
 - » Major demographic trends in Canada and Ontario:
 - Historical
 - Projected
 - » What the trends mean for the food industry:
 - Potential product demand
 - Marketing through the Internet

Demographic Trends - Canada

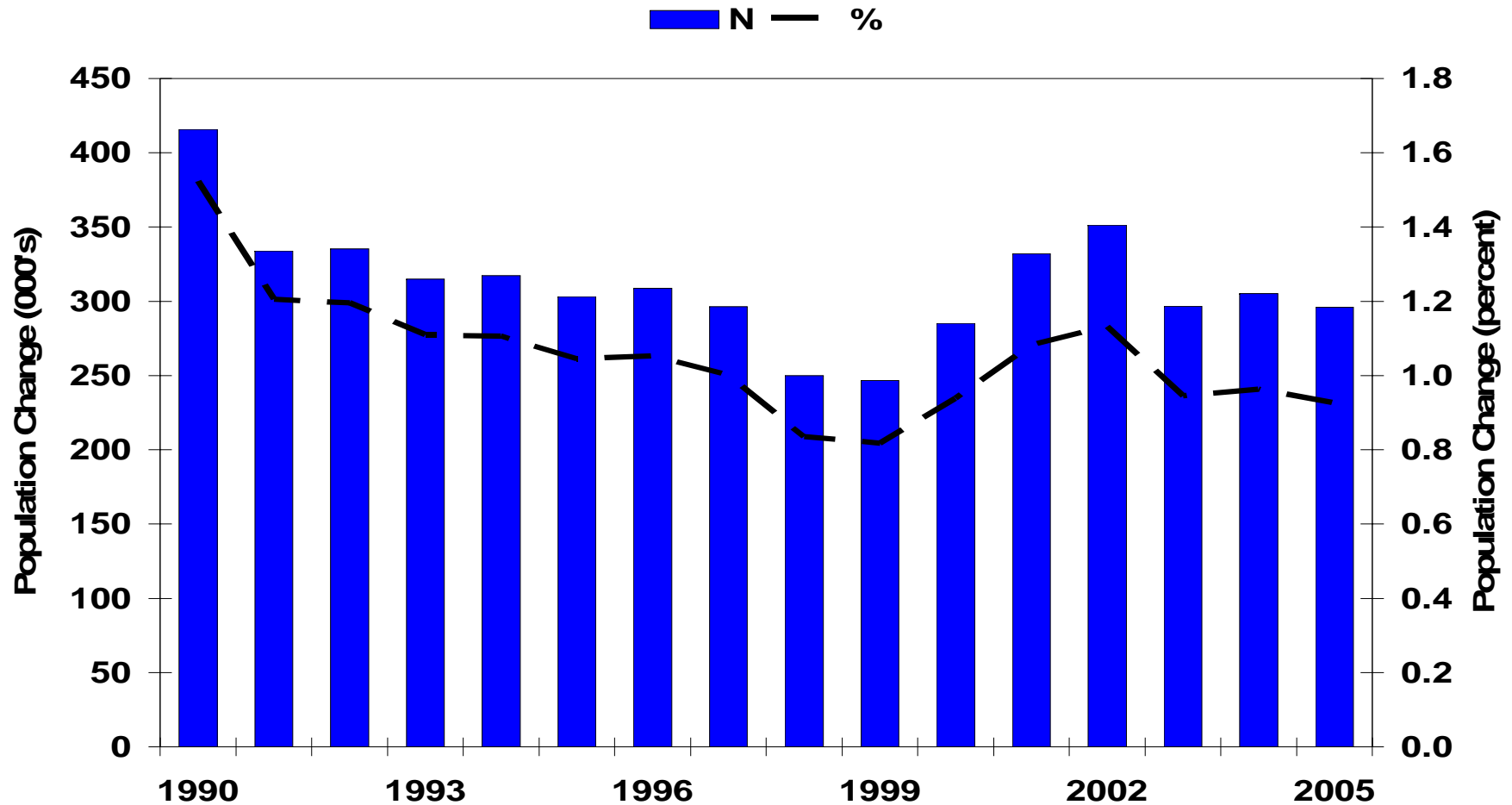
1990-2005

Demographic Trends - Canada

Between 1990 and 2005, Canada's population increased by 16.5 percent. On average, Canada added 311,795 persons each year (a growth rate of 1.06 percent).

Canada

Population Change, 1990-2005

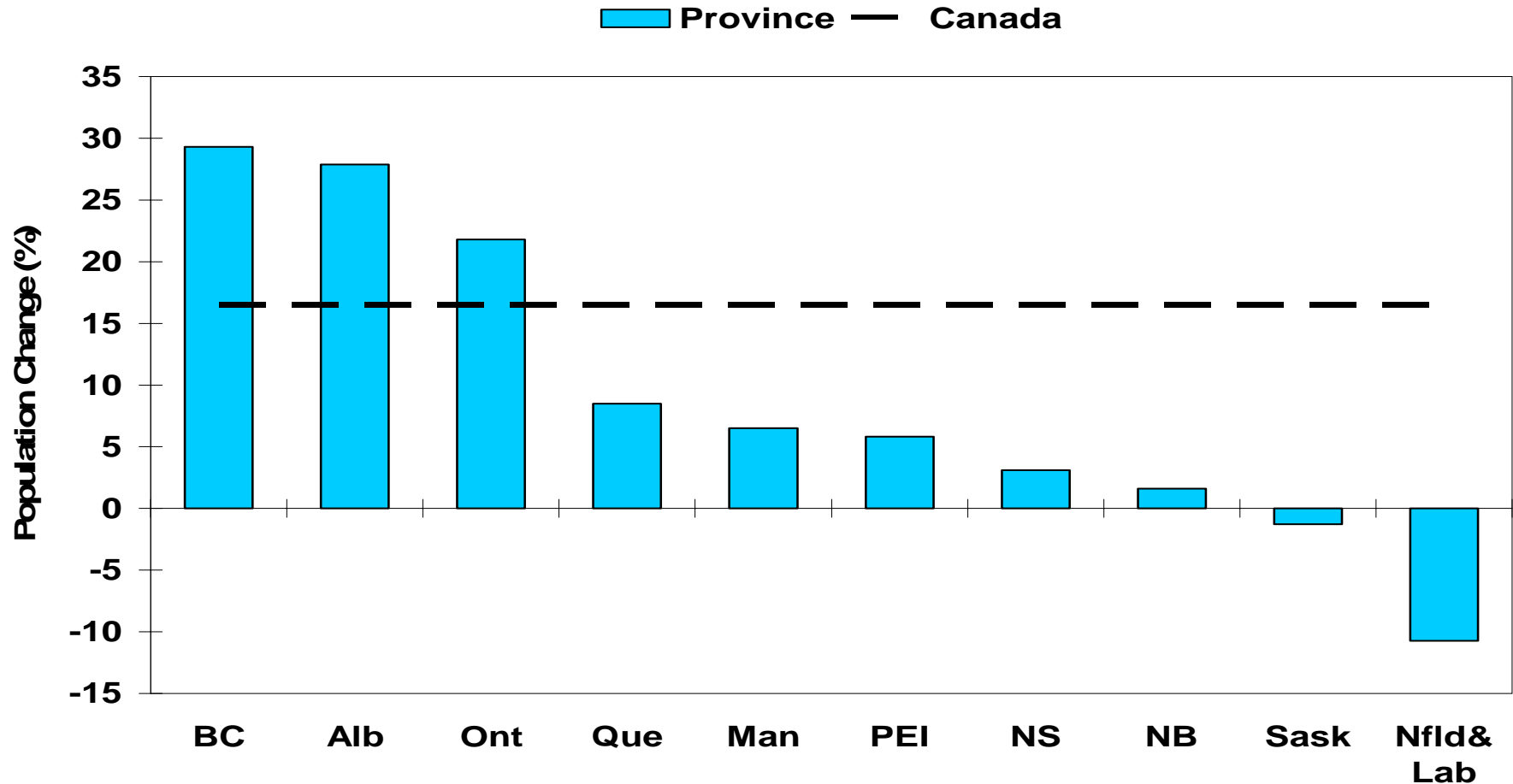


Demographic Trends - Canada

However, population growth was not evenly distributed among the provinces. While British Columbia, Alberta, and Ontario grew well above the national average, Saskatchewan and Newfoundland & Labrador experienced population decline.

Canada's Provinces

Population Change, 1990-2005 (percent)

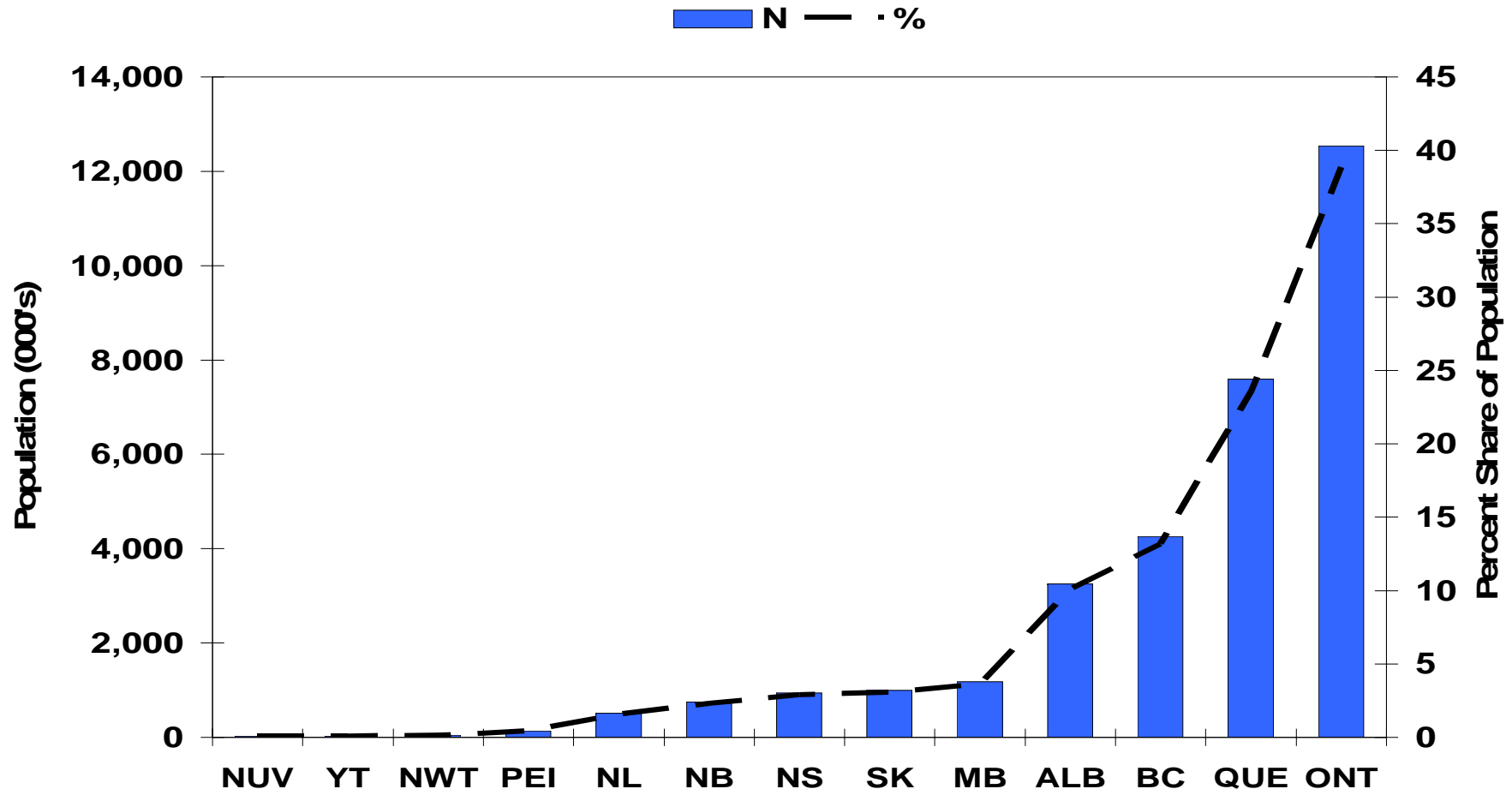


Demographic Trends - Canada

In 2005, 85 percent of Canada's population lived in four provinces: Ontario, Québec, British Columbia, and Alberta.

