
Demographic Trends: What are the Implications for Alberta's Beef Industry?

A Presentation to

2008 Annual General Meeting
Feeder Associations of Alberta

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

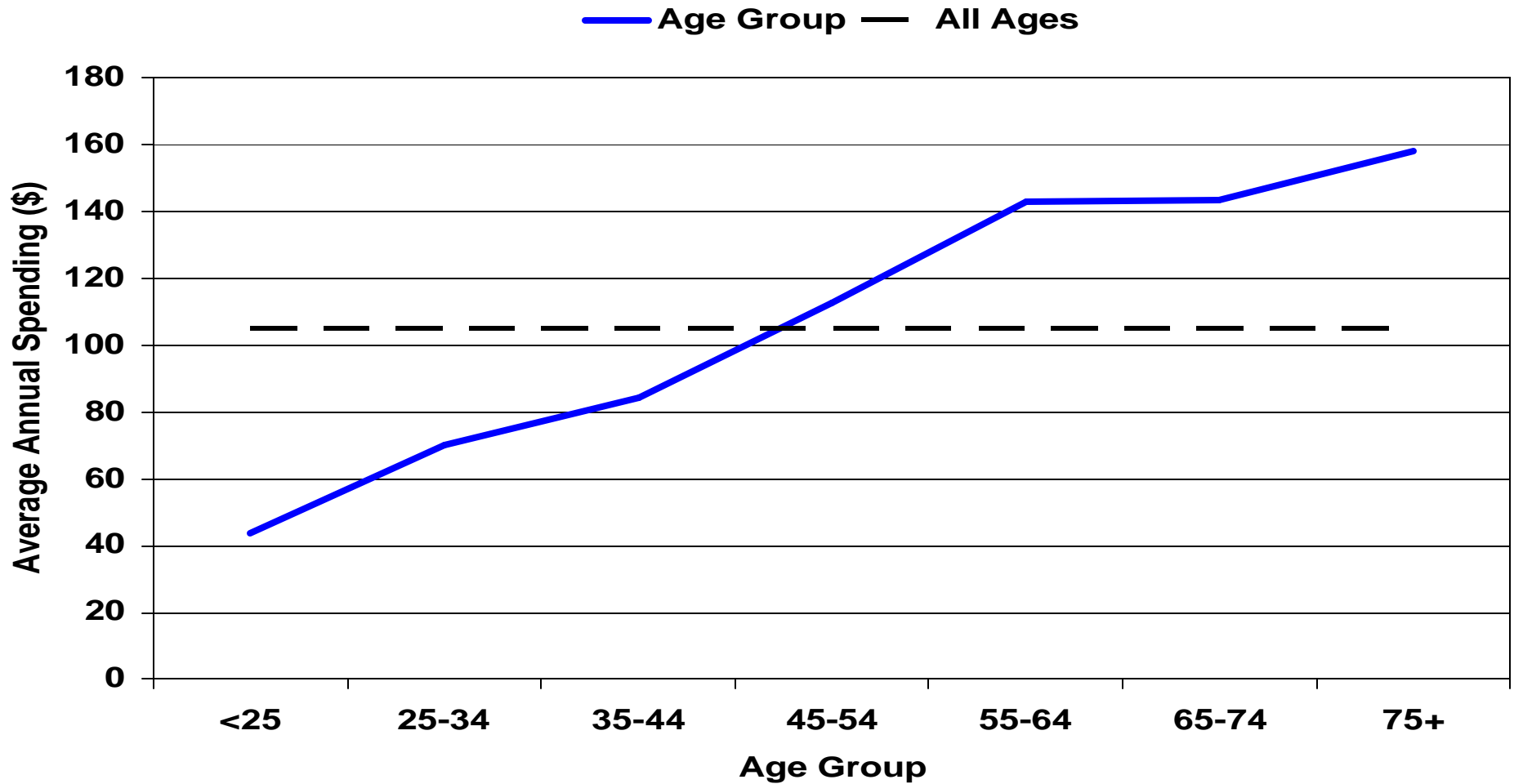
Assumptions

Assumption #2

You tend to act your age

Garden Supplies and Services

Canada, 2005 (\$ per person)



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
 - » 42-61 in 2008
 - » 30 percent of Canada's population (Alberta, 29 percent)
- **Bust:** 1967-1979
 - » 29-41 in 2008
 - » 18 percent of Canada's population (Alberta, 20 percent)
- **Echo:** 1980-1995
 - » 13-28 in 2008
 - » 22 percent of Canada's population (Alberta, 24 percent)

Demographic Analysis

- Today's presentation:
 - » Major demographic trends in Alberta, Canada, and selected countries:
 - Historical
 - Projected
 - » What the trends mean for the beef industry:
 - Potential product demand (“demographic pressure”)
 - Labour force (“demographic footprint”)
 - Marketing

Demographic Trends - Alberta

1991-2006

Demographic Trends – Alberta

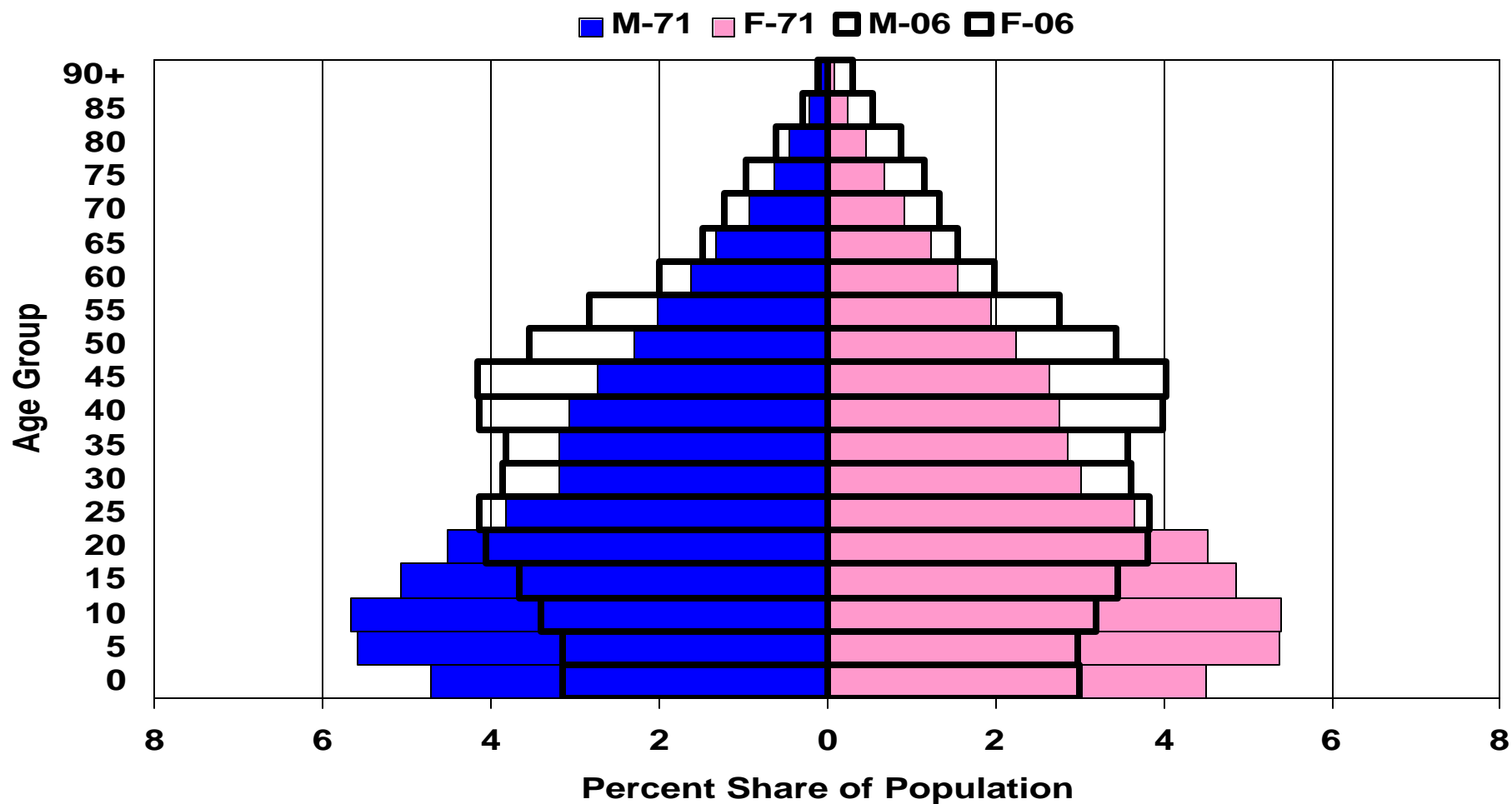
- Between 1991 and 2006, Alberta's population increased by 30 percent
- Alberta's growth was second only to that of British Columbia and well above the national average
- Alberta accounted for about 10 percent of Canada's population in 2006
- Between 2001 and 2006, Alberta's population growth (10.6 percent) was twice that of Canada (5.4 percent)
- In 2006, about two-thirds (64 percent) of Alberta's population lived in either the Calgary or Edmonton CMA's

Demographic Trends – Alberta

Alberta's population has not only been increasing but it has also been aging. In 1971, 24 percent of Albertans were 45-plus; by 2006, 35 percent.

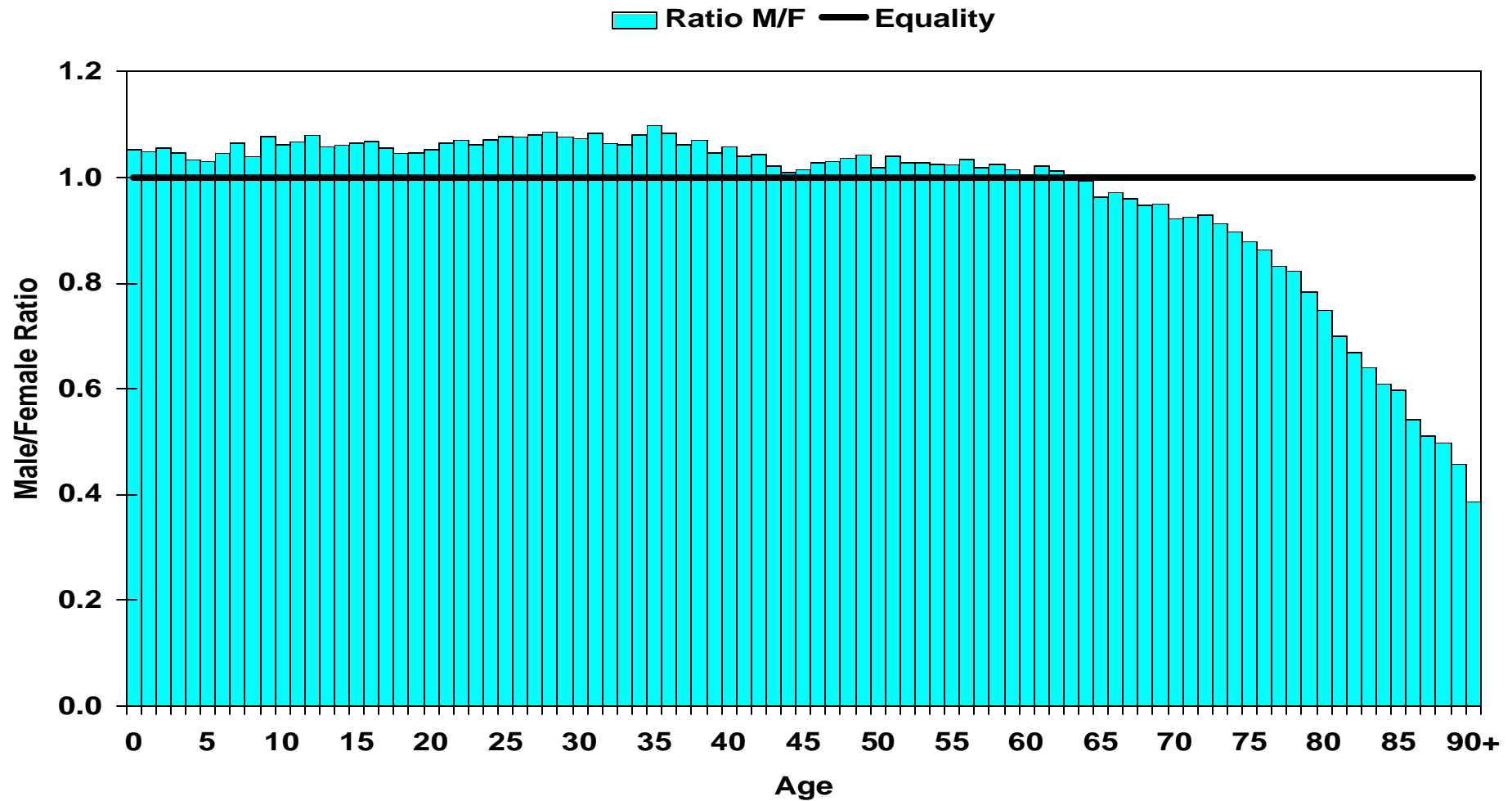
Alberta

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



Alberta

Male/Female Ratio by Age, 2006

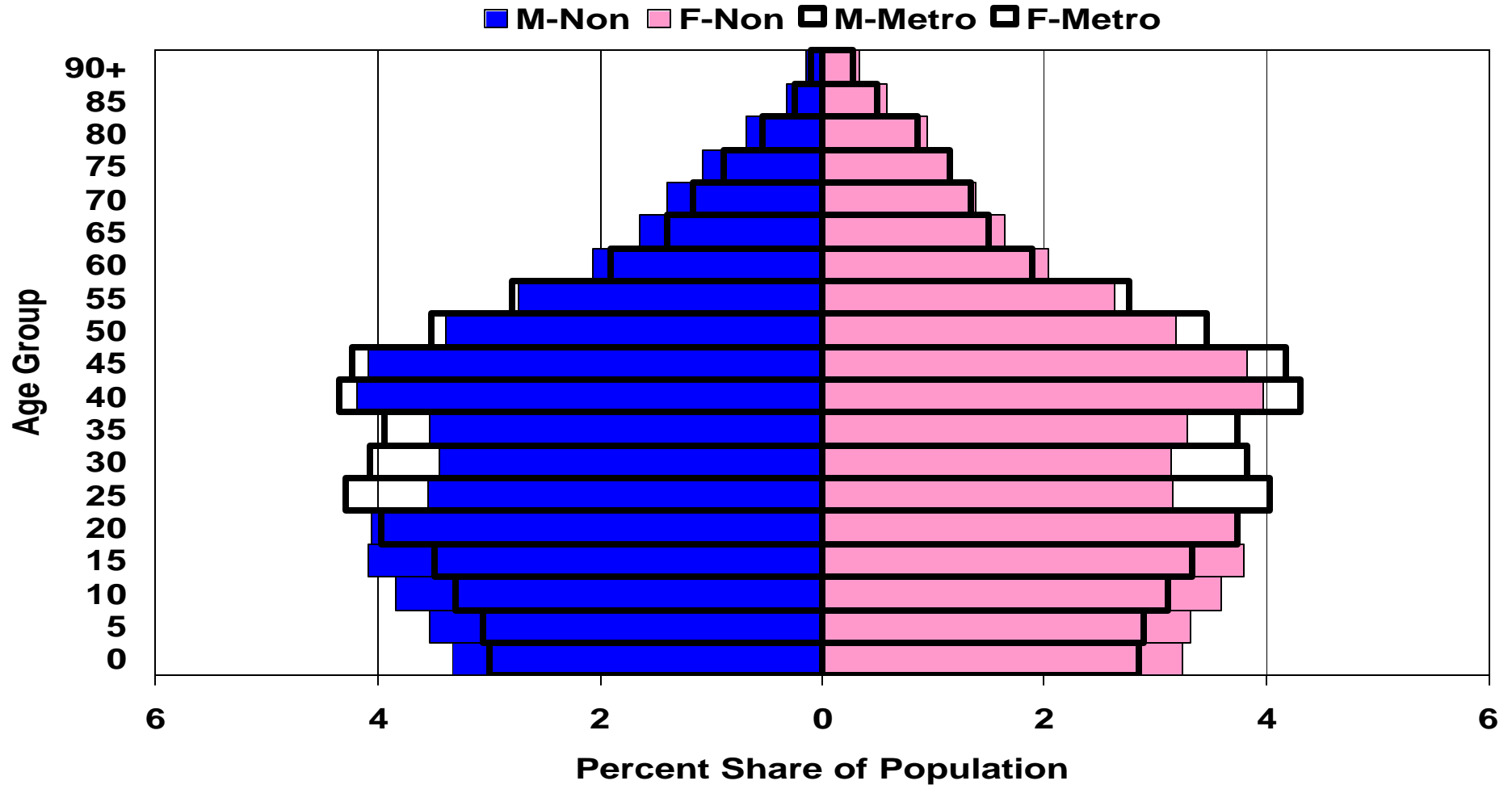


Demographic Trends – Alberta

The aging trend in Alberta is more pronounced in the non-metropolitan areas.

Alberta

Population Pyramid, Non-CMA (colour) versus CMA (outline), 2005

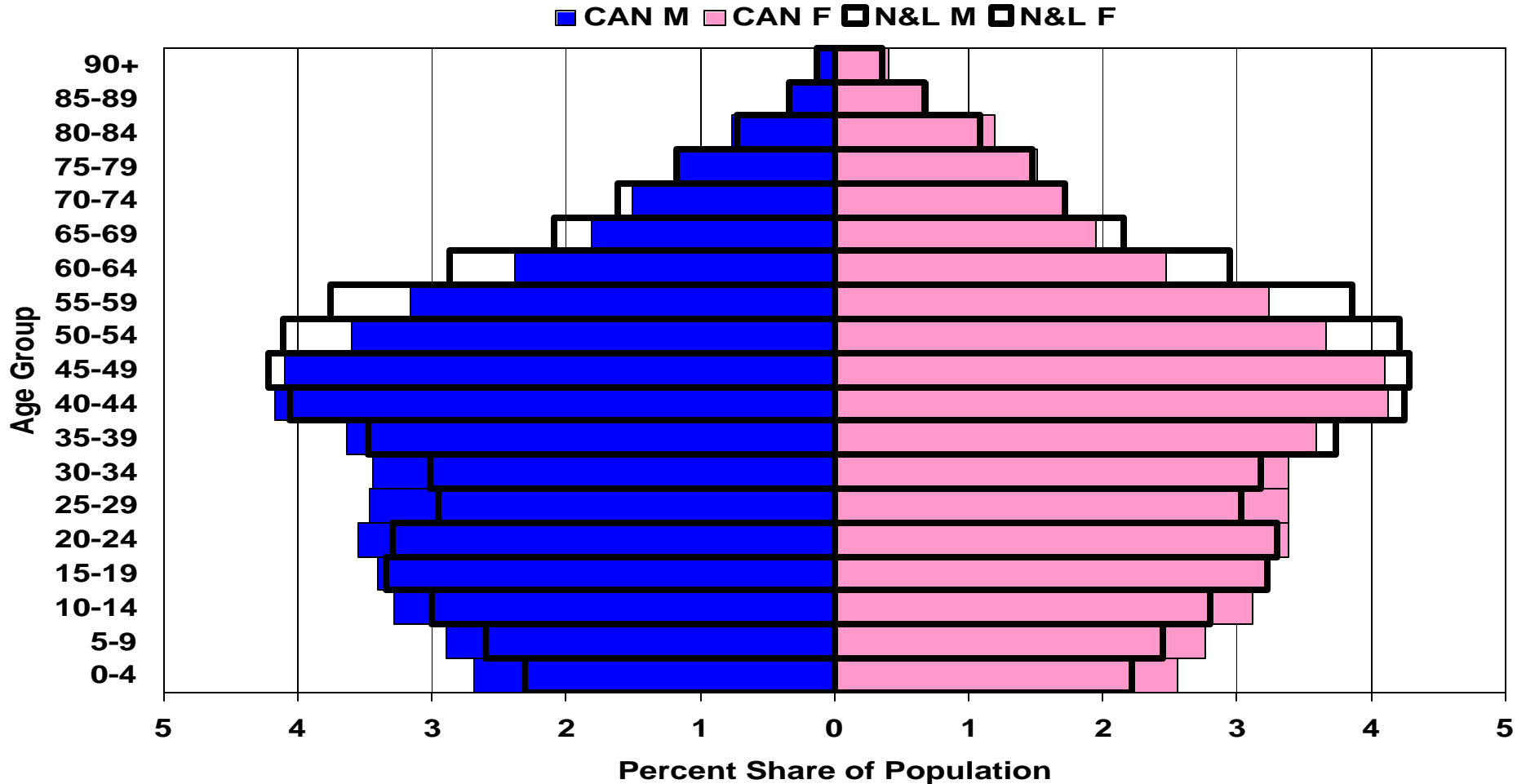


Demographic Trends - Canada

However, Alberta looks young compared to the rest of the provinces.

