

---

# ***Thinking About Tomorrow -- Today: The Implications of Demographic Trends for the Cultural Sector***

A Presentation to the

***Ontario Ministry of Culture***  
Staff Team-building Event  
Ontario Science Centre

By

Richard Loreto, Ph.D.  
President, R.A.L. Consulting Limited

Toronto, Ontario  
September 5, 2007



# 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
  - » 29.7 percent of Ontario's population
- **Bust:** 1967-1979
  - » 28-40 in 2007
  - » 18.6 percent of Ontario's population
- **Echo:** 1980-1995
  - » 12-27 in 2007
  - » 21.6 percent of Ontario's population

# Today's Presentation

---

- “Lessons” from demographics:
  - » Population change:
    - Aging
    - Diversity
    - Regional trends
  - » Shifting demand (“demographic pressure”) for cultural products and services
  - » Aging of the labour market
  - » Marketing tools: “old school” versus “new wave”

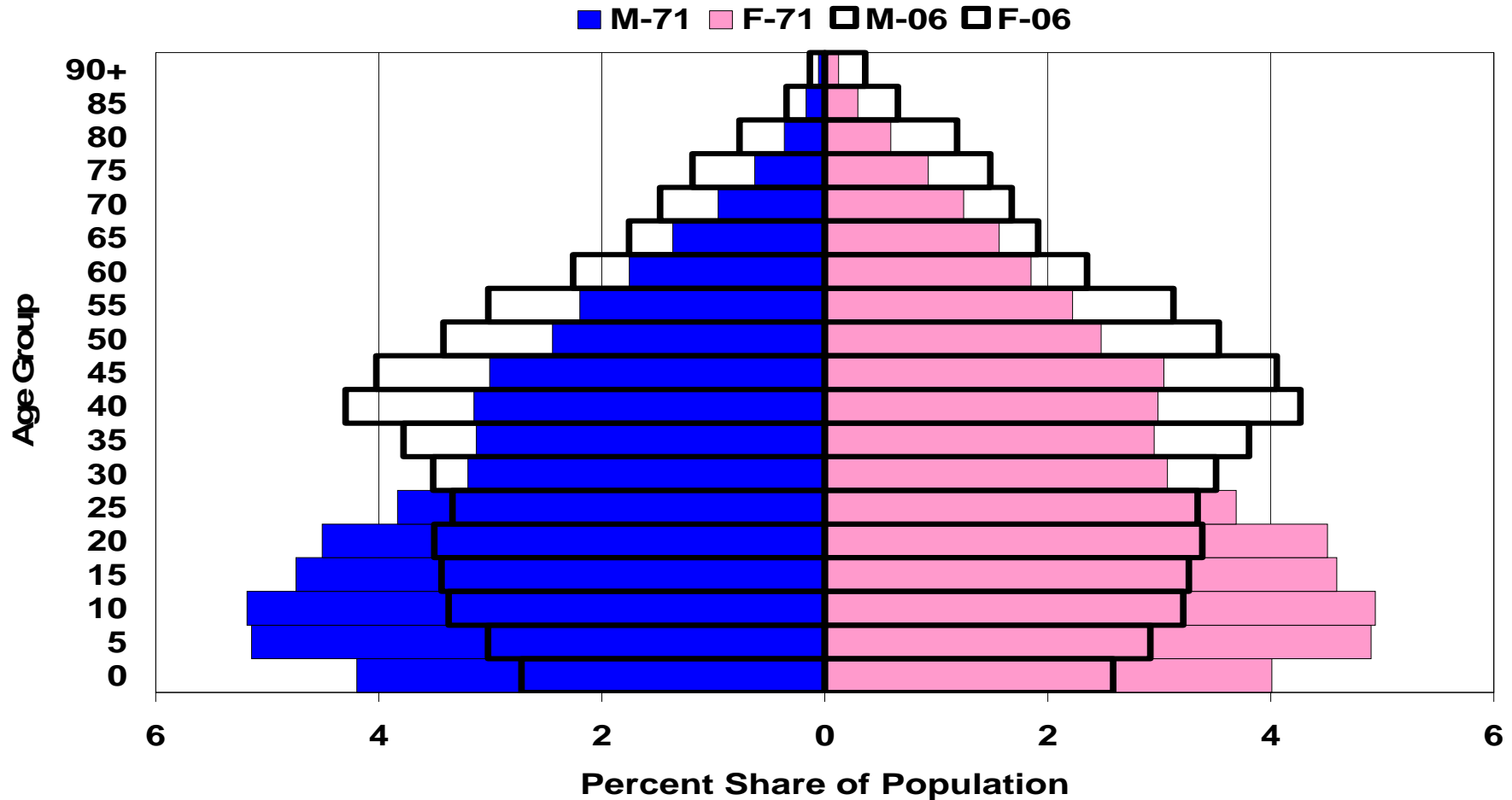
# Demographic Trends - Ontario

---

**Since 1971, Ontario's population has increased by 62 percent. It has also been aging. In 1971, 27 percent of Ontario's residents were 45-plus; by 2006, 39 percent.**

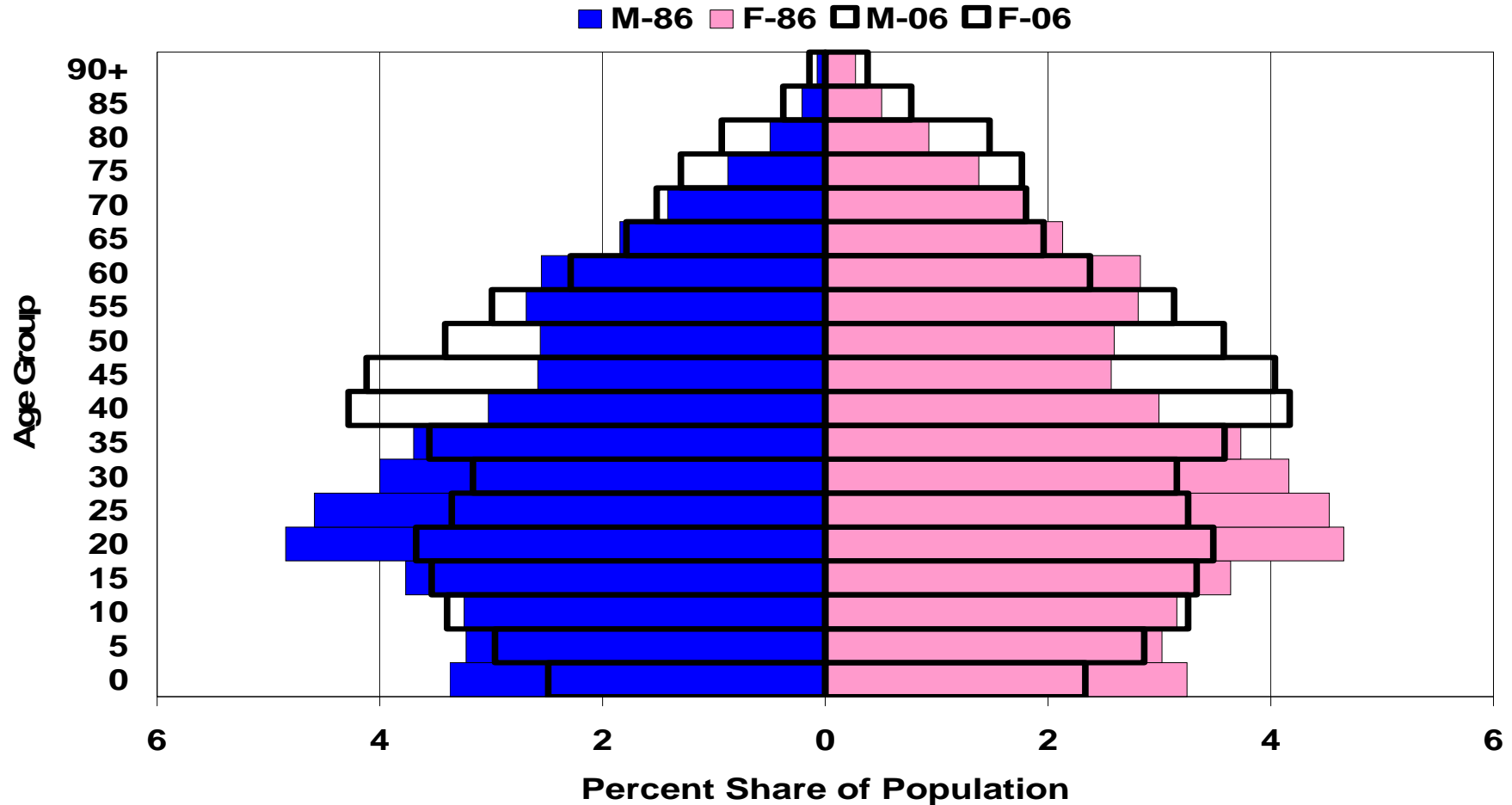
# Ontario

## Population Pyramid, 1971 (colour) versus 2006 (outline)



# City of Hamilton

## Population Pyramid, 1986 (colour) versus 2006 (outline)



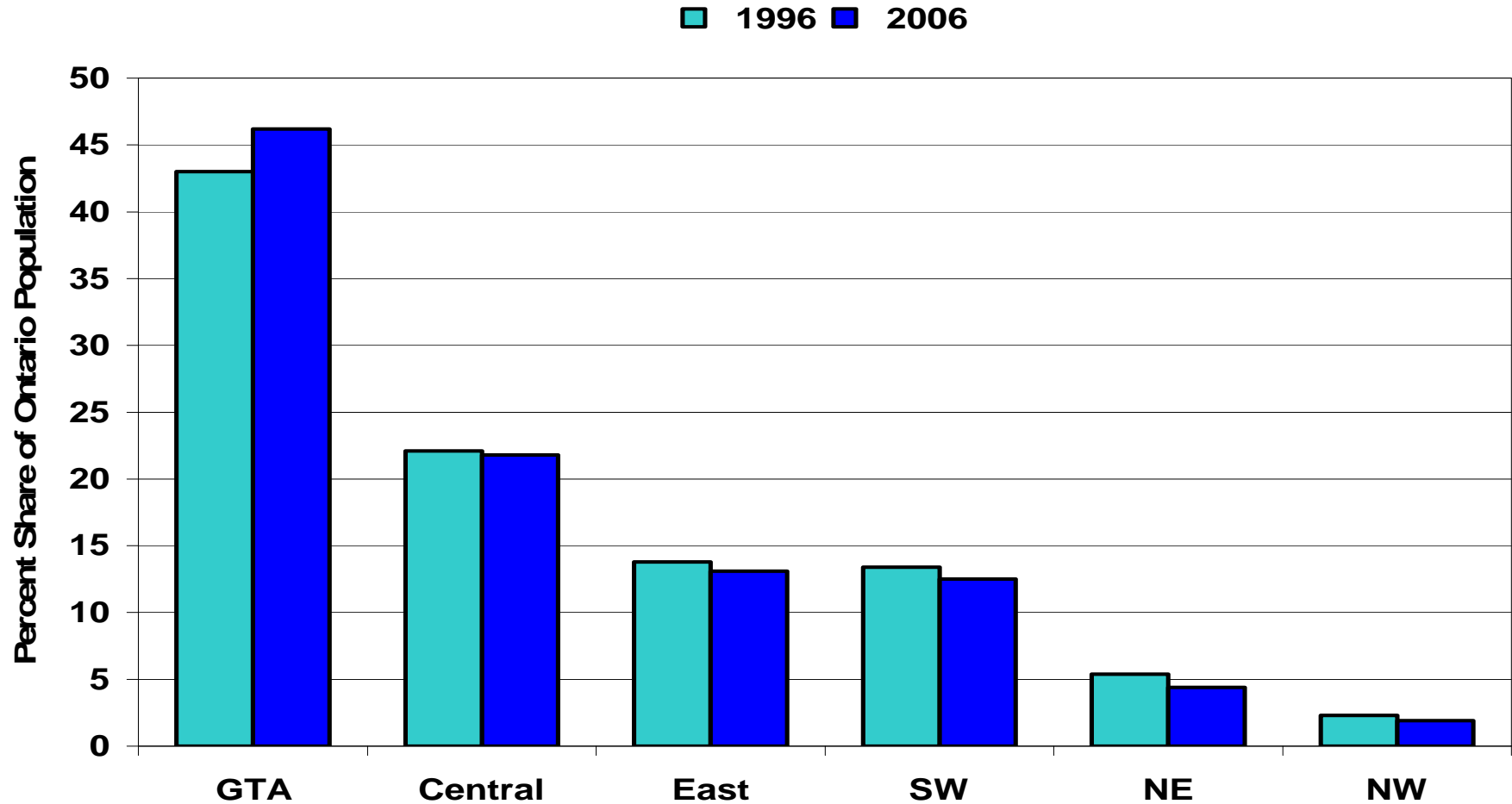
# Demographic Trends - Ontario

---

**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



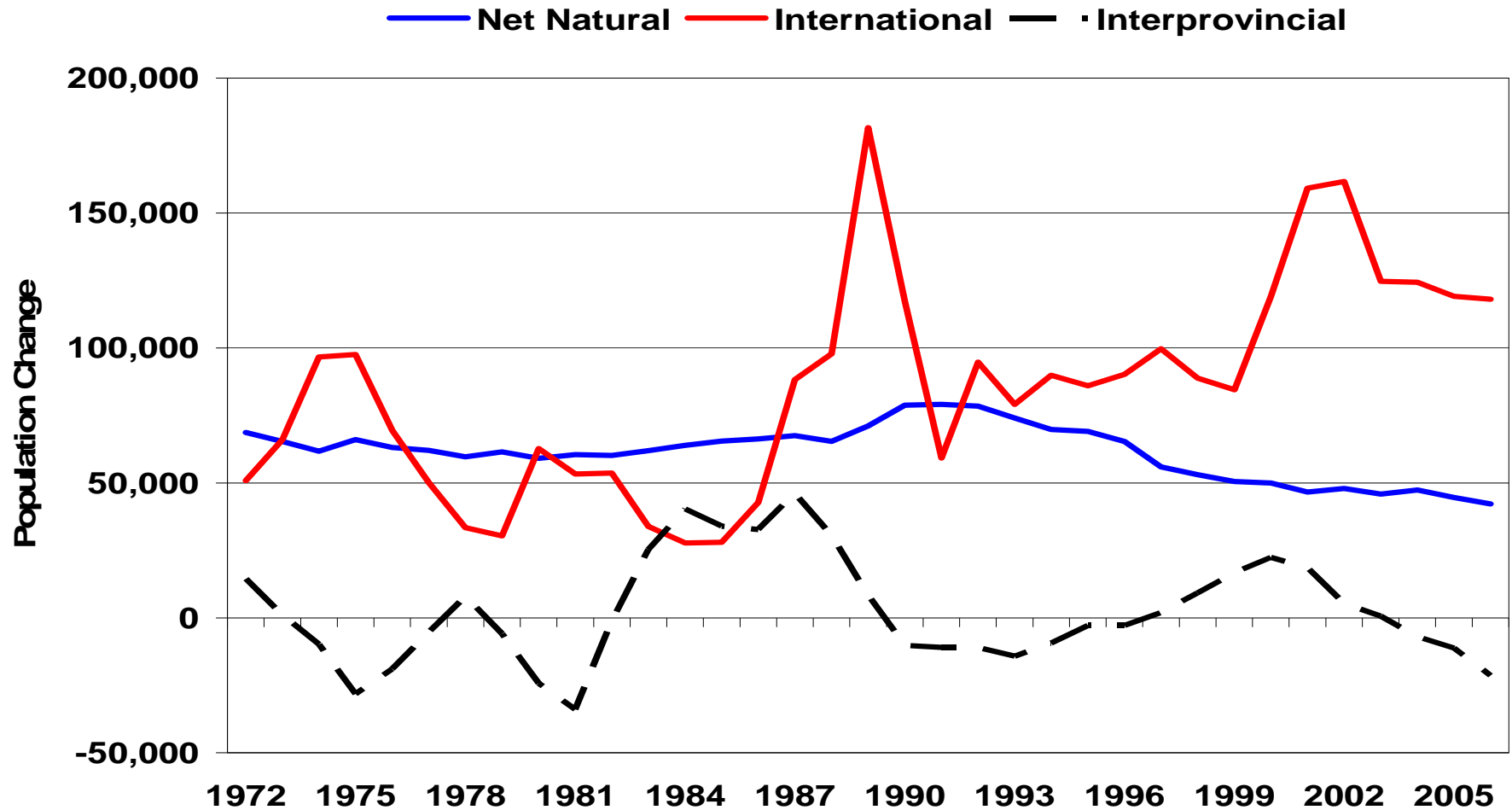
# Demographic Trends - Ontario

---

**Between 1990 and 2006,  
international migration  
increasingly drove the growth  
and ethnic/racial diversification  
of Ontario's population.**

