

Changing age structure – implications for marketing organizations

[Sociology](#), [Population](#)



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GROUP PRESENTATION: | | Topic: Changing Age Structure — Implications for
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century has witnessed comprehensively dramatic changes in socio-economic
and technical areas throughout the world which has resulted from global
economy, developments in technology and social trends (Ghadar 2005).
Among these, the shift in the nature and growth rates of the world
population has perhaps drawn much more attention of the business leaders
because demographic variables reflect changes in consumer patterns and
behaviors (Martins & Brooks 2009) which can impact their business
practices. This report will examine the main trends in age structure of the
global population and their implications to business strategies of marketing
organizations throughout the world. The increase in ageing population is an
important trend in many parts of the world, especially in developed countries
(Madalina 2010), resulting mainly from the decline of fertility and increase in
life expectancies (United Nations, 2011). After World War II, there was a
sudden rise in the population which was termed as Baby Boom (Tombs &
Seamons, 2010). They form an important target group for marketers.
However, Tombs and Seamons (2010) pointed out that following the baby
boom, the birth rate declined significantly in several nations such as
Australia and New Zealand and a low fertility rate has existed since the mid

1970s. According to United Nations (2011), the aged population in the developed world is increasing rapidly and the number of old people will probably have outnumbered the young for the first time by 2050. People now prefer smaller families and this has led to a sharp fall in the birth rate. The improvement in living standards has contributed to an increase in life expectancies. These factors have caused major changes in market patterns as well as in the type of goods being bought. For example, Gumbel (2008) demonstrated that the generation of Japanese women aged in their twenties who drove the growth in luxury fashion groups in most of the 1990s have mostly settled down to start families and buy apartments. As a result, the sales of luxury goods in Japan have fallen sharply. The age brackets which make up different proportions in the demography as a result of the changing age structure, have influenced the targeted markets and marketing strategy of companies (Tombs & Seamons 2010). The authors distinguish 6 different age groups within the Australian population, wherein each one has specific growth rates. The first category consisting of children below the age of five accounted for 6.2% of the population in 2007. It is a promising market for companies who provide childcare services and children-related products. The population in the second group consisting of 10 to 19 year olds had declined at the beginning of the 1990s, but is gradually rising. This bracket is a targeted market for education, garment products, and entertainment. Post-teenagers and young adults aged 20 - 34 years constitute the grown-up category which was affected by the low fertility rate during the 1970s, causing its reduction through the 1990s. This group with a high disposable income purchase a variety of technologically advanced electronics along

with branded garments. The fourth group of early middle aged people consisted of 13% of Australian population in 2007 and is predicted to increase to 23-25% by 2056 (Chandler 2008, cited by Tomb & Seamons 2010). The subsequent category is 'Late middle age' (Tomb & Seamons 2010, p. 161). Both these segments will have more importance for companies in the coming years as its share of the total population will grow gradually and consume a variety of high-priced luxury products. The last group comprising of senior citizens will also have a positive growth rate during the coming years similar to the two previous groups. These aged people are more interested in health care services, travelling and relaxation as opposed to the younger population which is easily attracted by technological commodities providing a positive social experience, creativity, innovation and uniqueness (Cuddeford 2012). A very important methodology behind television advertisements while targeting the middle aged groups is portraying celebrities in middle aged characters in order to please them by creating a sense of familiarity and thus, affinity (Diaz 2012). This is especially effective when several marketing ploys propagate youth culture. This approach is targeted towards expanding this segment which is attractive not only because of its increasing growth rate as the world population is ageing, but also because their exhibition of a loyalty related to service industry is considerably higher compared to the younger age groups (Paul & Patterson 2007). In conclusion, the constantly changing age structure in world population will bring both opportunities and pose challenges to marketing companies (Ghadar 2005). Each age group has different interests which will influence their consumptions and thus, their buying-decisions may

vary over time. It is, therefore, imperative for organizations to be aware of these differences and anticipate new consumer trends and accordingly, modify their marketing strategies. References: Ghadar, F. 2005, "Population -Shifting demographics", *Industrial Management*, vol. 47, no. 5, pp. 8-13 Gumbel, P. 2008, "Luxe in flux", *FORTUNE*, vol. 158, no. 4, p. 69 Johnny Diaz (2012), "Advertising's looking more like us", McClatchy - Tribune Information Services, Washington Madalina, T. A. 2011, "Current demographic trends in Europe", *Geopolitics, History and International Relations*, vol. 2, no. 2, pp. 280 Martins, J. M. & Brooks, G. 2010, "Teaching Consumer Demographics to Marketing Students", *Population Research and Policy Review*, vol. 29, no. 1, pp. 81-92 Morag Cuddeford Jones 2012, "Cool for kids", *Marketing Week*, pp. 22 Paul, G. & Patterson 2007, "Demographic correlates of loyalty in a service context", *Journal of Services Marketing*, vol. 21, no. 2, pp. 112-121 Tombs, A. & Seamons, O. 2010, *Foundations of marketing*, Pearson Australia, Frenchs Forest, N. S. W United Nations, 2011, *World population prospect: the 2010 revision*, vol. 2

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