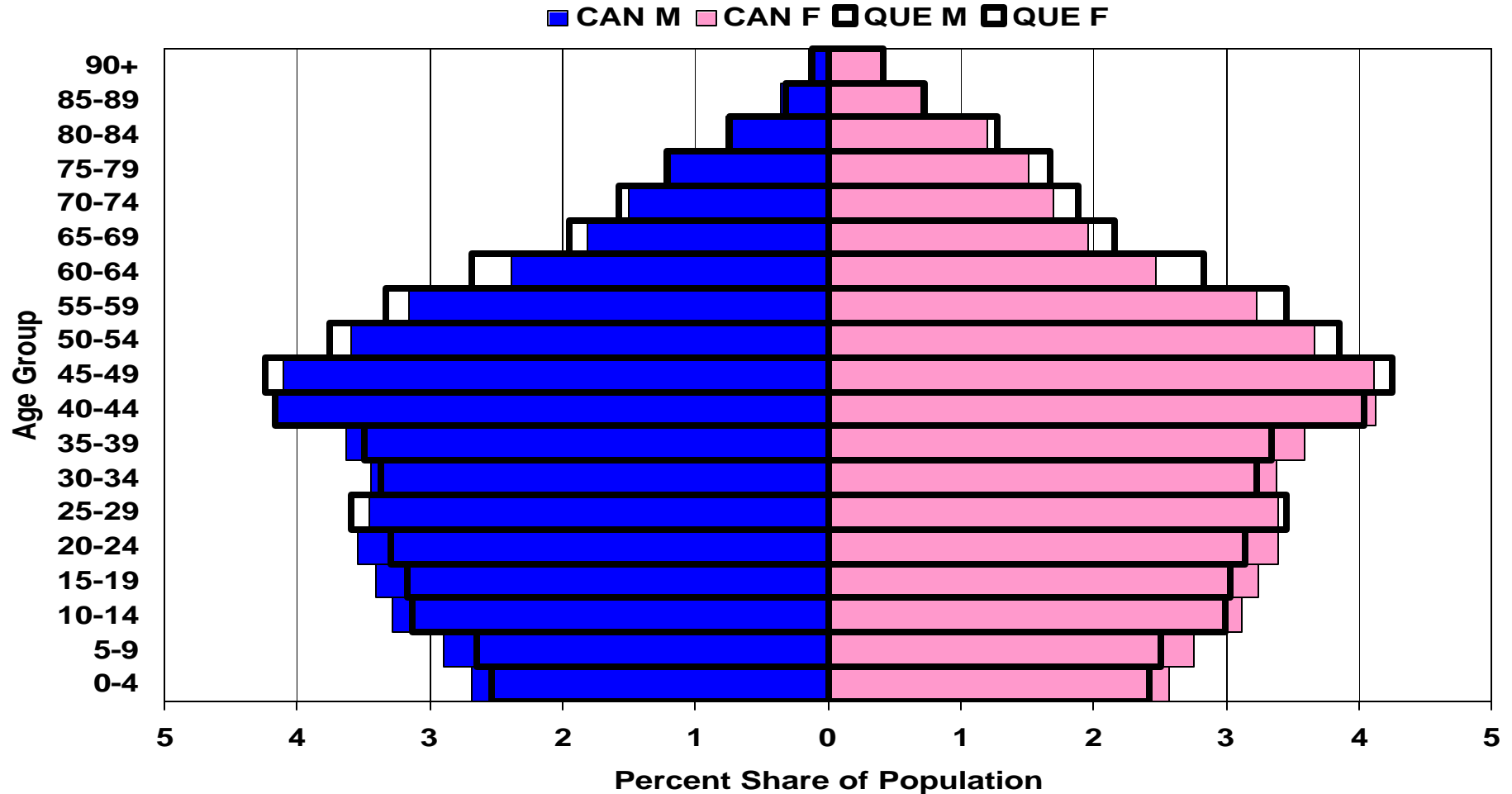
Population Pyramid

Newfoundland & Labrador (outline) versus Canada (colour), 2006 (percent)



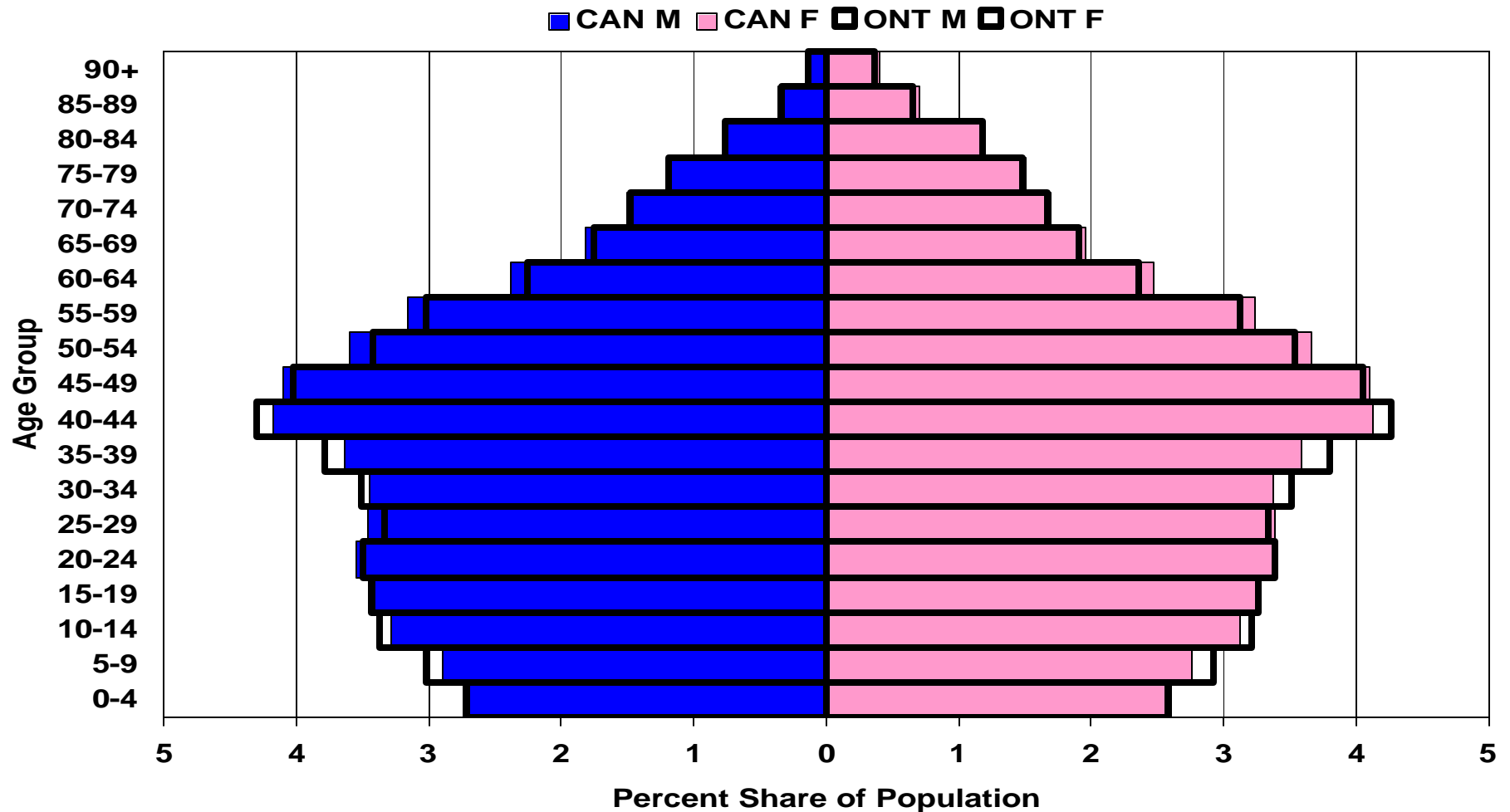
Population Pyramid

Québec (outline) versus Canada (colour), 2006 (percent)



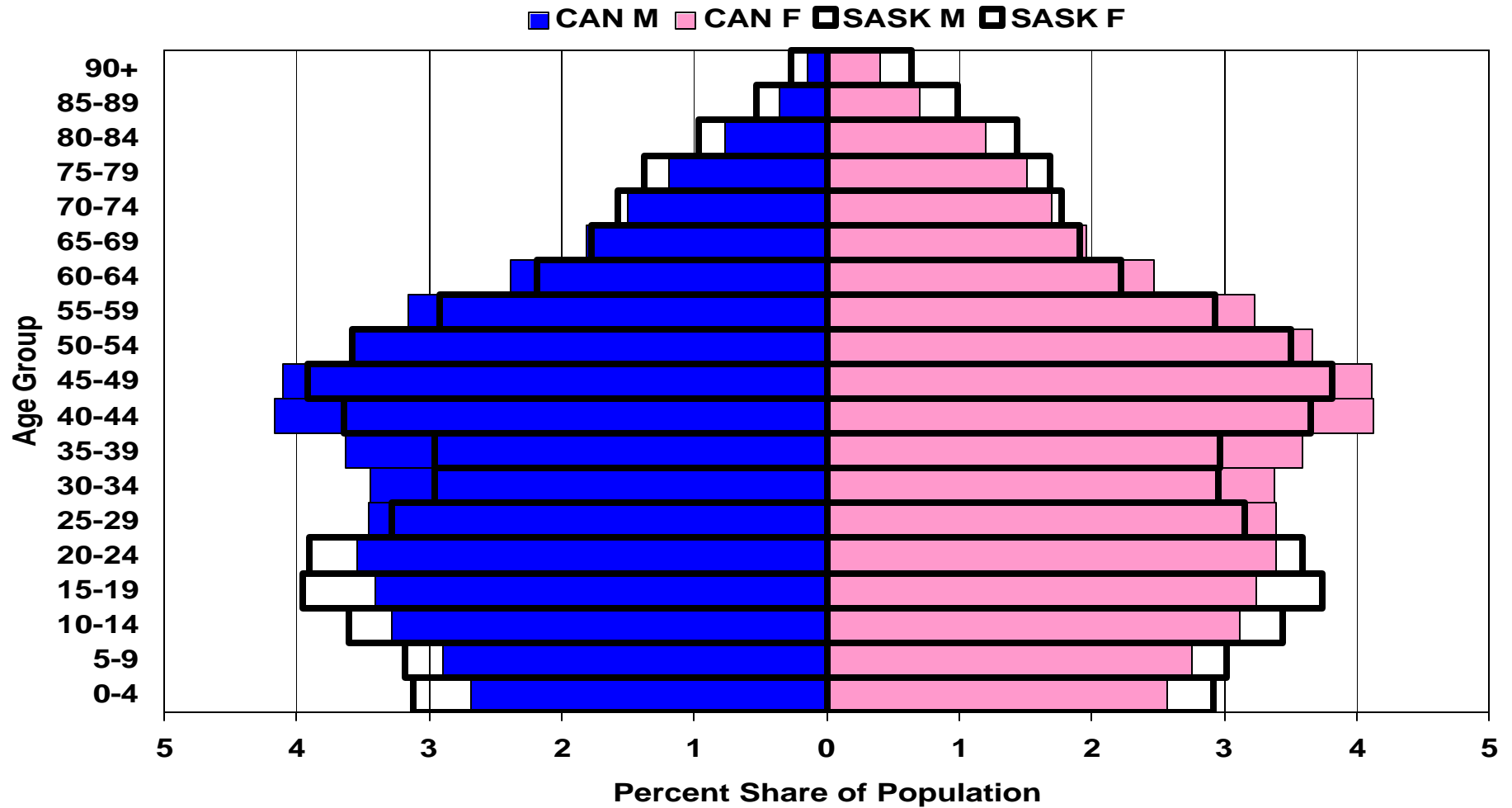
Population Pyramid

Ontario (outline) versus Canada (colour), 2006 (percent)



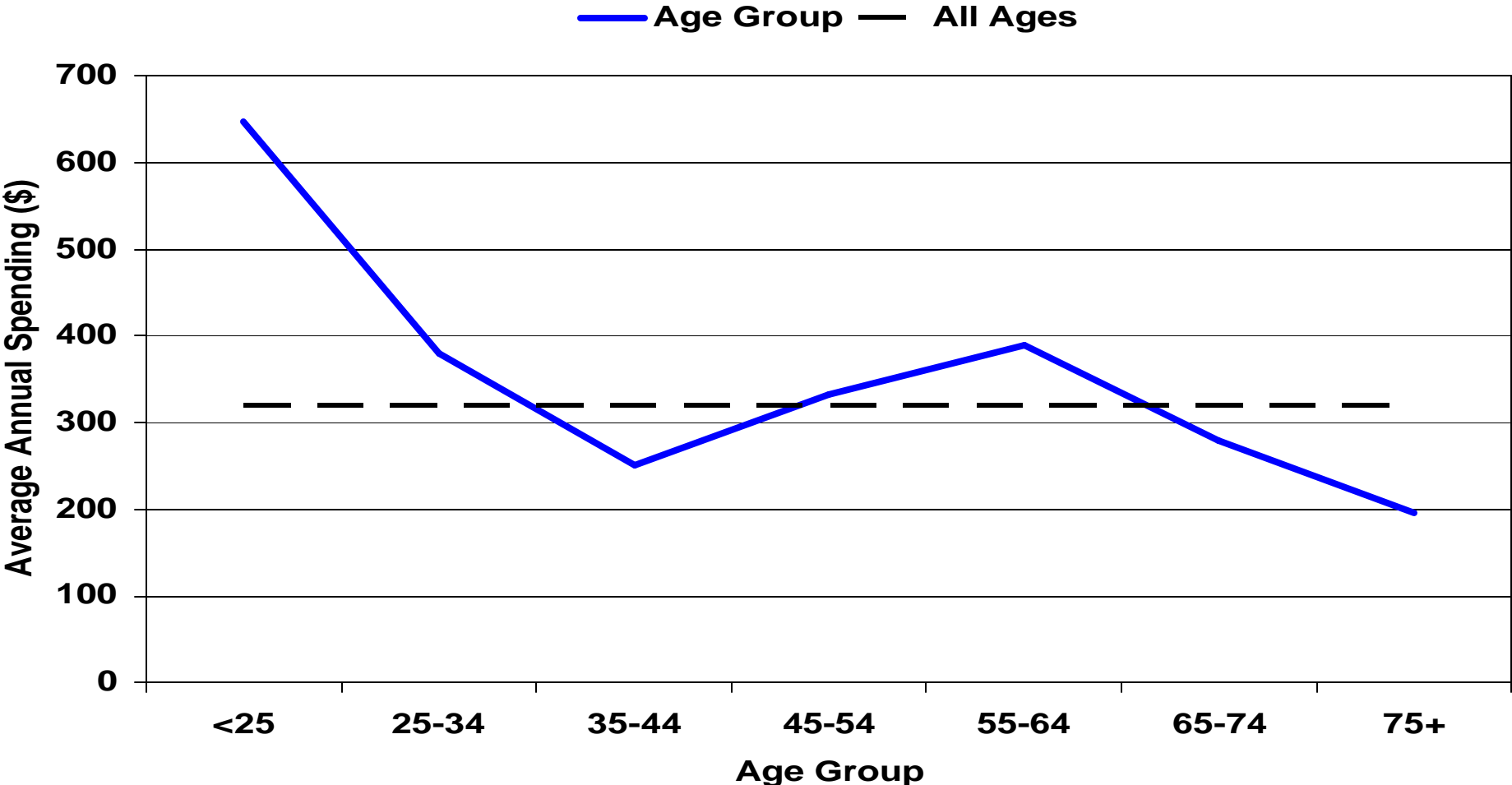
Population Pyramid

Saskatchewan (outline) versus Canada (colour), 2006 (percent)



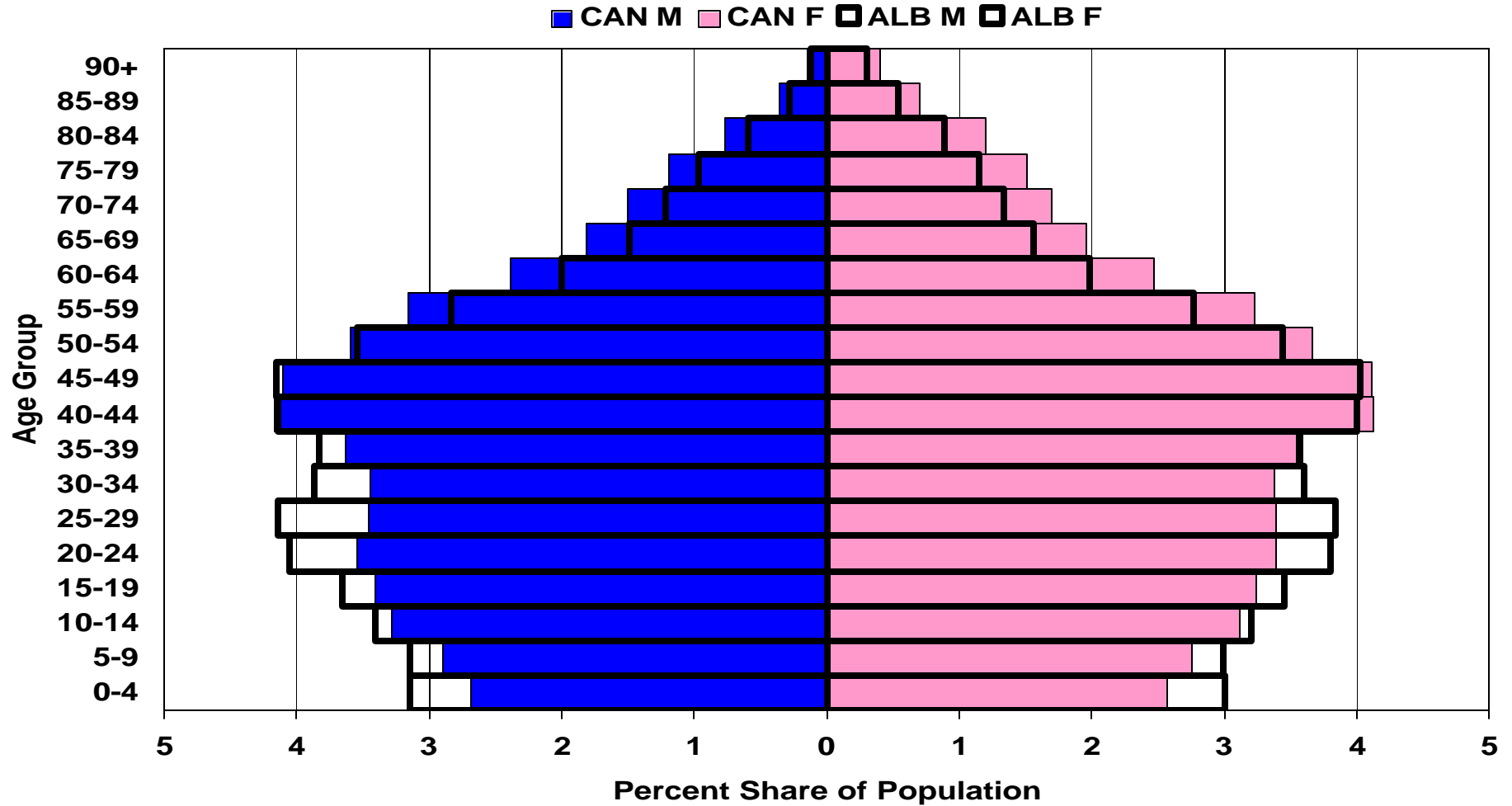
Household Spending – Canada

Alcoholic Beverages (\$ per person), 2005



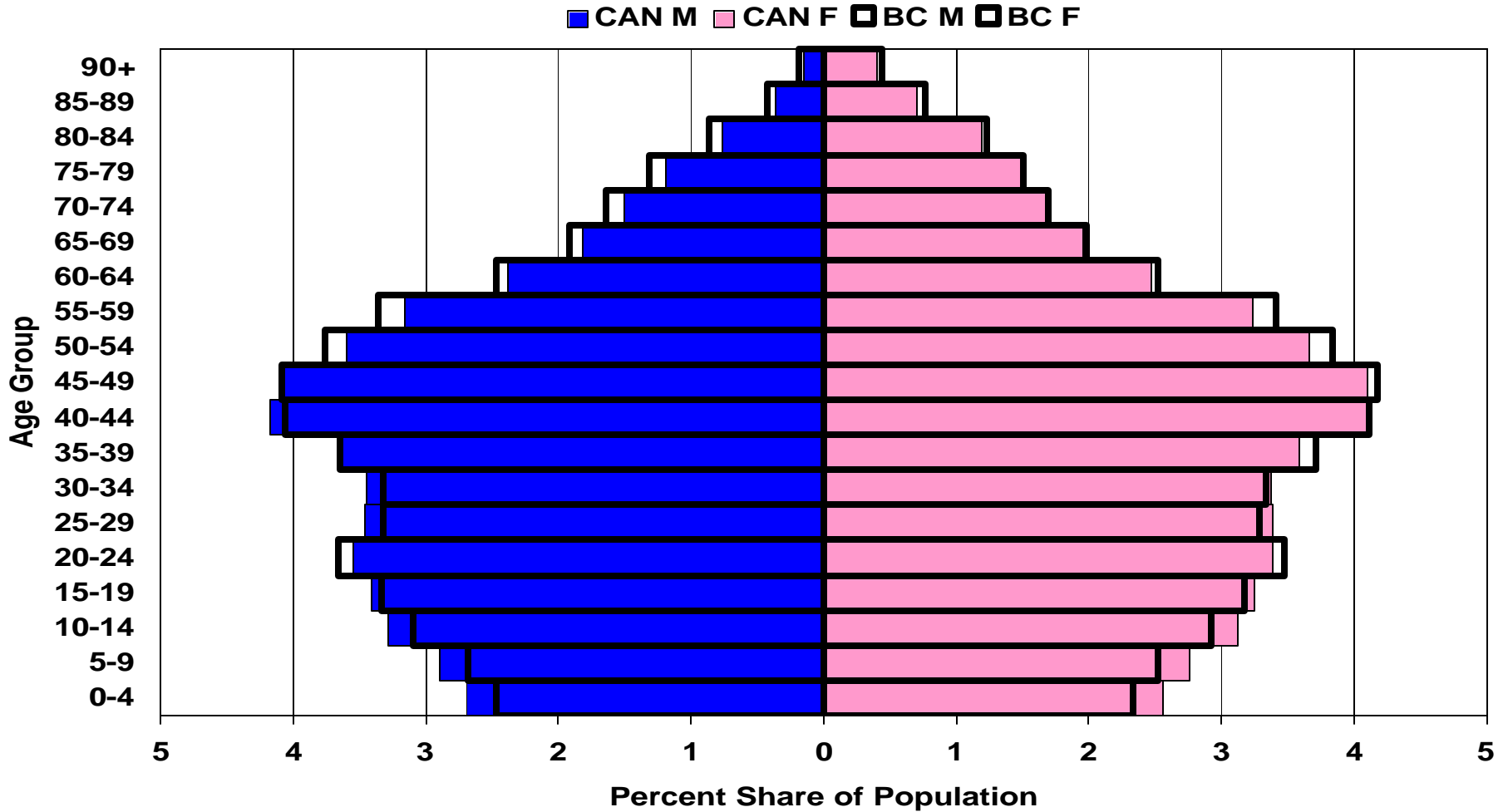
Population Pyramid

Alberta (outline) versus Canada (colour), 2006 (percent)



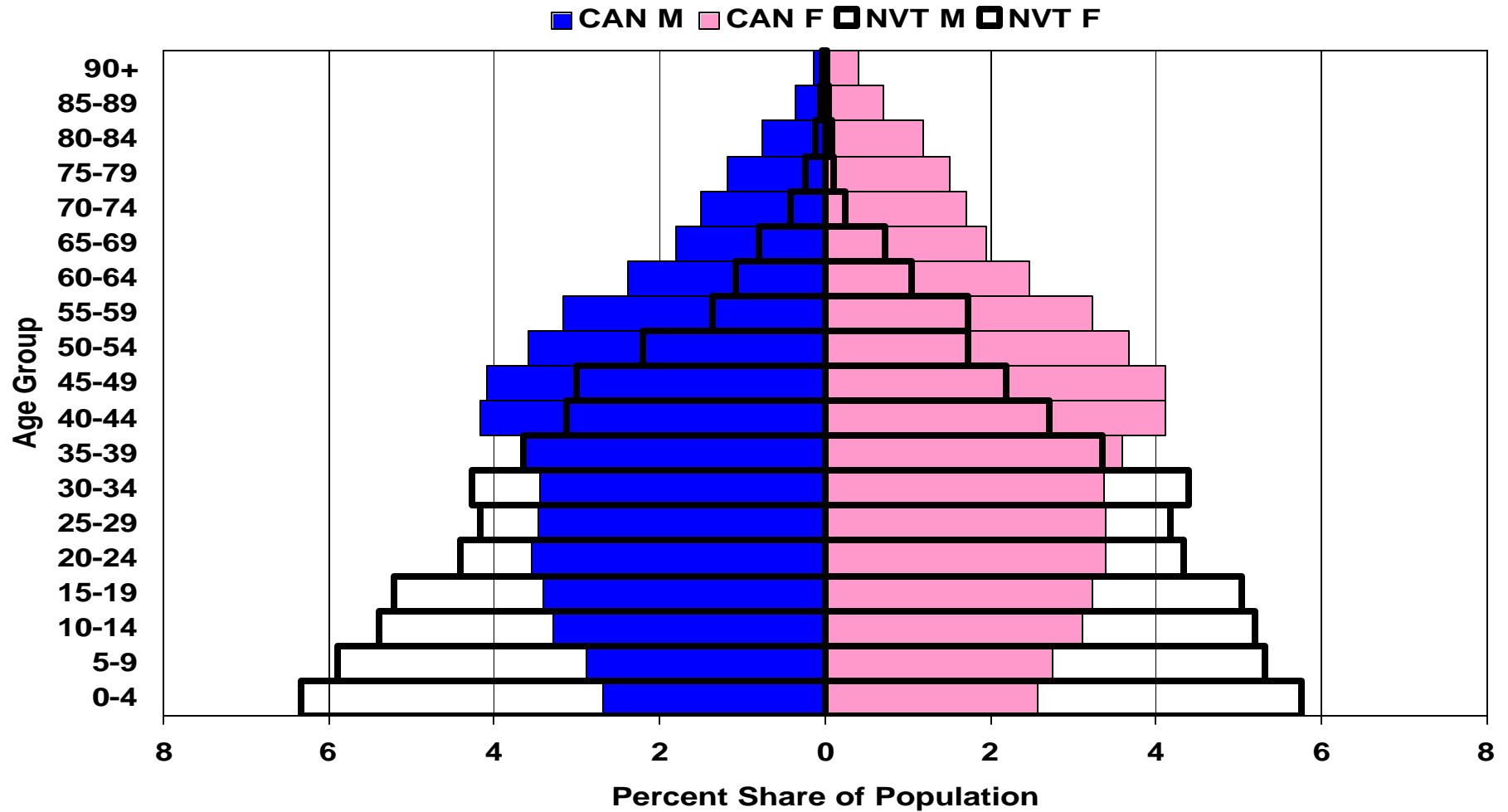
Population Pyramid

British Columbia (outline) versus Canada (colour), 2006 (percent)