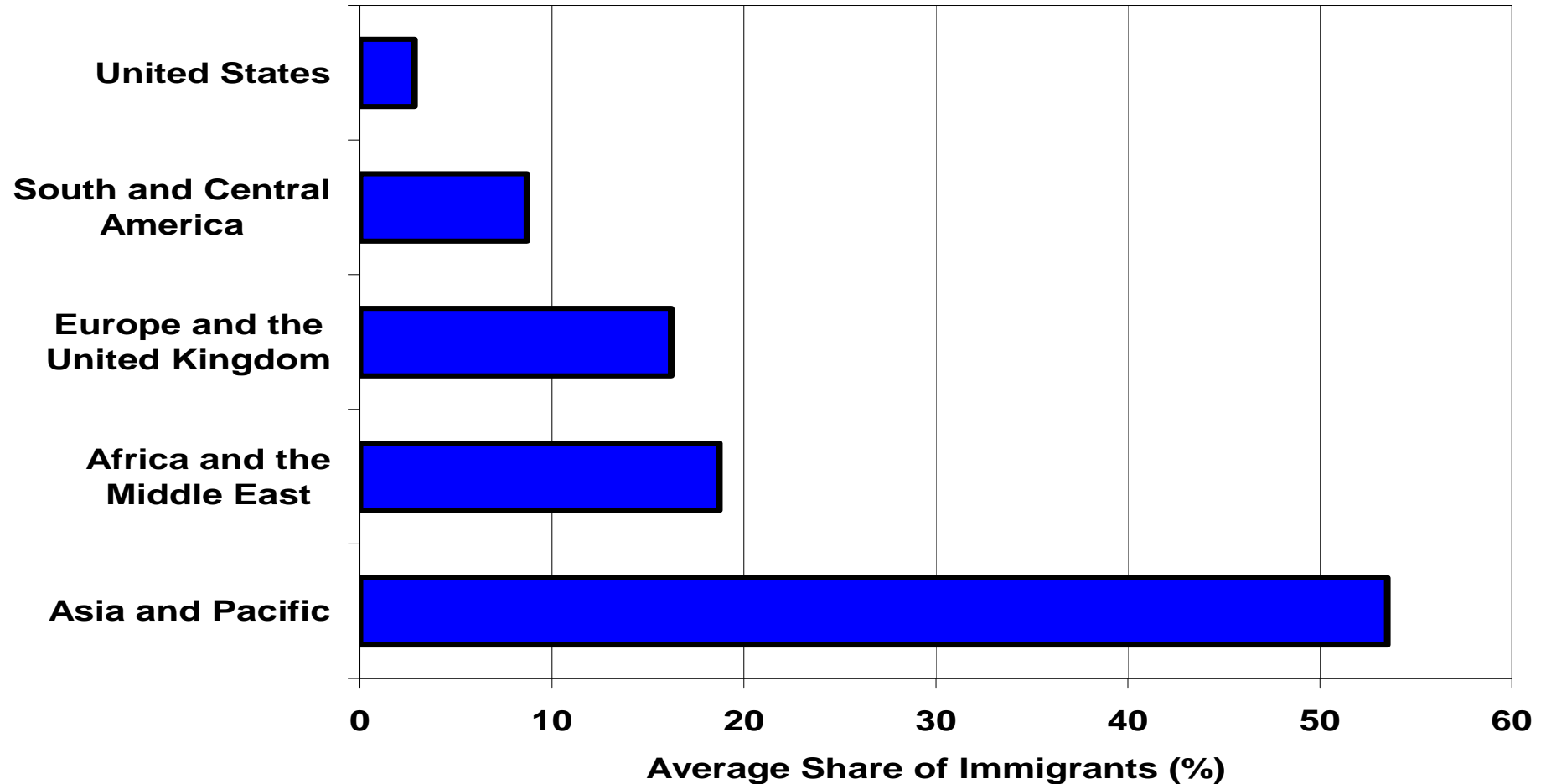
# Ontario

## Population Change by Source, 1972-2006



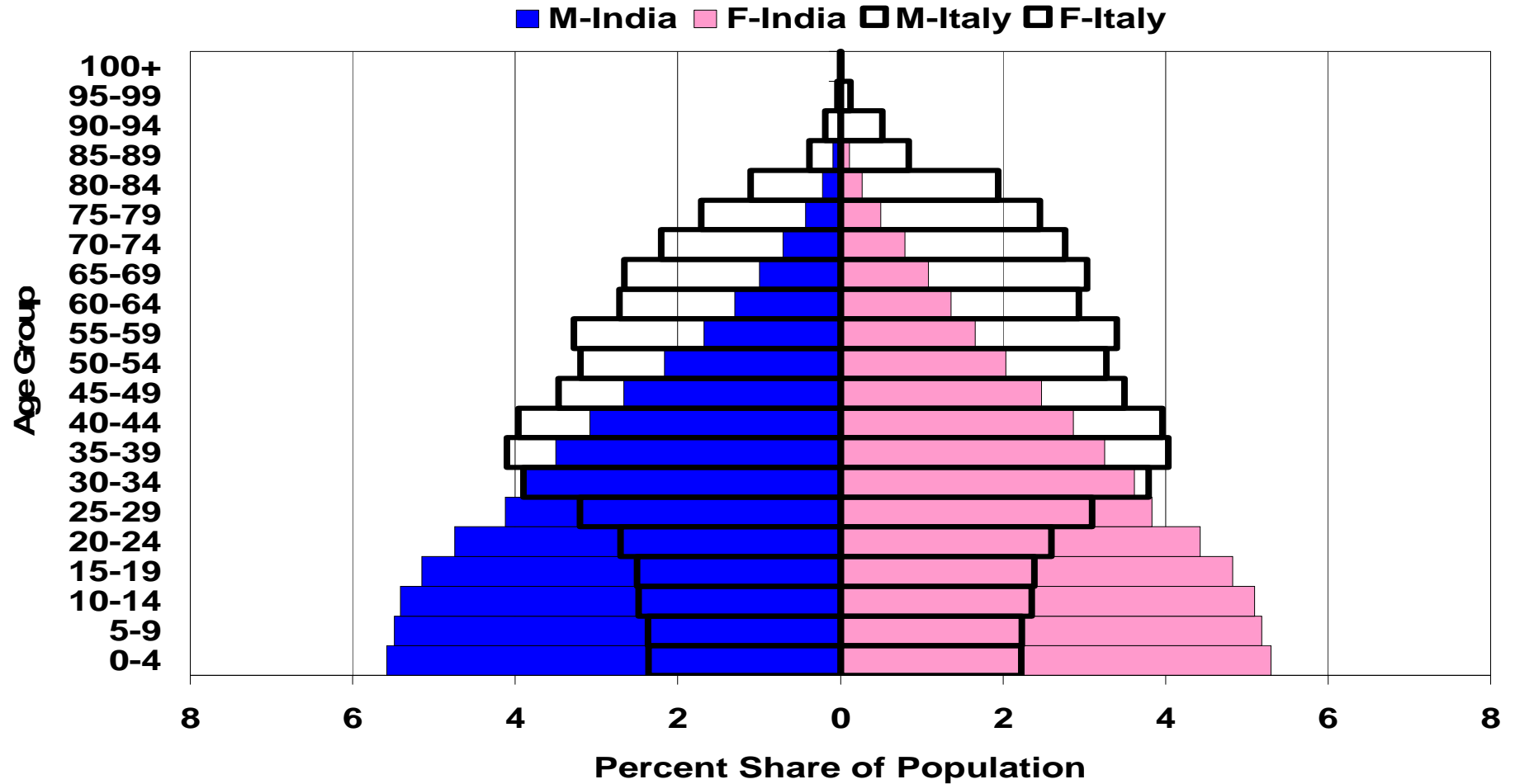
# Ontario

## Average Share of Immigrants by Source Region, 1997-2006



# Population Pyramid

## Italy versus India, 2005 (percent)



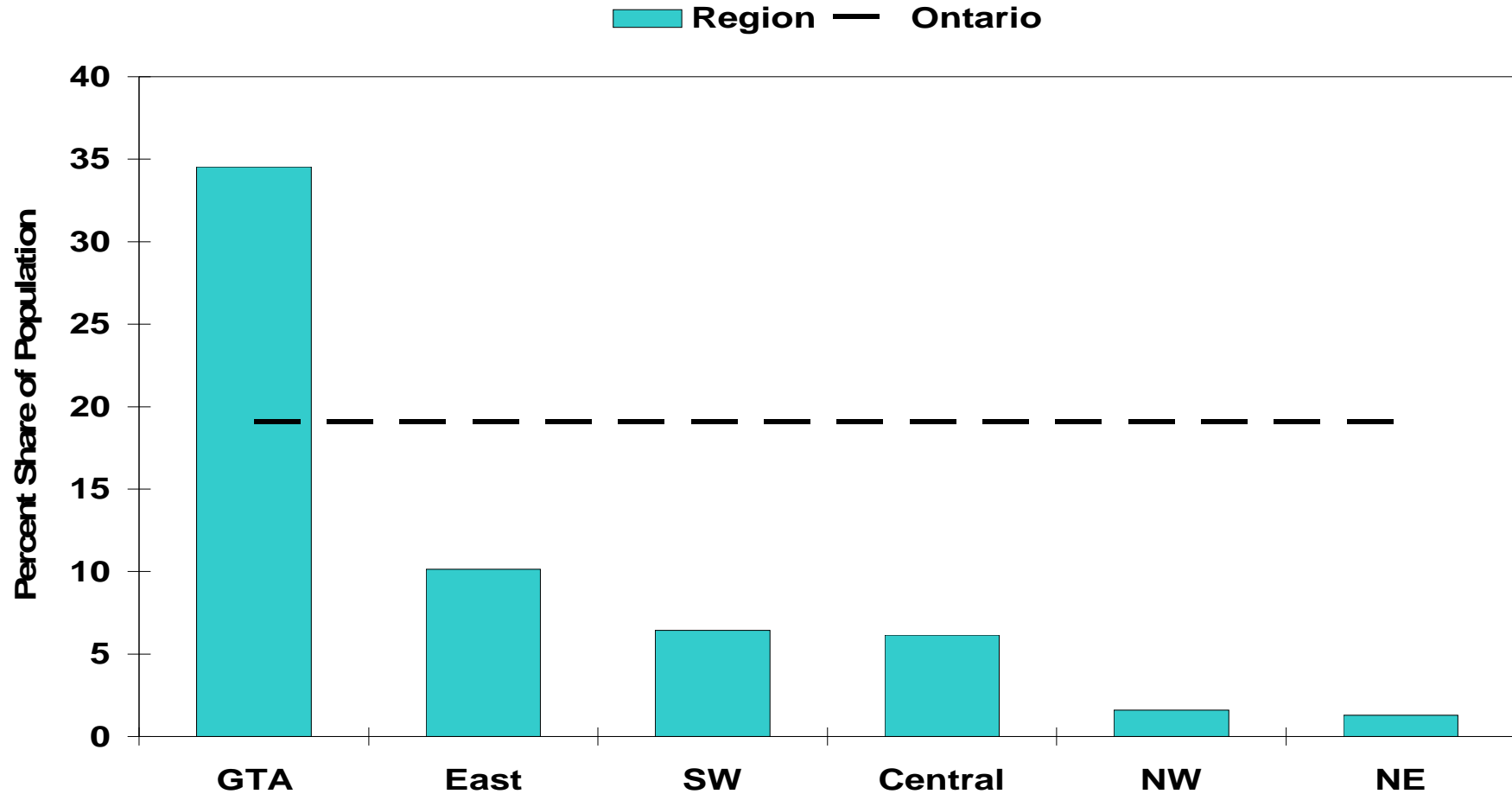
# Demographic Trends - Ontario

---

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

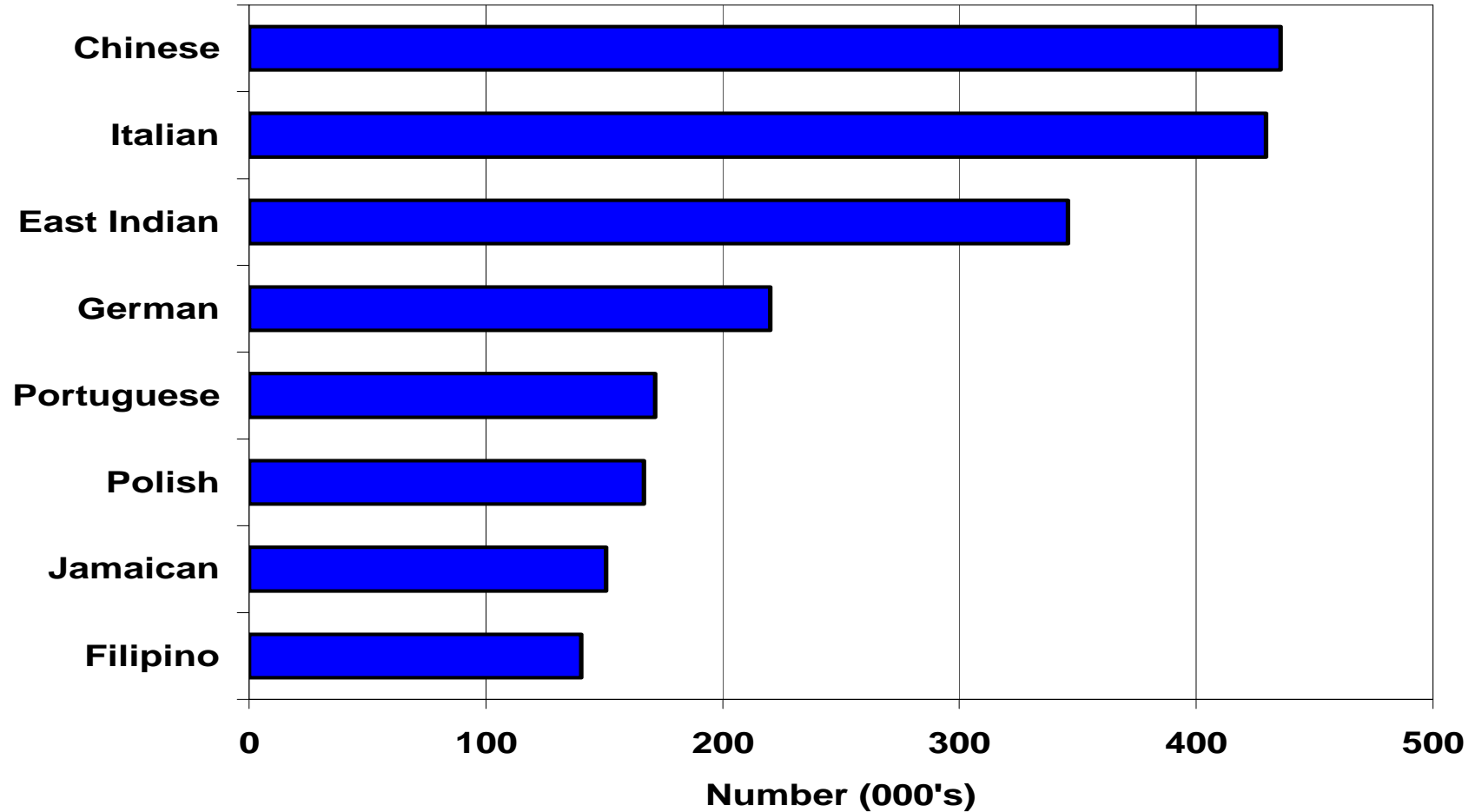
# Ontario

## Visible Minority Population Share by Region, 2001



# Major Ethnic Groups

Toronto CMA, 2001 (thousands)