Canada

Population Distribution by Province, 2005

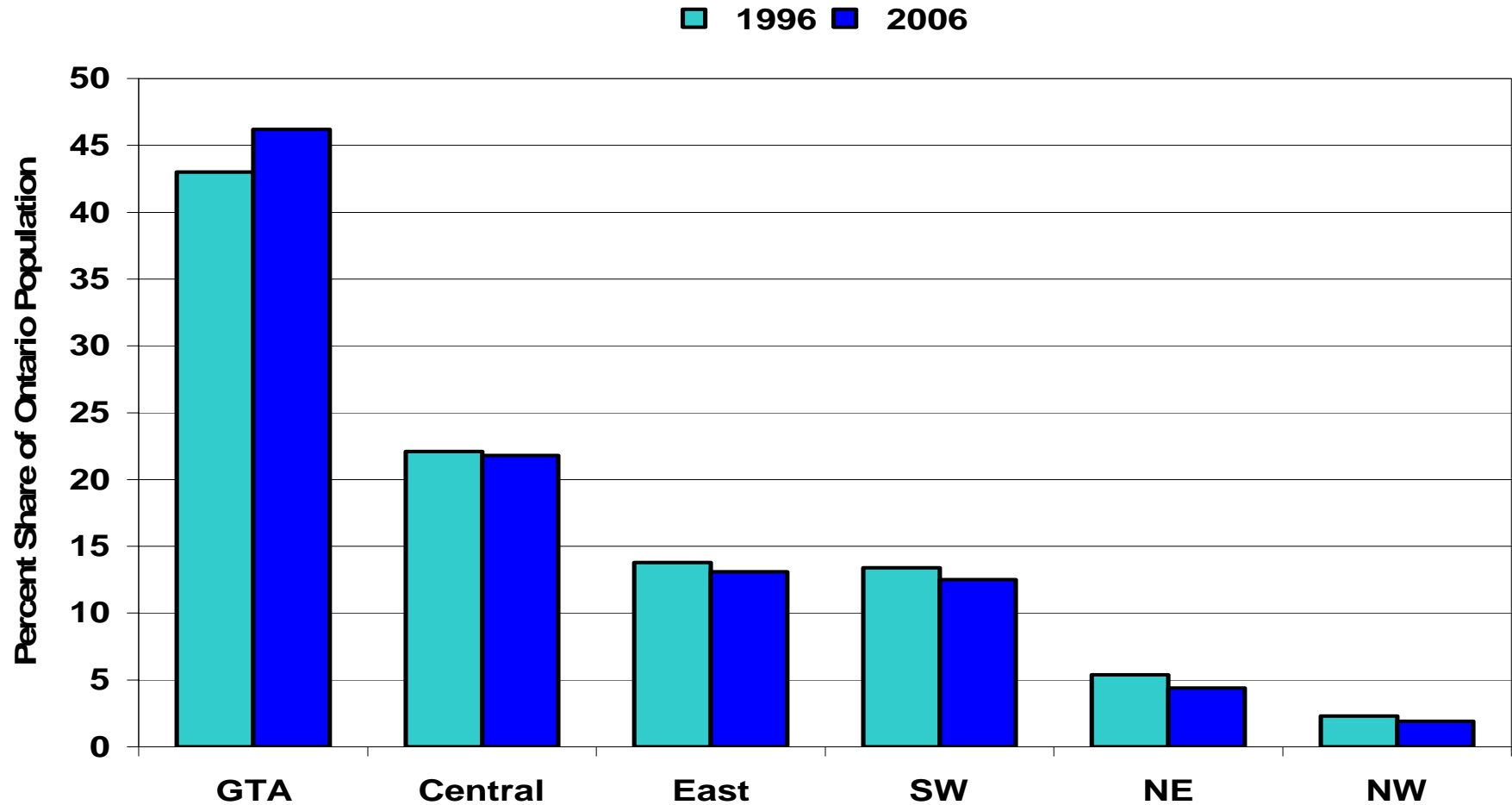


Demographic Trends - Ontario

Ontario's population is skewed regionally. Roughly one-half of the population lives in the GTA; two-thirds, in the GTA and Central Ontario.

Ontario

Population Distribution by Region, 1996 versus 2006

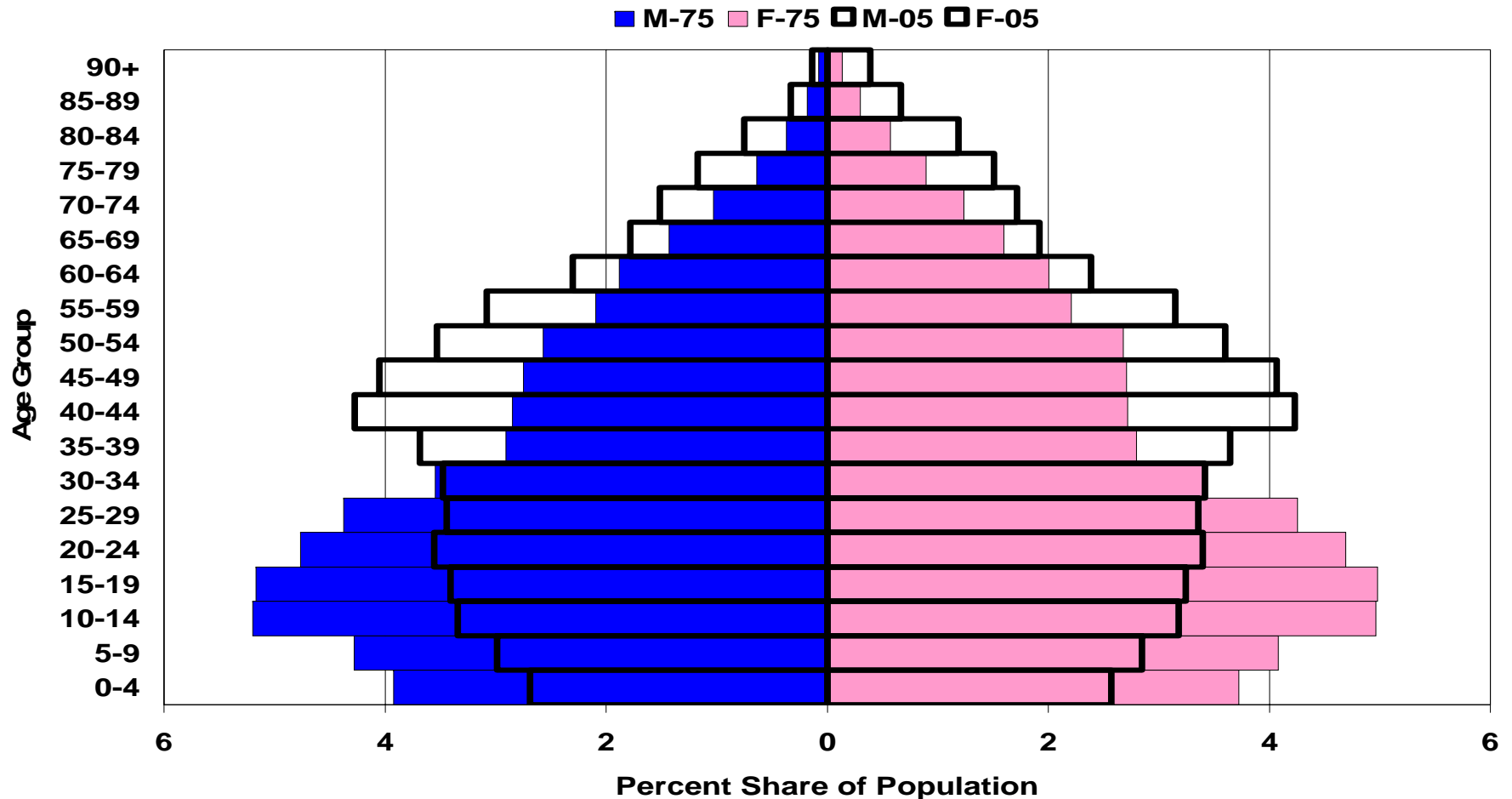


Demographic Trends - Canada

Canada's population has not only been increasing but it has also been aging. In 1975, 27 percent of Canadians were 45-plus; by 2005, 39 percent.

Canada

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

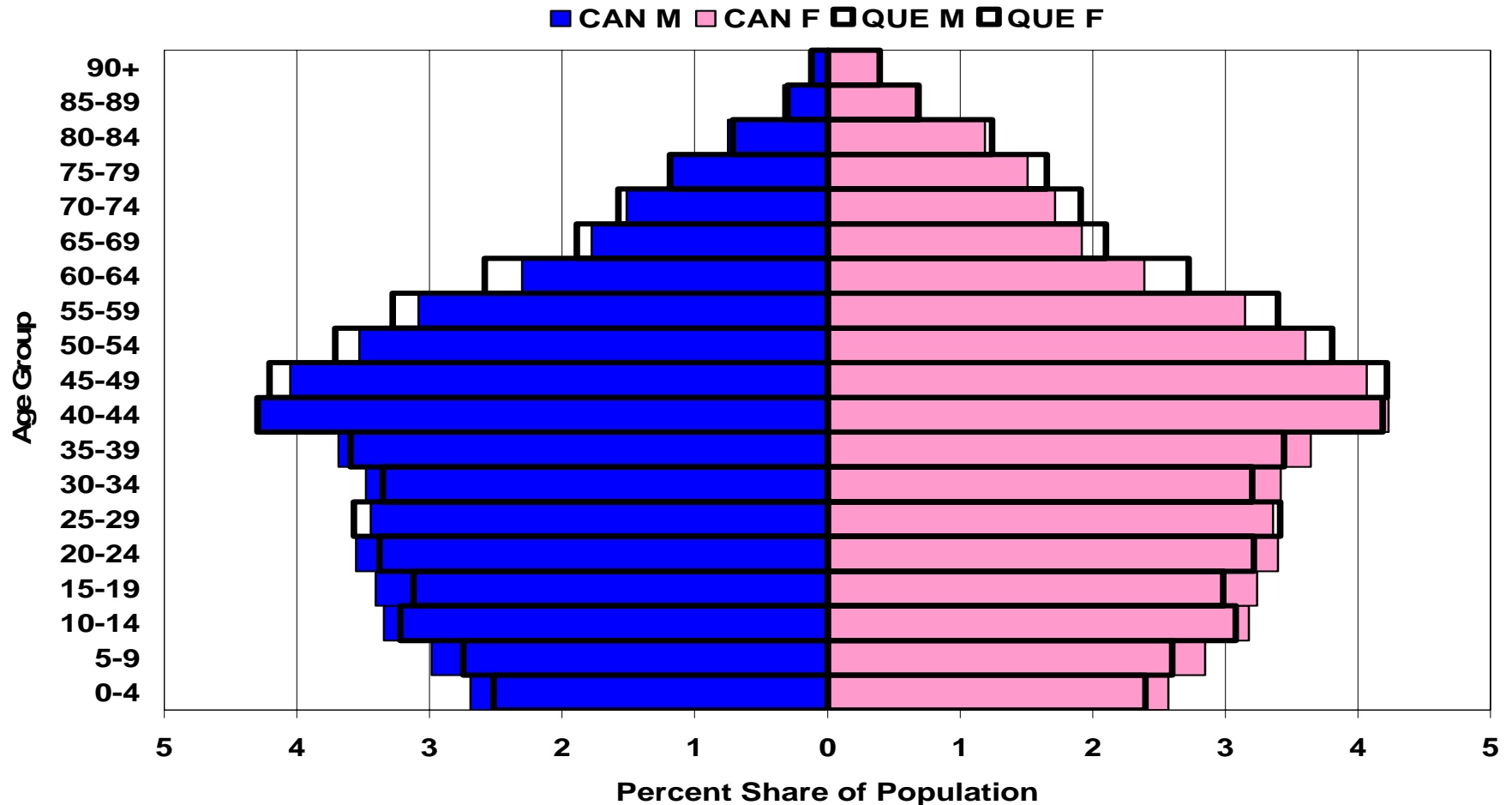


Demographic Trends - Canada

The aging trend varies somewhat by province.

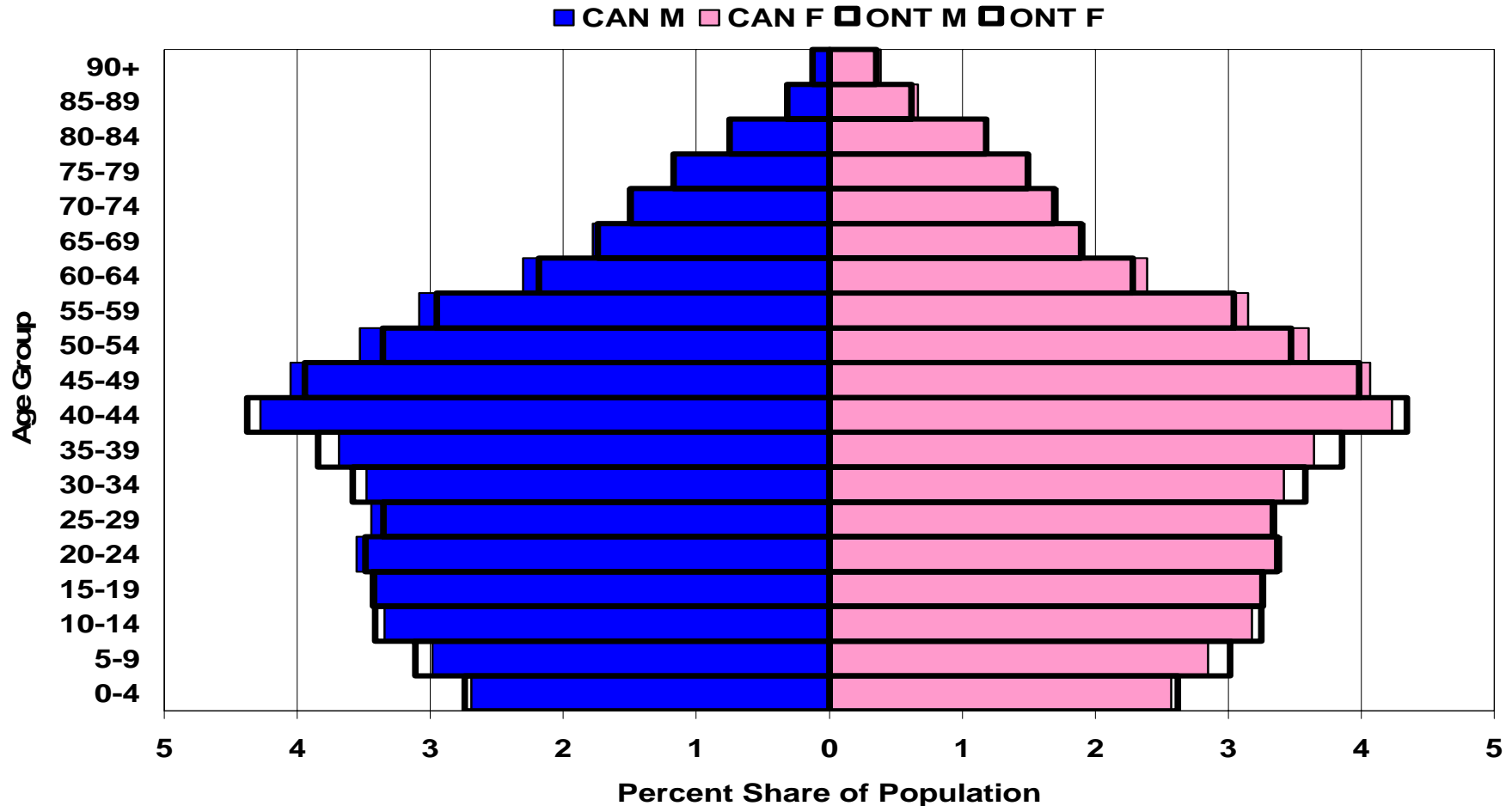
Population Pyramid

Québec (outline) versus Canada (colour), 2005 (percent)