Population Pyramid

Nunavut (outline) versus Canada (colour), 2006 (percent)

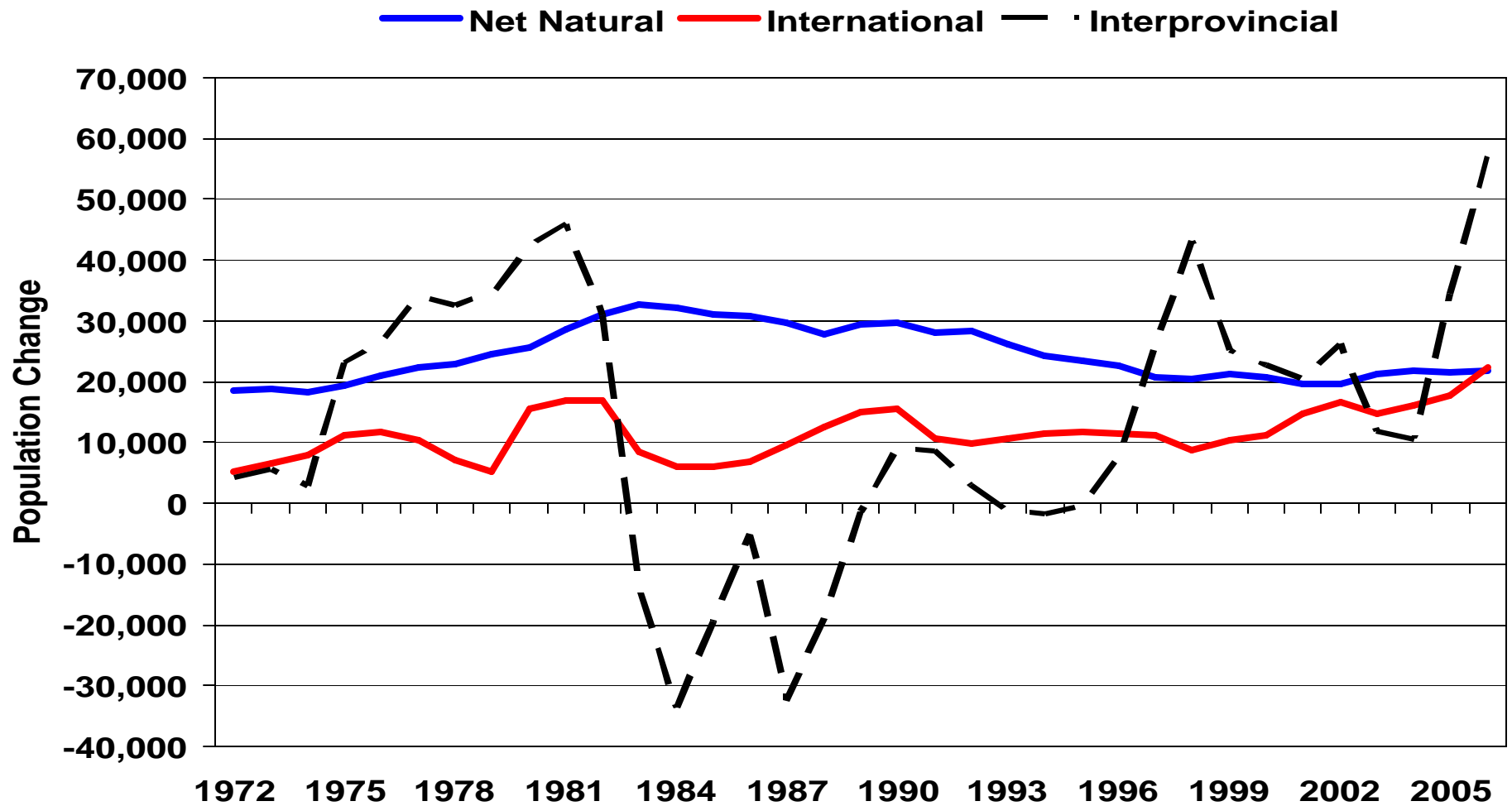


Demographic Trends - Alberta

On average between 1996 and 2006, annual population growth through migration exceeded growth through net natural increase.

Alberta

Population Change by Source, 1972-2006

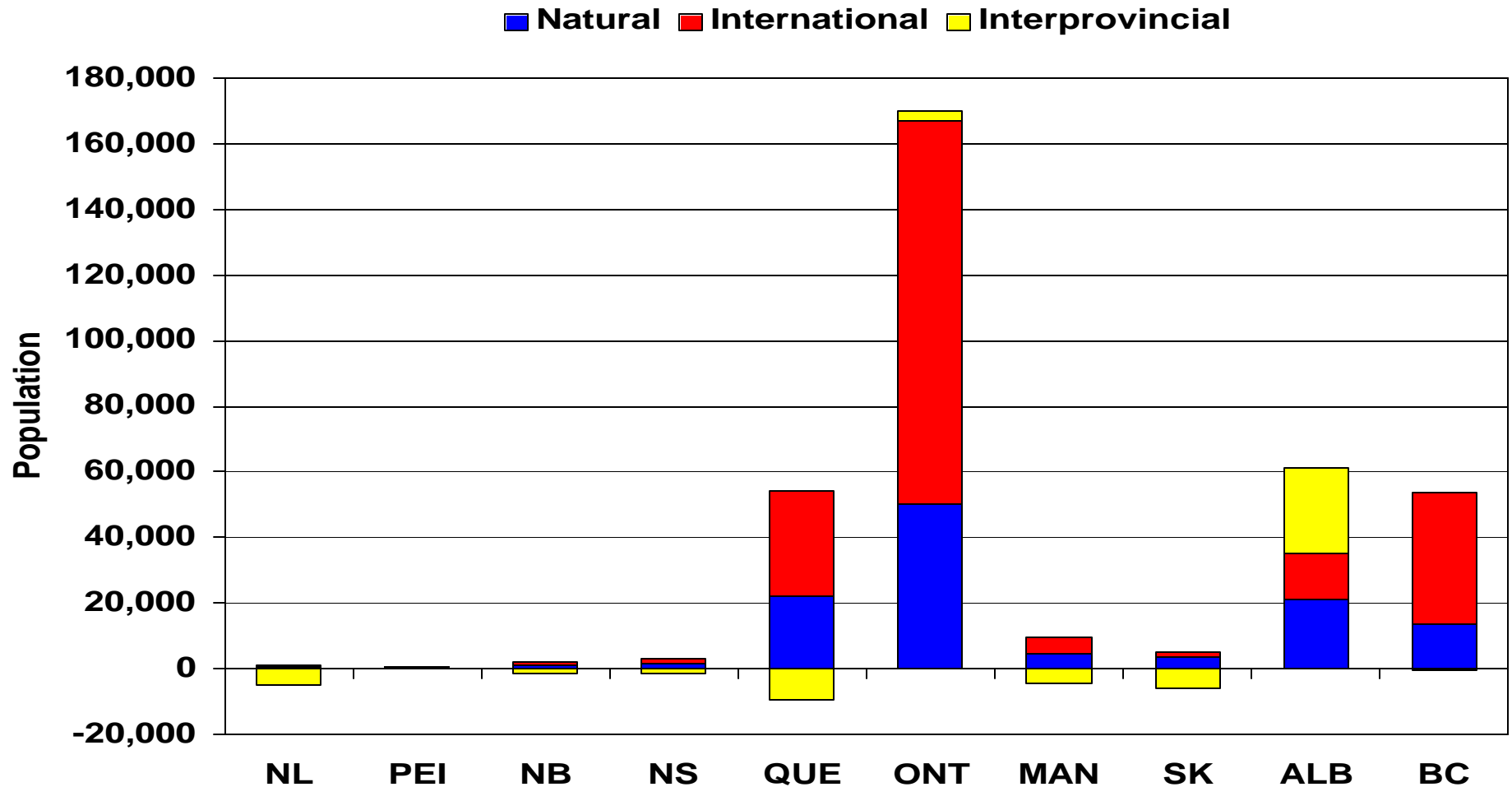


Demographic Trends - Alberta

And where are Alberta's migrants coming from?

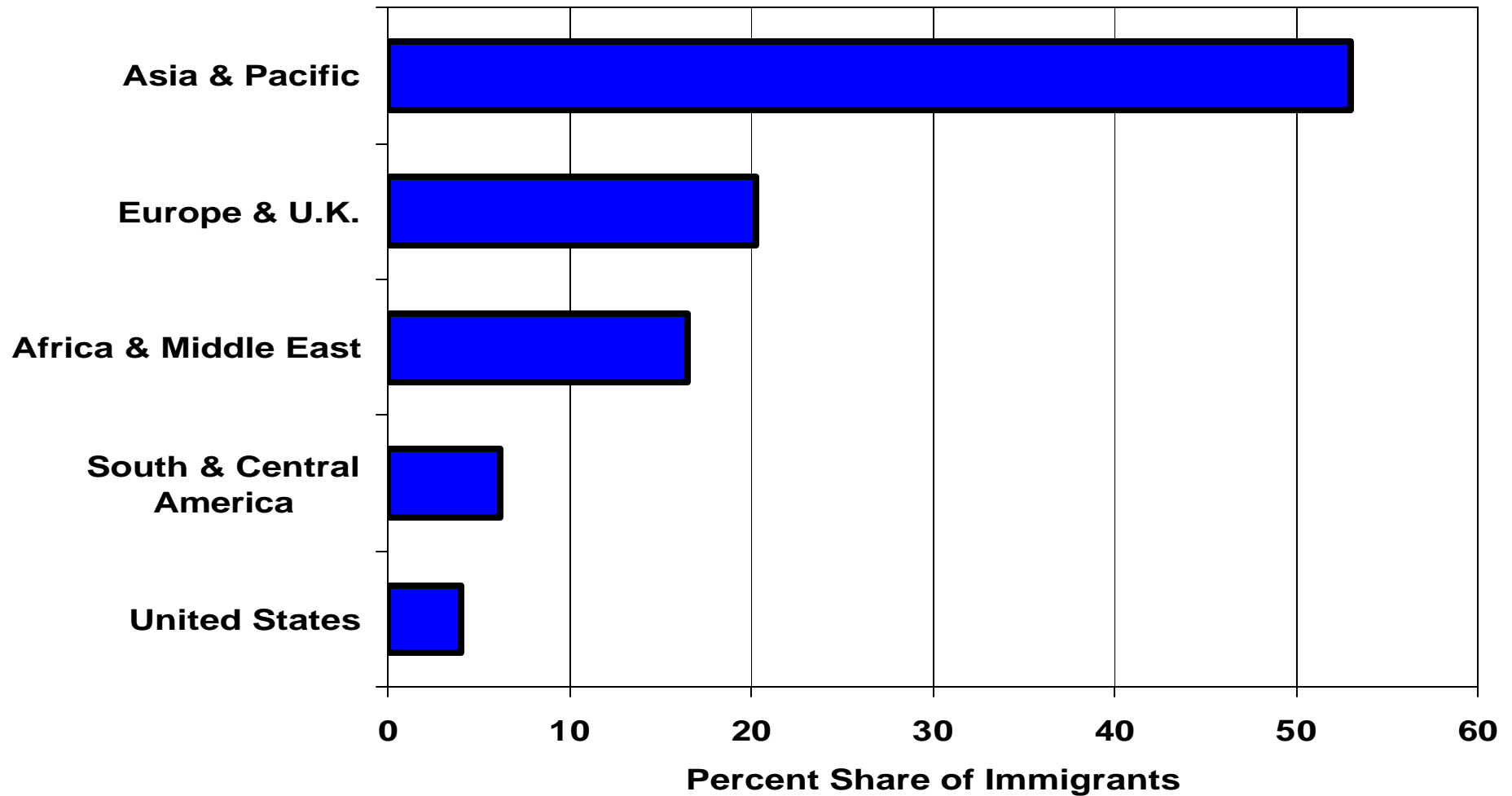
Canada's Provinces

Population Change by Source, 1996-2006 (annual average)



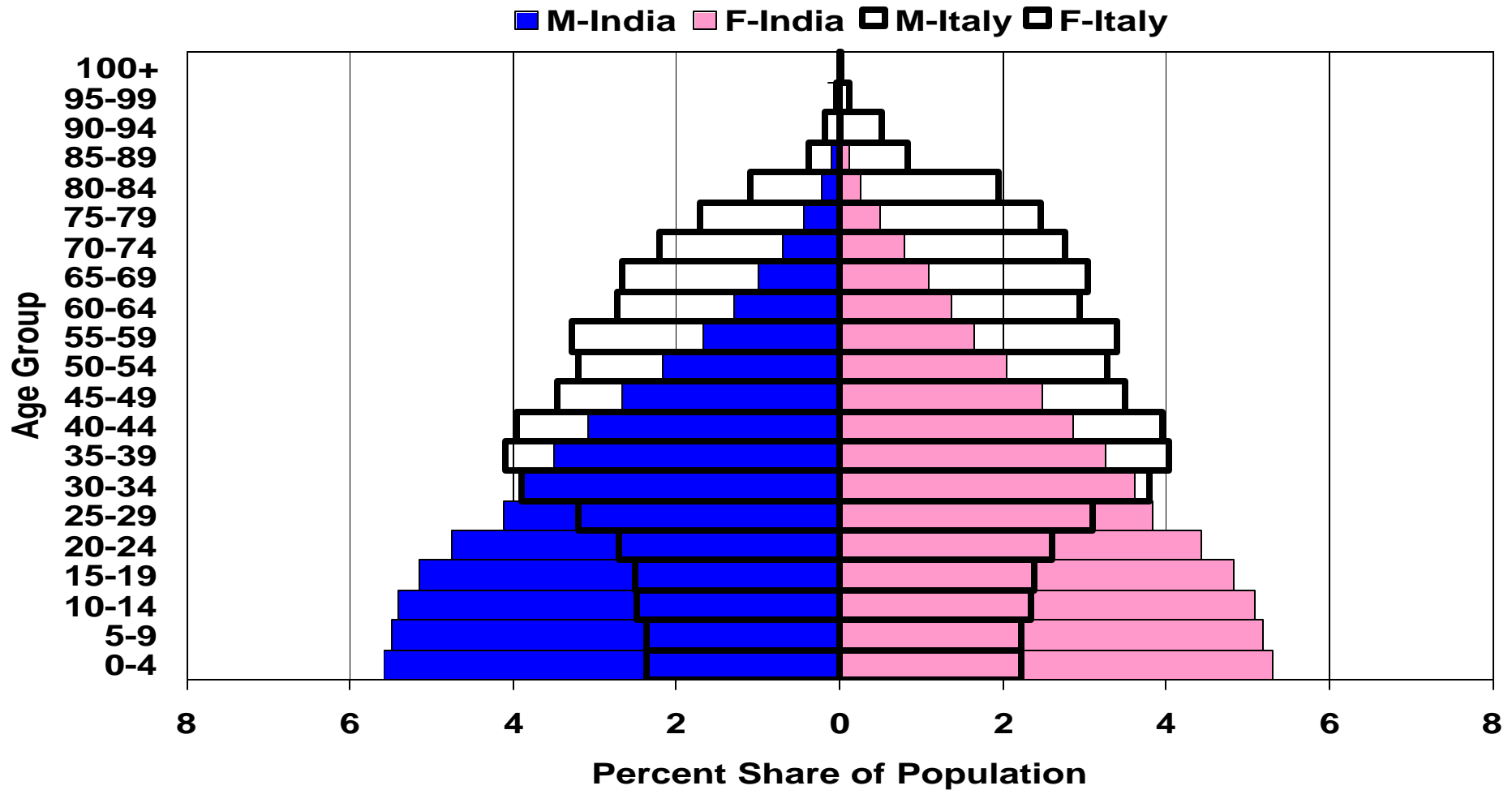
Alberta

Average Share of Immigrants by Source Region, 1997-2006



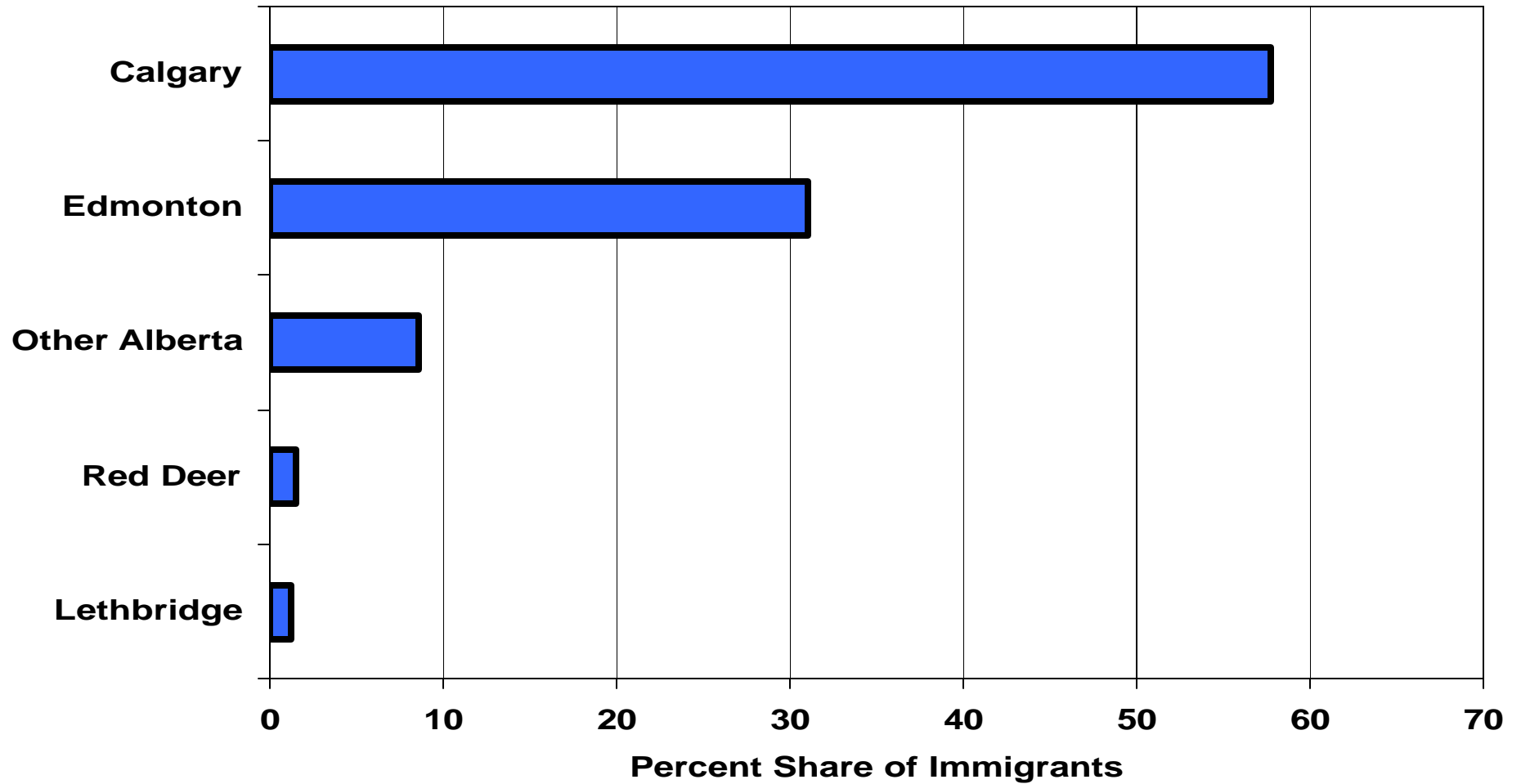
Population Pyramid

Italy versus India, 2005 (percent)