# Demographic Projections

---

***2007-2017***

# Reference Projection - Ontario

Year	Total Population	Median Age (Years)	Age Group (%)		
			0-14	15-64	65+
2006-2007	12,687.0	38.2	17.8	69.2	12.9
2007-2008	12,804.5	38.5	17.5	69.4	13.1
2008-2009	12,942.1	38.8	17.3	69.5	13.3
2009-2010	13,093.9	39.0	17.0	69.5	13.4
2010-2011	13,260.2	39.2	16.8	69.6	13.6
2011-2012	13,426.2	39.4	16.5	69.7	13.8
2012-2013	13,591.7	39.6	16.4	69.5	14.2
2013-2014	13,756.6	39.8	16.2	69.3	14.5
2014-2015	13,921.0	39.9	16.1	69.1	14.8
2015-2016	14,084.8	40.1	16.0	68.9	15.1
2016-2017	14,248.0	40.2	16.0	68.6	15.4

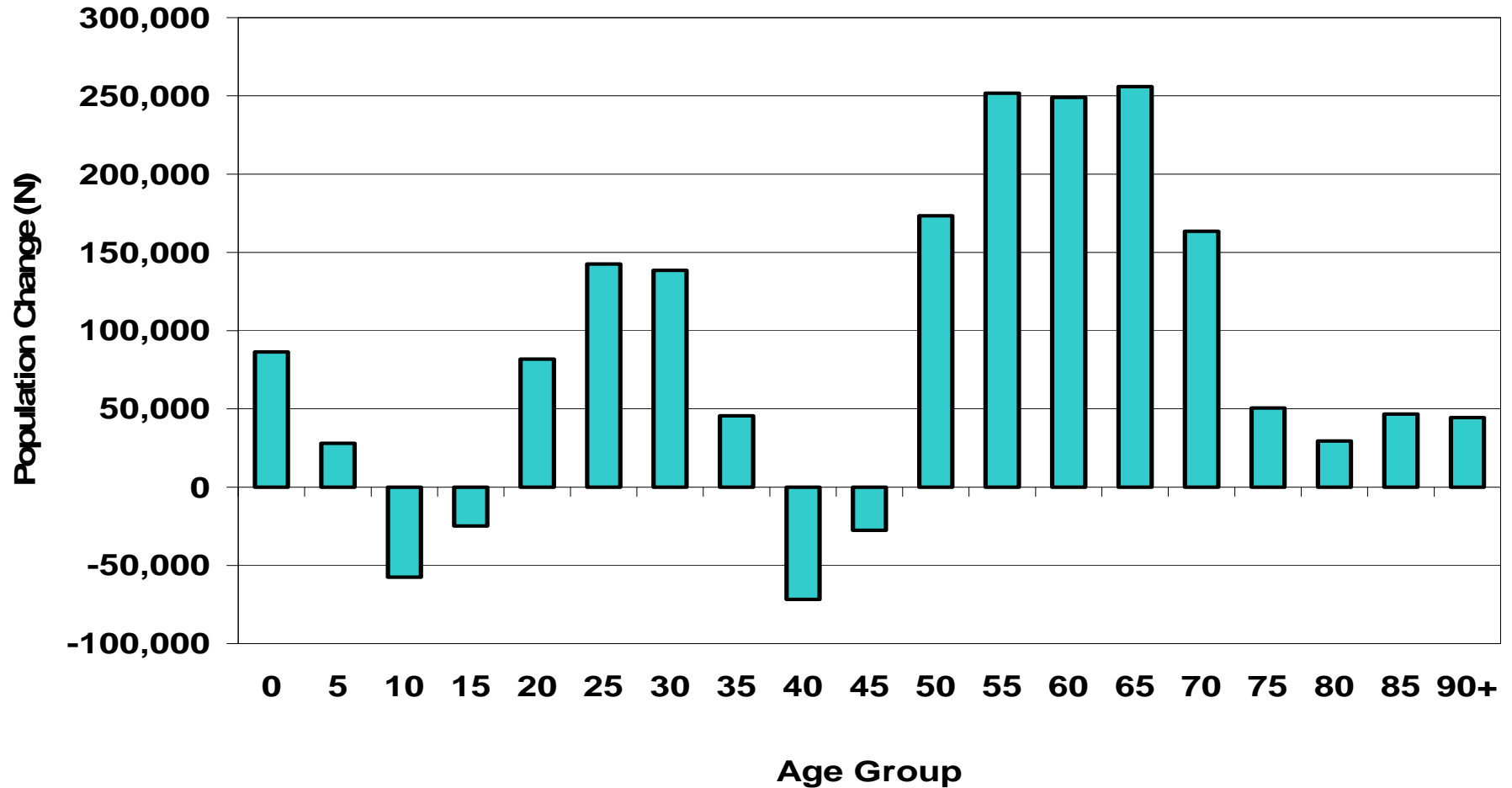
# Demographic Projections - Ontario

---

**Ontario's 45+ population will account for over three-quarters of the population growth between 2007 and 2017. The 45+ population share will increase from 39% to 44%.**