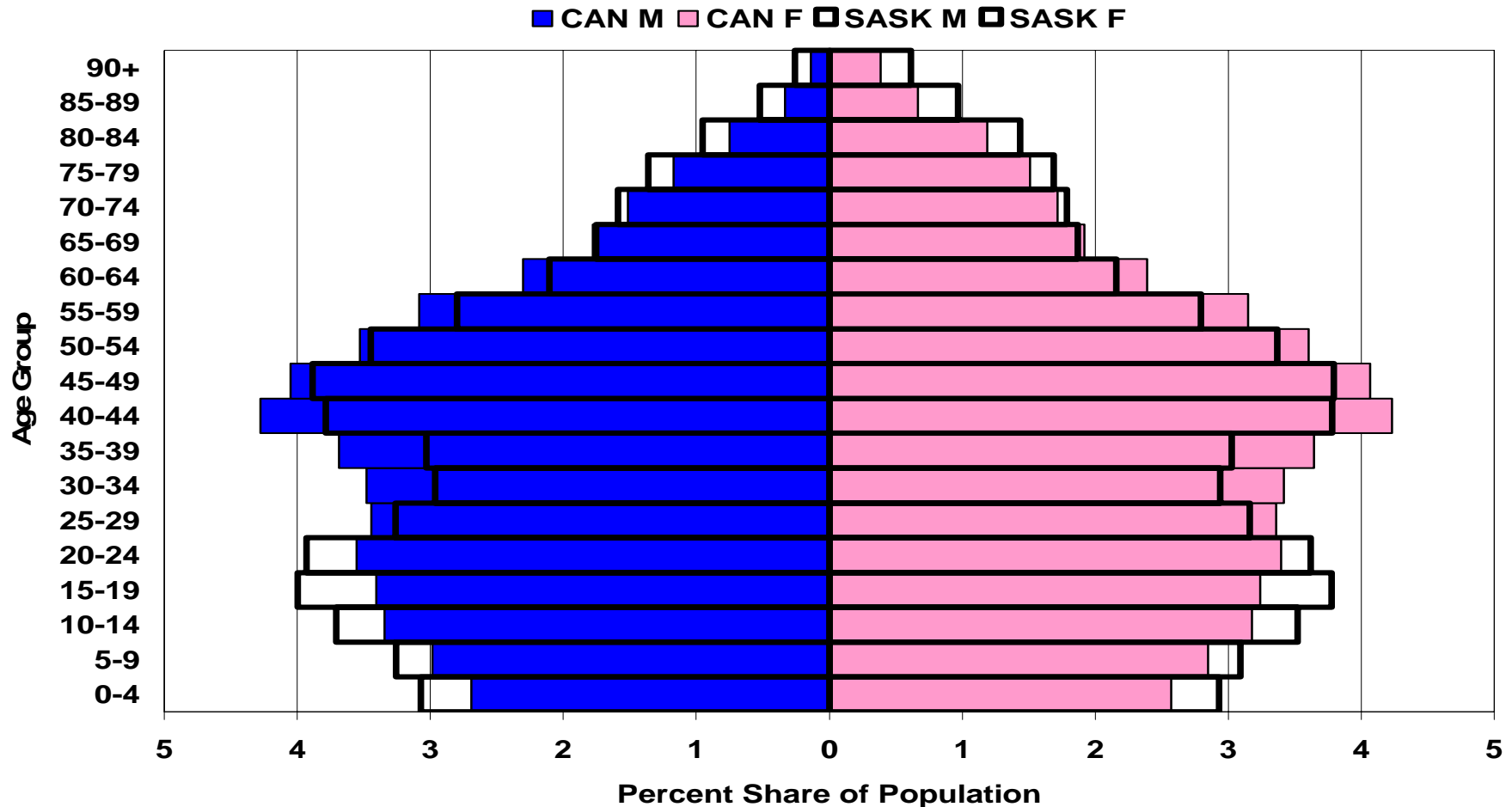
Population Pyramid

Ontario (outline) versus Canada (colour), 2005 (percent)



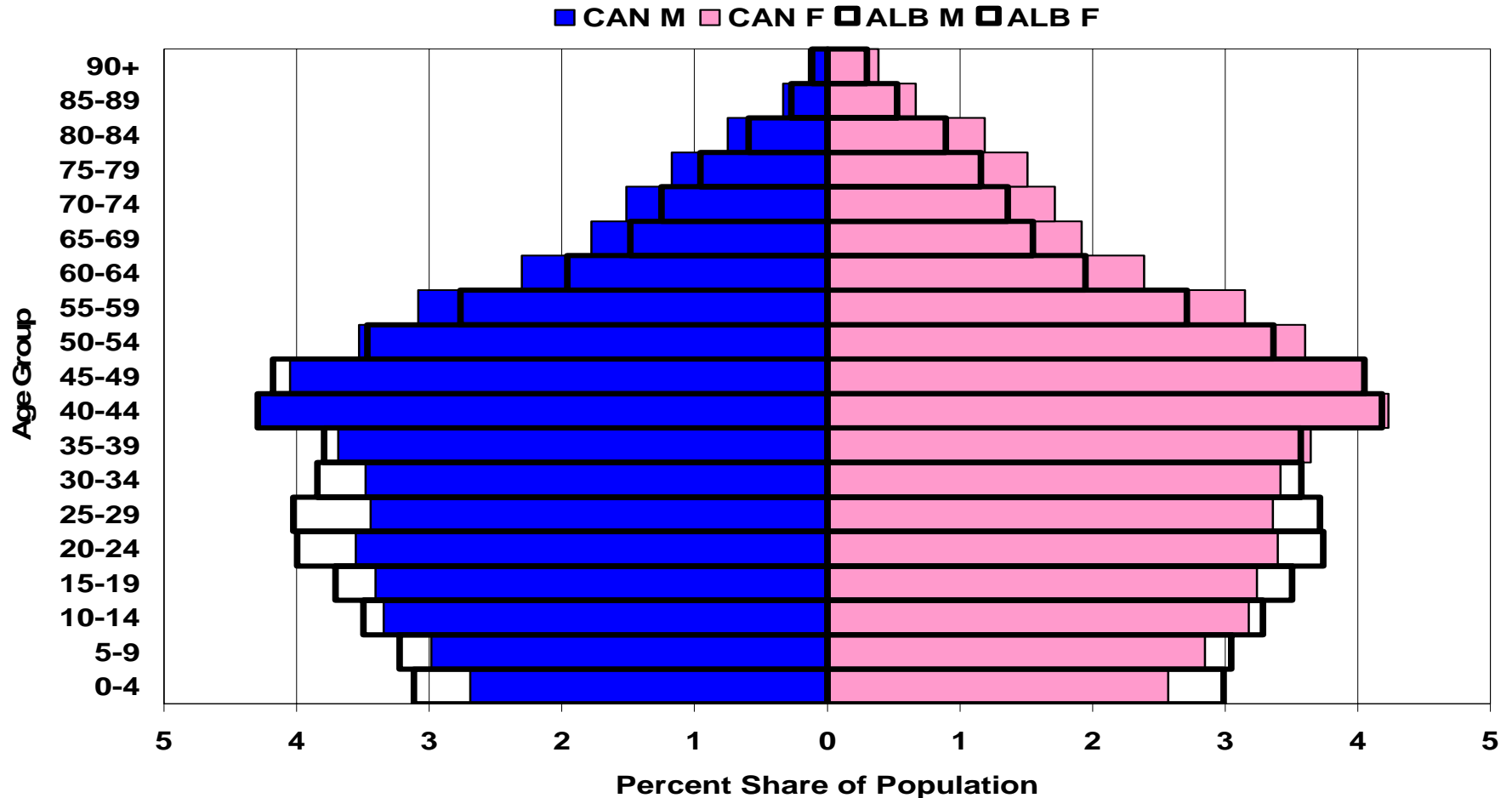
Population Pyramid

Saskatchewan (outline) versus Canada (colour), 2005 (percent)



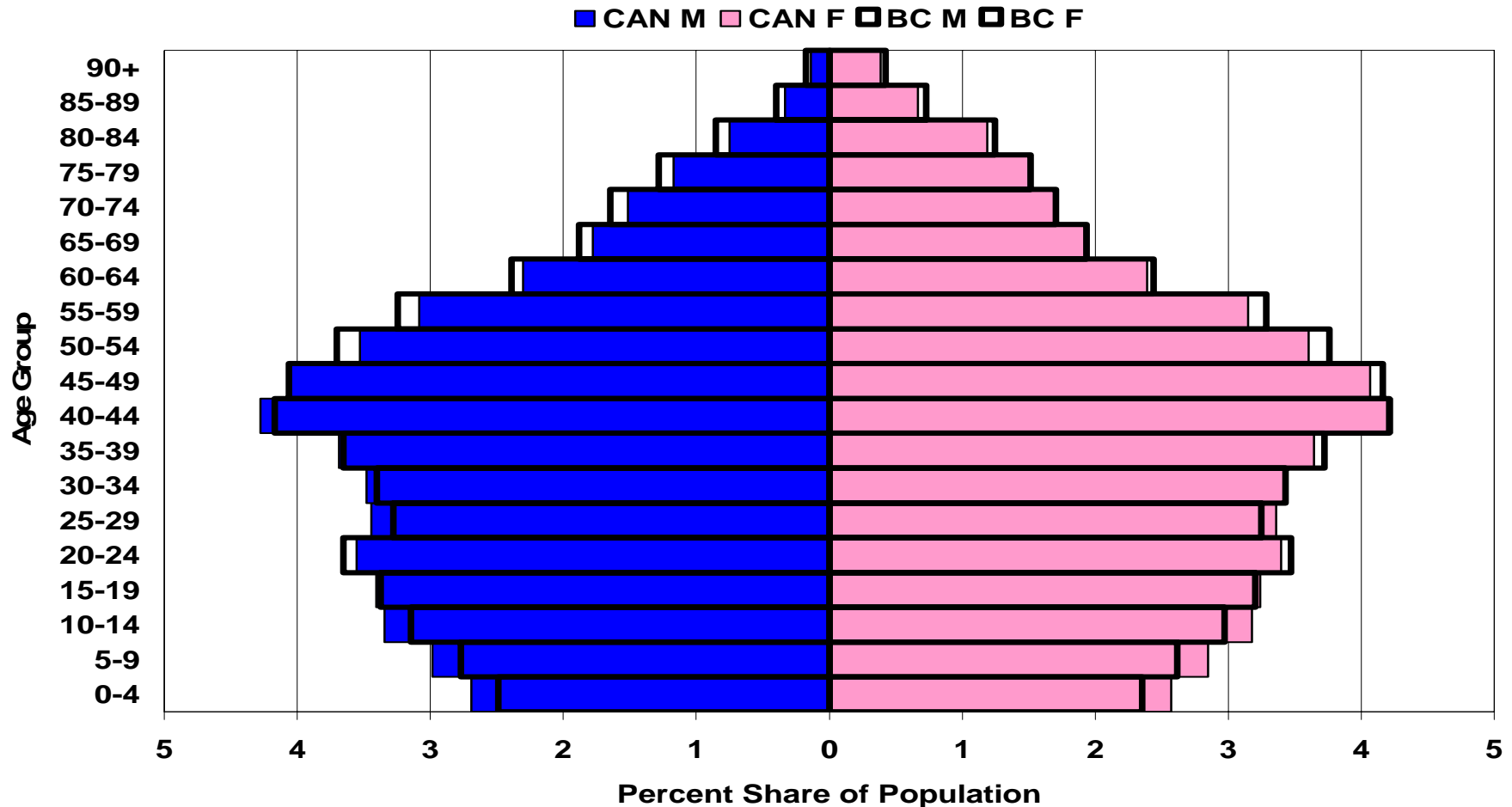
Population Pyramid

Alberta (outline) versus Canada (colour), 2005 (percent)



Population Pyramid

British Columbia (outline) versus Canada (colour), 2005 (percent)