Alberta

Average Share of Immigrants by Destination, 1997-2006

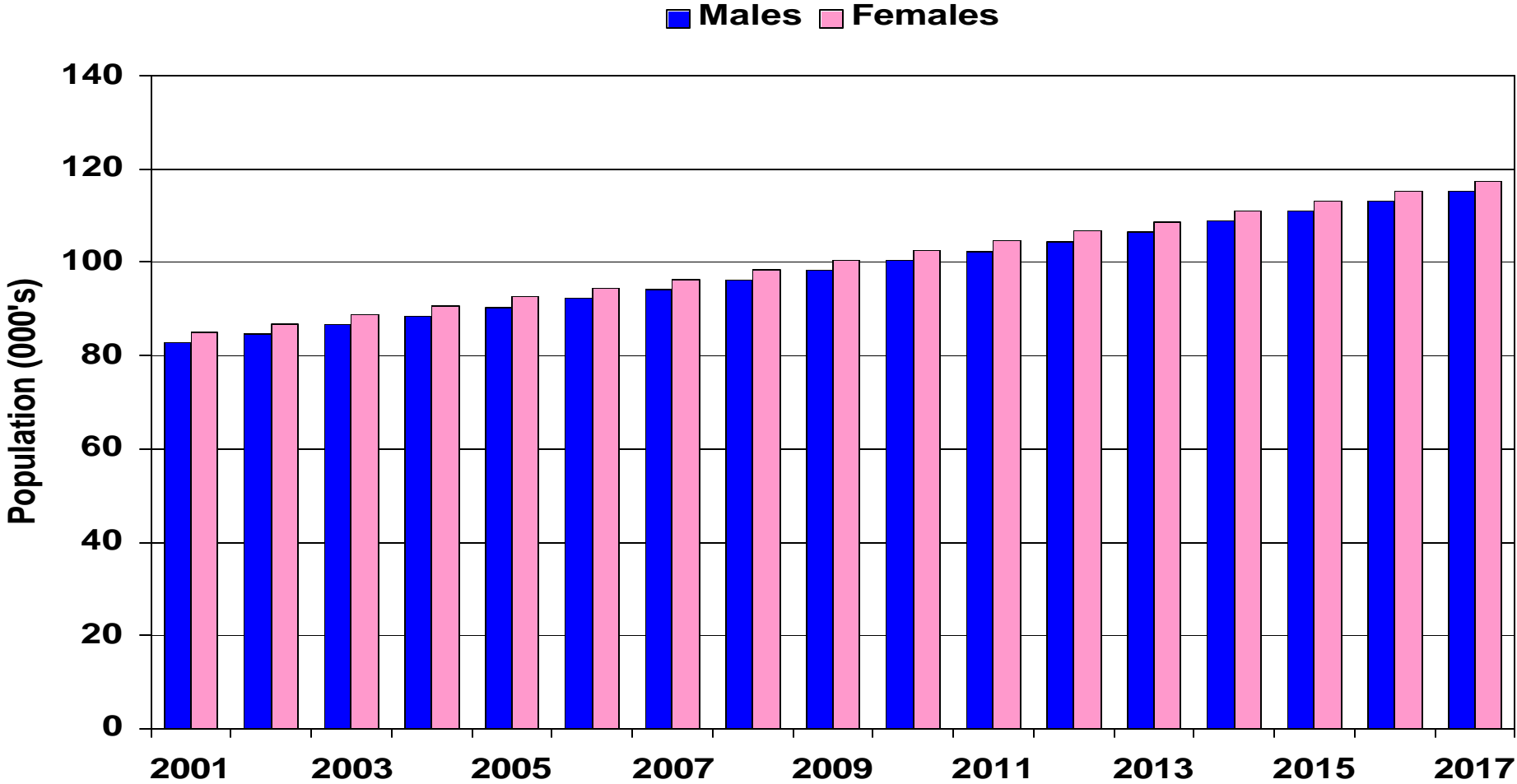


Demographic Trends - Alberta

Alberta's Aboriginal Identity Population: An Island of Youth in an Aging Population

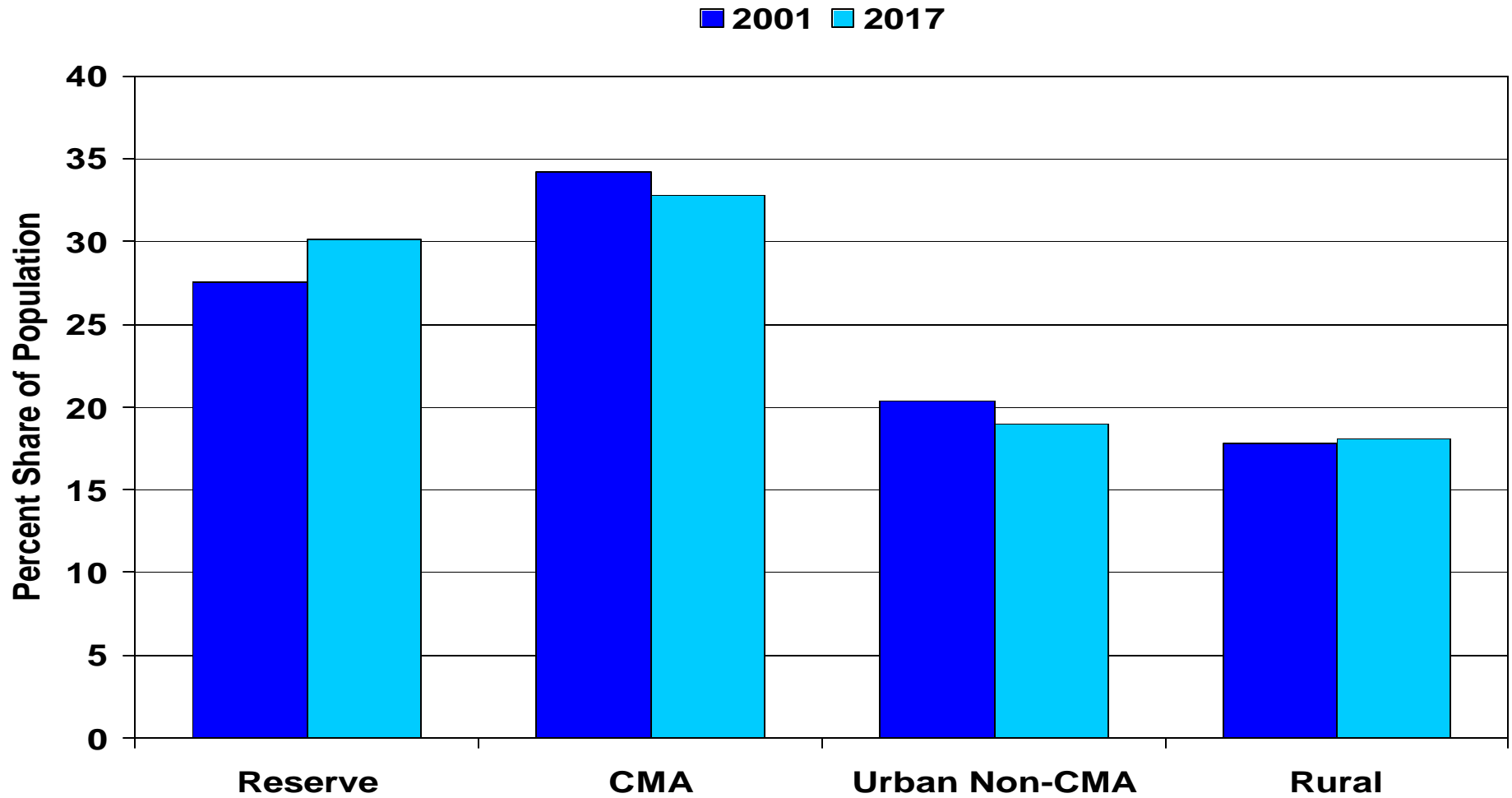
Alberta – Aboriginal Identity

Projected Population by Sex, 2001-2017 (000's)



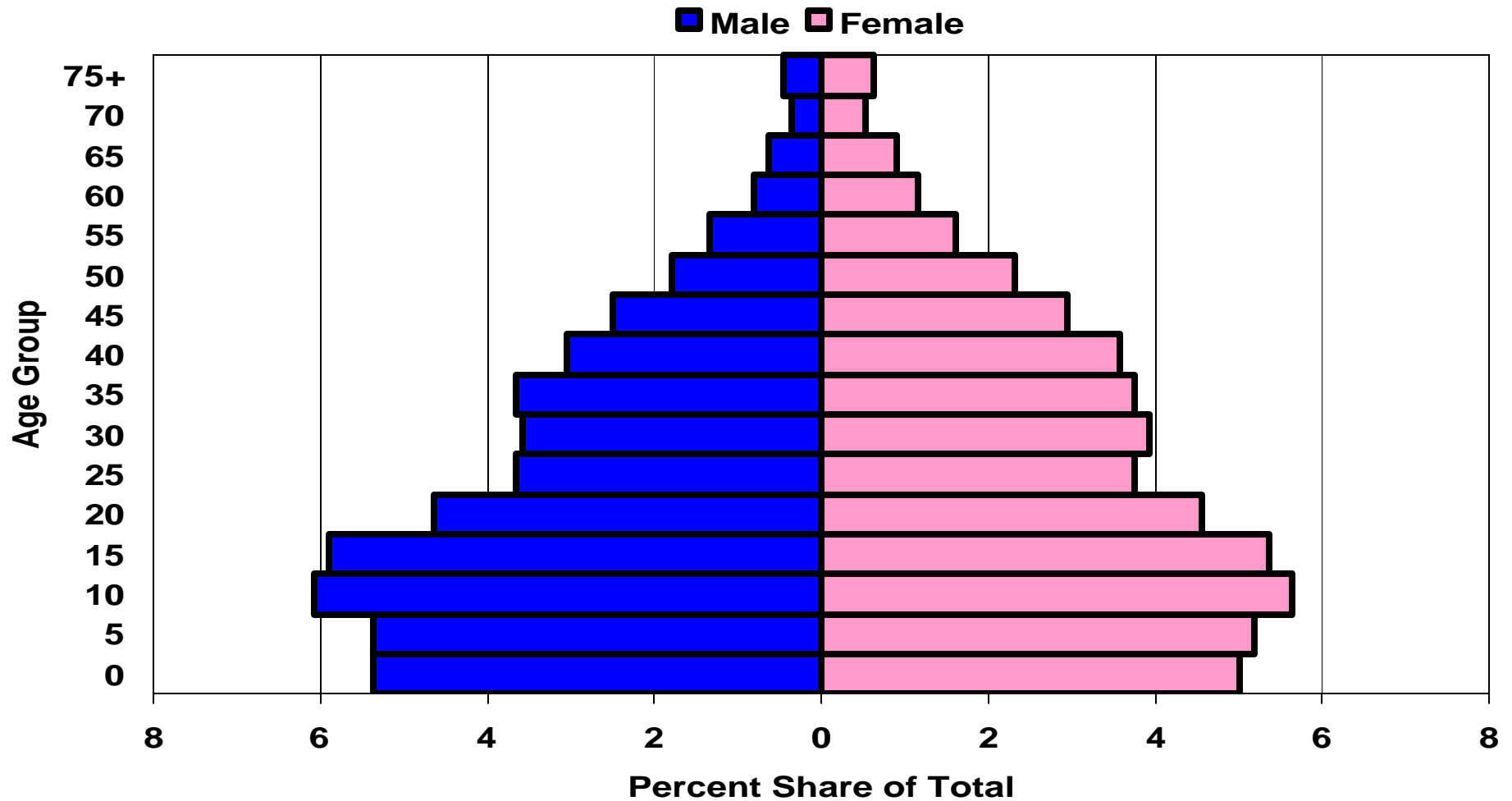
Alberta – Aboriginal Identity

Distribution by Residence, 2001 versus 2017 (percent)



Population Pyramid

North American Indian , Alberta, 2007

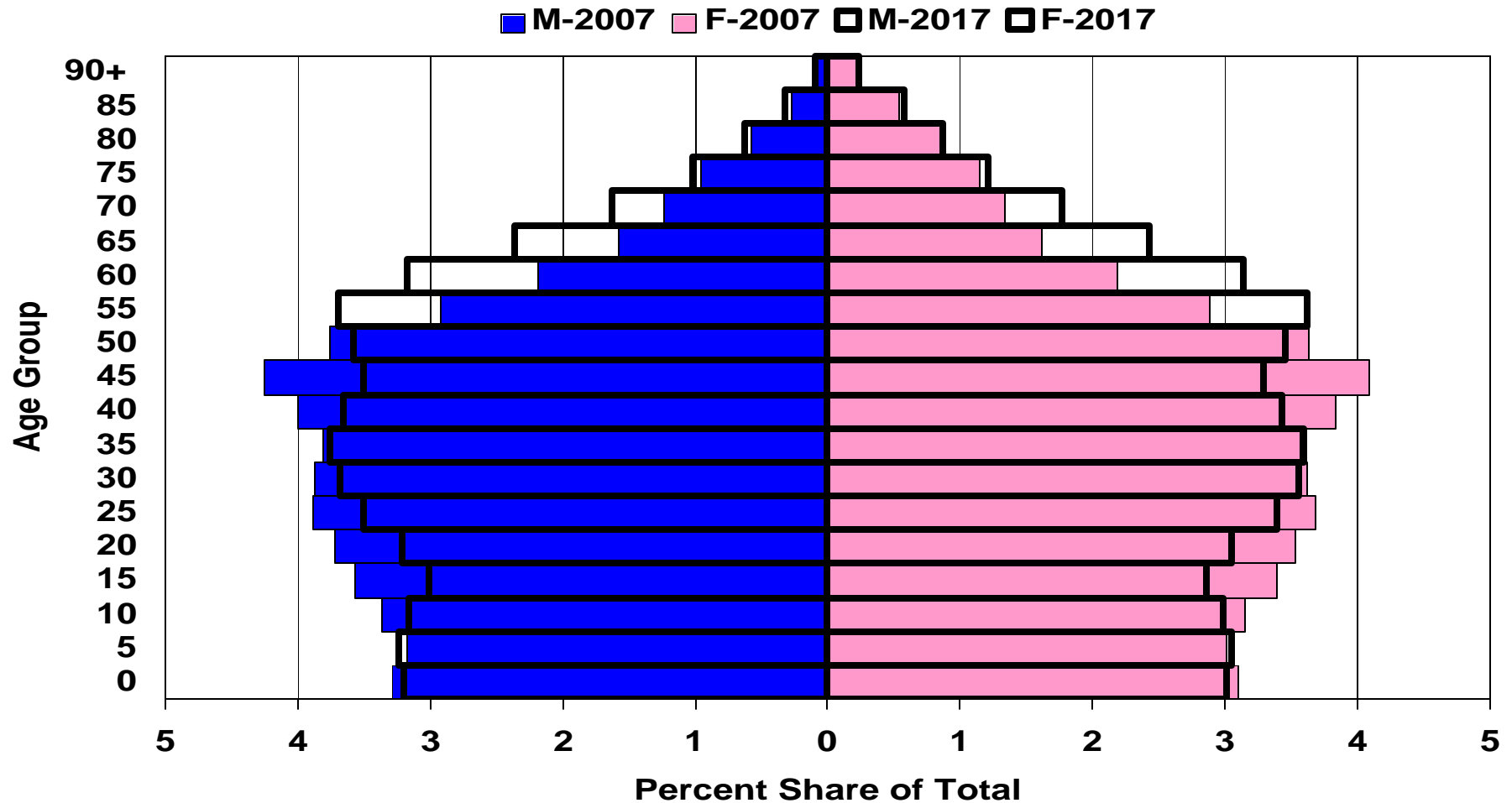


Demographic Projections - Alberta

2007-2017

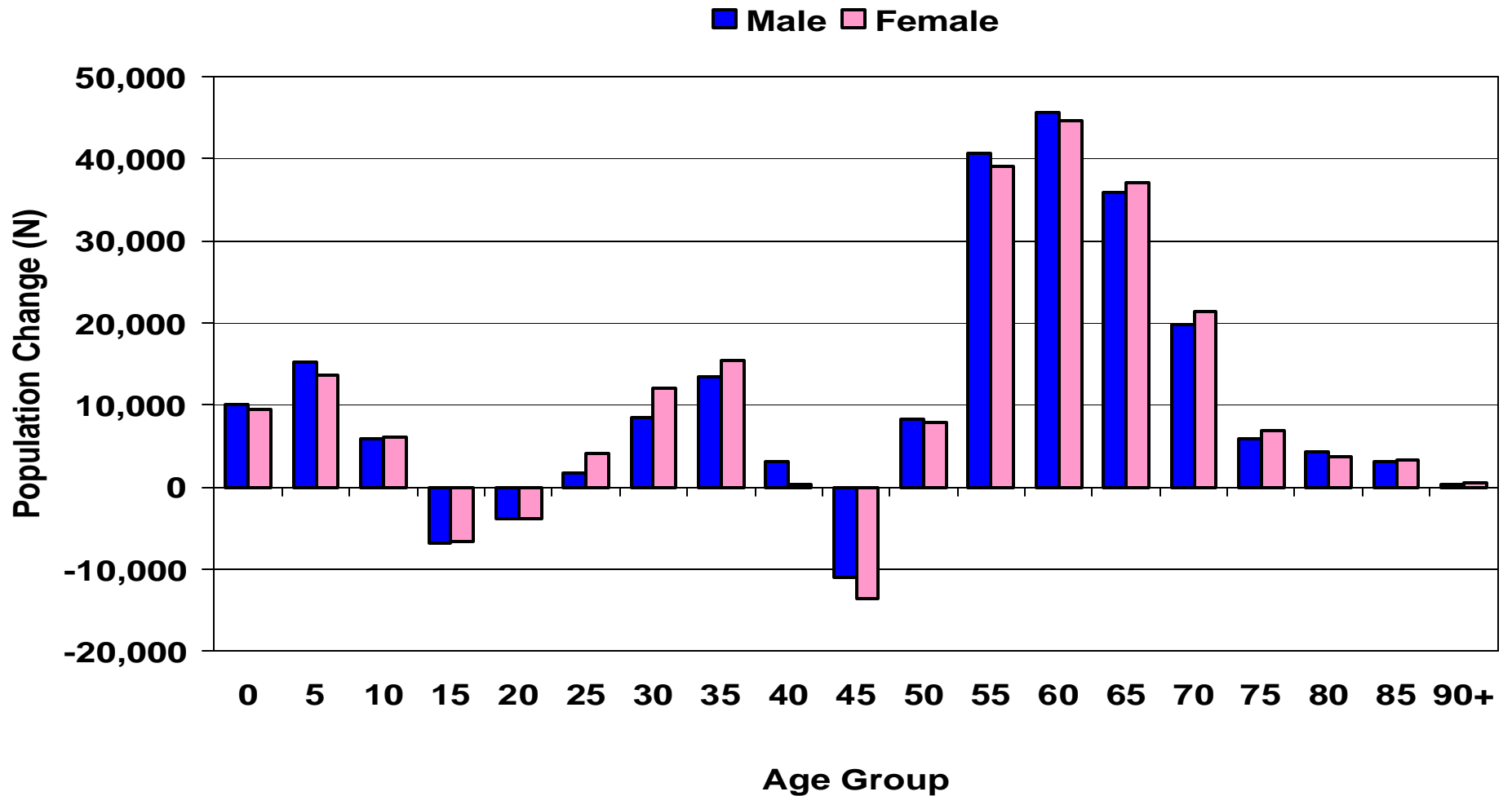
Alberta

Population Pyramid, 2007 (colour) versus 2017 (outline)



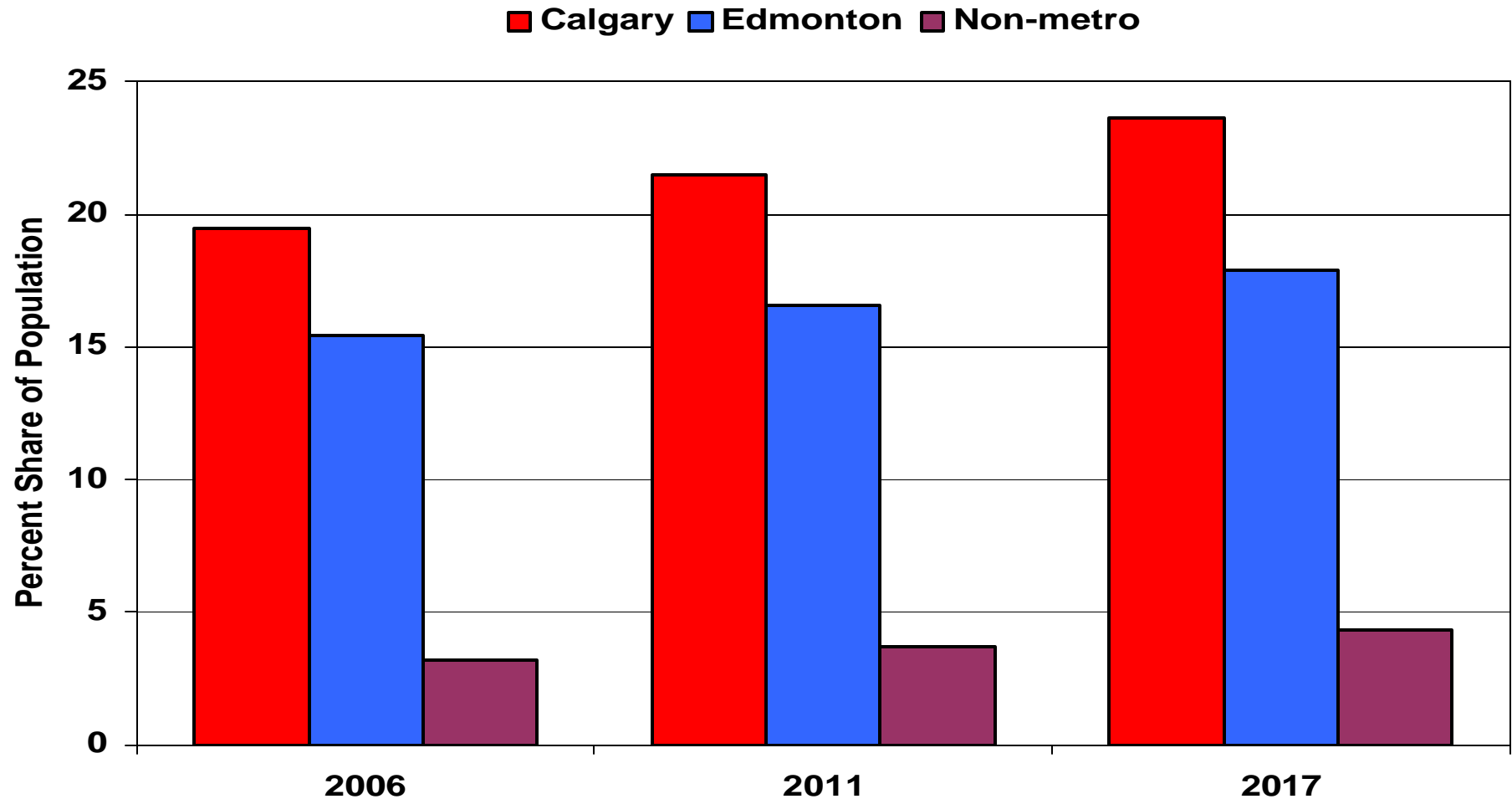
Alberta

Population Change by Age Group and Sex, 2007-2017



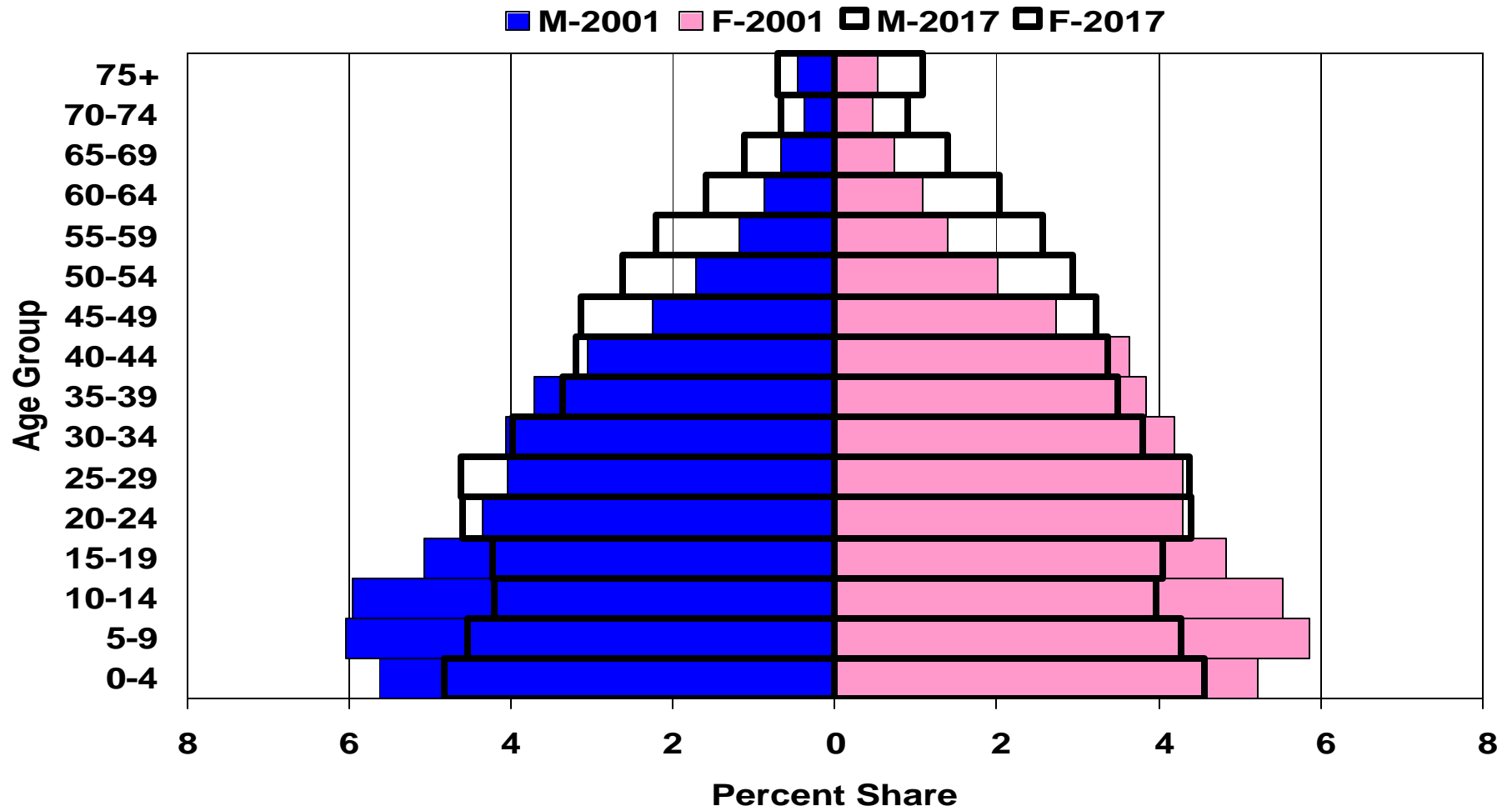
Alberta

Visible Minority Population Share by Area, 2006-2017 (projected)