# Ontario Population

## Projected Change by Age Group, 2007-17 (N)



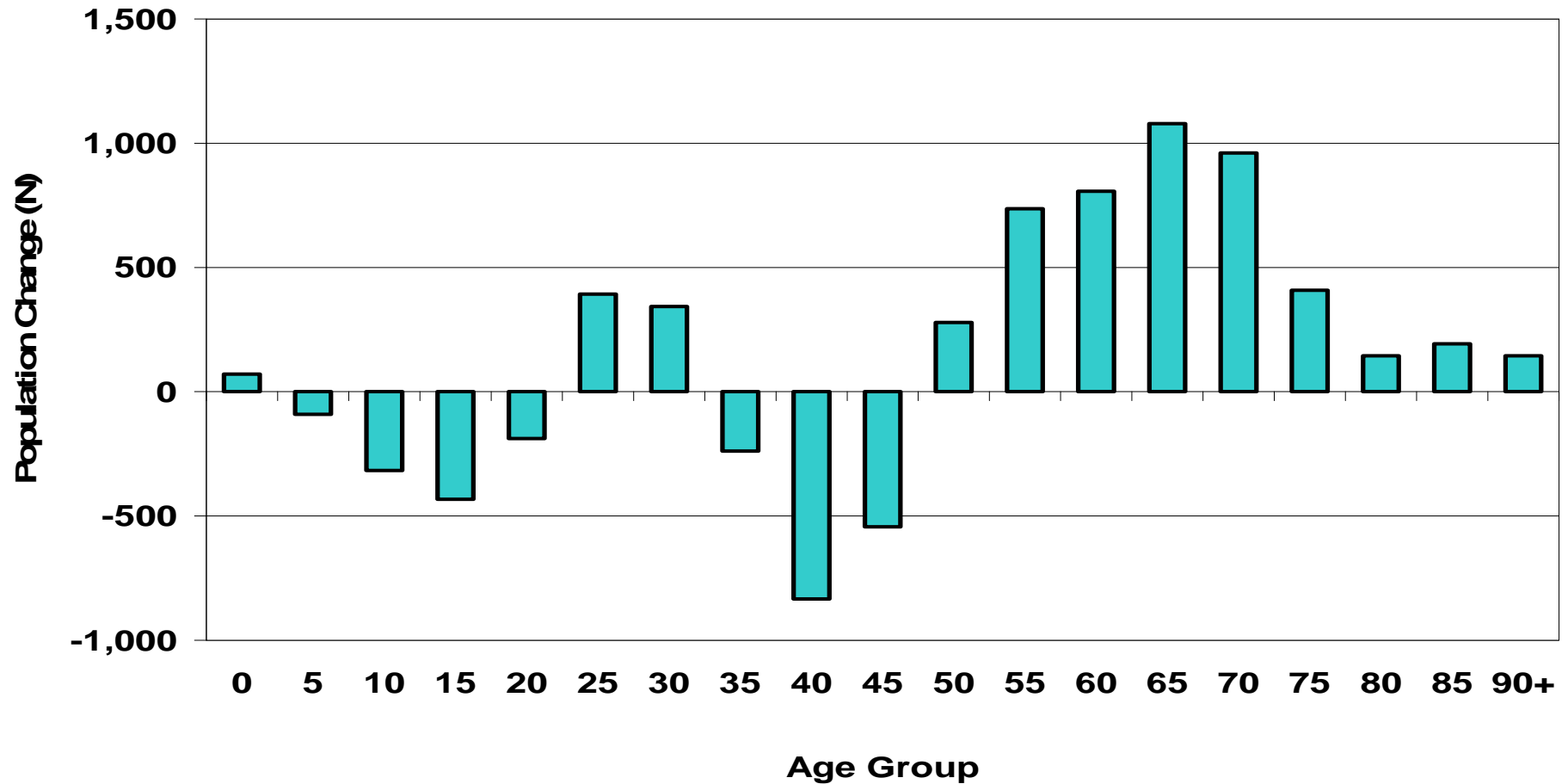
# Demographic Projections - Ontario

---

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

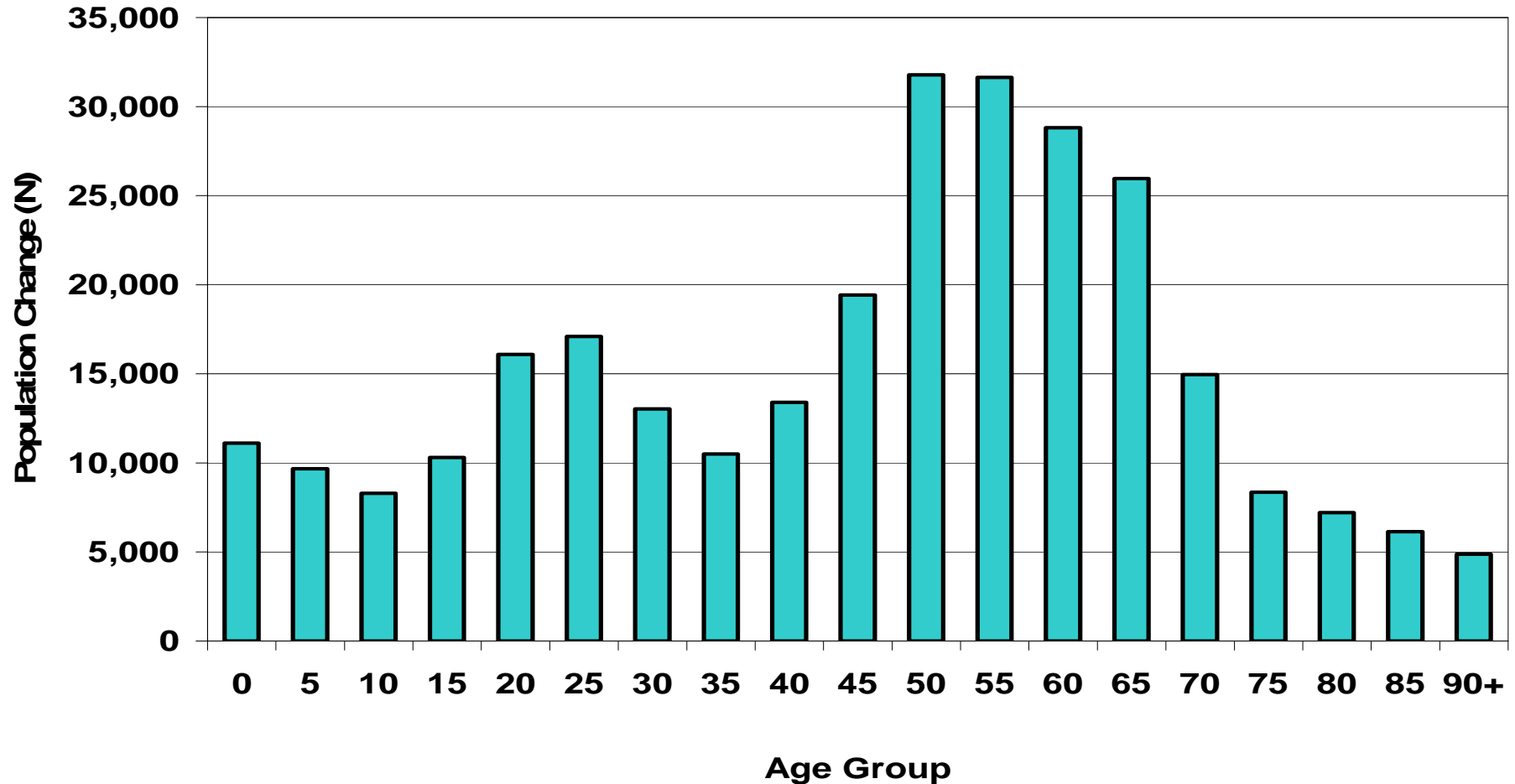
# Parry Sound

## Projected Change by Age Group, 2007-17



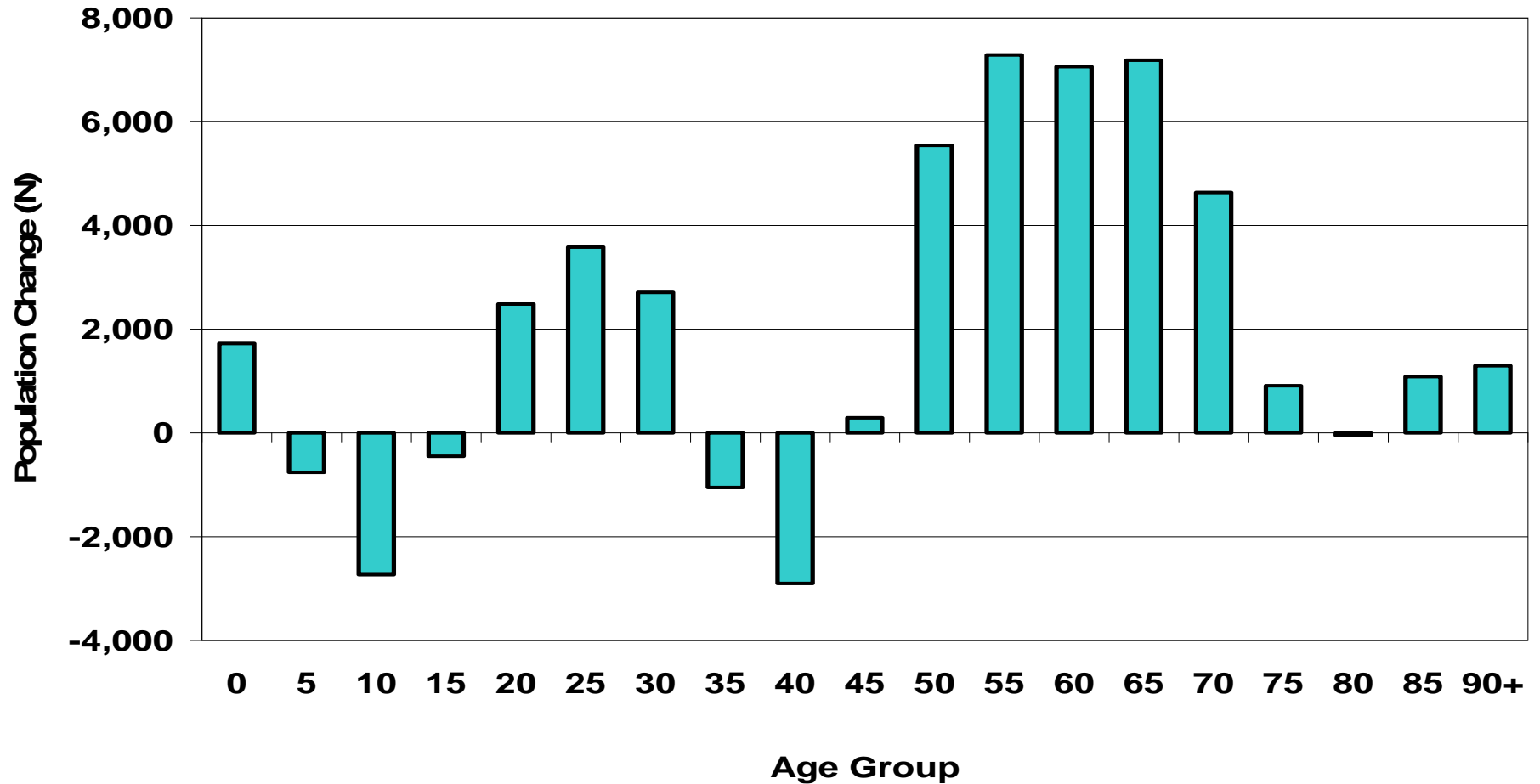
# York Region

## Projected Change by Age Group, 2007-17



# Essex County

## Projected Change by Age Group, 2007-17



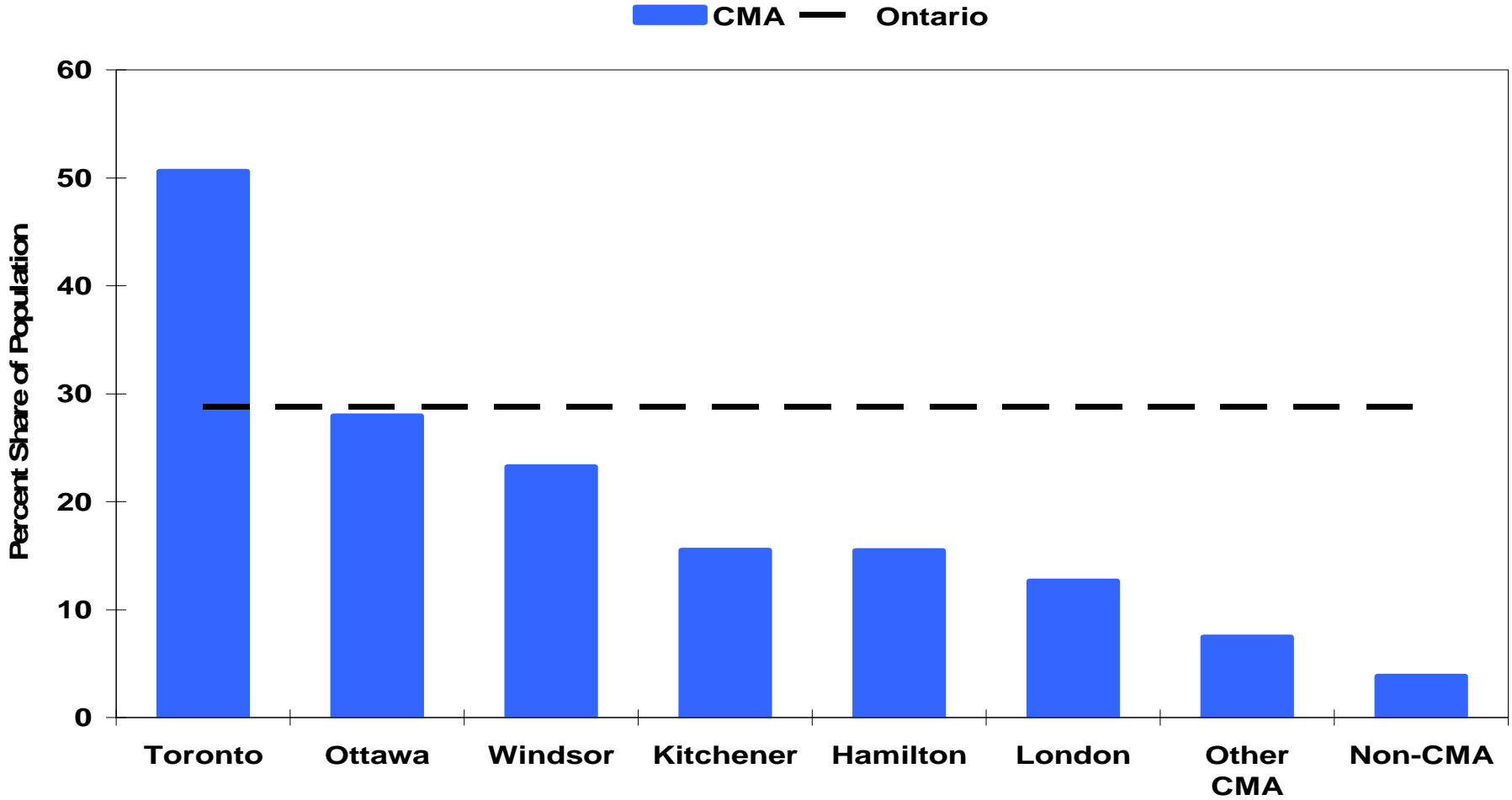
# Demographic Projections - Ontario

---

**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 - Ontario

---

***Between 2007 and 2017, 1.6 million people will be added to the population of Ontario, an increase of 12.5 percent.***

# Demographic Trends - Ontario

---

***Between 2007 and 2017, about 1.24 million people 45 and older will be added to Ontario's population. The under 45 age group will increase by 369,000. The 35-44 age group will decrease by 26,000.***