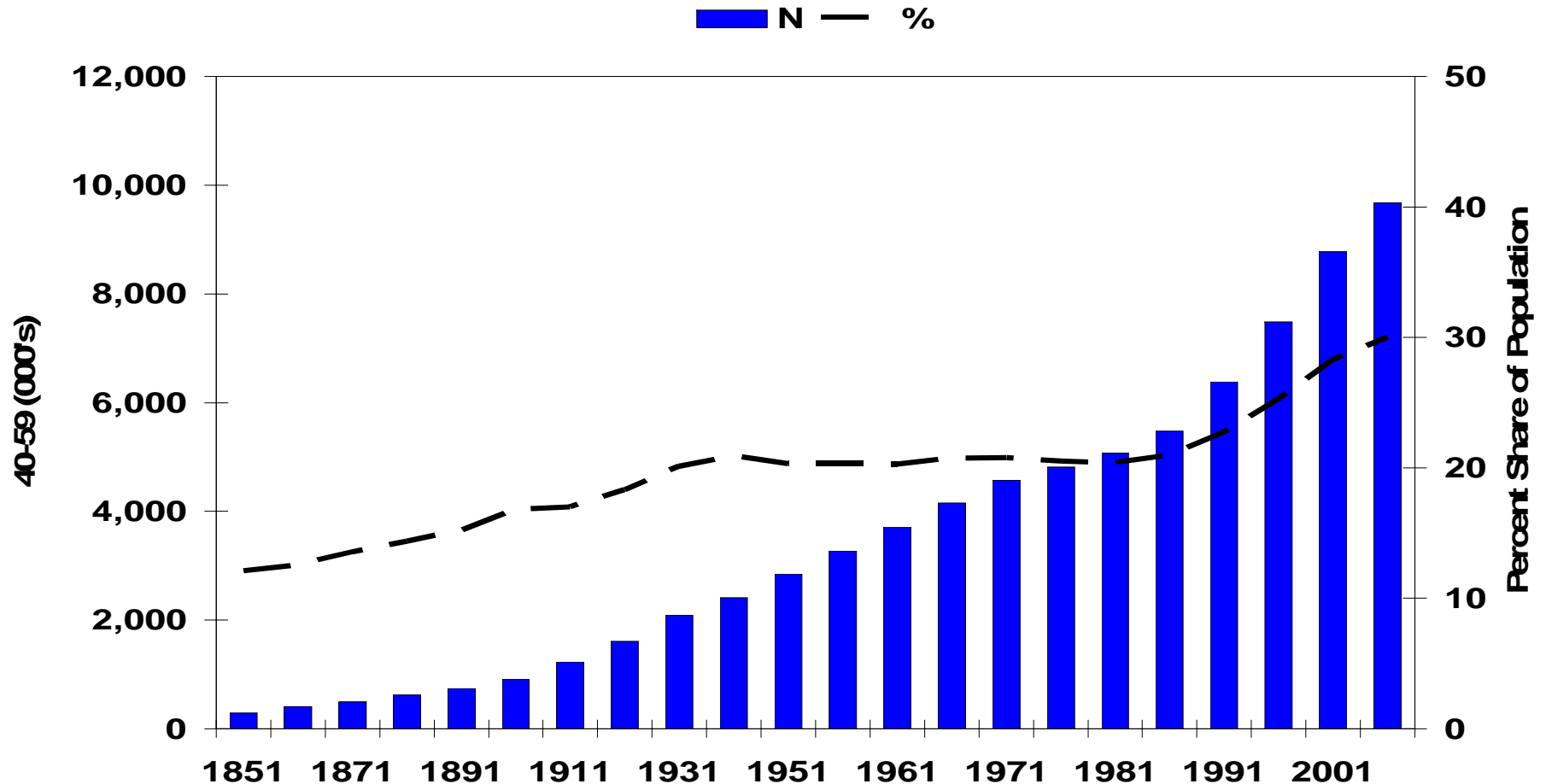


Demographic Trends - Canada

Boomers are leading the charge into the “45-plus society”.