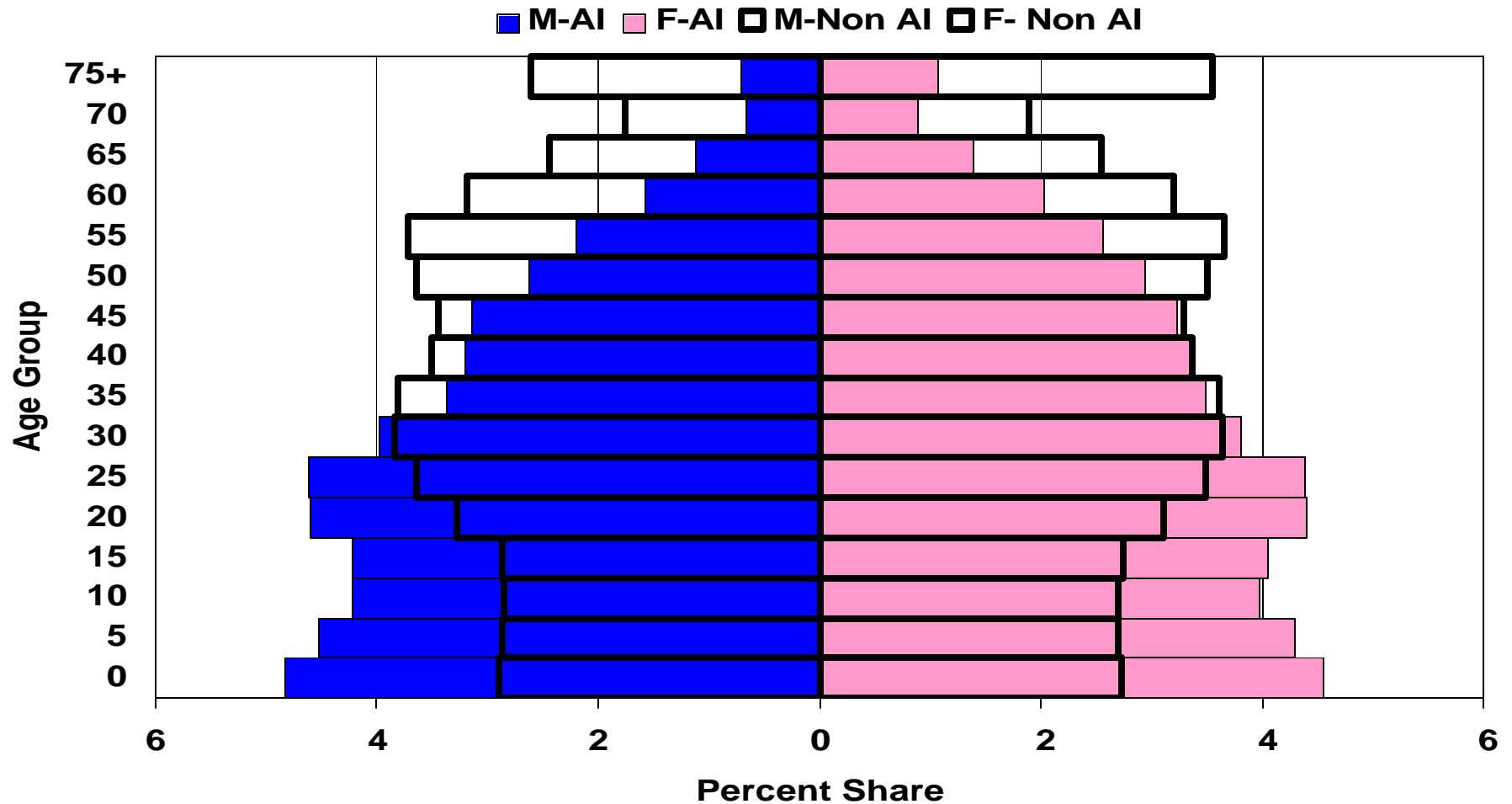
Alberta – Aboriginal Identity

Population Pyramid, 2001 (colour) versus 2017 (outline)



Alberta Population Projection

Aboriginal Identity (colour) vs. Non-Aboriginal, 2017

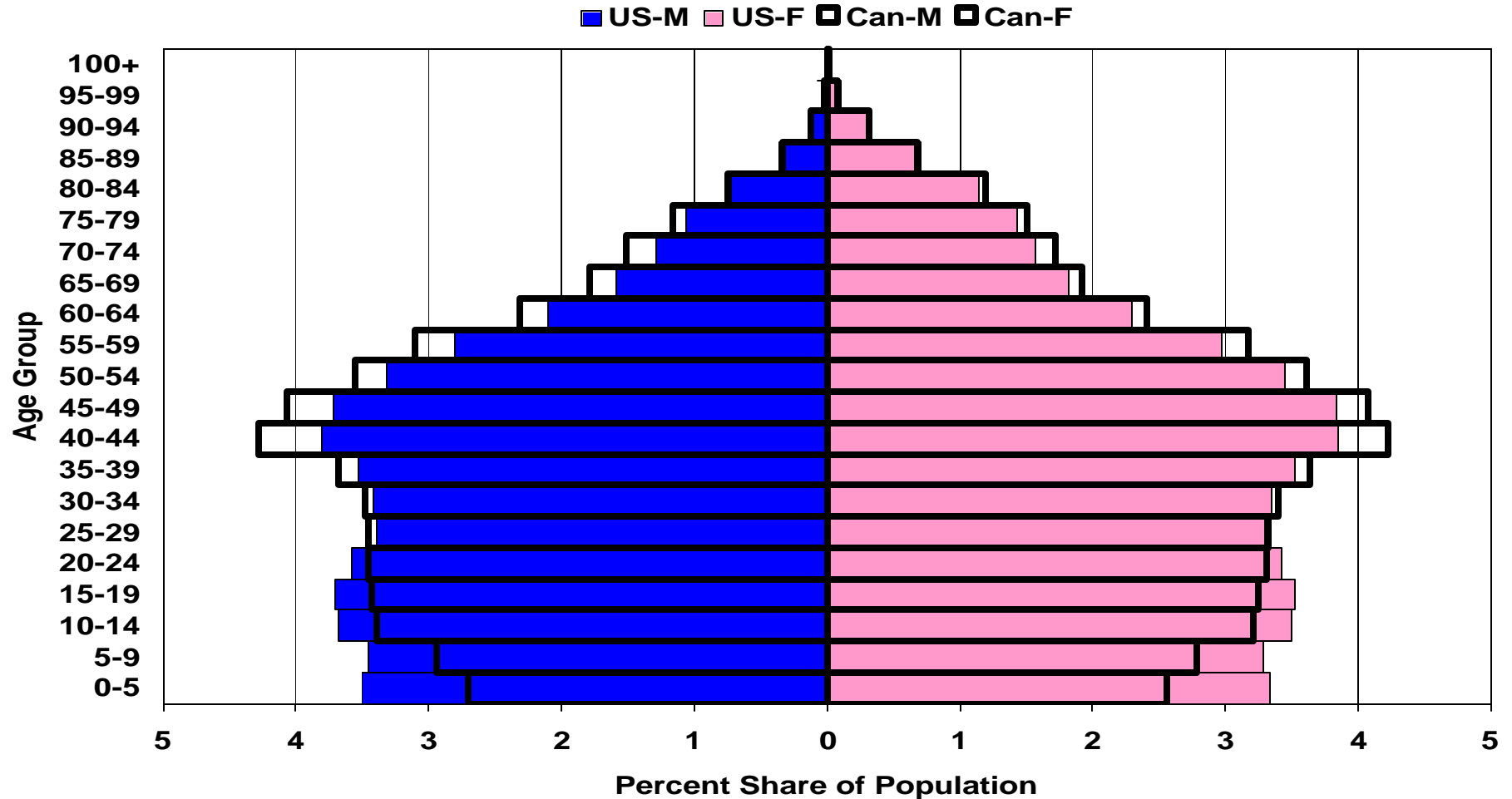


Demographic Trends – United States

The U.S. is somewhat younger than Canada but its age structure varies significantly by ethnic/racial group and region.

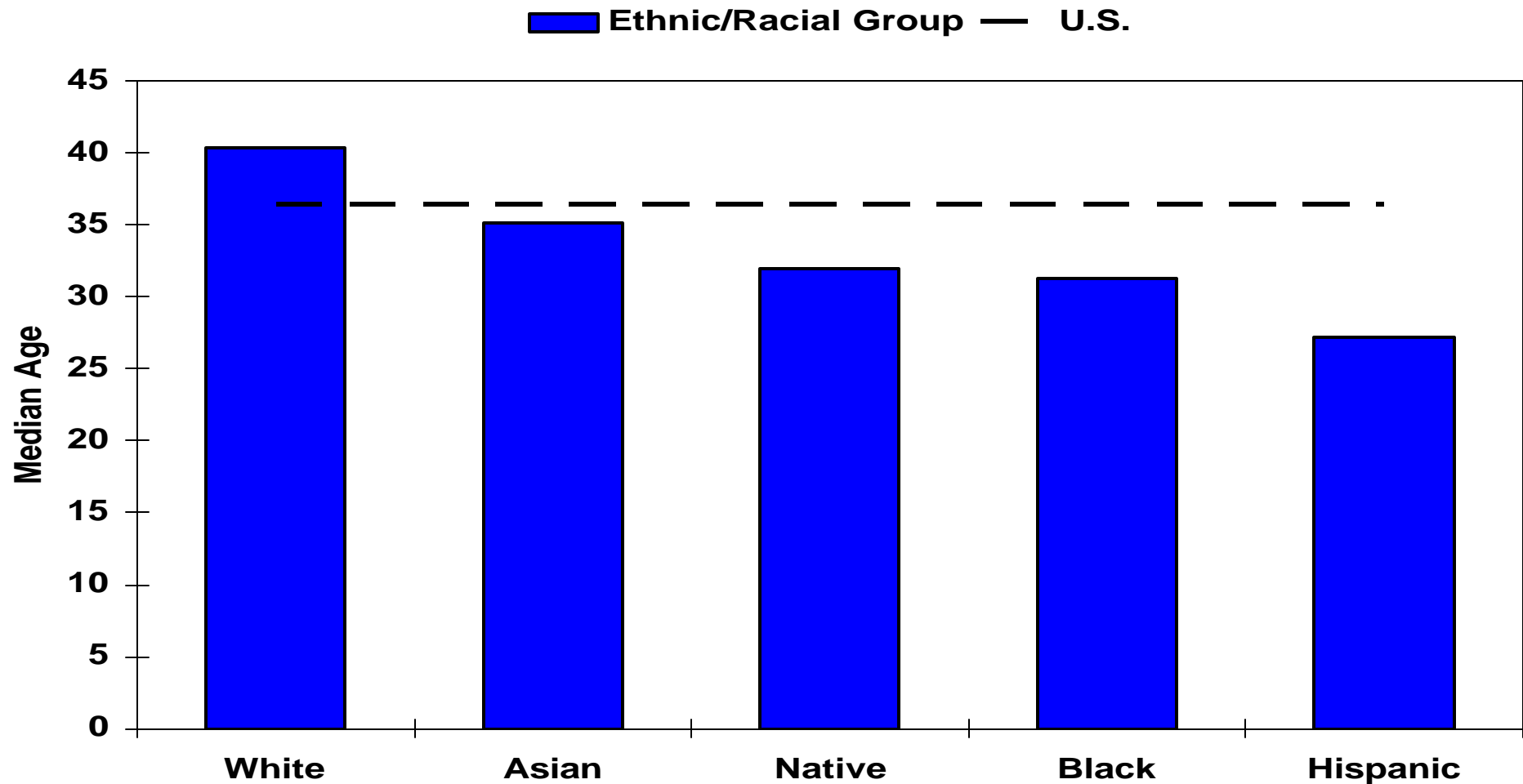
Population Pyramid

Canada (outline) versus U.S. (colour), 2005 (percent)



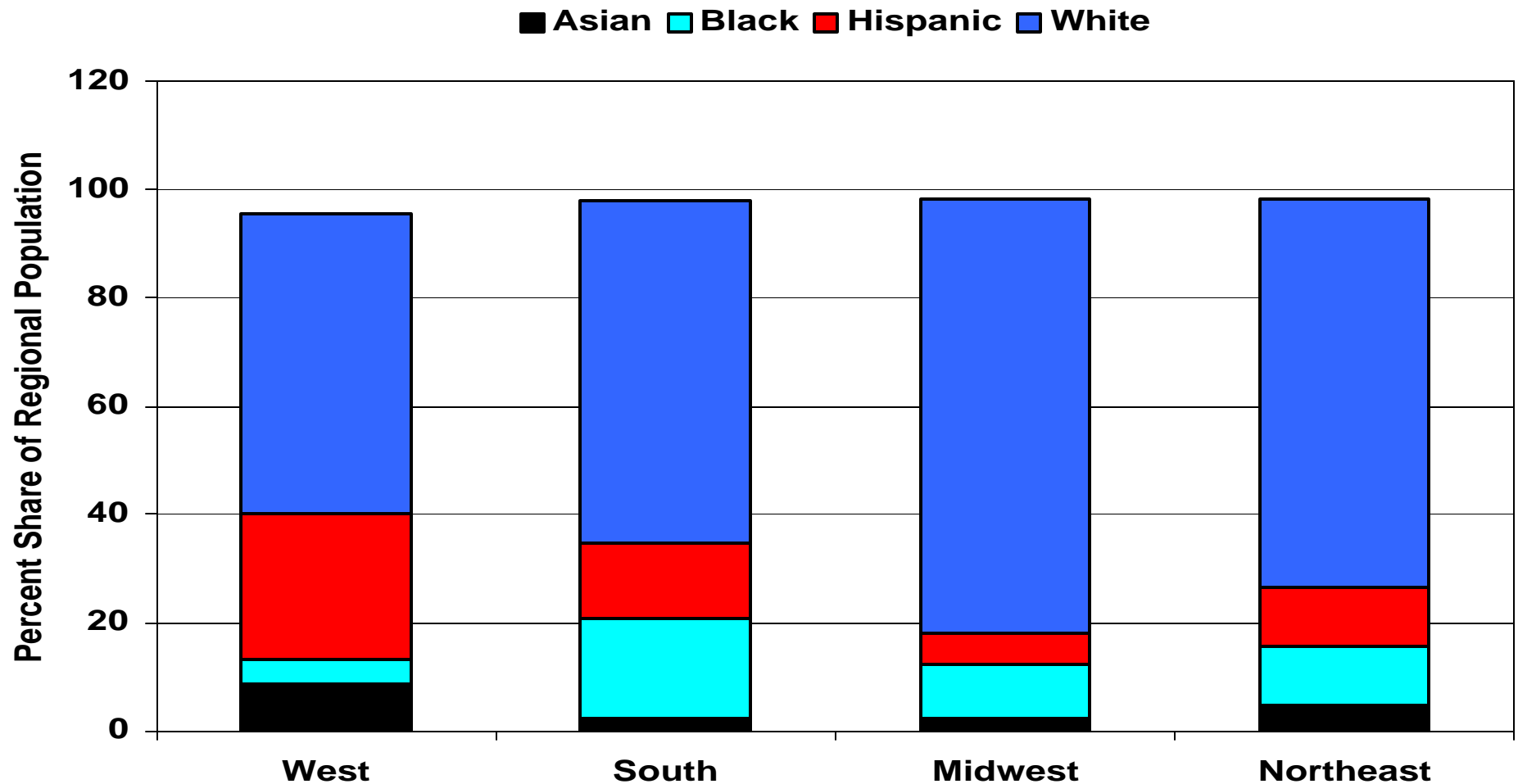
U.S. Ethnic and Racial Groups

Median Age, 2005



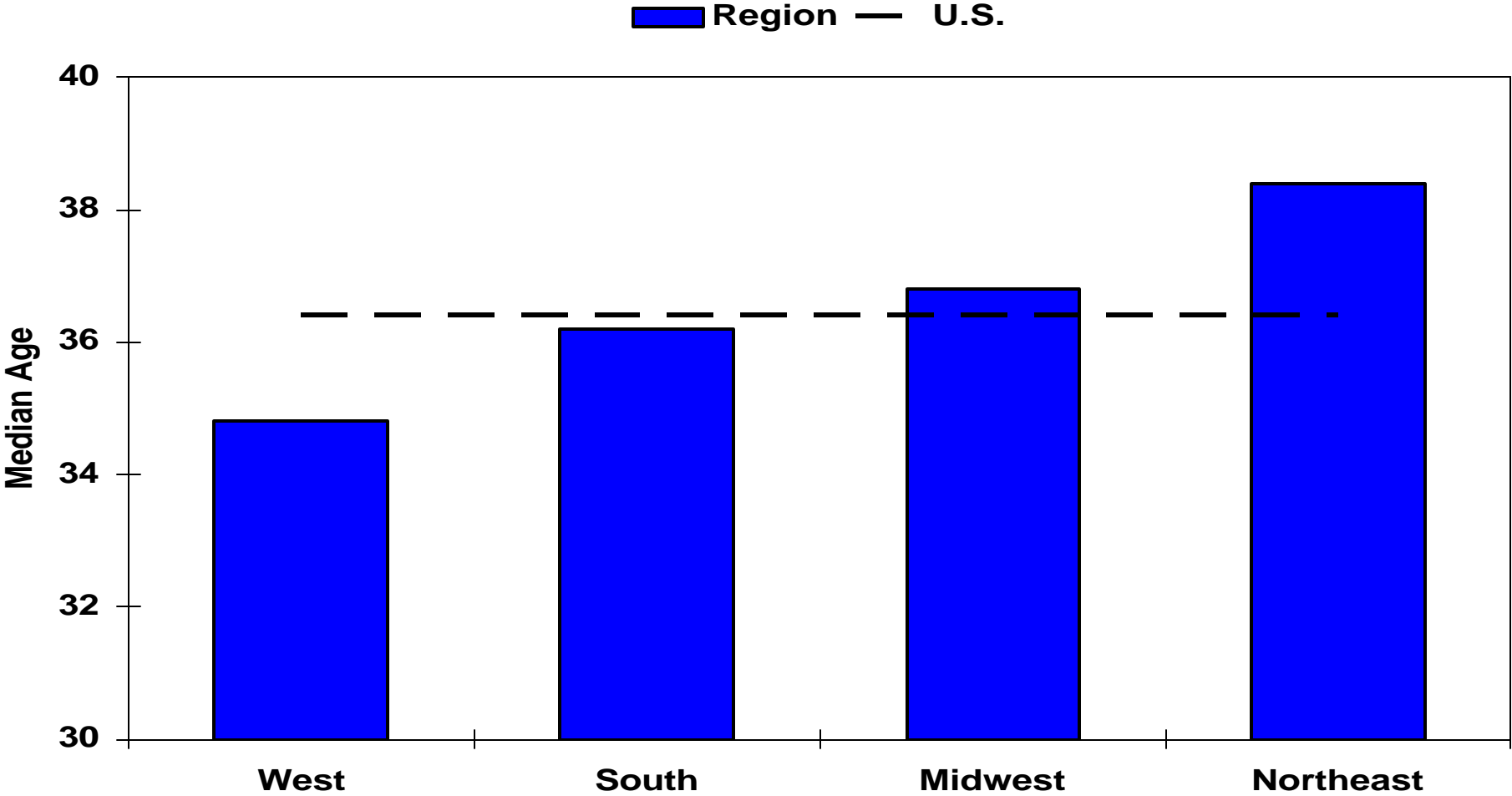
U.S. Regions

Ethnic and Racial Groups, 2005 (percent share of population)



U.S. Regions

Median Age, 2005



U.S. Regions

45-plus Share of Population, 2005 (percent)

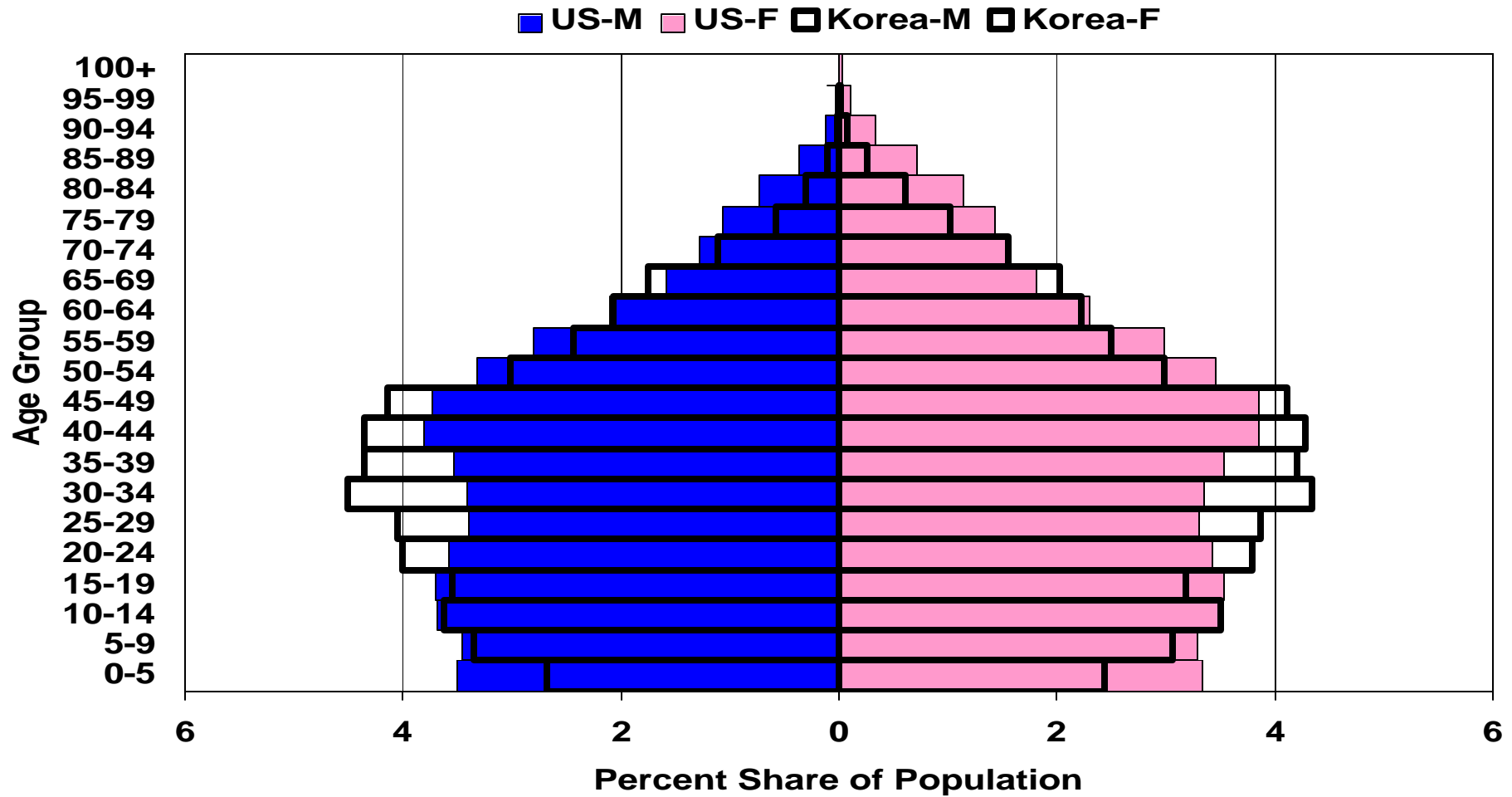


Demographic Trends – Global

What are the demographic profiles of Alberta's global markets?