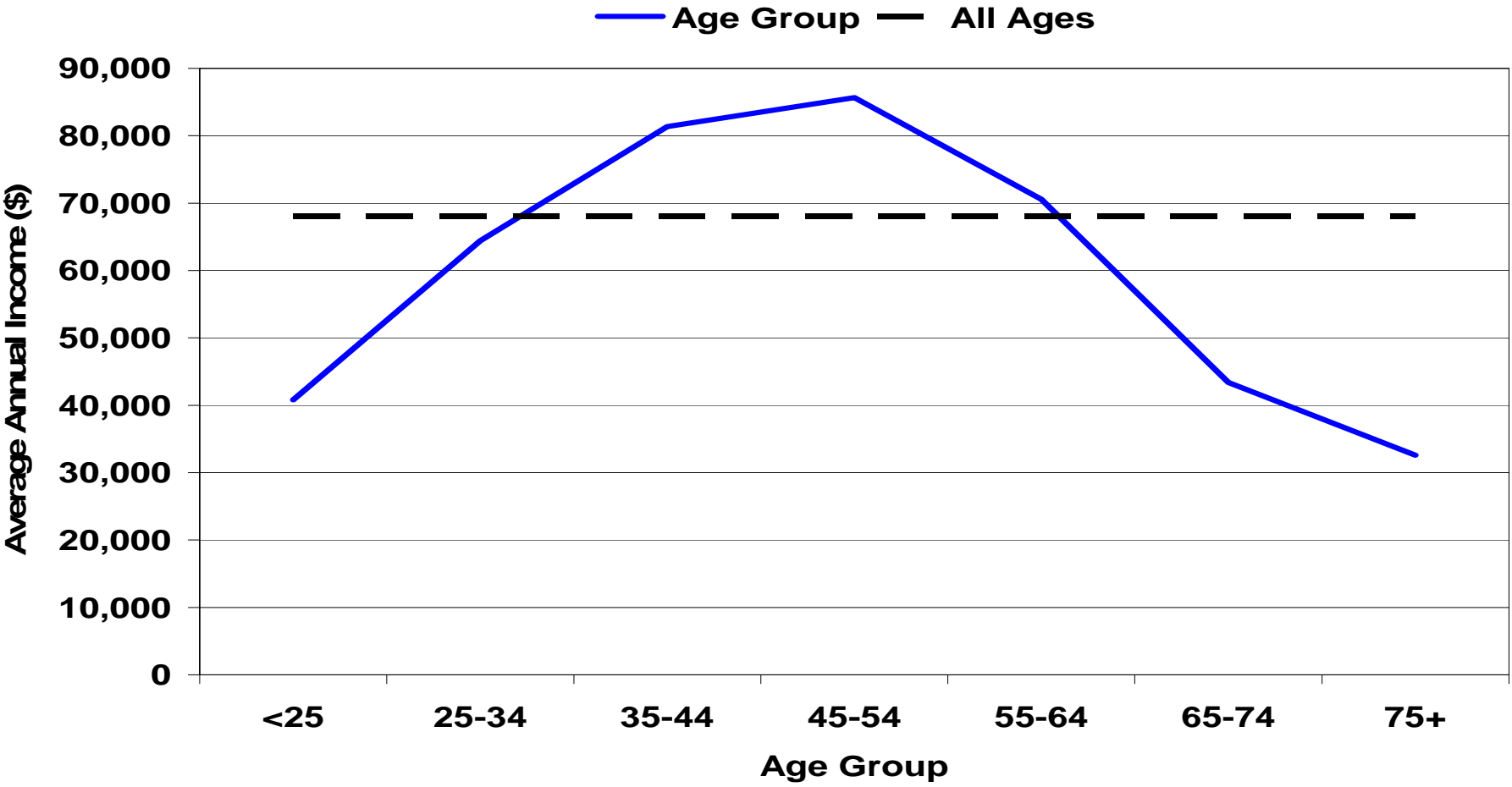
# Demographic Forecasting

---

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

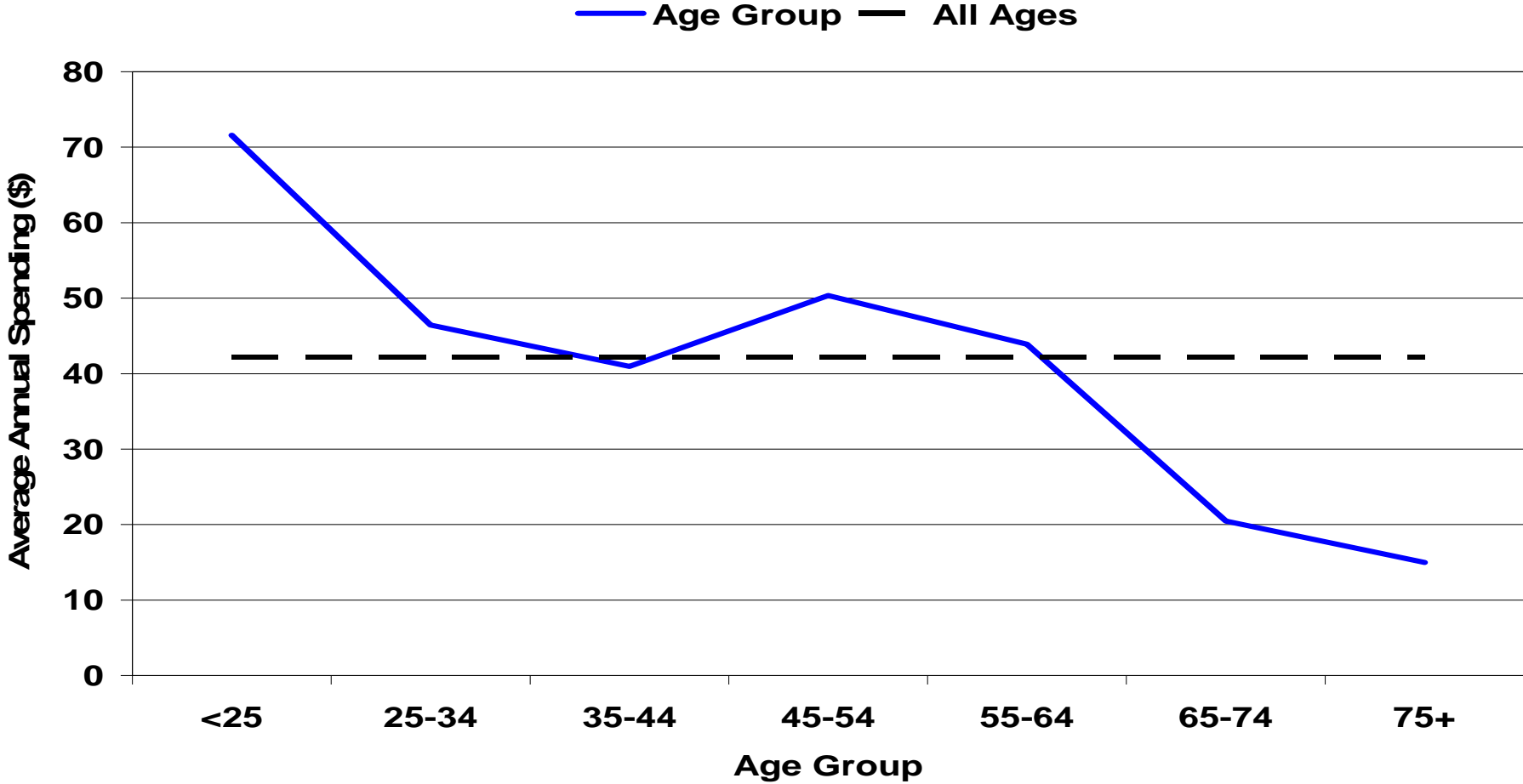
# Household Income Before Taxes

Canada, 2005



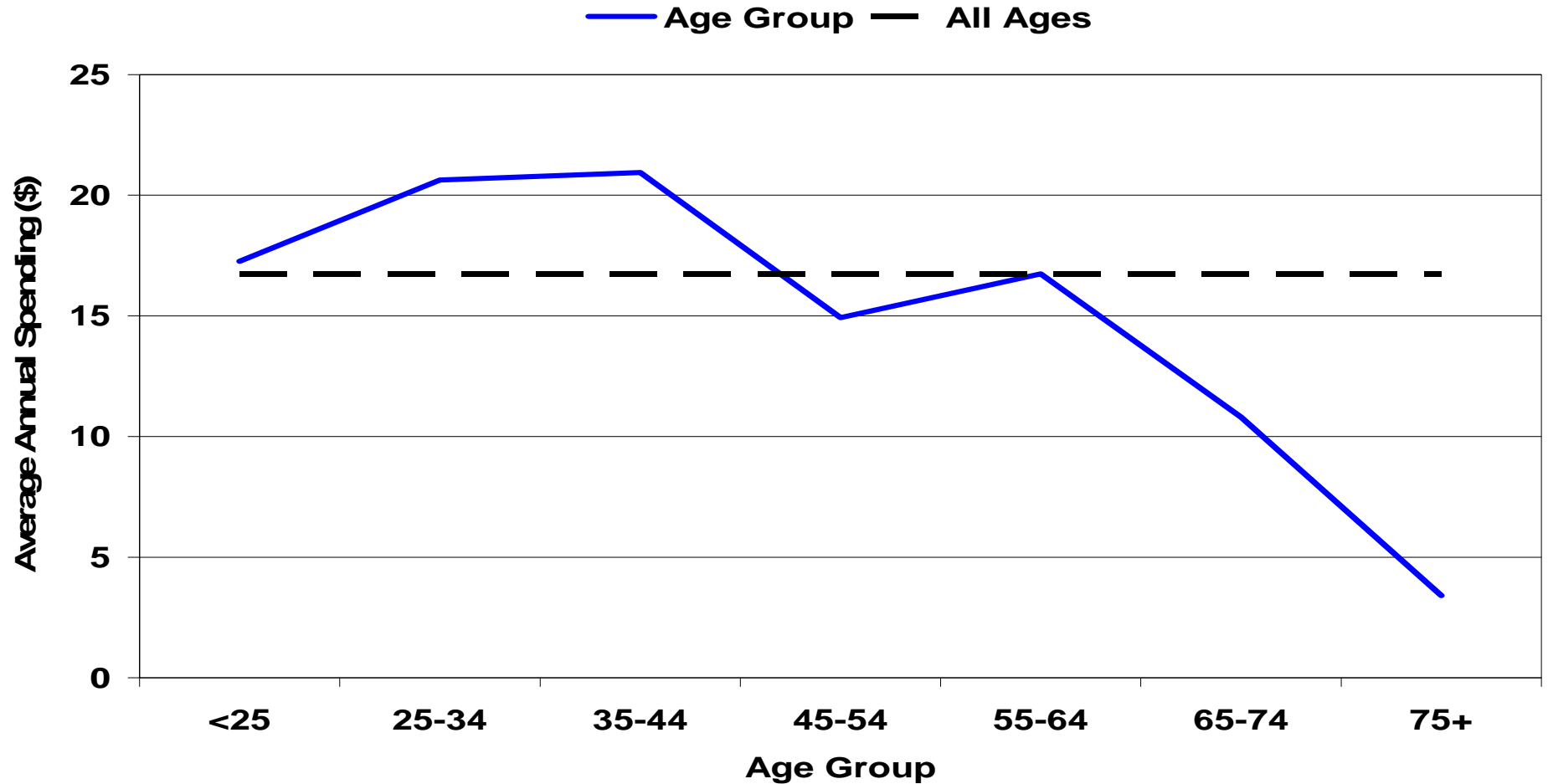
# Household Spending - Canada

## Movie Theatres (\$ per person), 2005



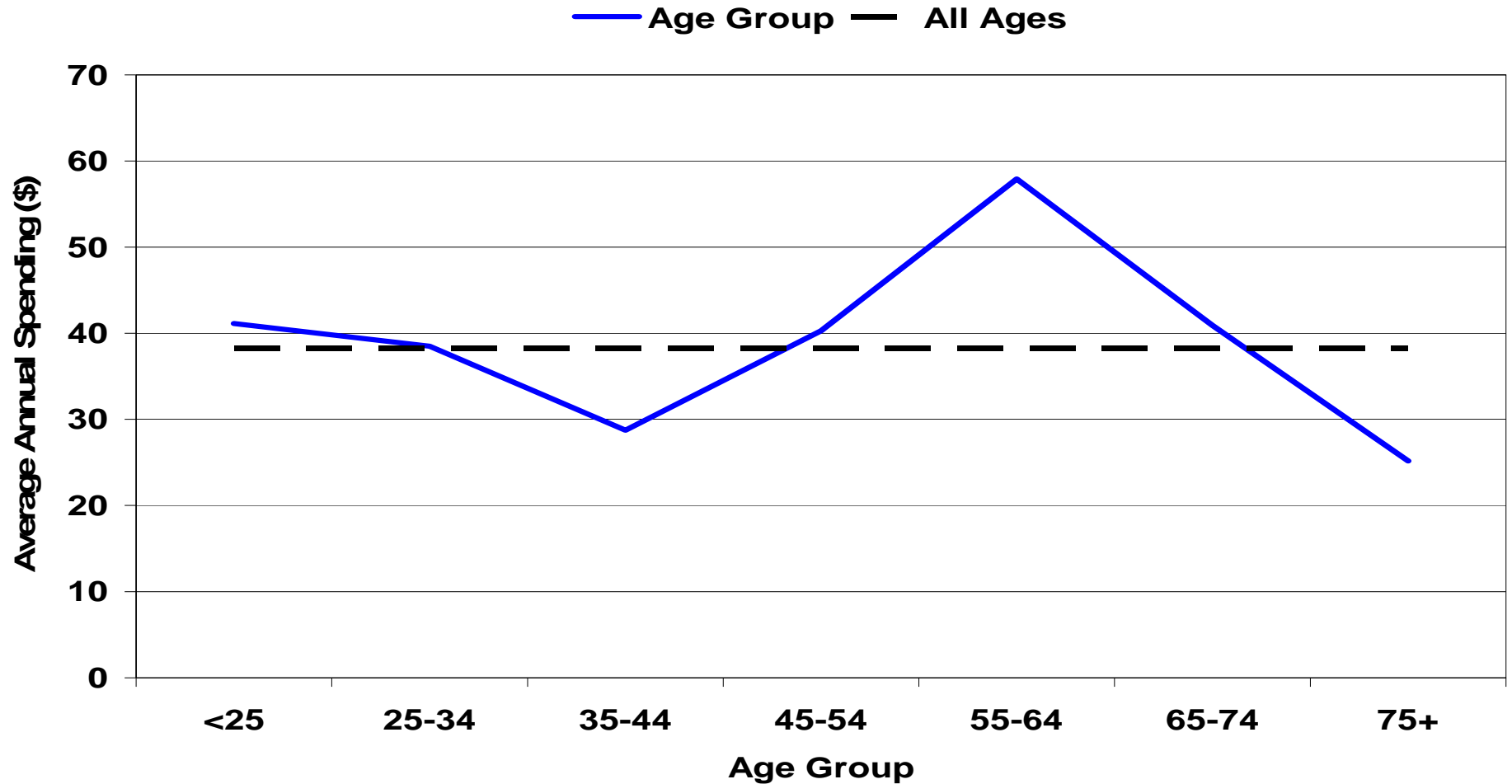
# Household Spending - Canada

Museums (\$ per person), 2005



# Household Spending - Canada

Live Arts (\$ per person), 2005



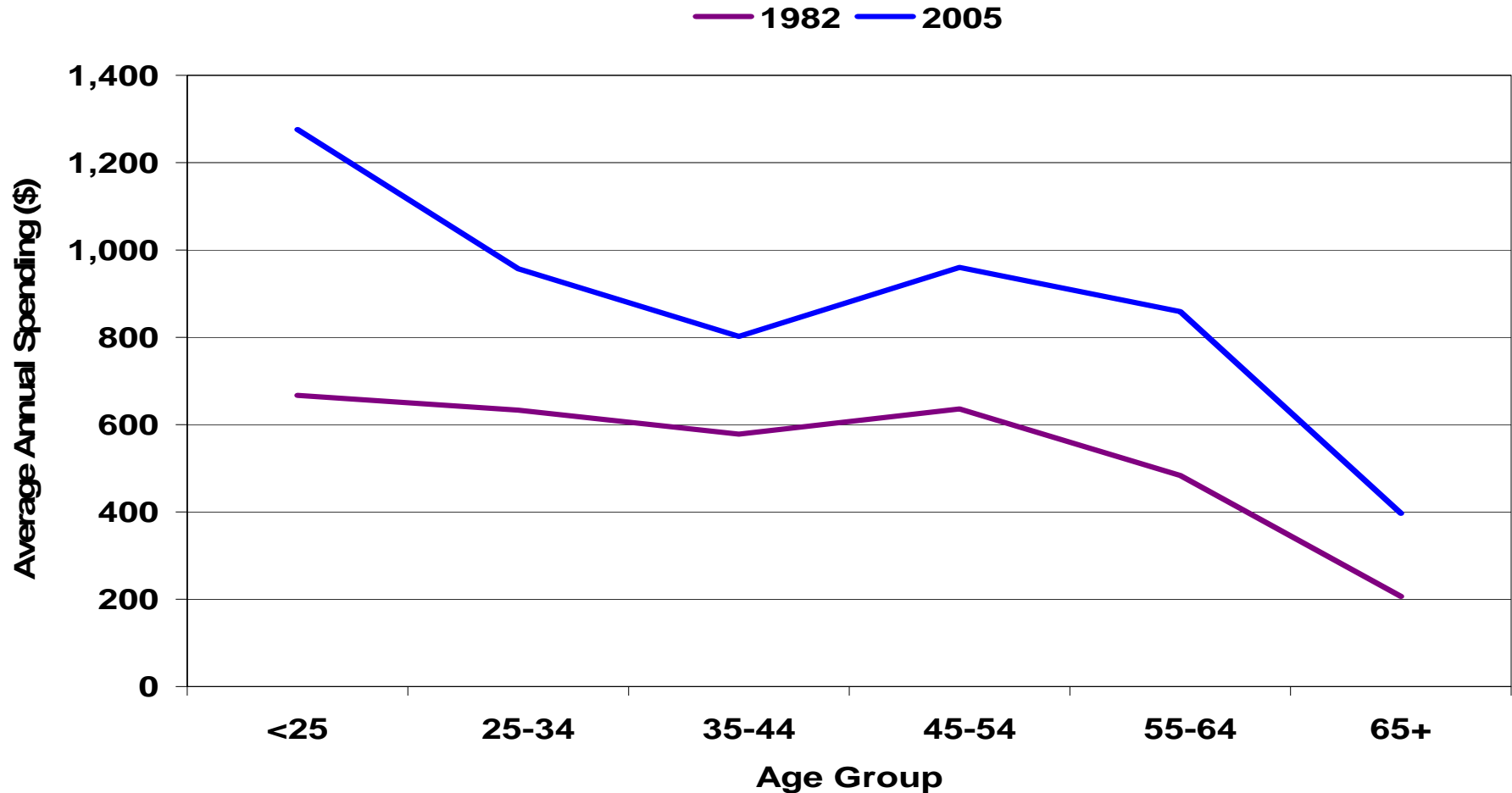
# Demographic Forecasting

---

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

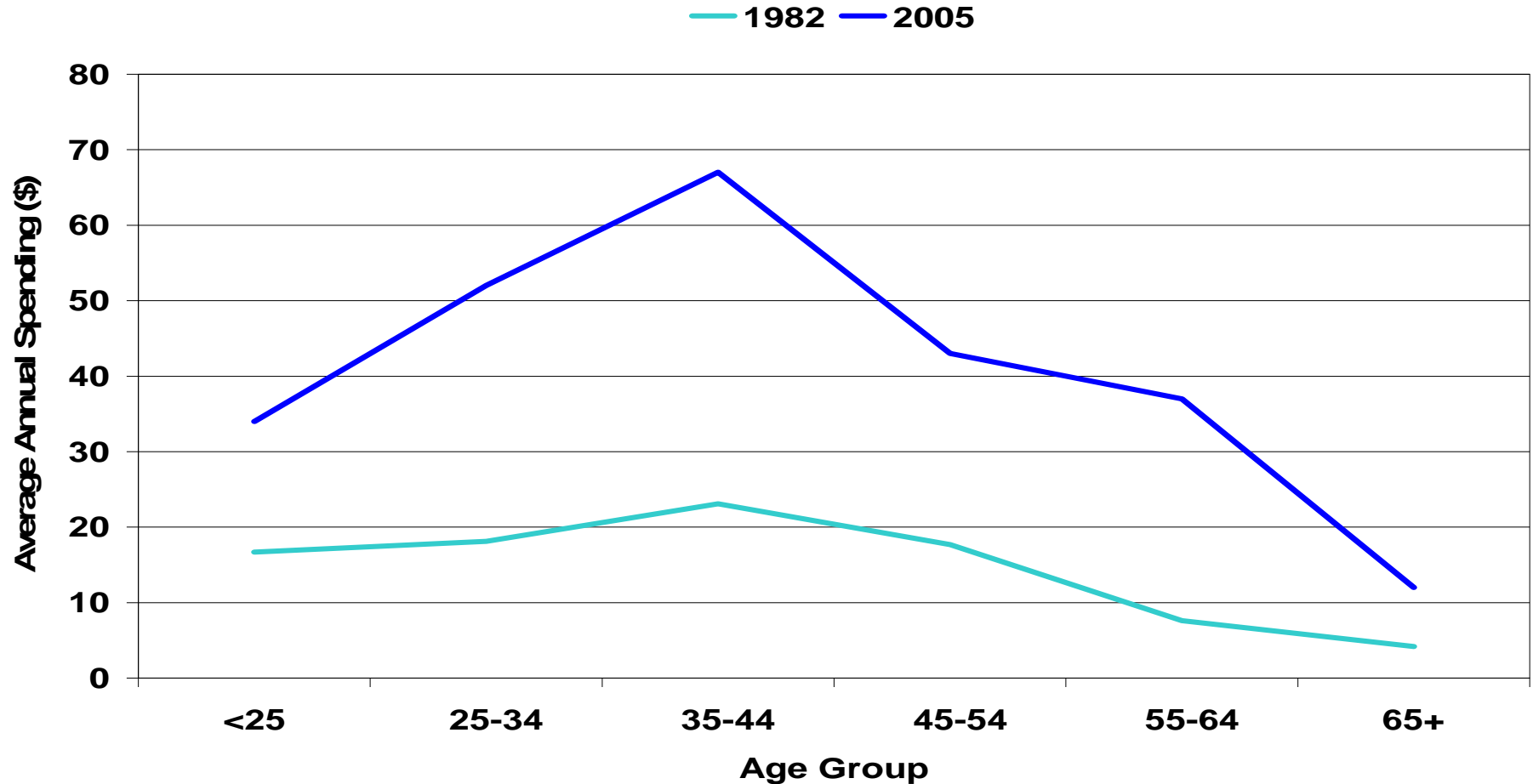
# Alcoholic Beverages

Canada, 1982 versus 2005 (current \$ per household)



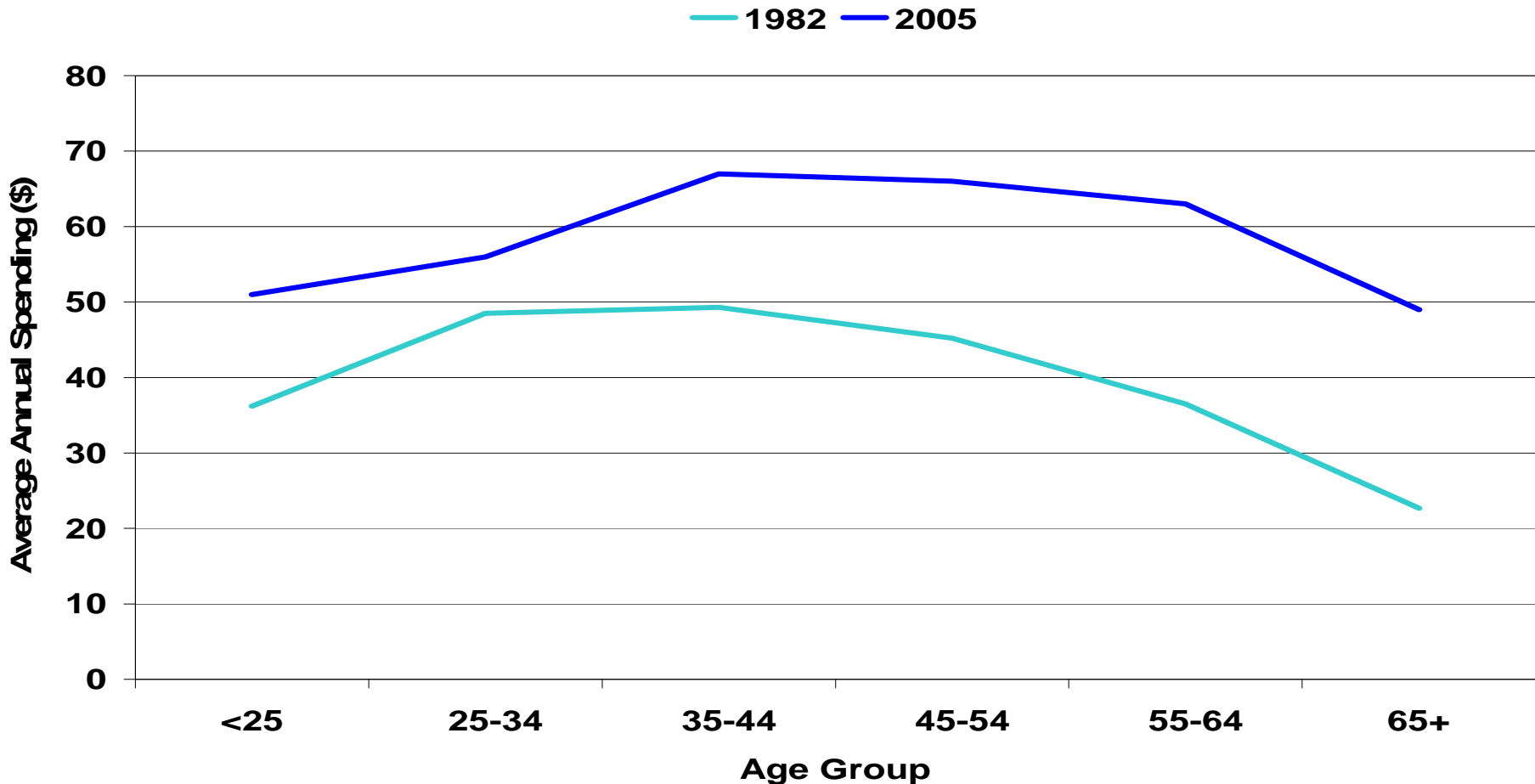
# Museums

Canada, 1982 versus 2005 (current \$ per household)