Canada

40-59 Age Group, # (left scale) and % Share (right scale), 1851-2005

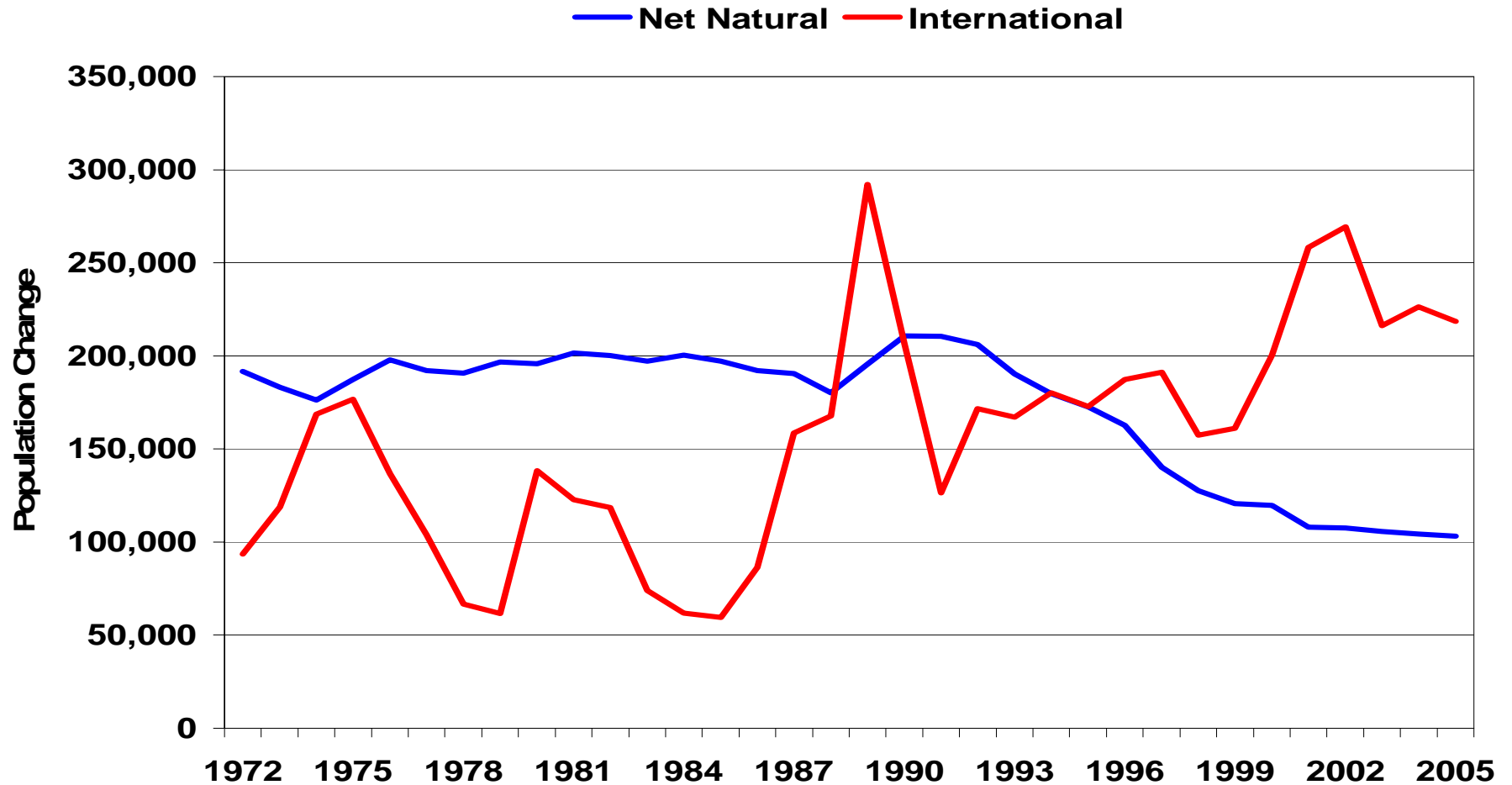


Demographic Trends - Canada

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

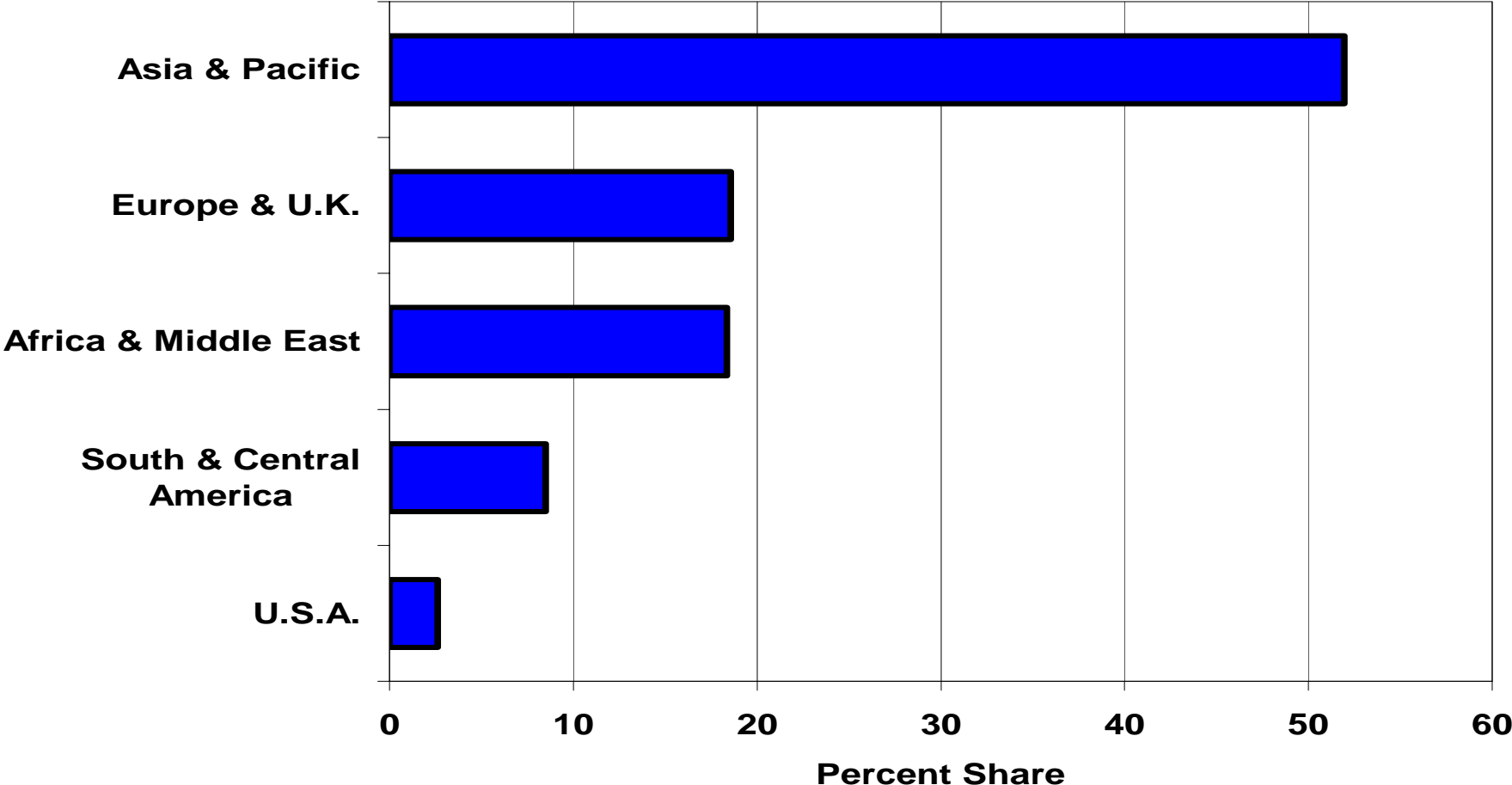
Canada

Population Change by Source, 1972-2005



Canada

Average Share of Immigrants by Source Region, 1995-2004

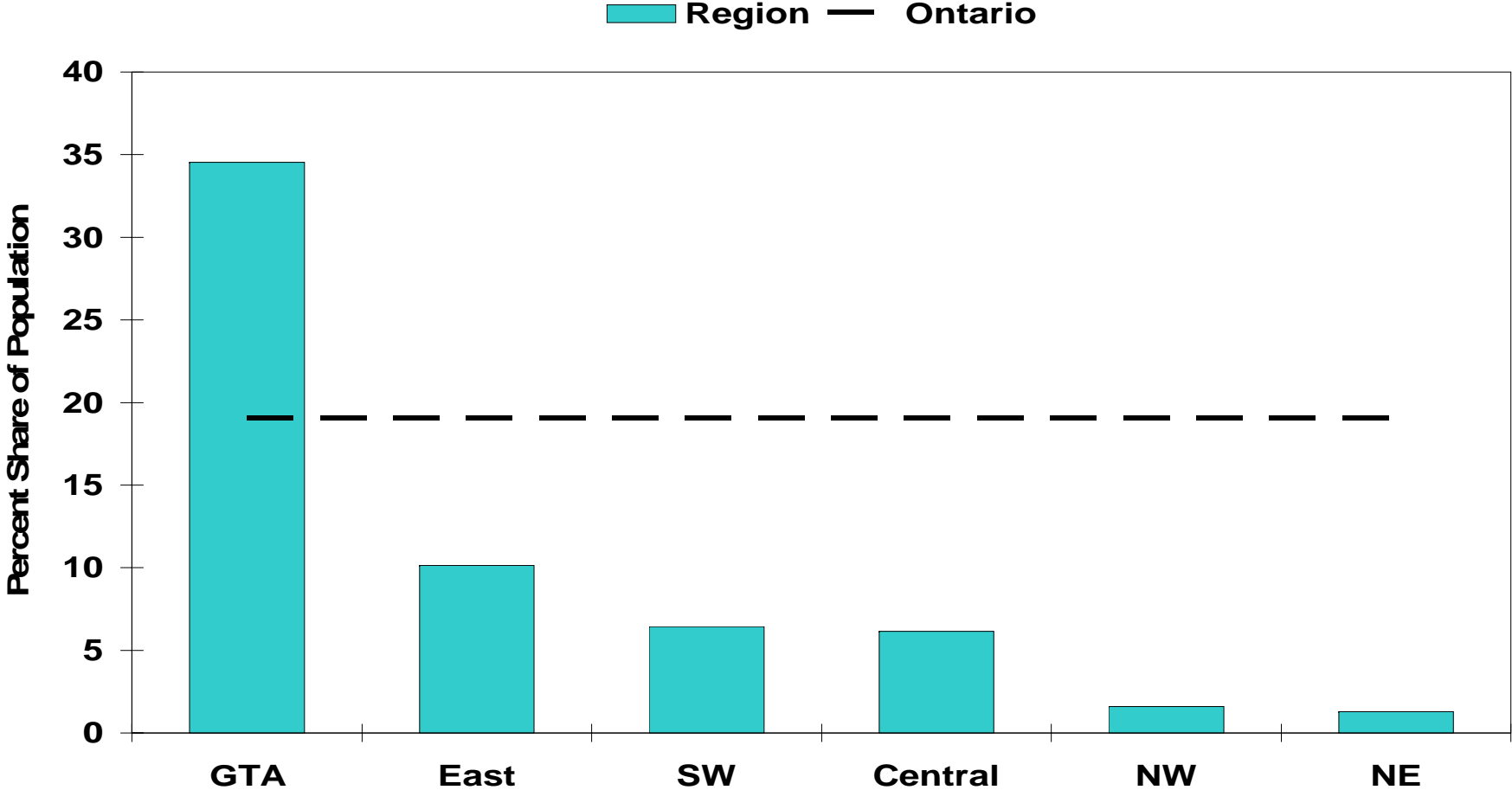


Demographic Trends - Ontario

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

Ontario

Visible Minority Population Share by Region, 2001

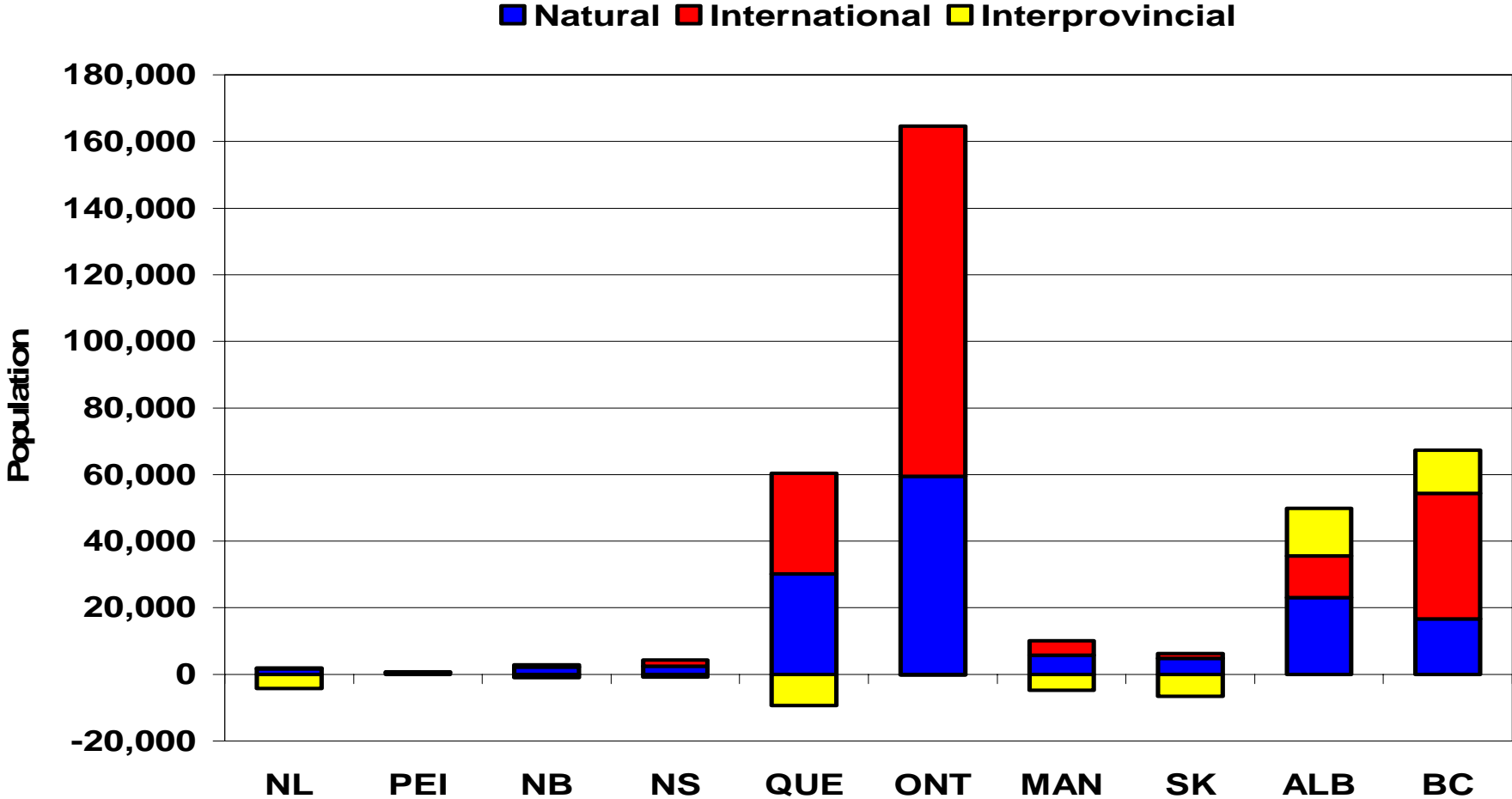


Demographic Trends - Canada

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

Canada's Provinces

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



Demographic Trends - Ontario

2006-2016

Demographic Trends - 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.**

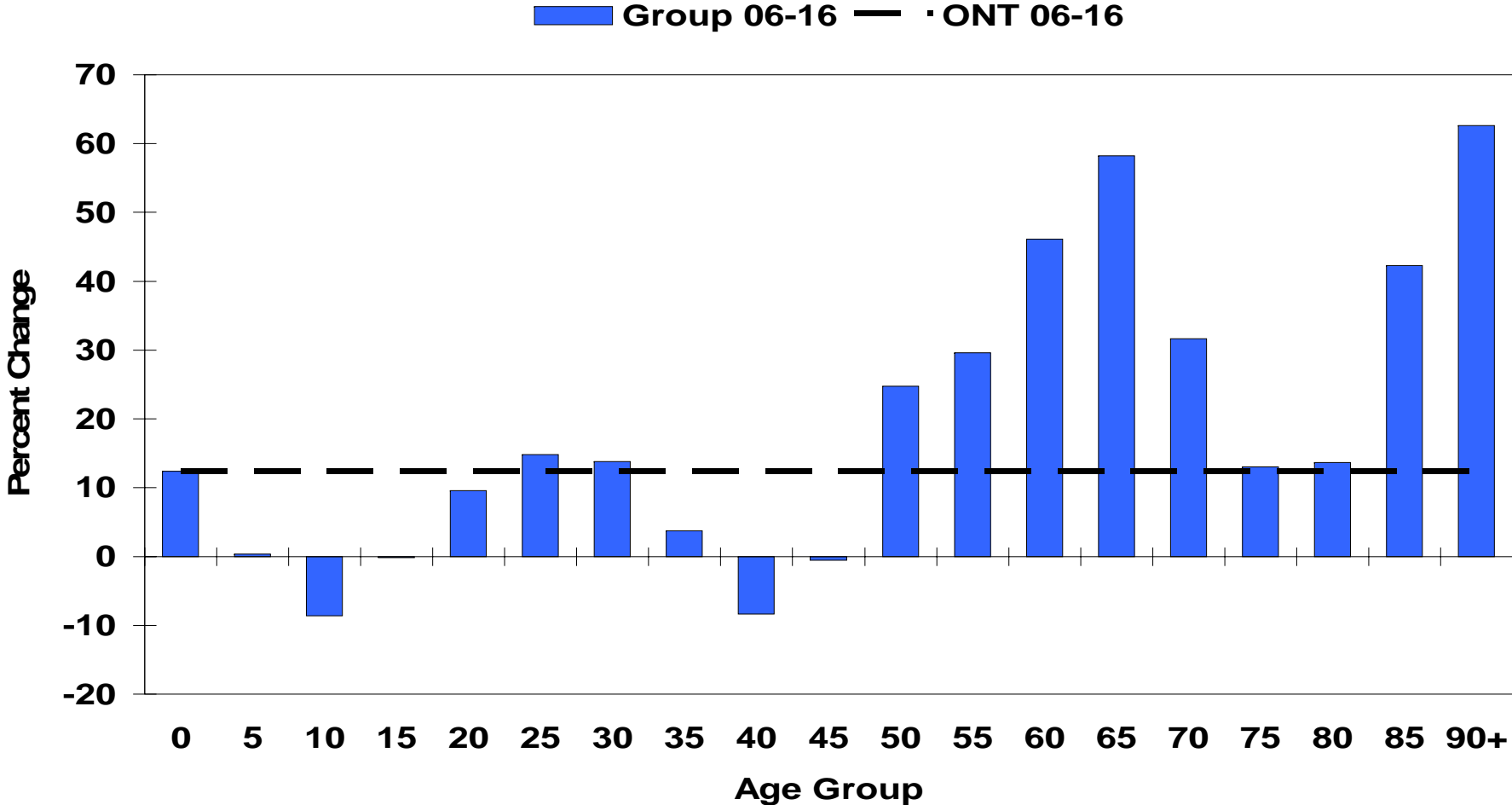
Demographic Trends - Ontario

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 Change by Age Group, 2006-16 (reference projection)