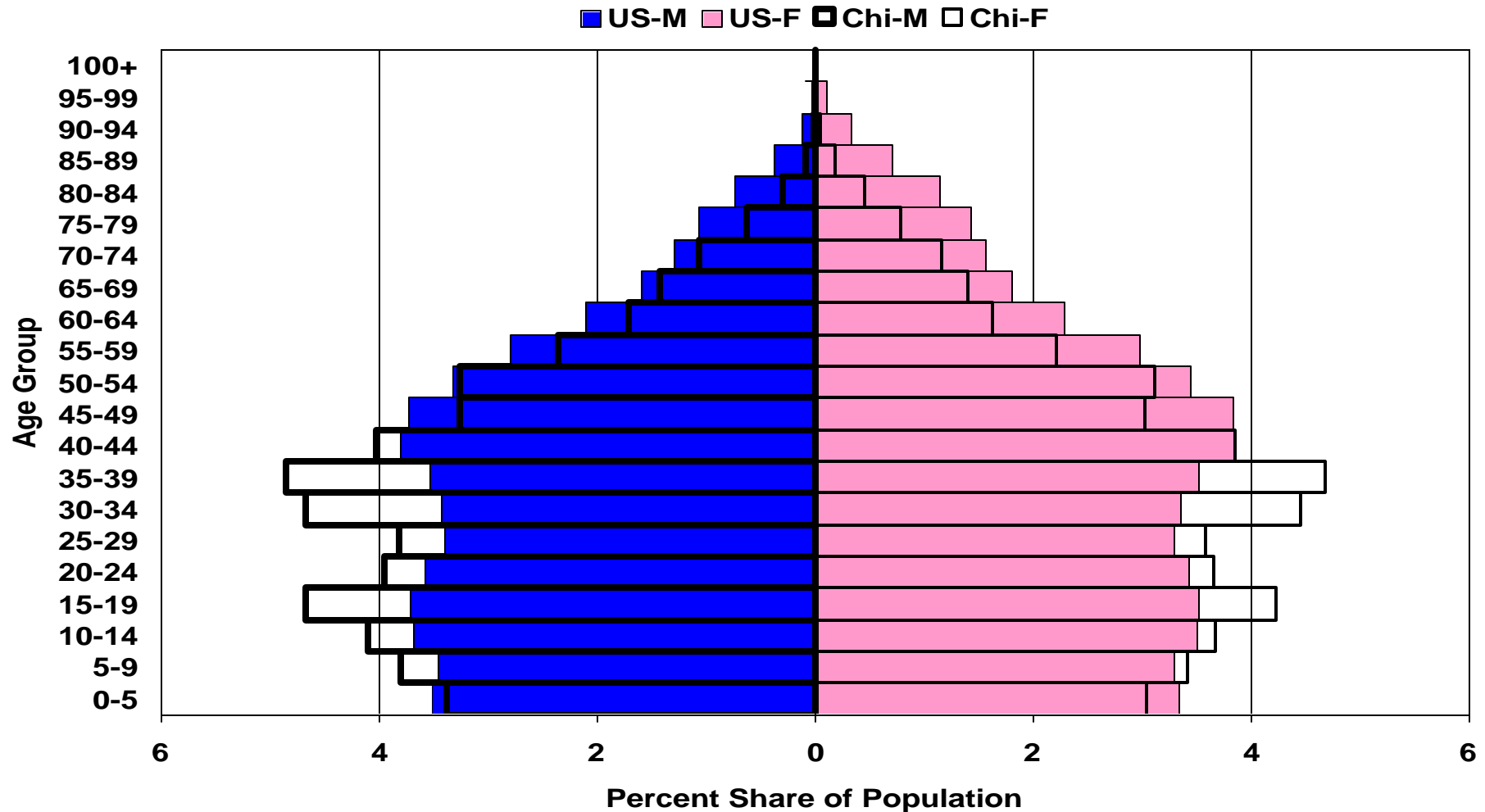
Population Pyramid

Korea (outline) versus U.S. (colour), 2005 (percent)



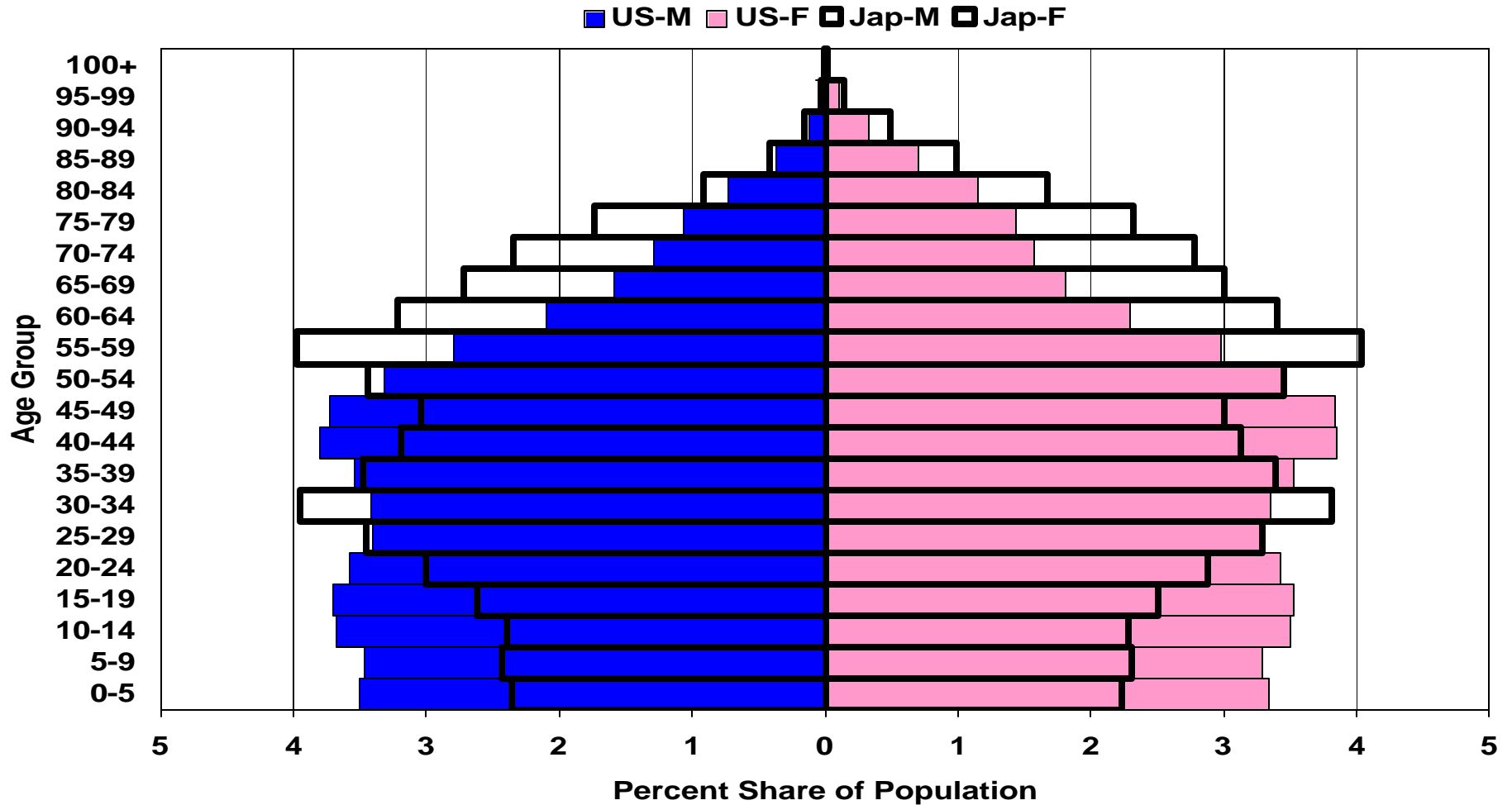
Population Pyramid

China (outline) versus U.S. (colour), 2005 (percent)



Population Pyramid

Japan (outline) versus U.S. (colour), 2005 (percent)



Demographic Trends – Key Points

- **Alberta's population is:**
 - Growing relatively faster than the rest of Canada
 - Highly dependent on migration, especially inter-provincial, for growth
 - Increasing skewed towards Calgary and Edmonton
 - Aging (but less so than other provinces)
 - Diversifying in ethnic/racial terms (particularly in Calgary and Edmonton)

- **Alberta's *Aboriginal Identity* population is:**
 - Growing at a faster rate than the rest of the province
 - Aging at a slower rate than the rest of the province
 - Growing faster on reserves and in rural areas (majority still reside in urban areas, particularly CMA's)

Demographic Trends – Key Points

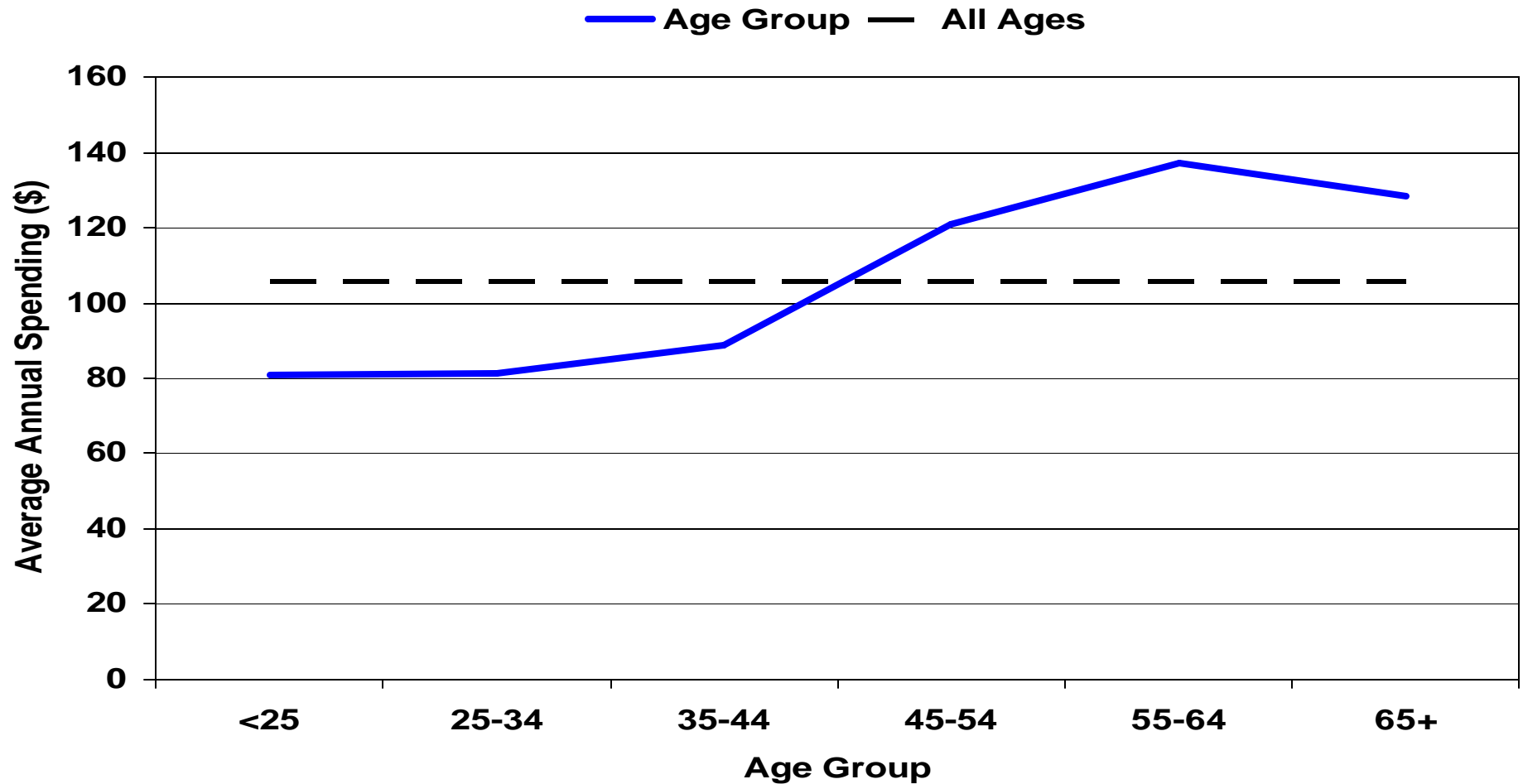
- **The U.S., Alberta's main export market, has a population that is:**
 - **Younger than Canada's**
 - **Increasingly diverse in ethnic/racial terms**
 - **Exhibits different regional demographic profiles**
- **Korea and China have younger population profiles than the U.S.**
- **Japan's age profile is the oldest among the major export markets of Alberta's beef industry.**

Demographic Analysis

***“Acting Your Age”:
Who Buys Beef?***

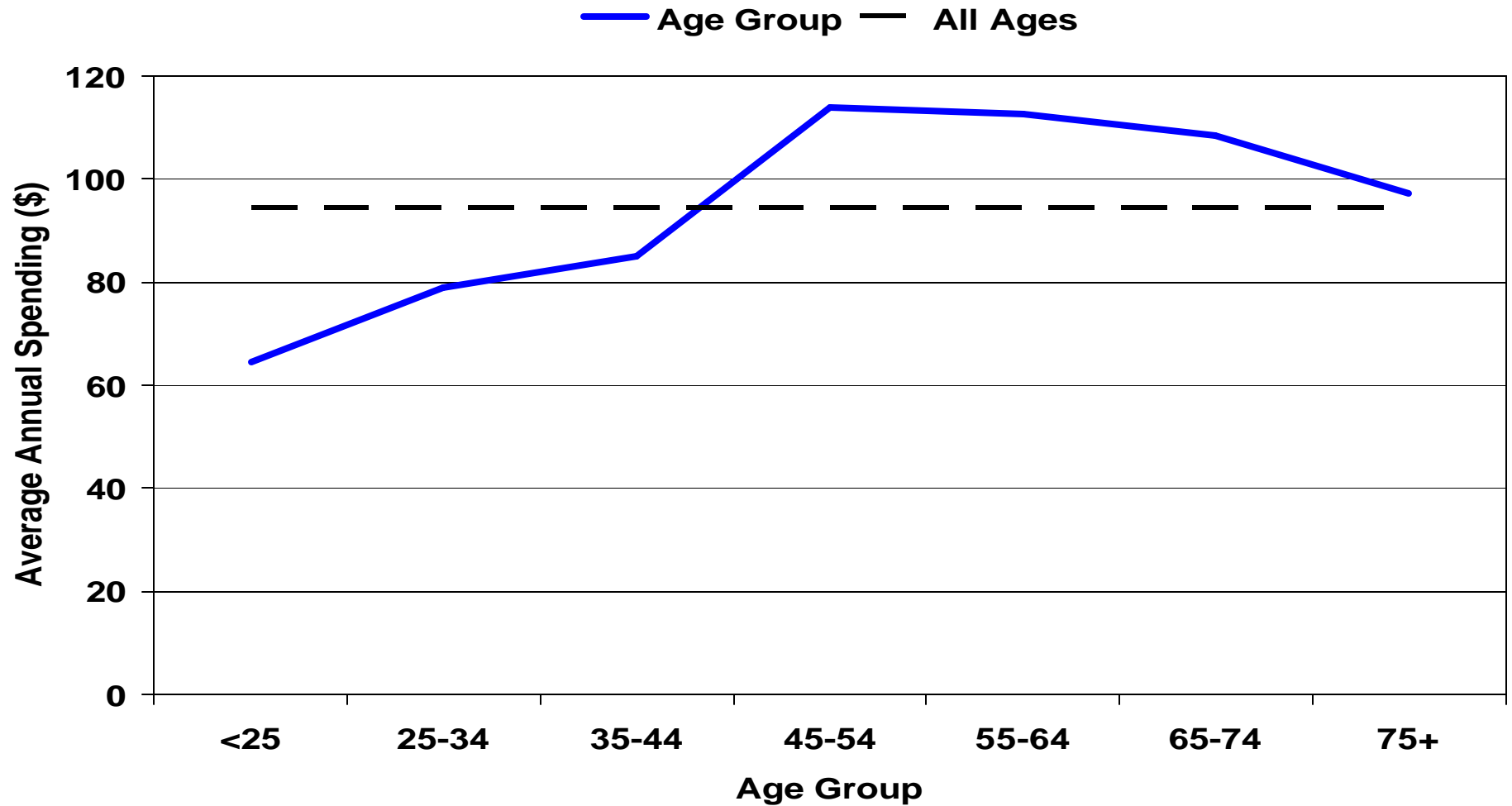
Beef

Canada, 2001 (\$ per person)



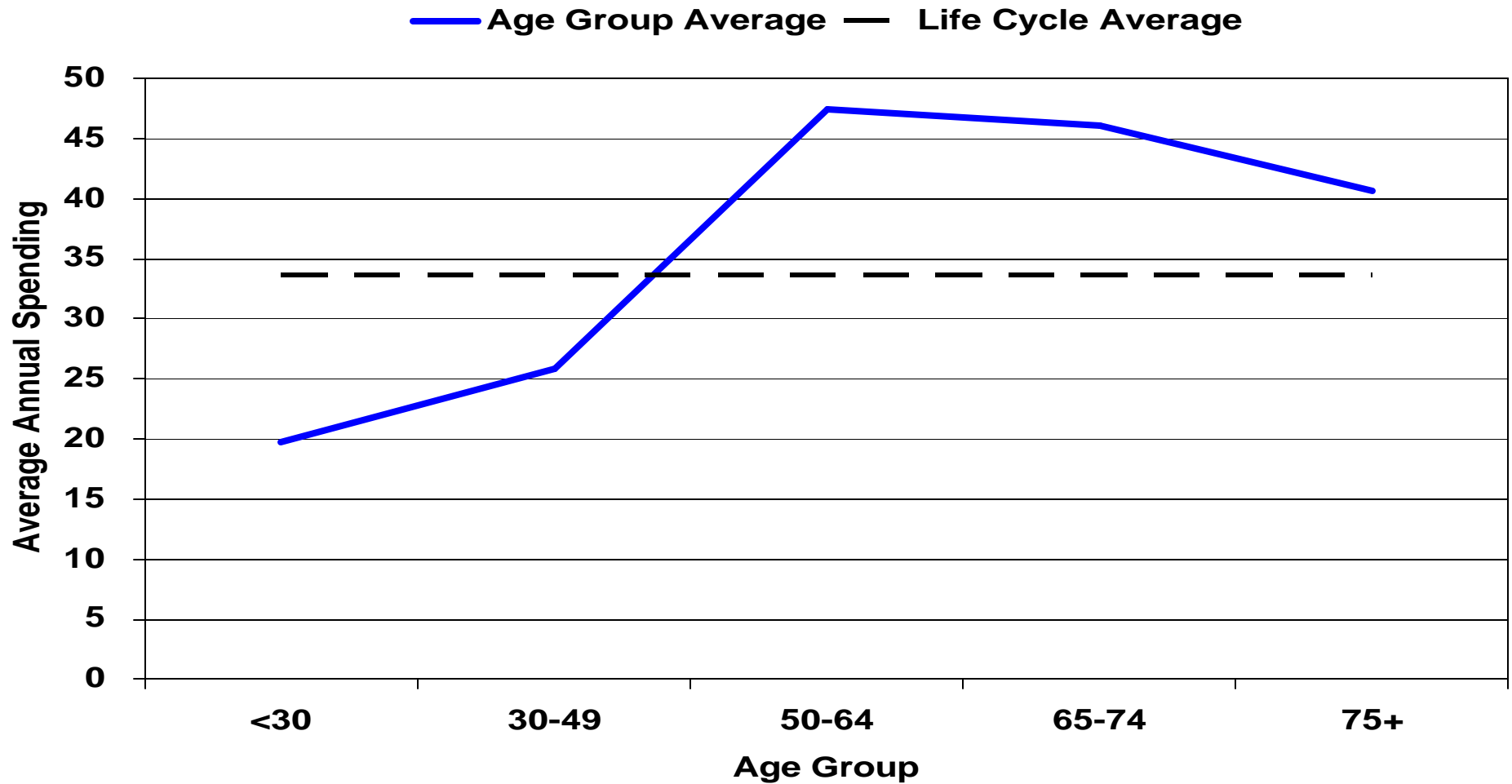
Beef

United States, 2006 (U.S. \$ per person)