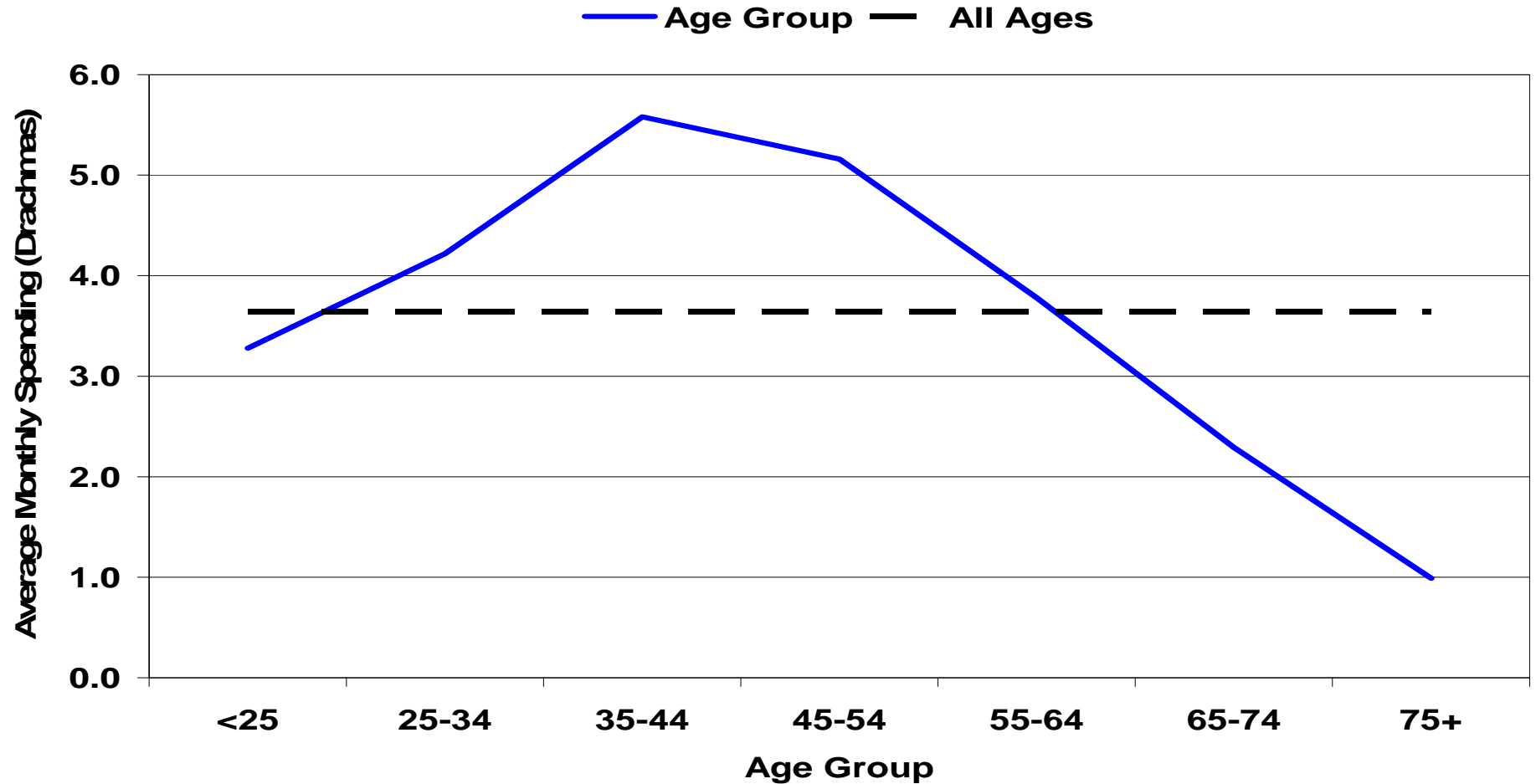
# Magazines

Canada, 1982 versus 2005 (current \$ per household)



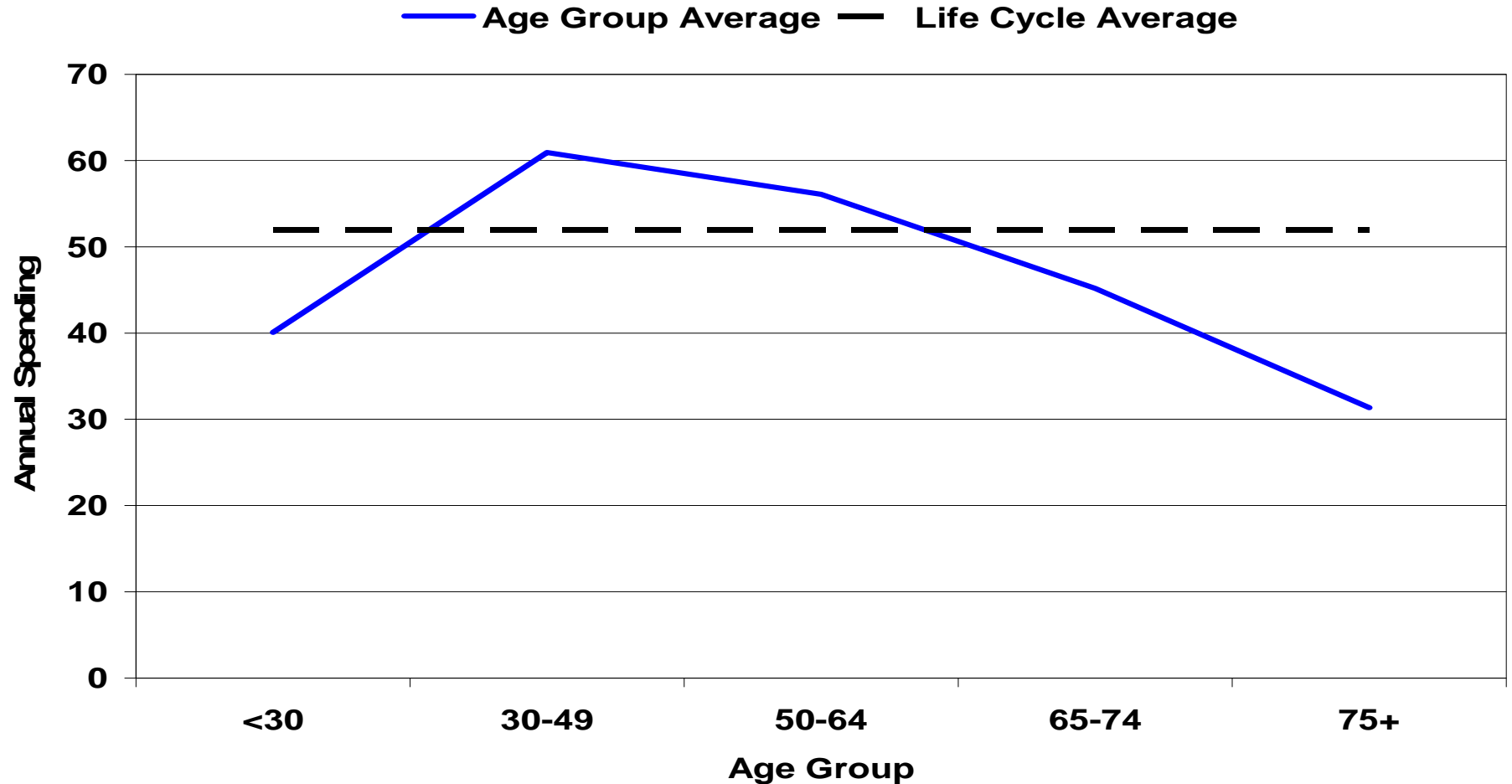
# Magazines

Greece, 2005 (monthly \$ per household in drachmas)



# Magazines

United Kingdom, 2006 (\$ per household in £)



# 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 (all spending = 100)

	2007-2012	2012-2017	2007-2017	2007
	RGI	RGI	RGI	45+ %
<b>Movies</b>	<b>73</b>	<b>46</b>	<b>61</b>	<b>40.8</b>
<b>Live Sports</b>	<b>94</b>	<b>83</b>	<b>89</b>	<b>48.2</b>
Live Arts	114	109	112	53.5
<b>Museums</b>	<b>75</b>	<b>77</b>	<b>76</b>	<b>38.7</b>
Newspapers	166	205	183	77.7
Magazines	109	119	113	53.1
Books	108	107	108	51.4
Lotteries	148	171	158	69.8