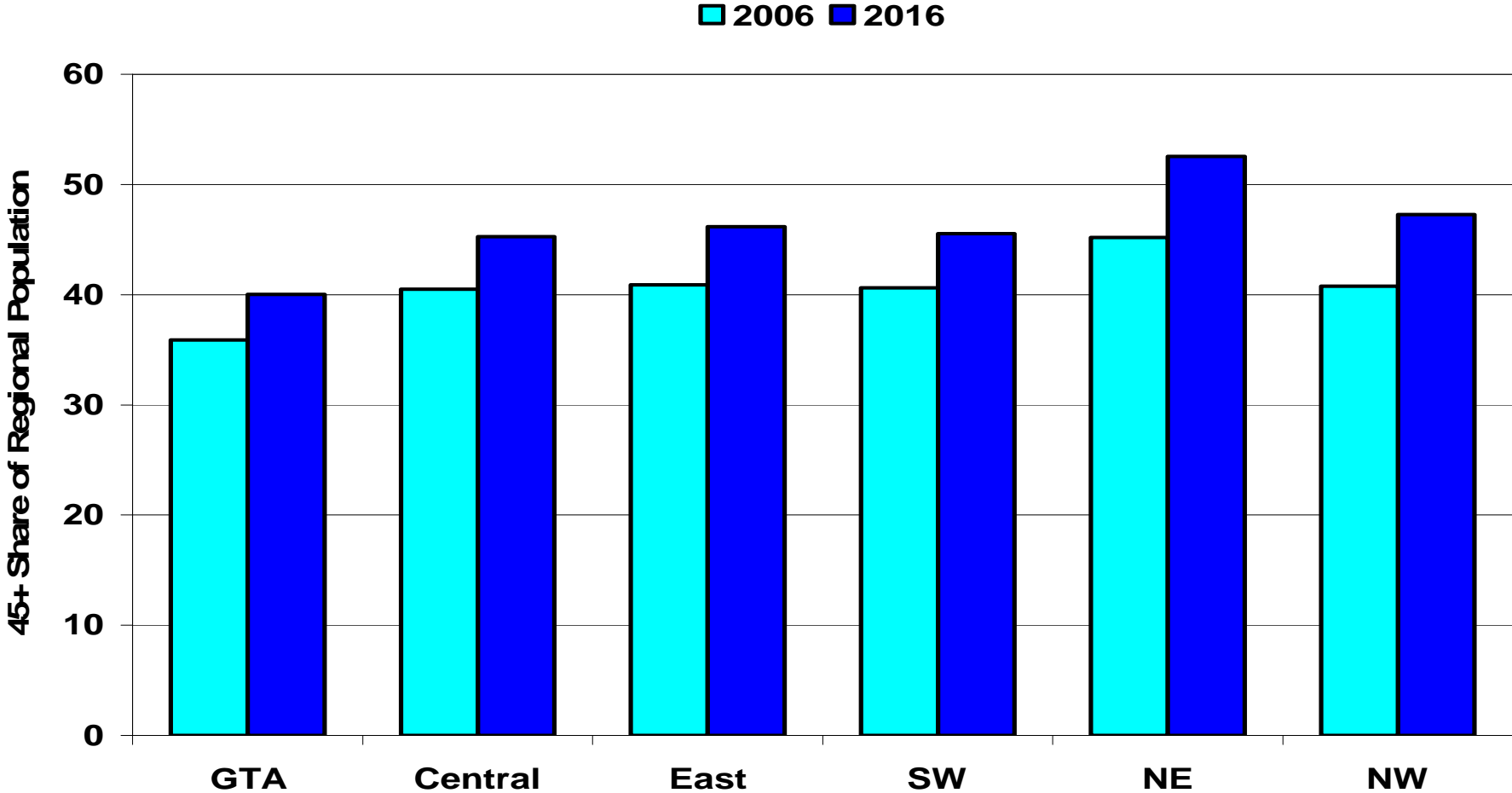


Demographic Trends - Ontario

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

Ontario

45+ Age Group Share by Region, 2006 versus 2016



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

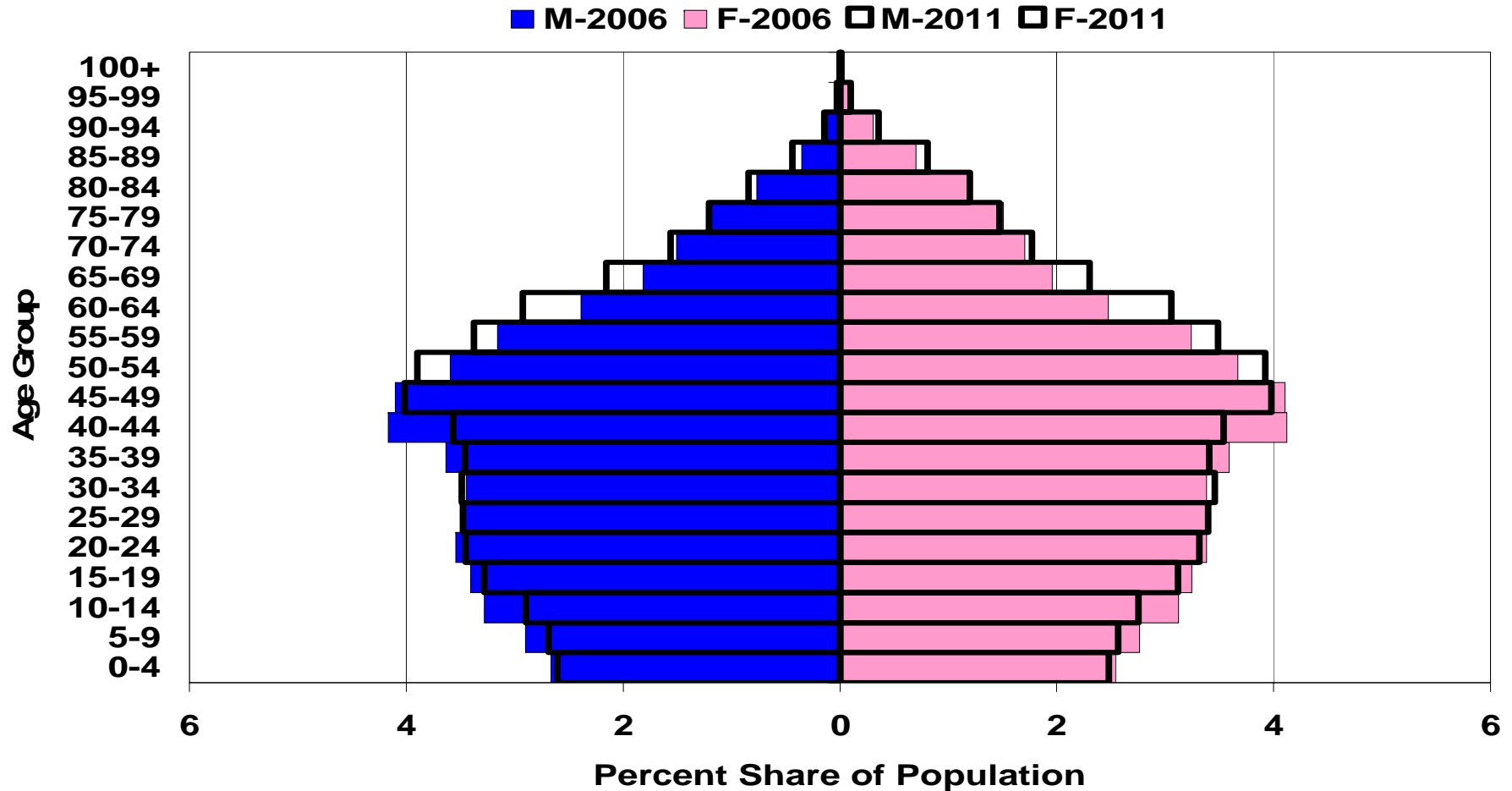
Between 2006 and 2011, 1.36 million people will be added to the population of Canada, an increase of 4.2 percent.

Demographic Trends - Canada

Between 2006 and 2011, about 1.59 million people 45 and older will be added to Canada's population. The under 45 age group will decrease by 232,000. Boomers will account for two-thirds of the 45-plus population in 2011.

Canada

Population Pyramid, 2006 (colour) versus 2011 (outline)

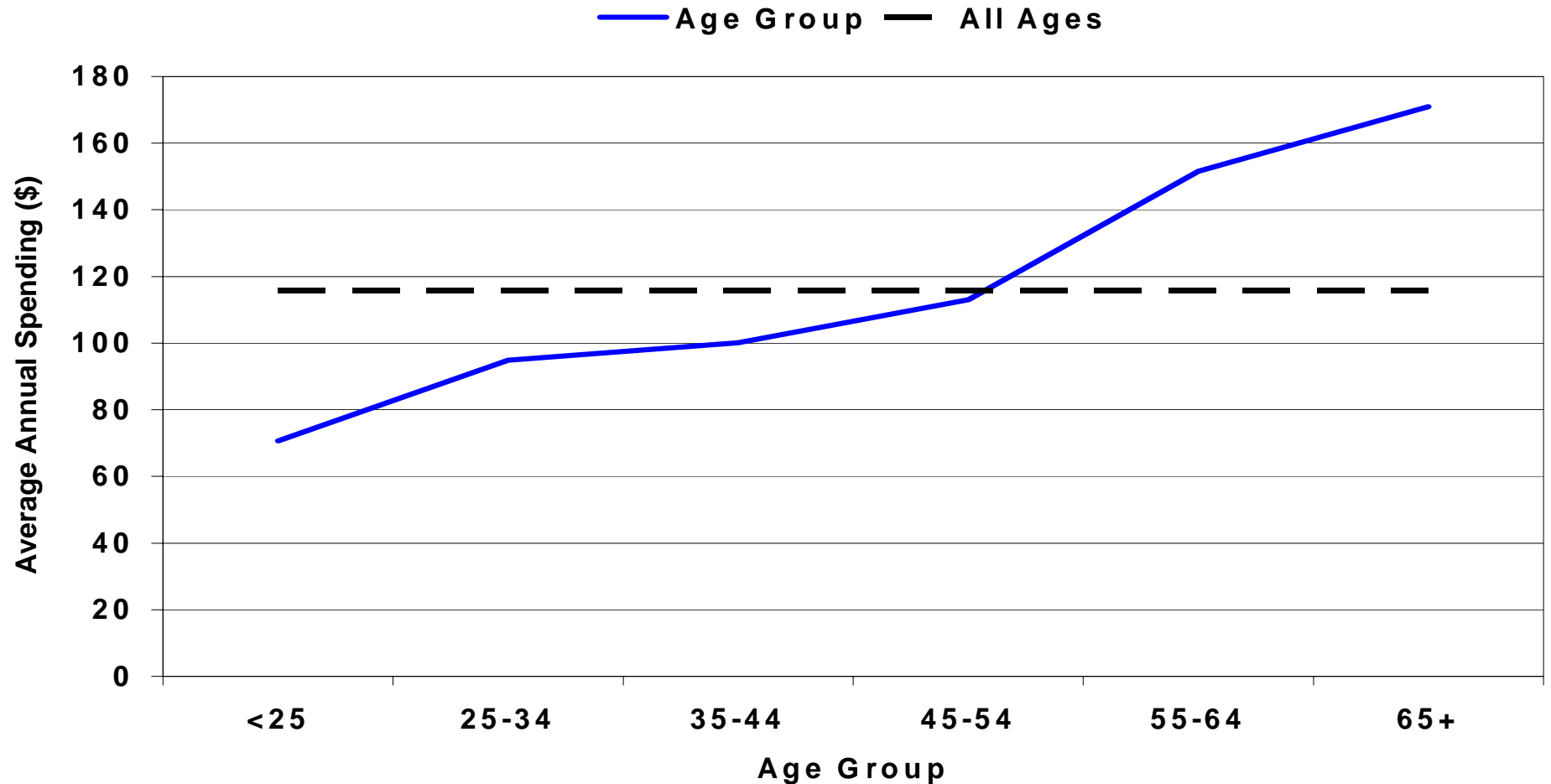


Demographic Forecasting

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 products that are important to Foodland Ontario – fresh fruit and vegetables.