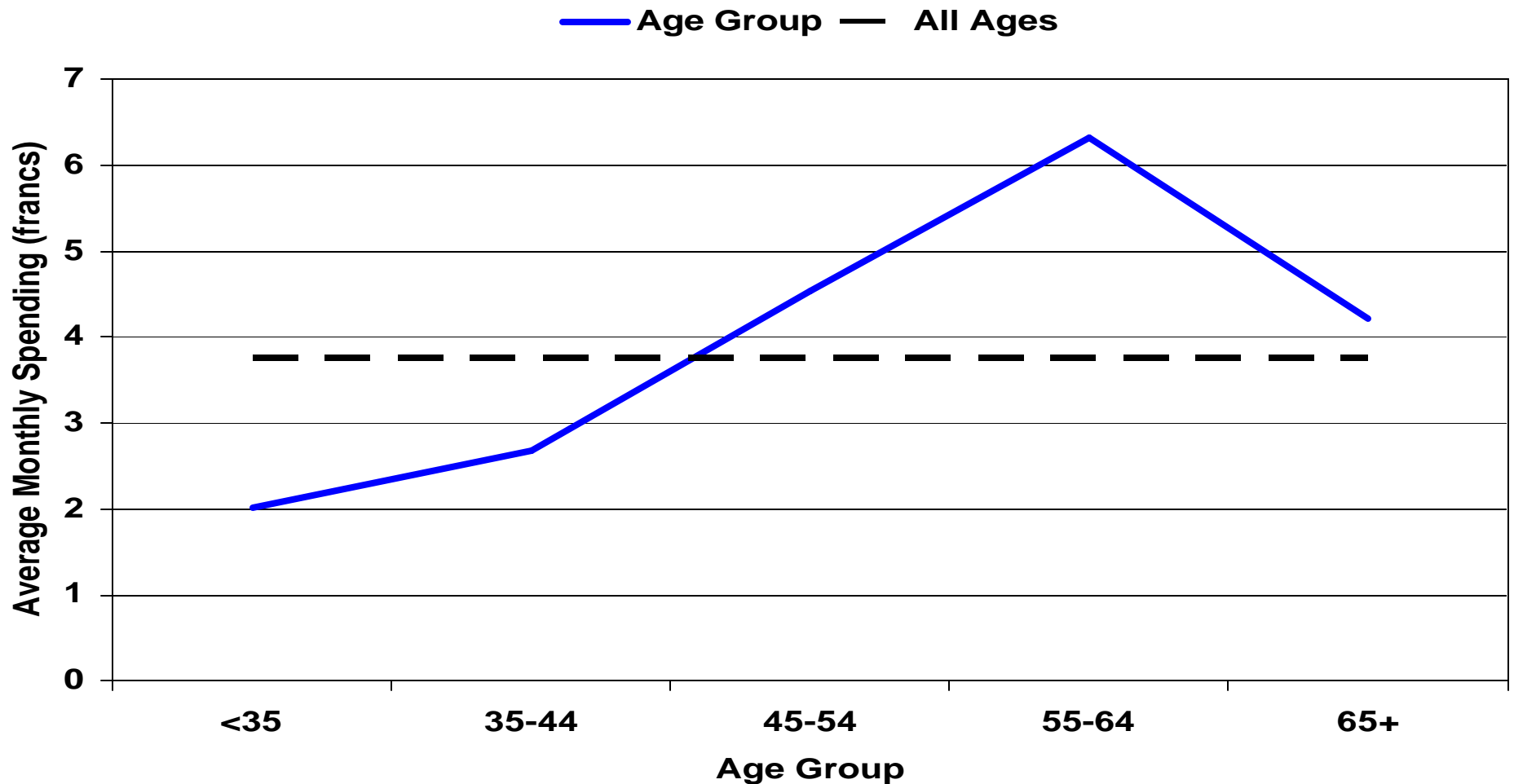
Beef

United Kingdom, 2005-2006 (£ per person)



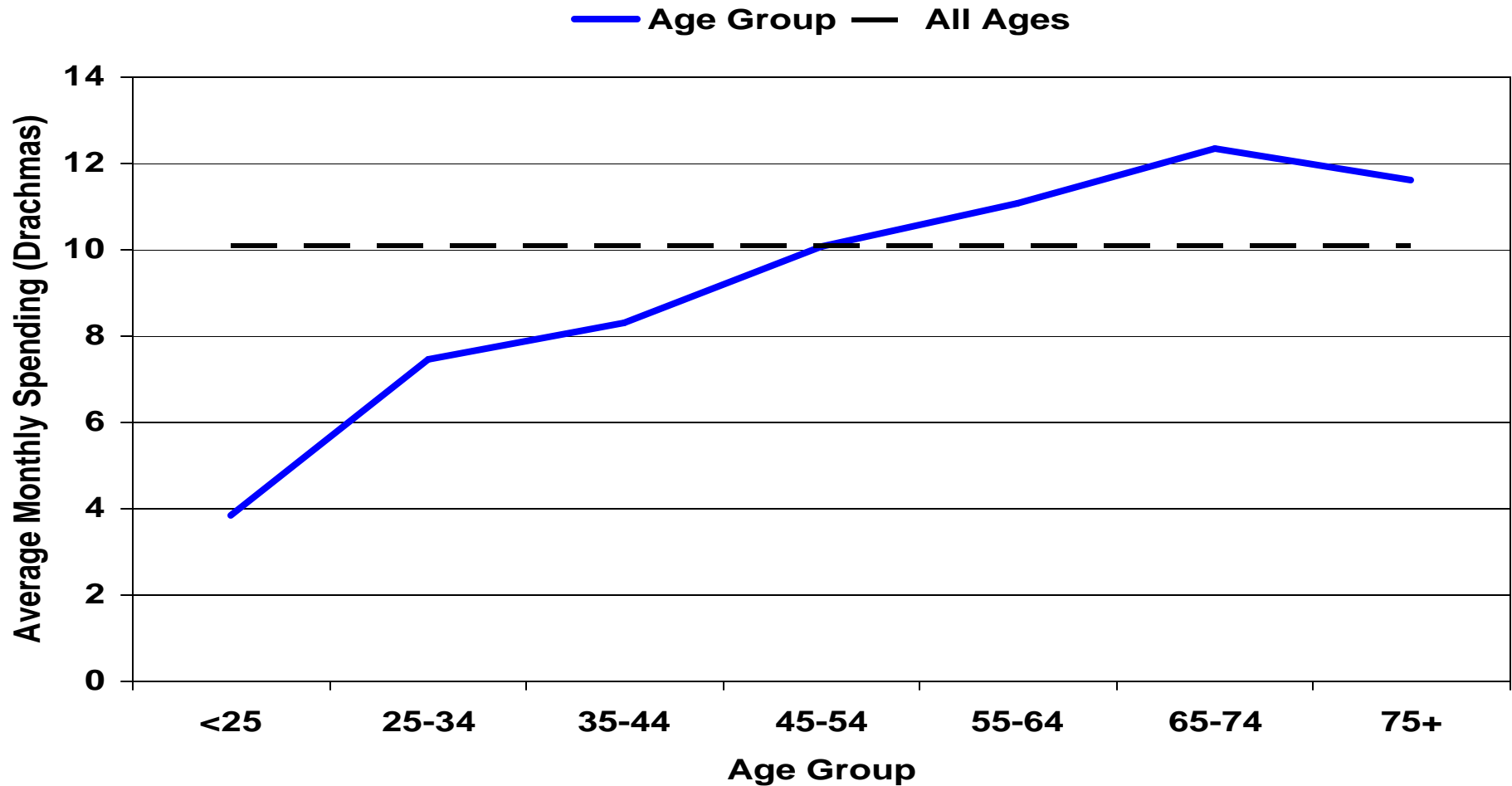
Grilling Beef (e.g., steak)

Switzerland, 2003 (monthly per person in francs)



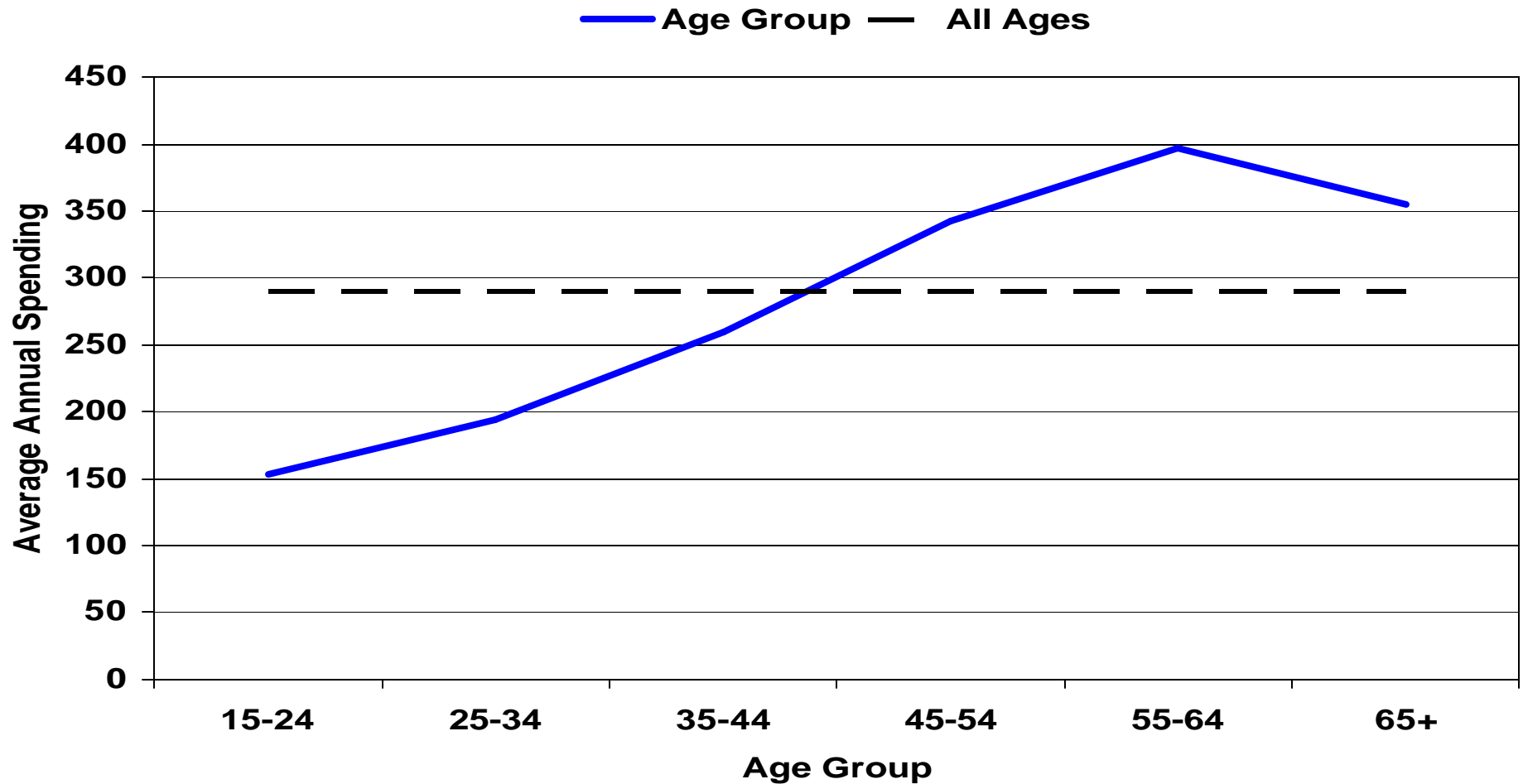
Beef

Greece, 2005 (monthly per person in drachmas)



Meat

New Zealand, 2004 (New Zealand \$ per person)



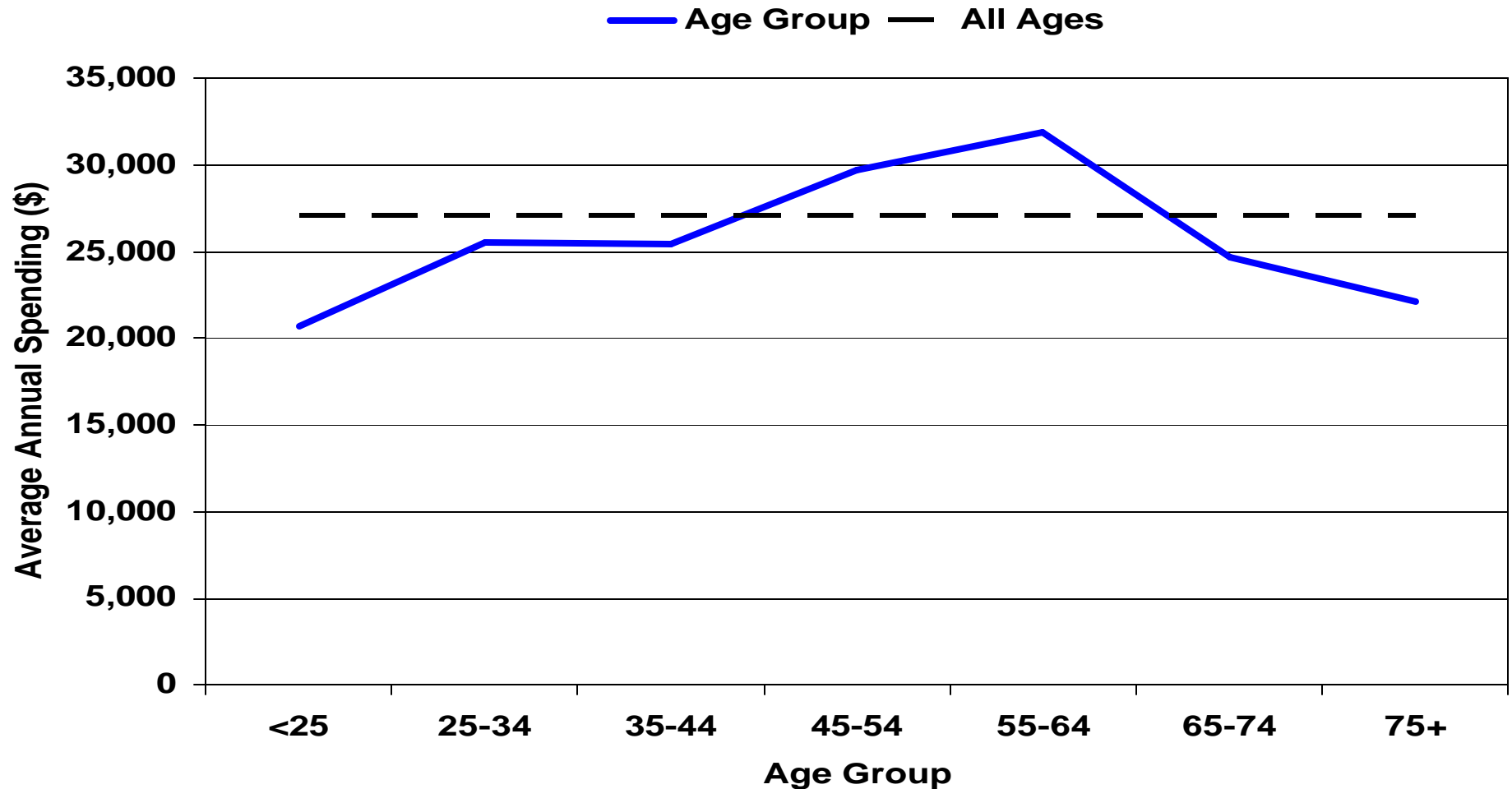
Demographic Analysis

OBSERVATION

→ *In Canada and a number of other countries, consumer spending on beef is highest in the 55+ age group.*

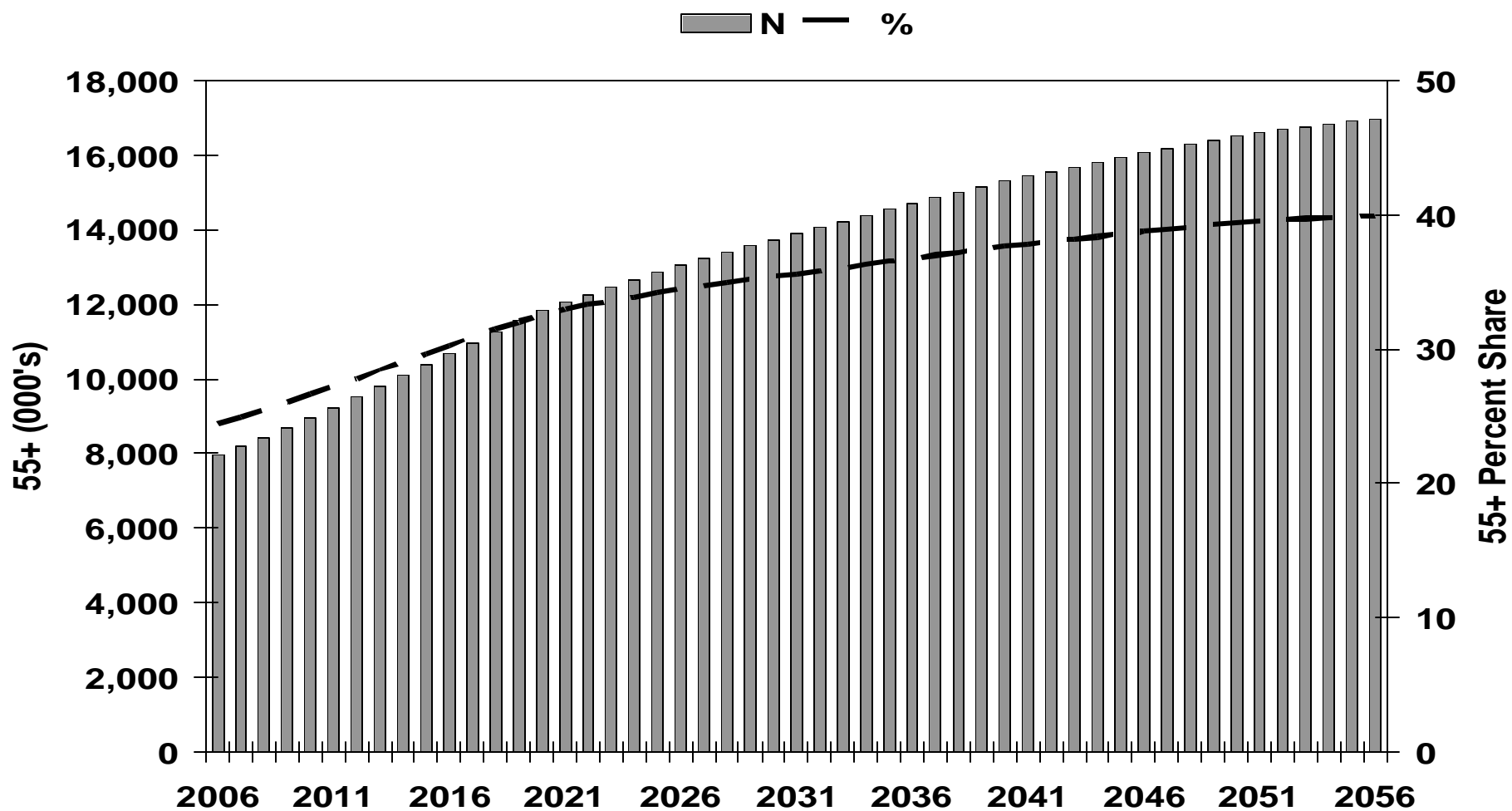
Household Income Before Tax

Canada, 2005 (per person)



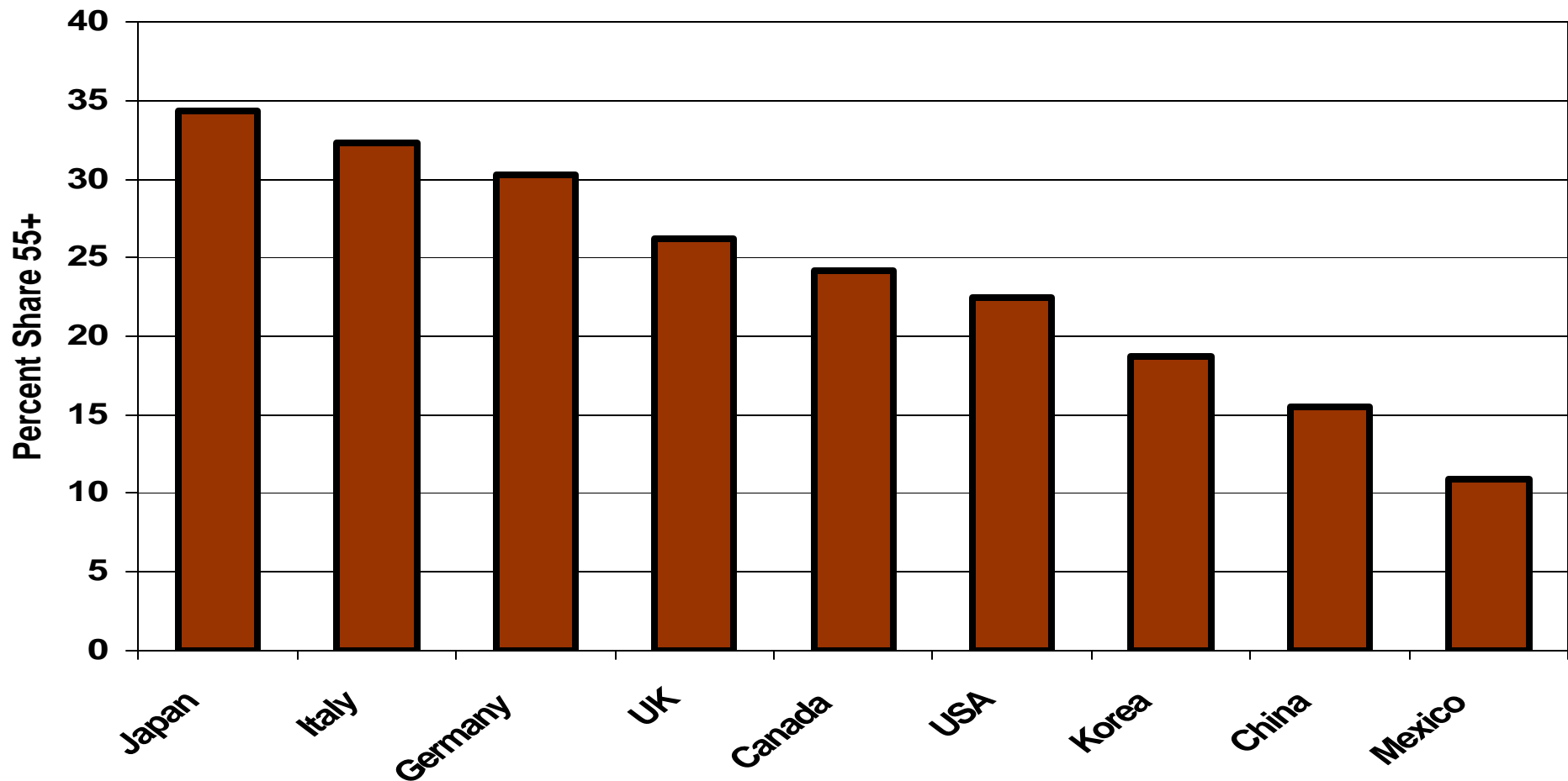
55-plus Population

Canada, 2006-2056 (N and percent share of population)