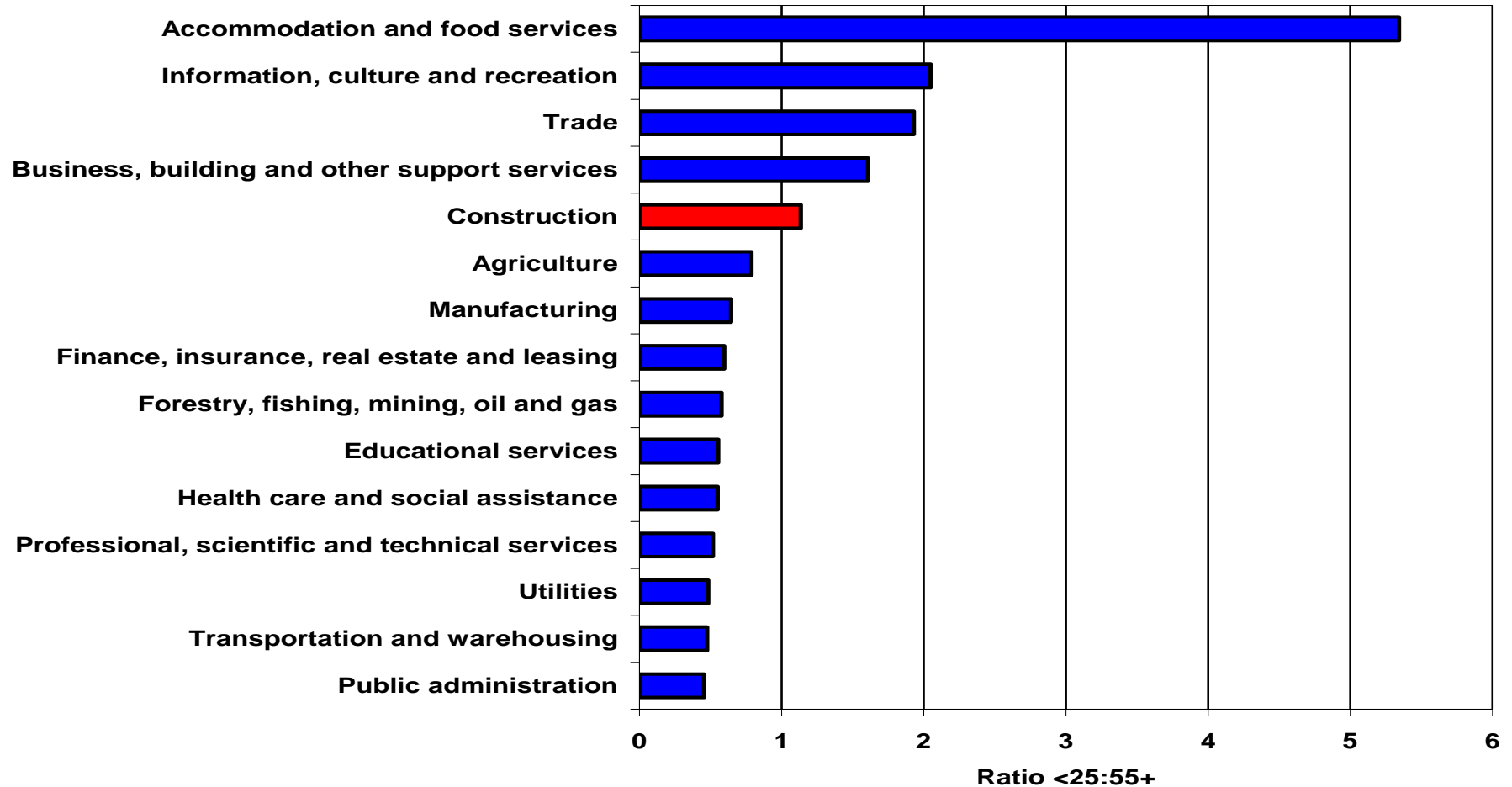
# Demographics and the Labour Market

---

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

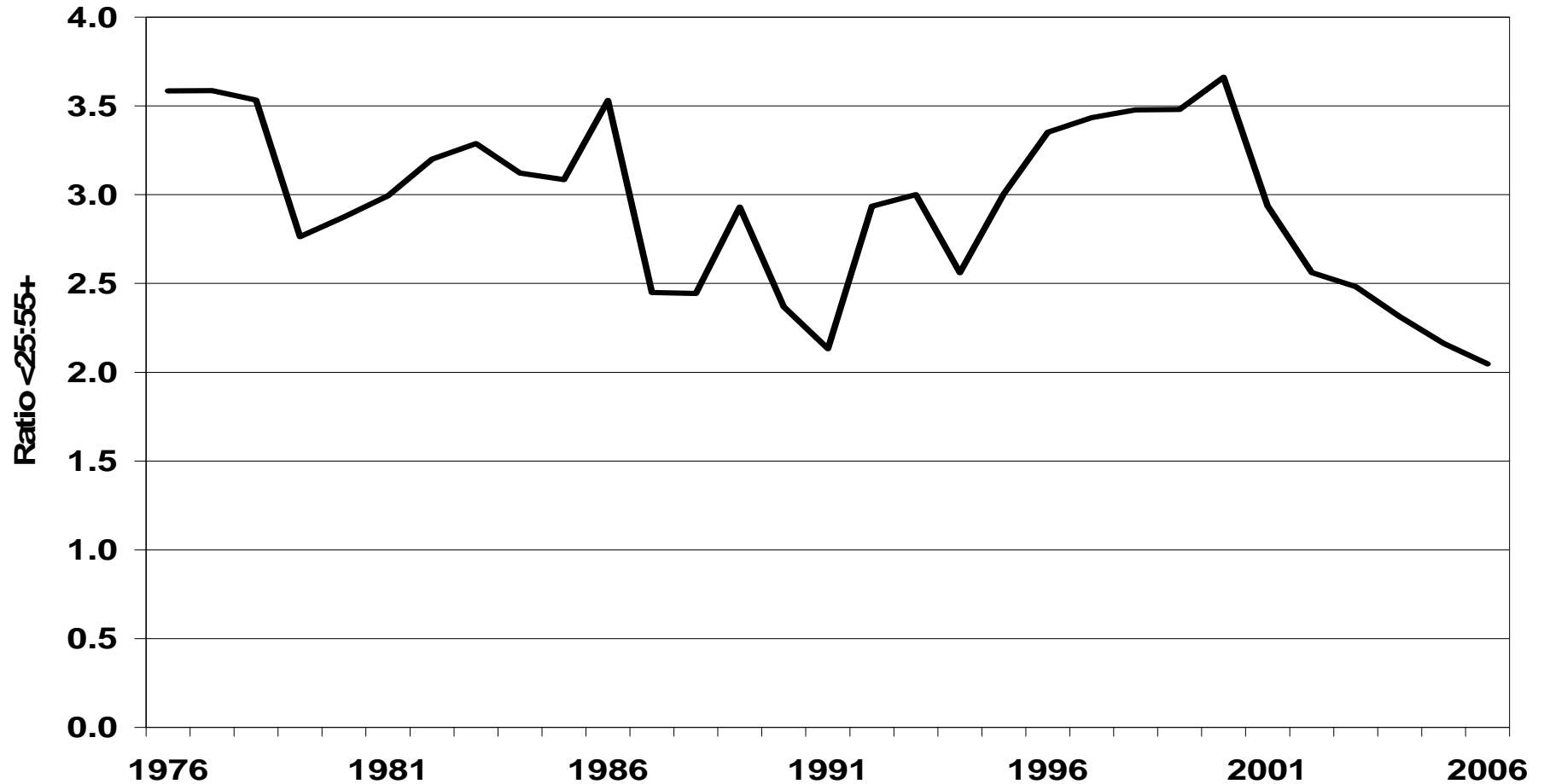
# Ontario Labour Force

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



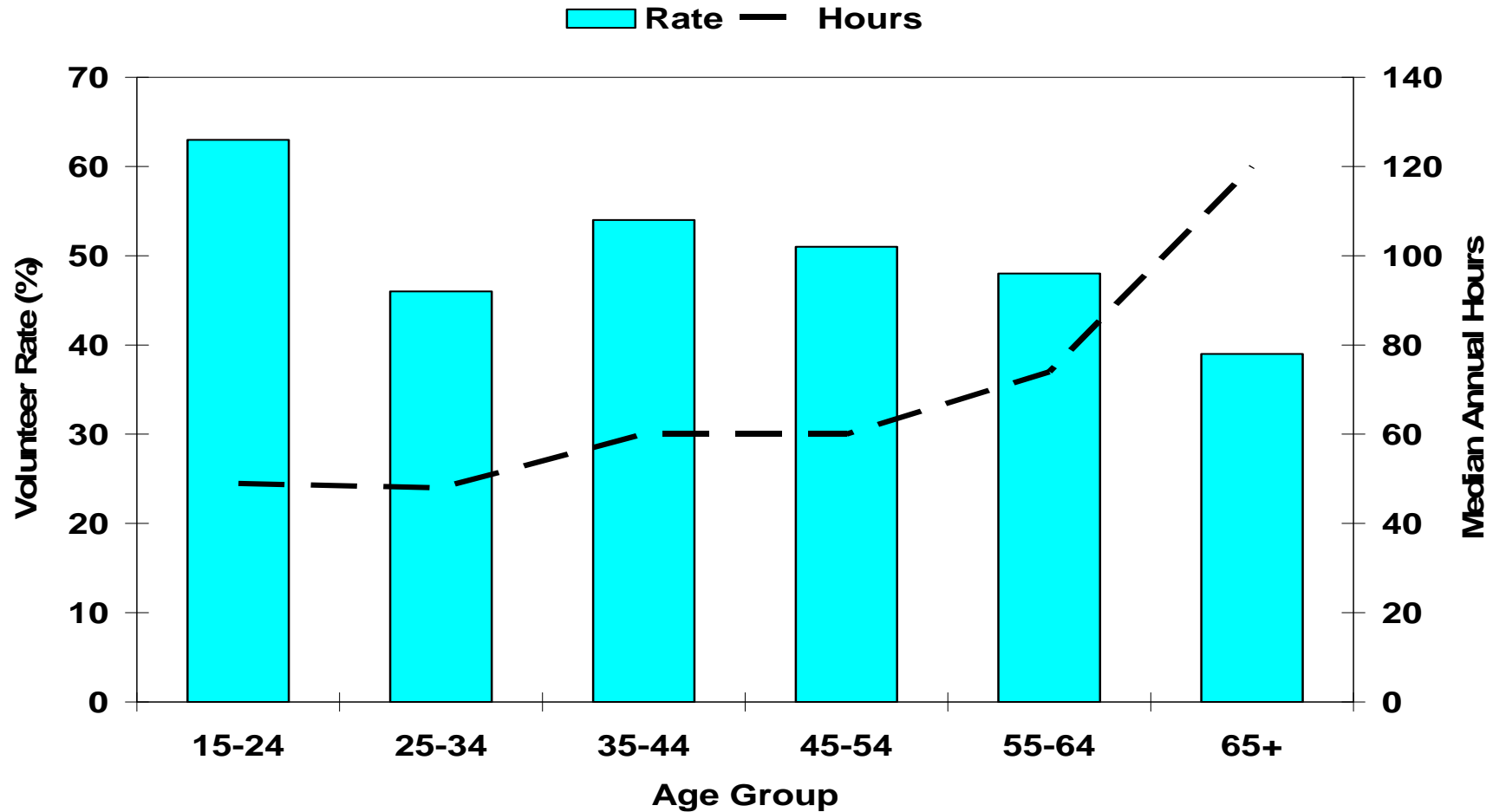
# Ontario Labour Force

Entry/Exit Ratio (<25:55+), ICR Sector, 1976-2006



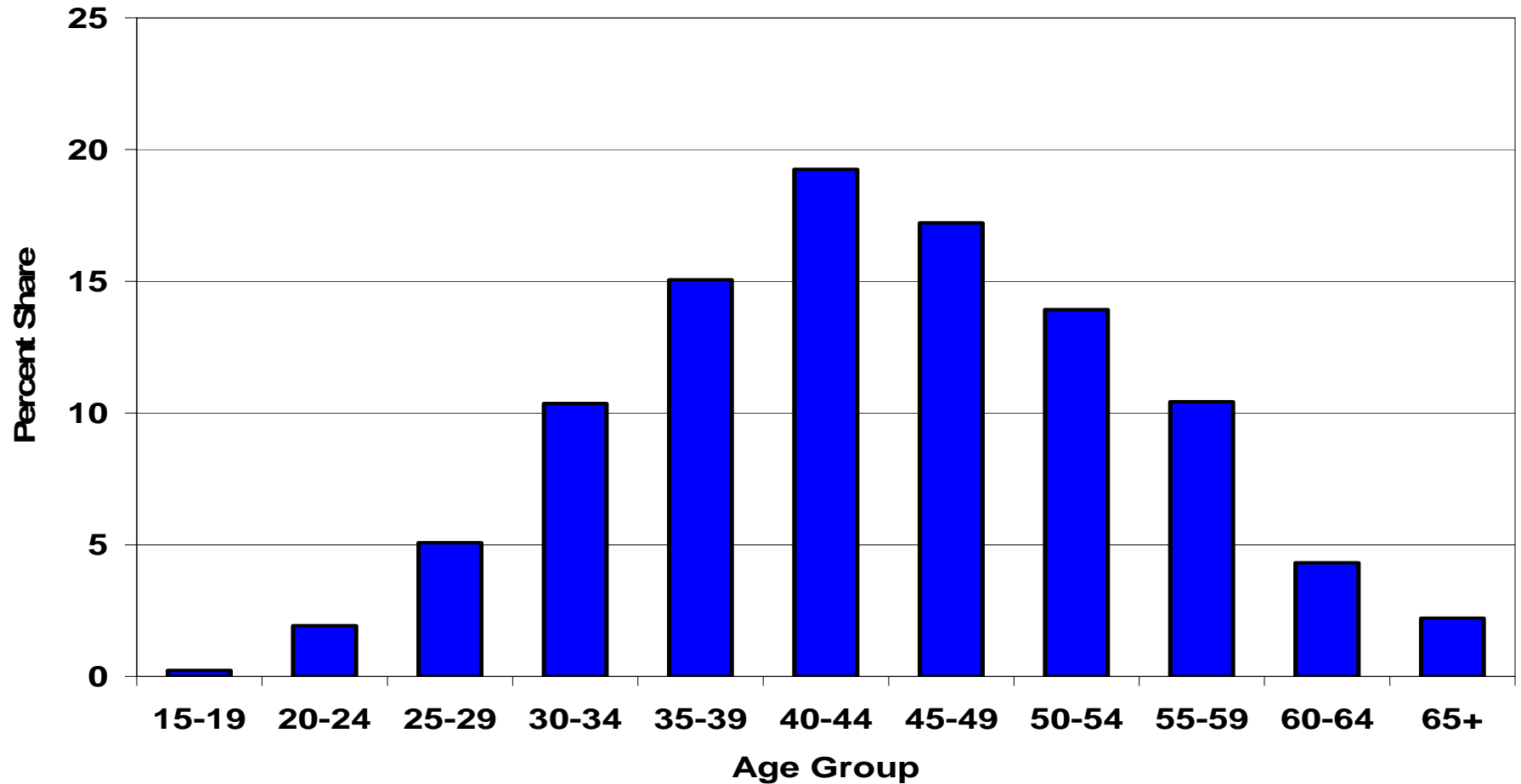
# Volunteers, Canada

## Rate and Mean Annual Hours, 2004



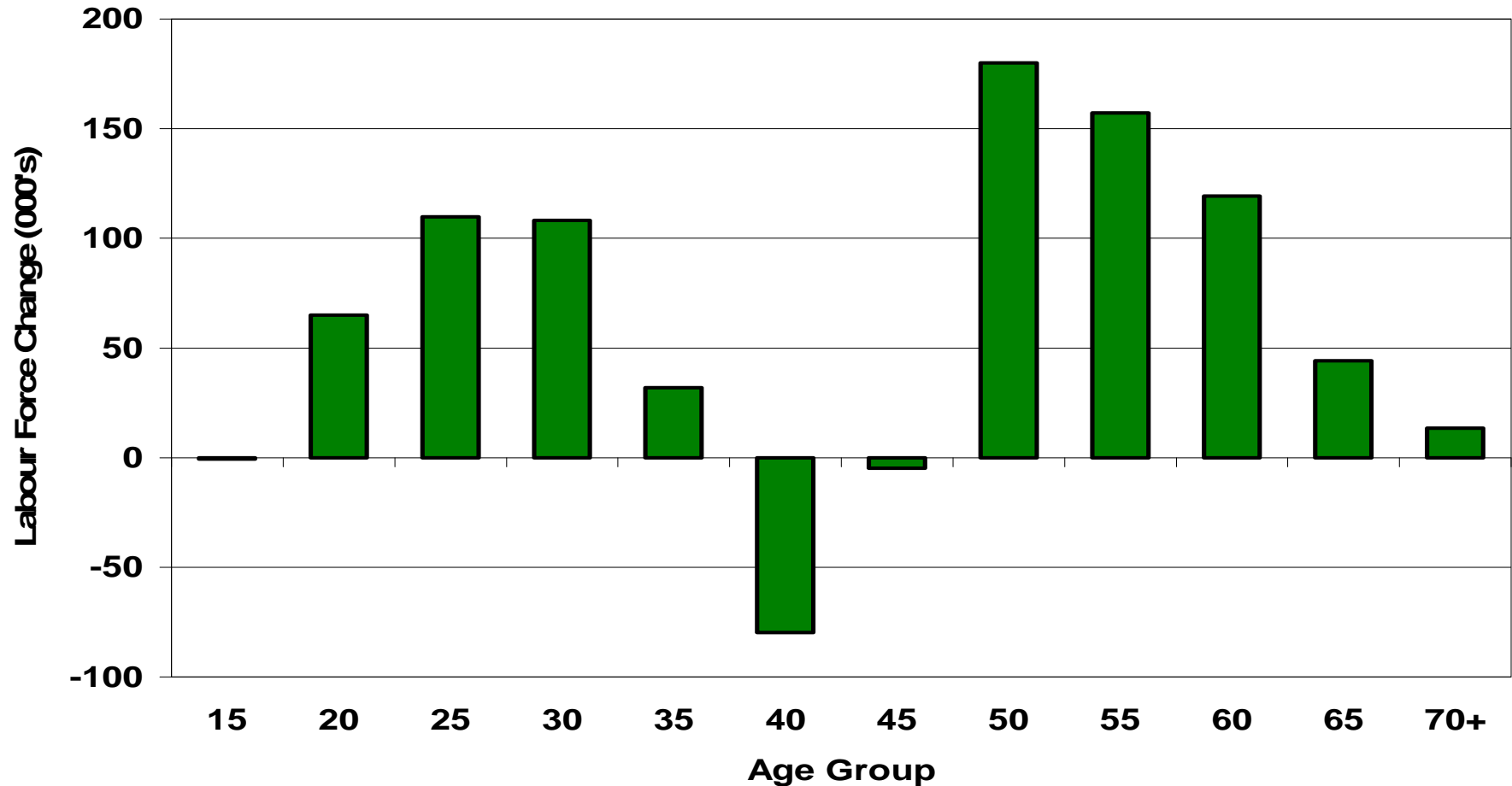
# Ontario Labour Force

Change, 1976-2006 (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, 72 percent of Ontario residents 18+ used the Internet from any location. Only 11% accessed the Internet in a public library. 32% of 18+ Canadians used the Internet to obtain government information; 5%, to download or watch a movie.***

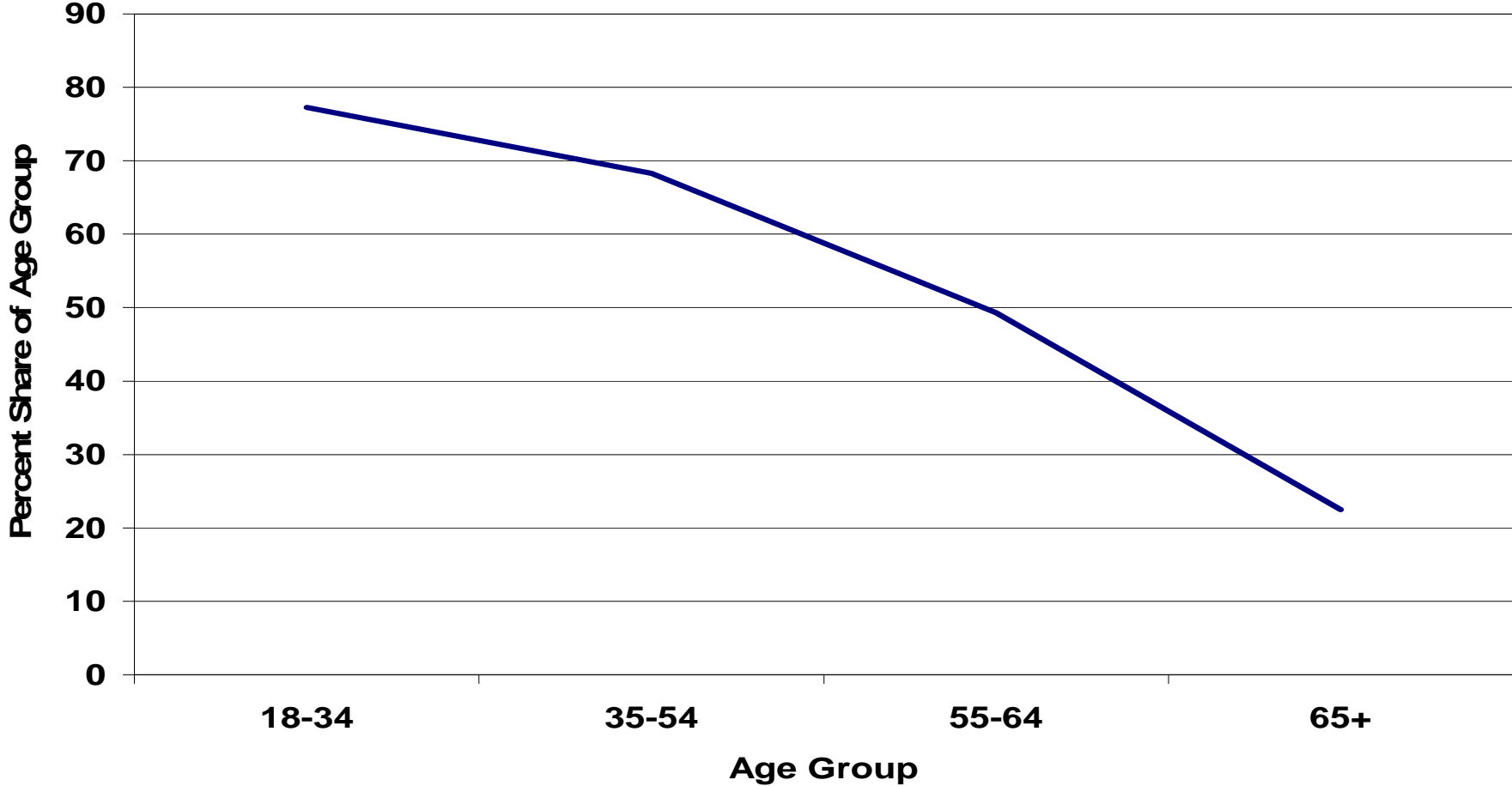
# Demographics and Marketing

---

***The Internet works well with younger (under 55) consumers and a niche market of wealthy, university educated, 55-plus consumers.***

# Home Internet Users

Canada, 2005 (percent)