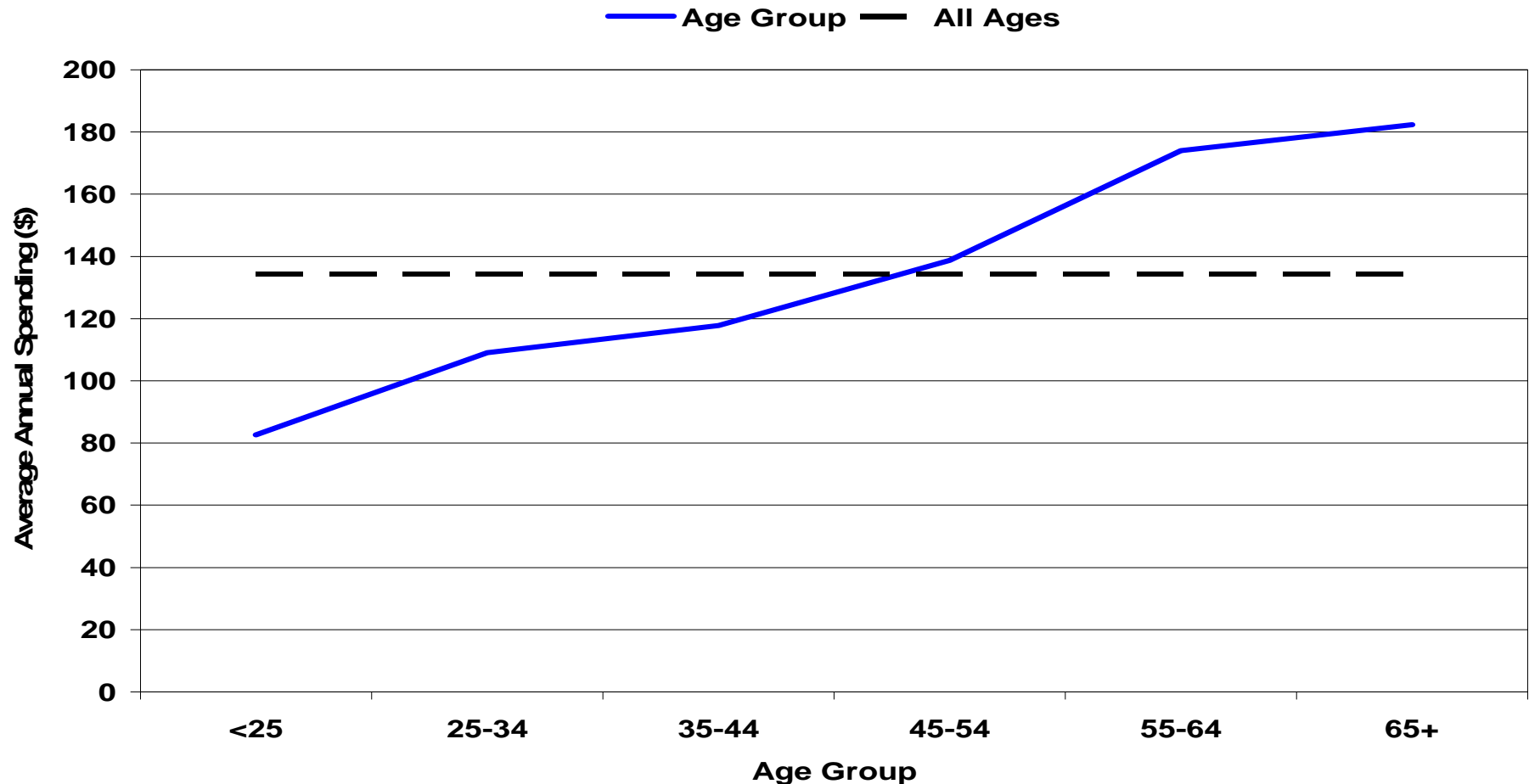
Household Food Spending

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



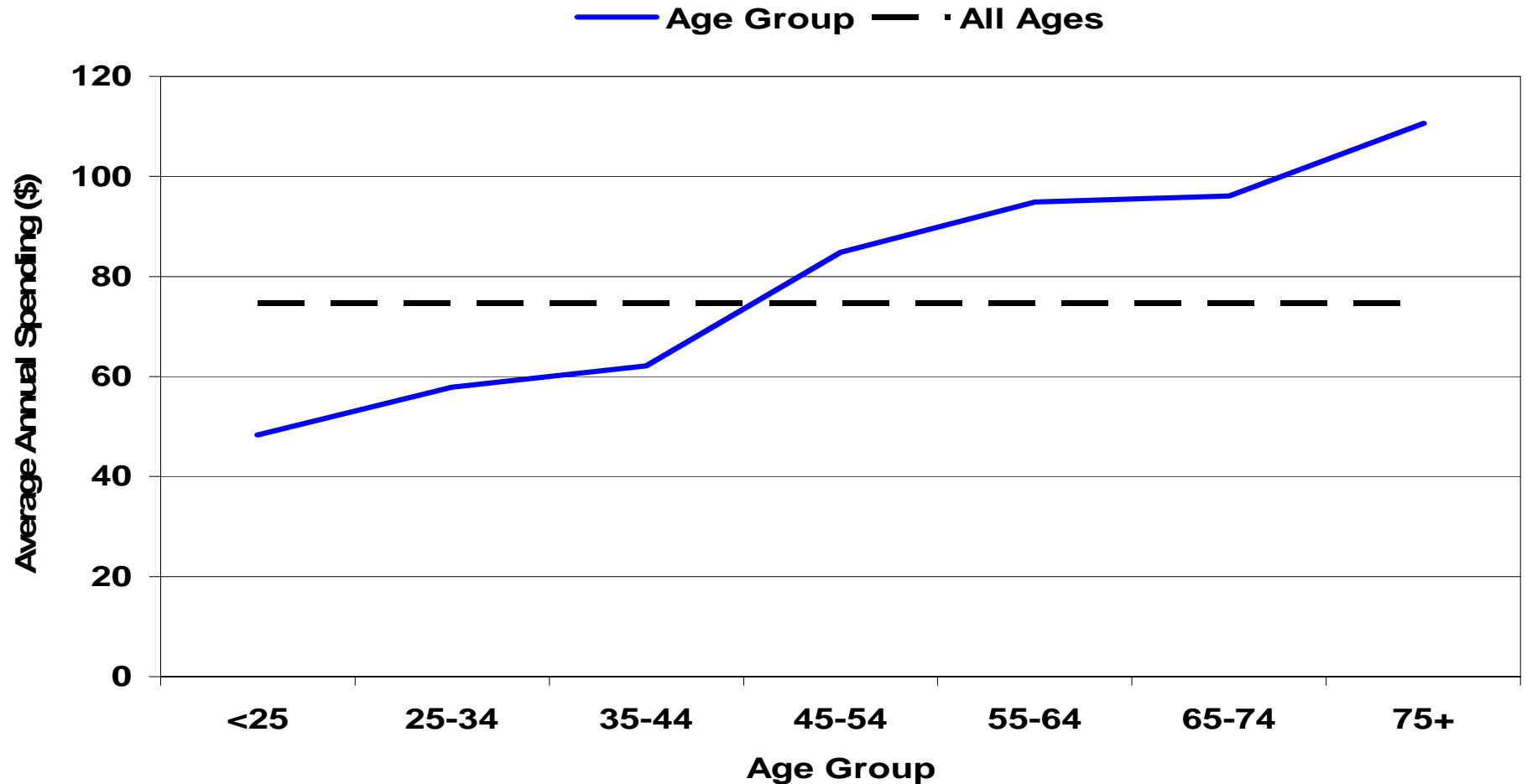
Household Food Spending

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



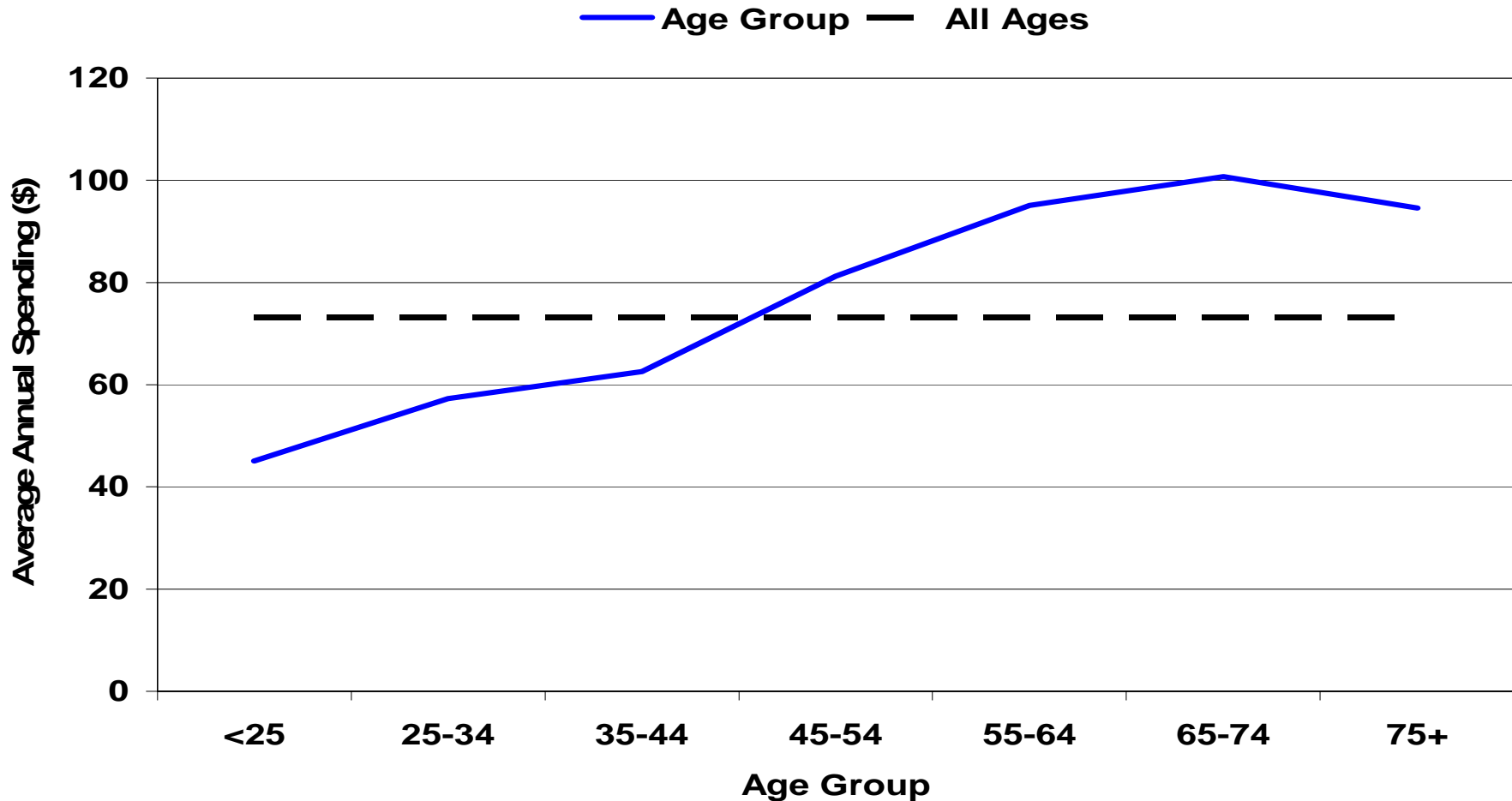
Household Food Spending

Fresh Fruit, United States, 2004 (U.S. \$ per person)



Household Food Spending

Fresh Vegetables, United States, 2004 (U.S. \$ per person)

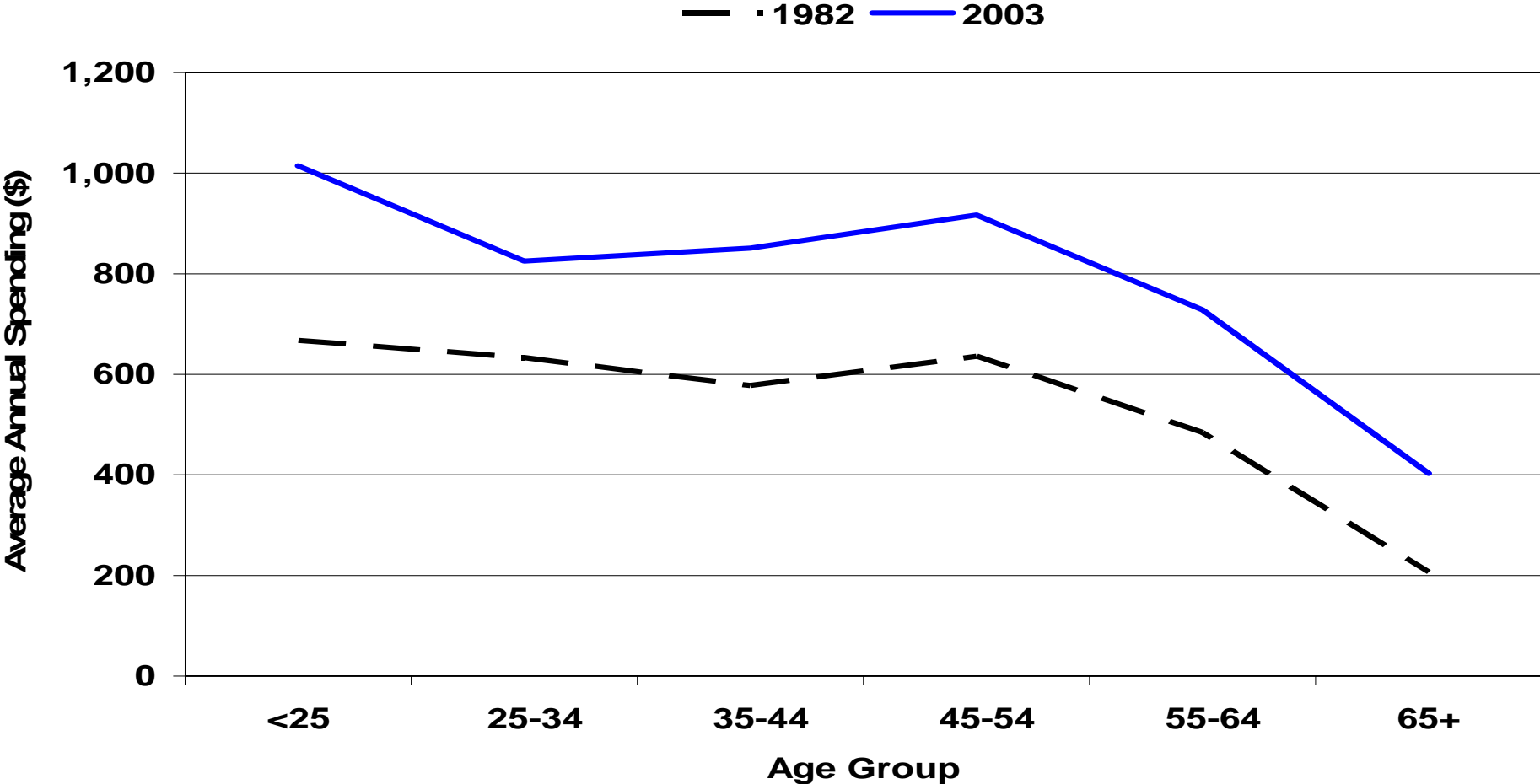


Demographic Forecasting

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)

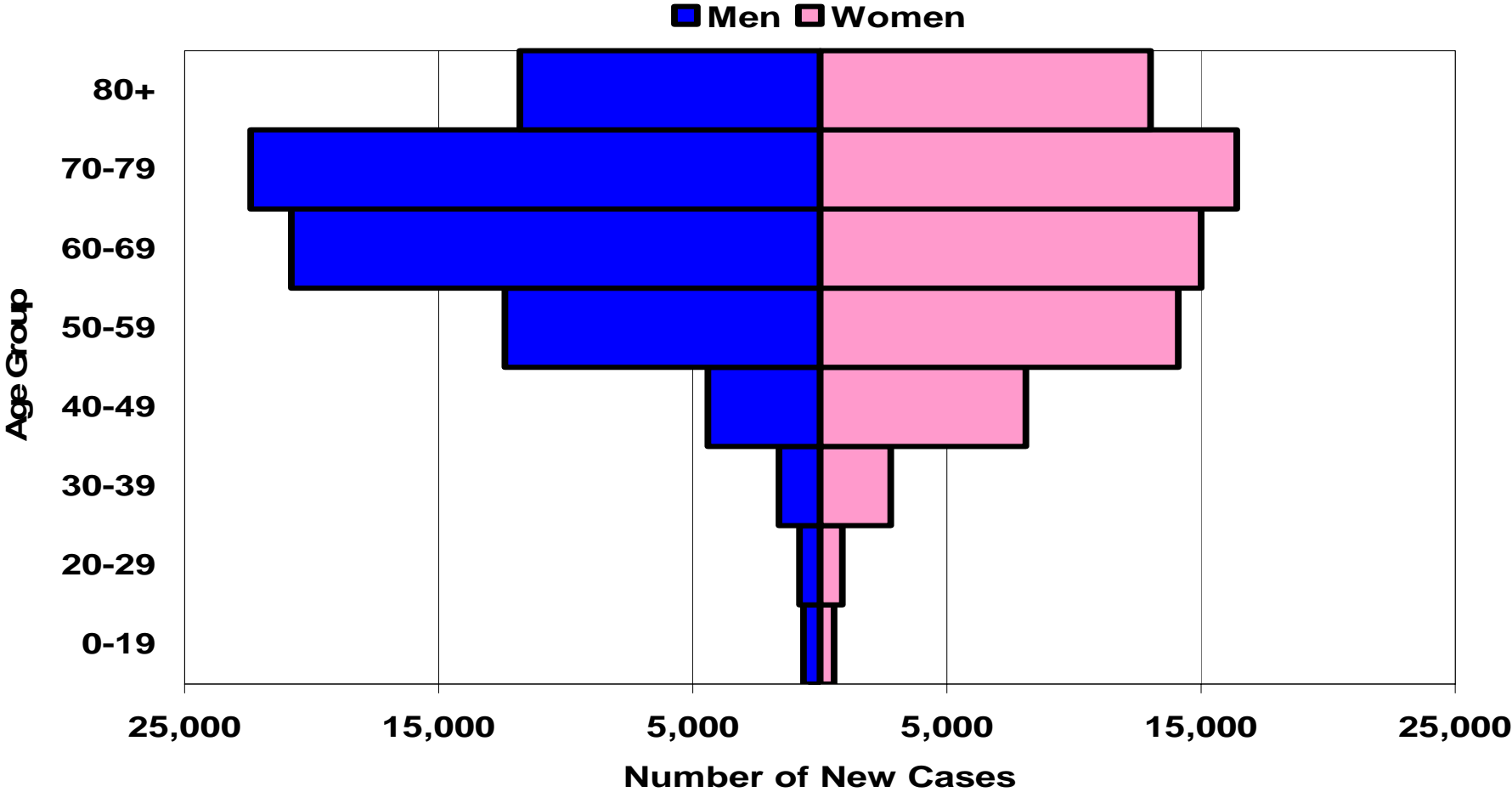
	Relative Growth Index	45+ Share (%)
Prescribed medicines and pharmaceuticals	157	70.3
Government-run lotteries	144	67.3
Other medicines and pharmaceuticals	120	56.5
Fertilizers, soil and soil conditioners	114	55.4
Pet food	104	47.3
Paper, plastic and foil household supplies	99	47.1
Household cleaning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

Demographic Trends - Canada

A concern with the link between food and health underlies the results of our demographic forecast..

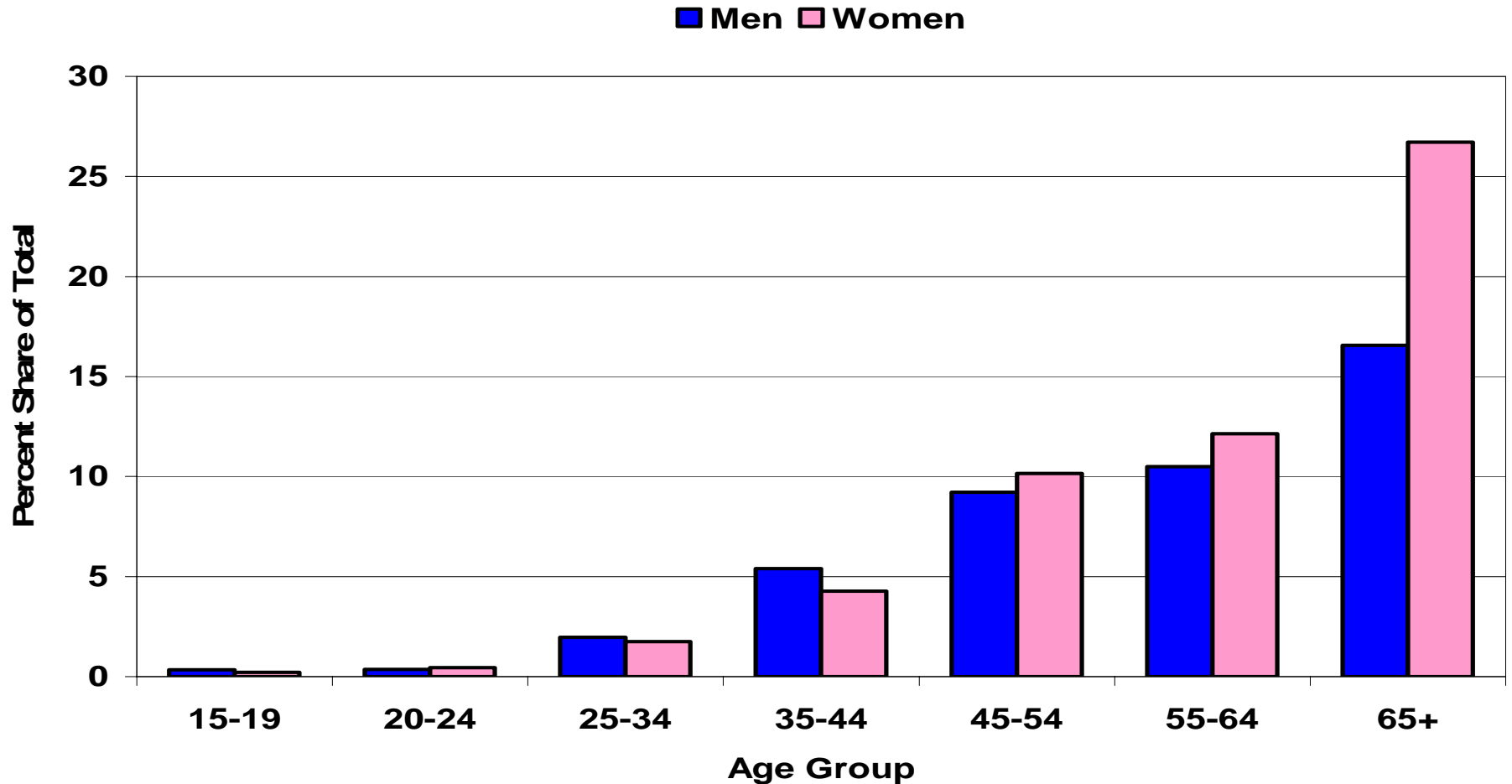
Canada

New Cancer Cases, 2004



Canada

High Blood Pressure, 2000-2001 (percent share of total)

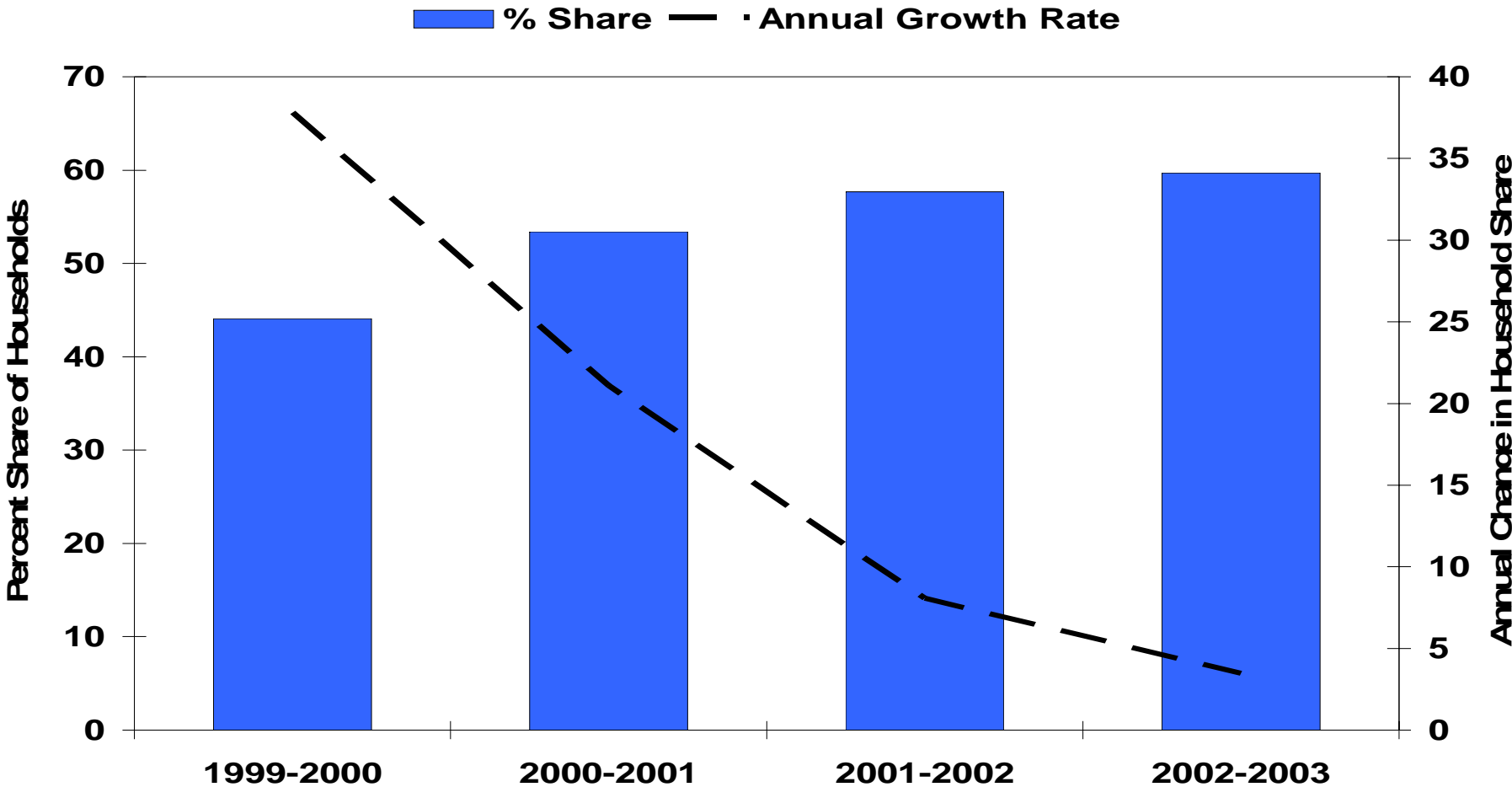


Demographics and the Internet

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.

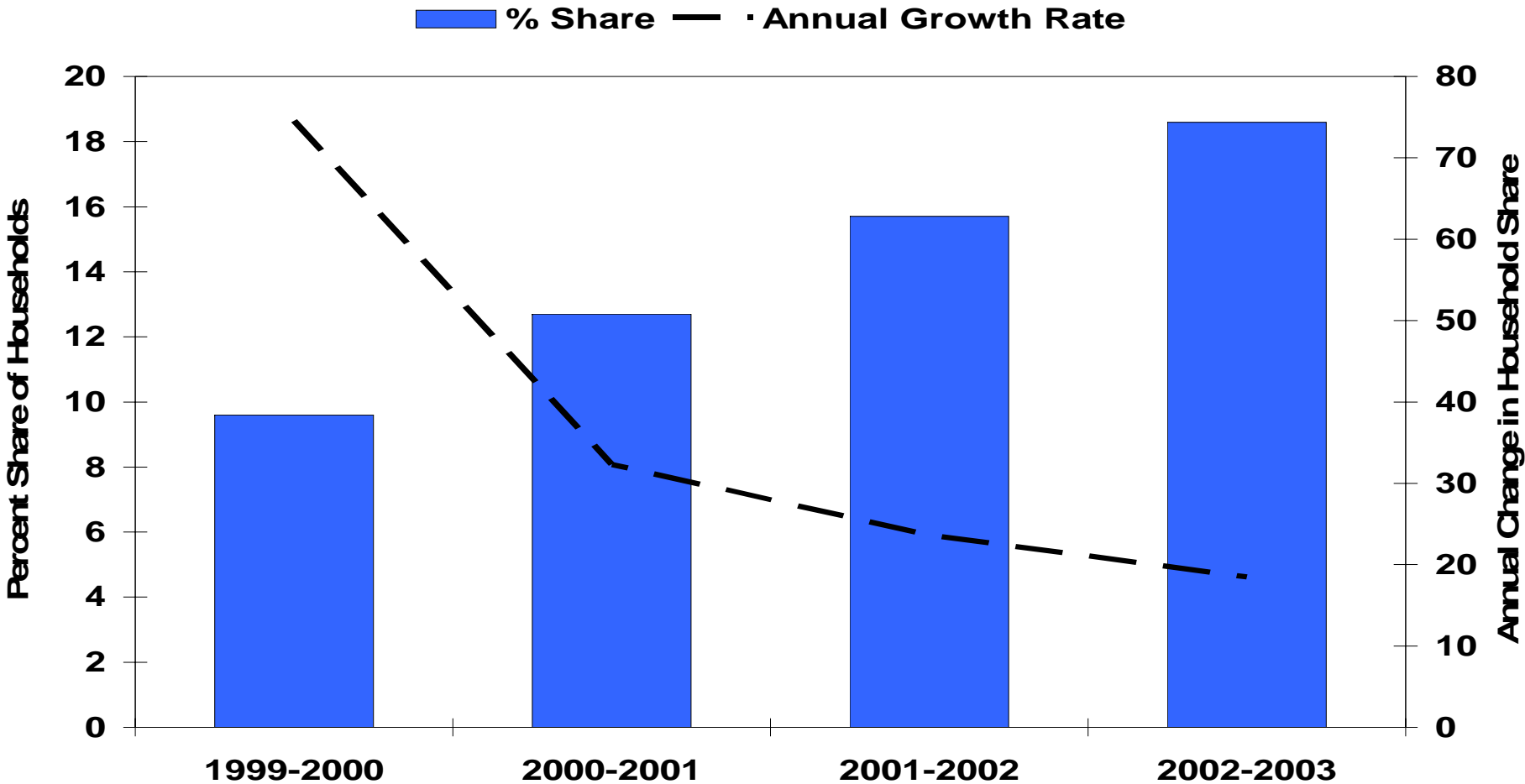
Home Internet Use - Ontario

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

Applying Demographics to Business Strategy

What should you remember about this presentation?

1. Demographics as the foundation of strategy:
 - In-depth comparative and historical analysis
 - Segmentation by age, ethnicity, and geography
2. Be challenged not intimidated by the implications of demographic trends:
 - Magnitude and direction of demographic pressure
 - Creativity

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