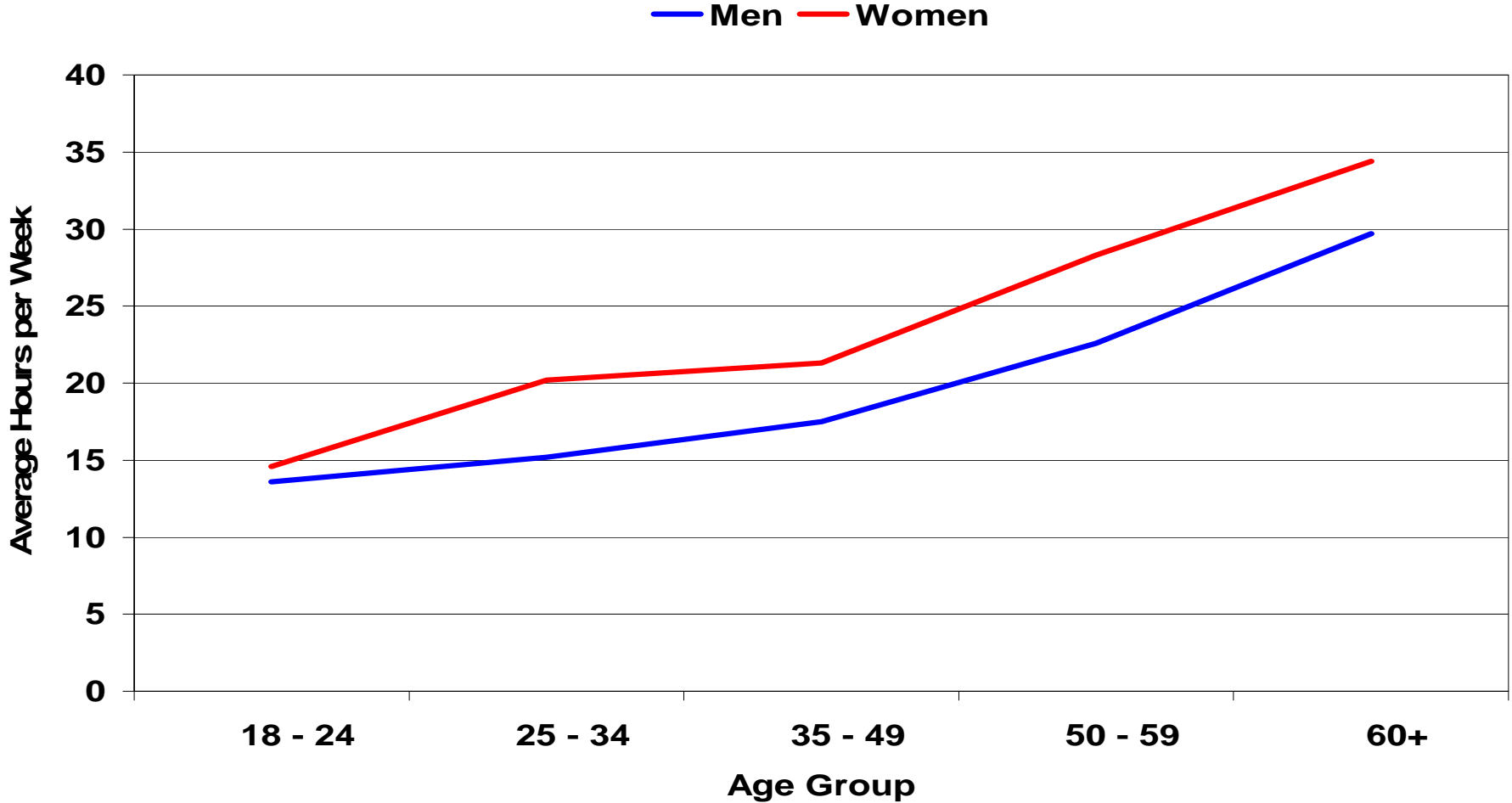
# Demographics and Marketing

---

***Traditional marketing tools remain effective options for reaching the 45-plus consumer***

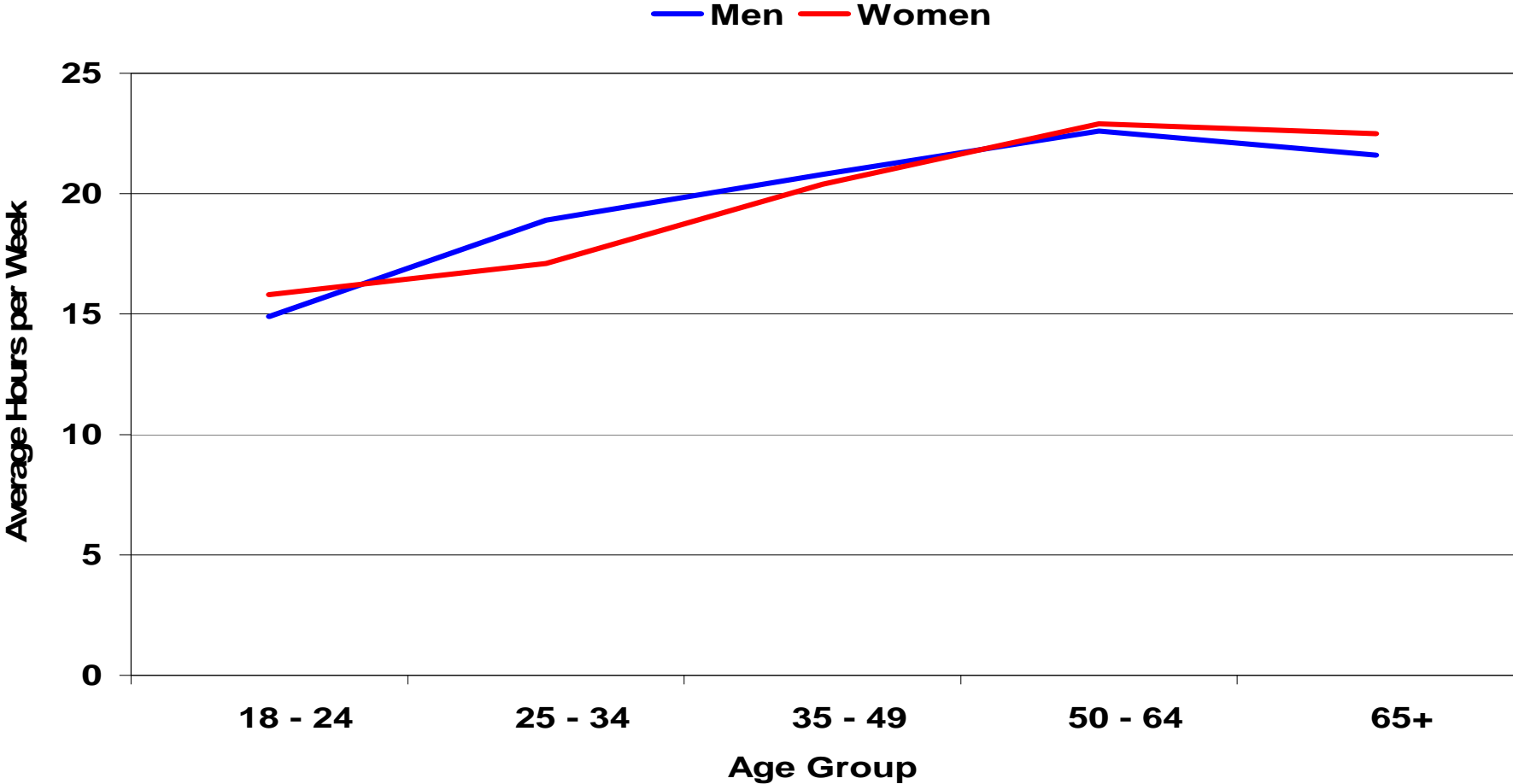
# Television Viewing

Ontario, 2004 (hours per week)



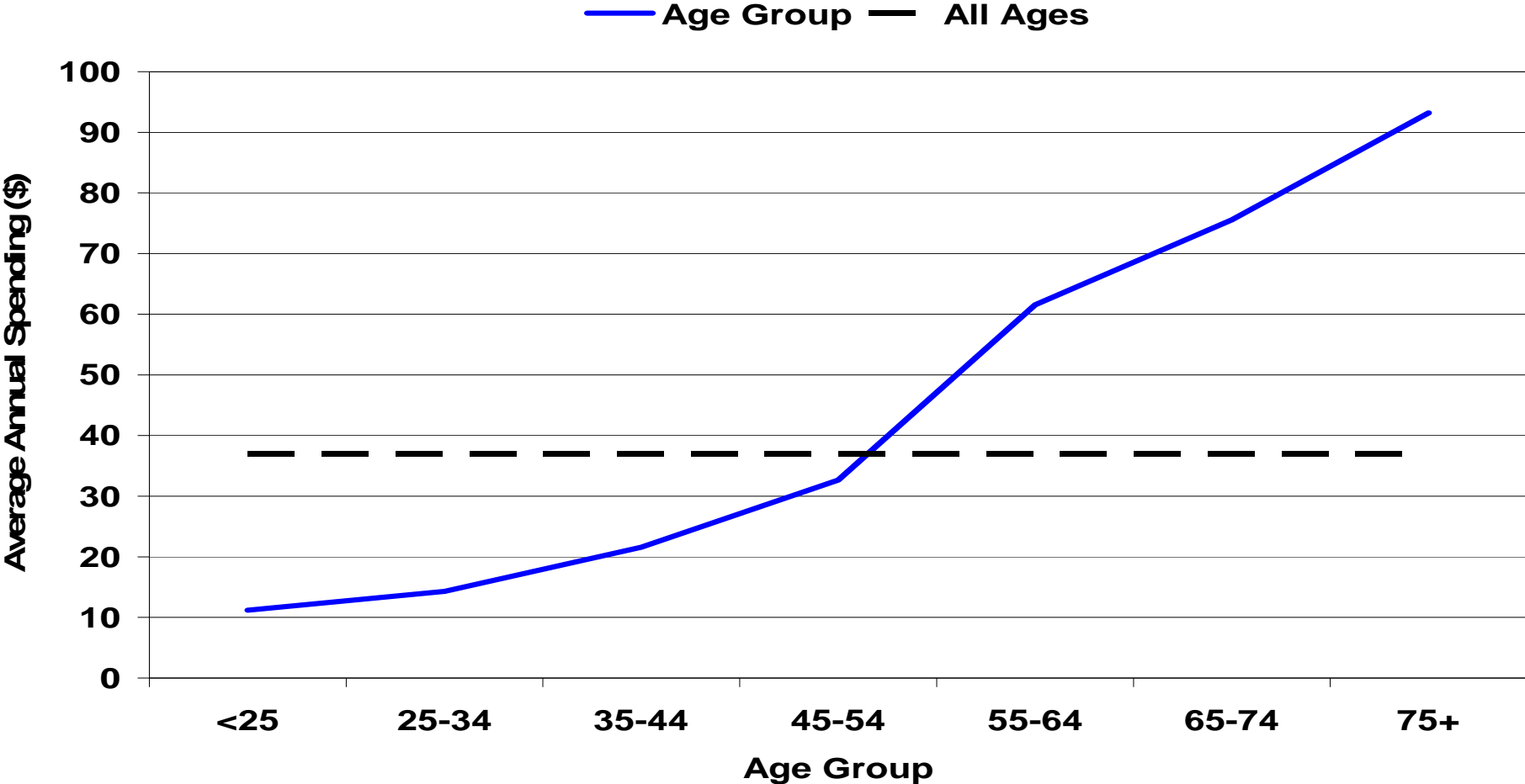
# Radio Listening

Ontario, 2005 (hours per week)



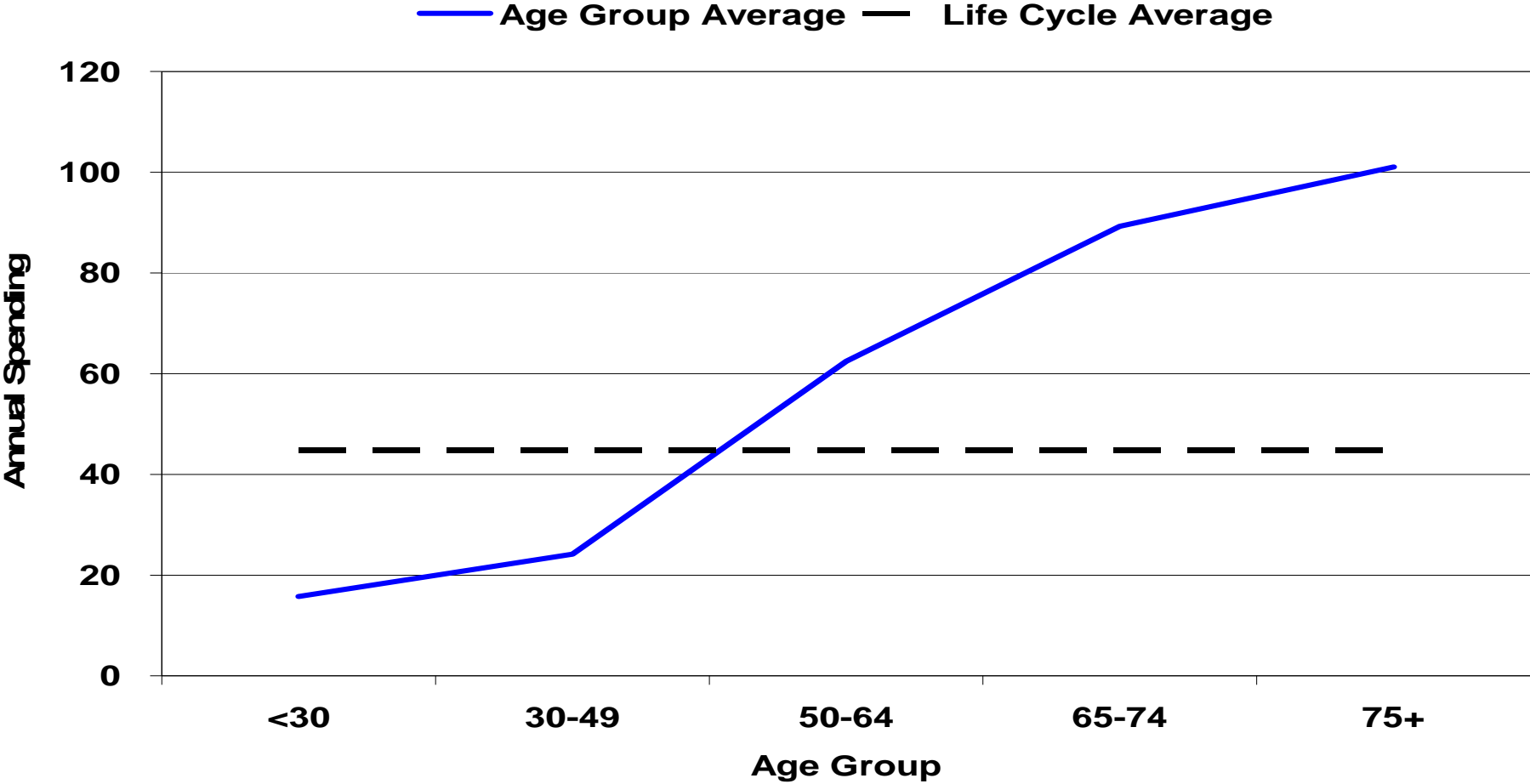
# Household Spending - Canada

Newspapers, 2005 (\$ per person)



# Household Spending - United Kingdom

Newspapers, 2006 (£ per person)



# 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:
  - Managing the shift from movies to museums to the performing arts
  - Partnerships
  - Cross-generational marketing
5. Labour market opportunities and challenges:
  - Volunteers
  - “Re-inventing” the mature worker
6. Marketing:
  - Multi-media, targeted approach

# Disclaimer

---

- *The views expressed in the presentation are solely those of Richard Loreto in his capacity as President of R.A.L. Consulting Limited and do not represent the views of any other individual or organization. R.A.L. Consulting Limited makes no representation or warranty, expressed or implied, with respect to the accuracy or completeness of the information provided. The views expressed by Richard Loreto in the presentation do not constitute, directly or indirectly, general or specific advice or direction to any individual or representatives of organizations attending the event at which the presentation is delivered.*