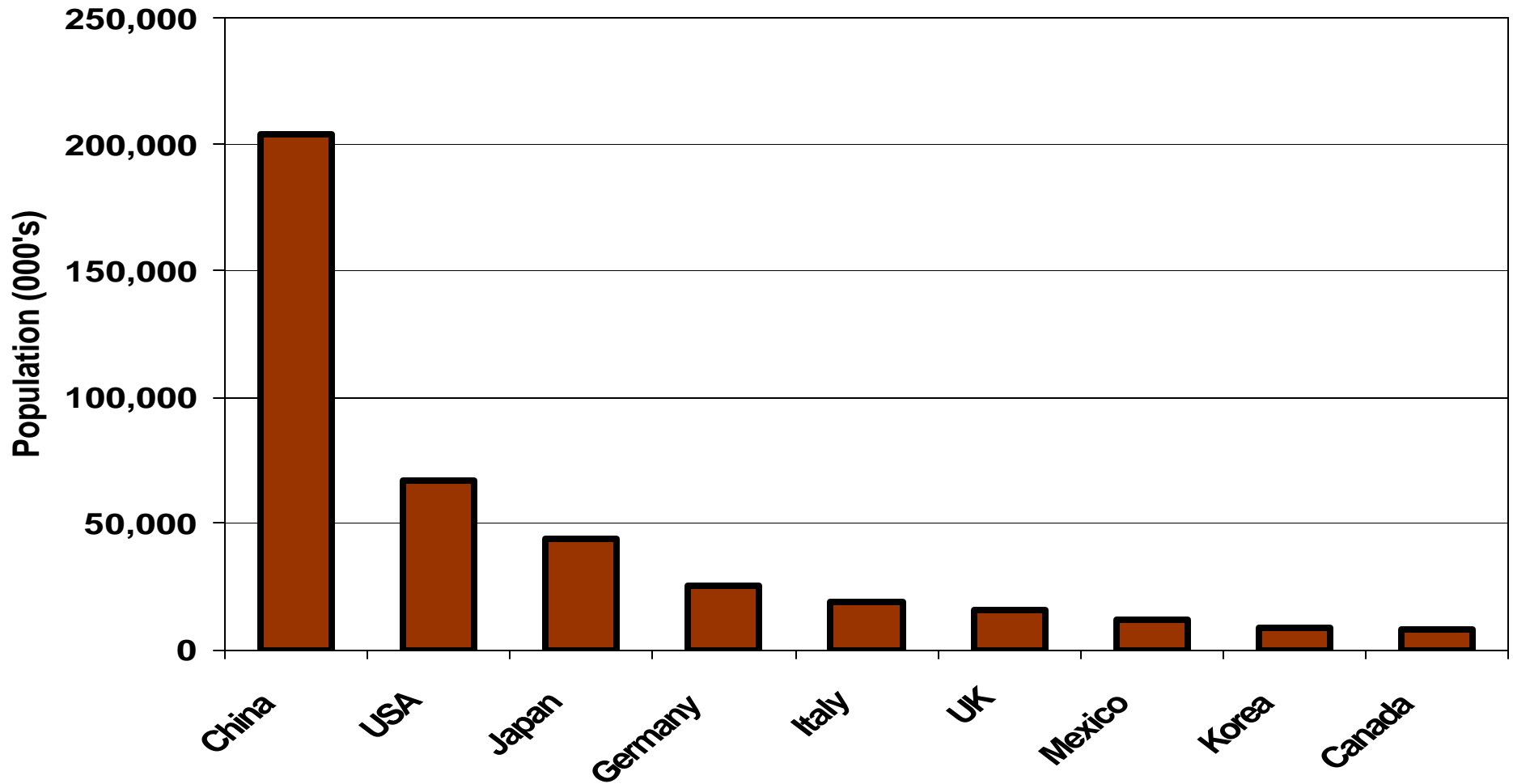
55-plus Population

Selected Countries, 2005 (percent share of total)



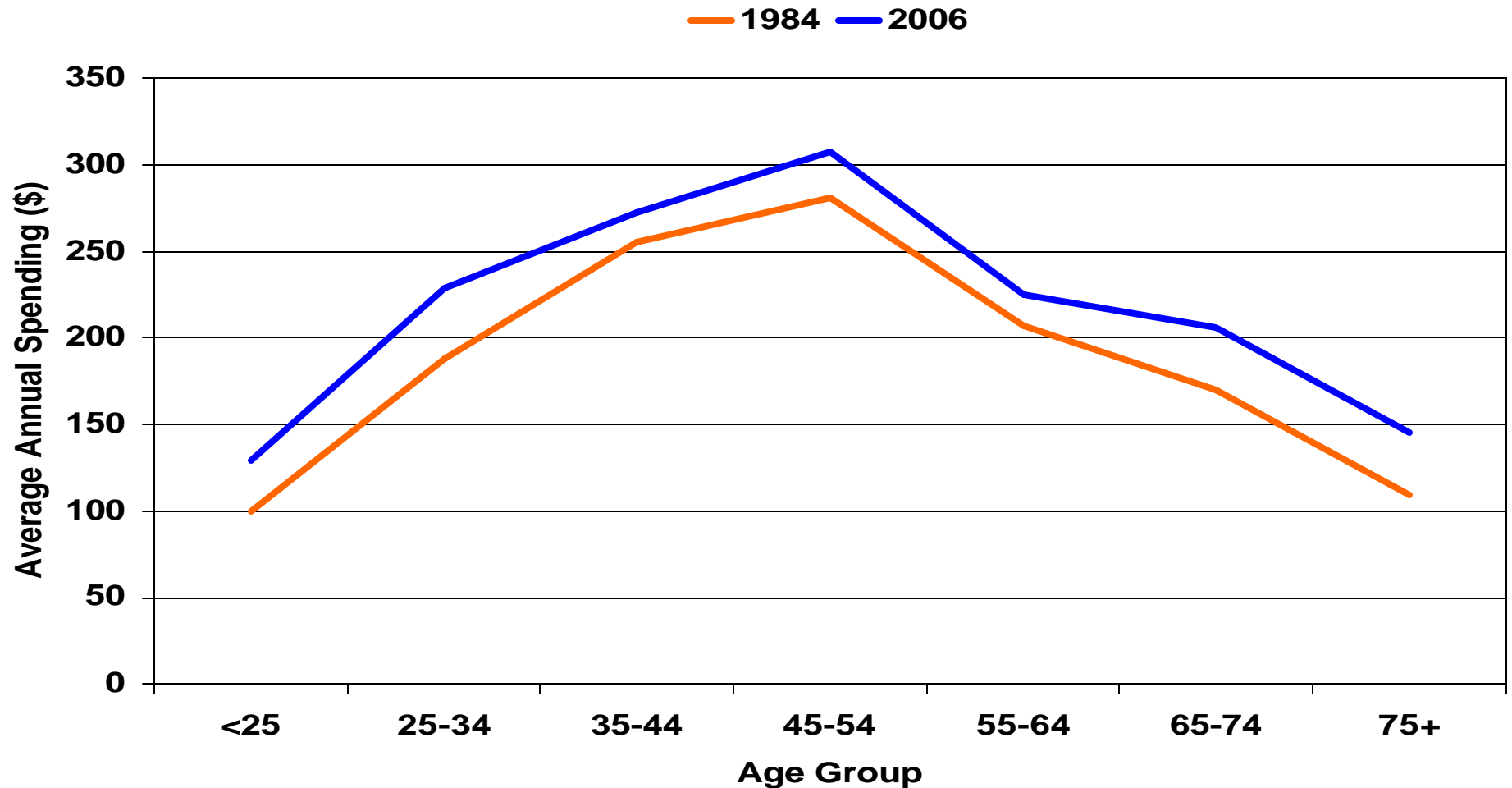
55-plus Population

Selected Countries, 2005 (total)



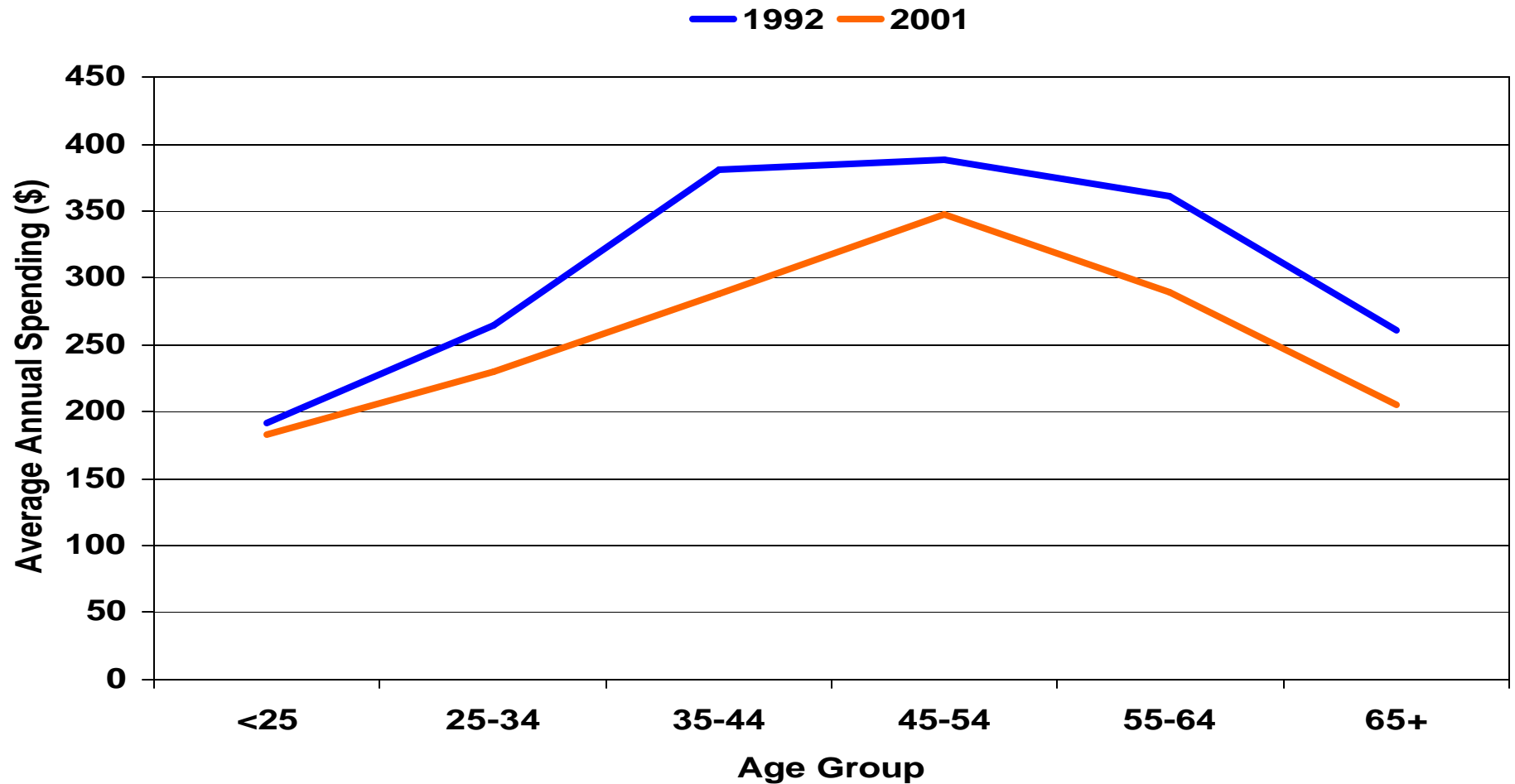
Beef

United States, 1984 versus 2006 (\$ per household)



Beef

Canada, 1992 and 2001 (\$ per household)

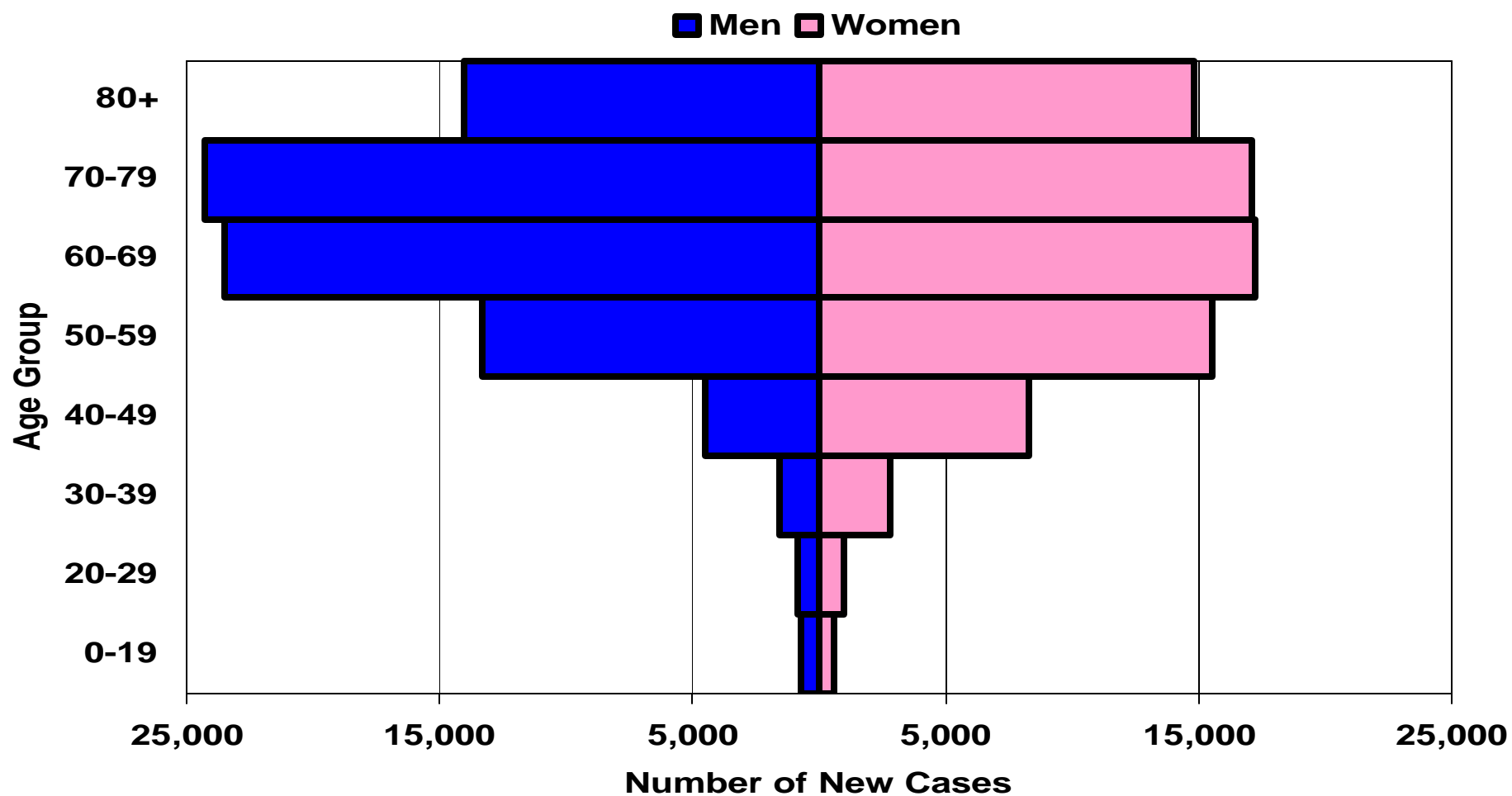


Demographic Trends - Canada

A concern with the link between food and health also must be considered.

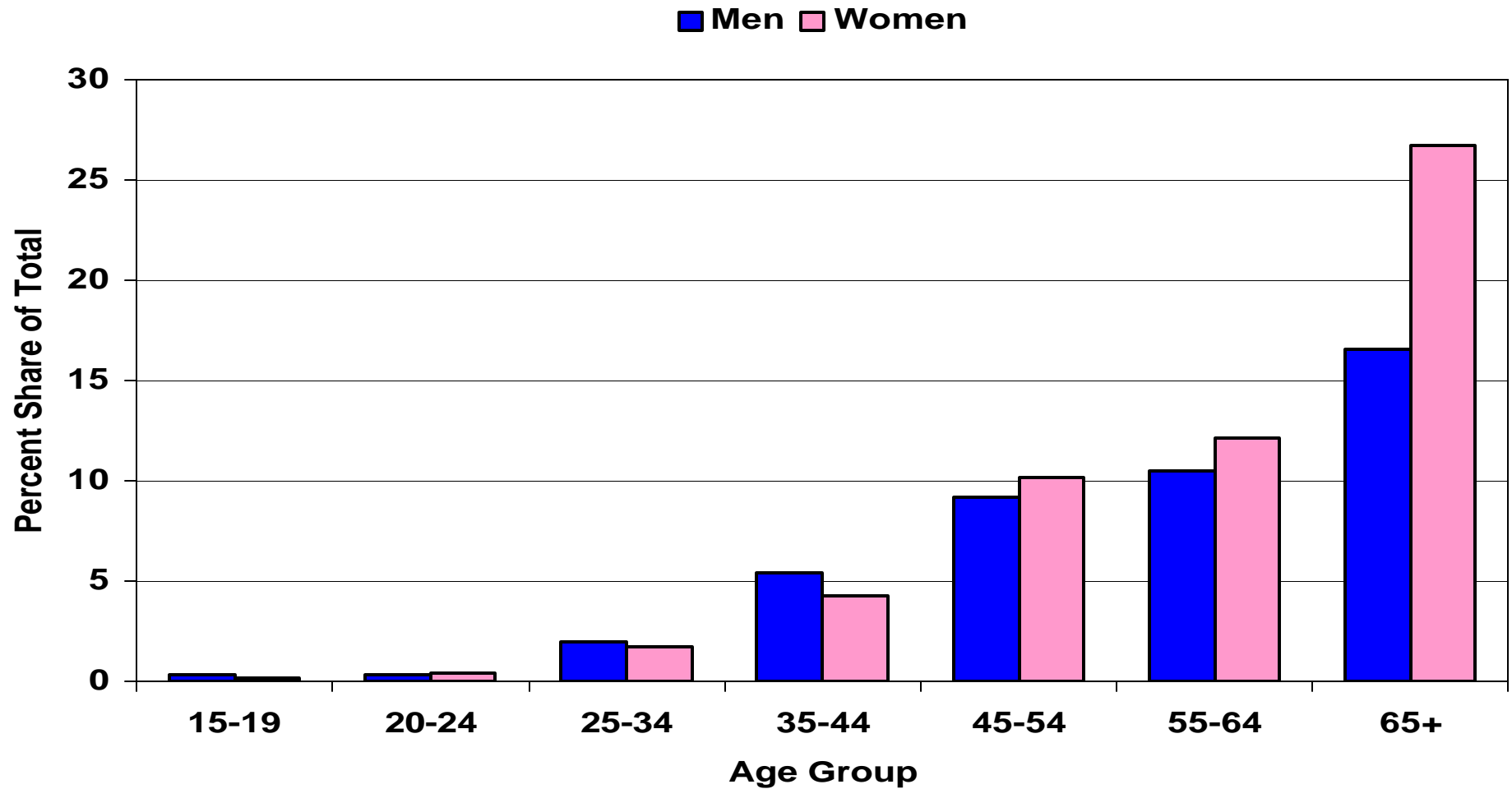
Canada

New Cancer Cases, 2007



Canada

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

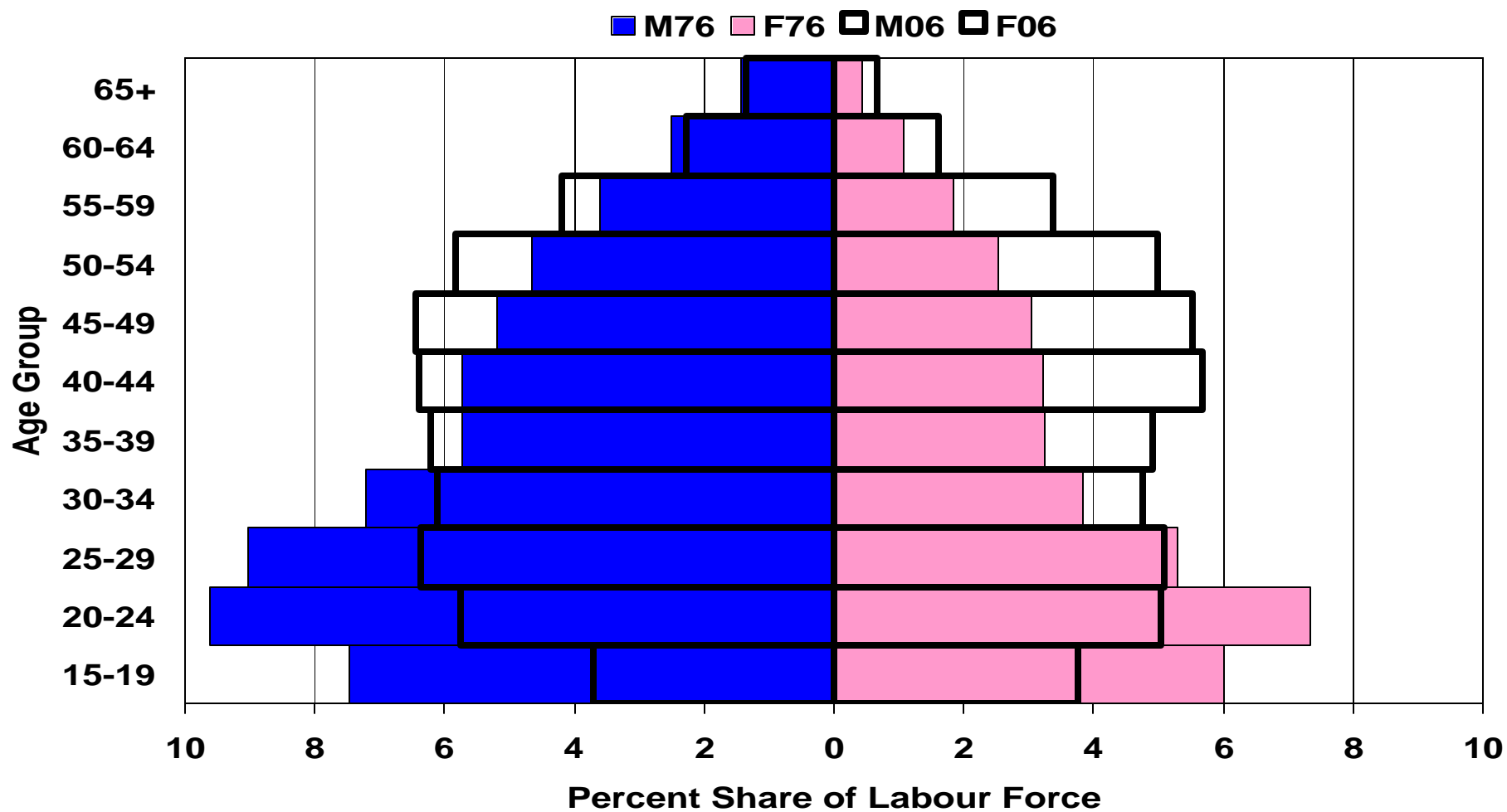


Demographics and the Labour Market

The agriculture sector has been challenged by the issue of an aging work force for the last 30 years. The issue is now affecting other industries in Alberta.

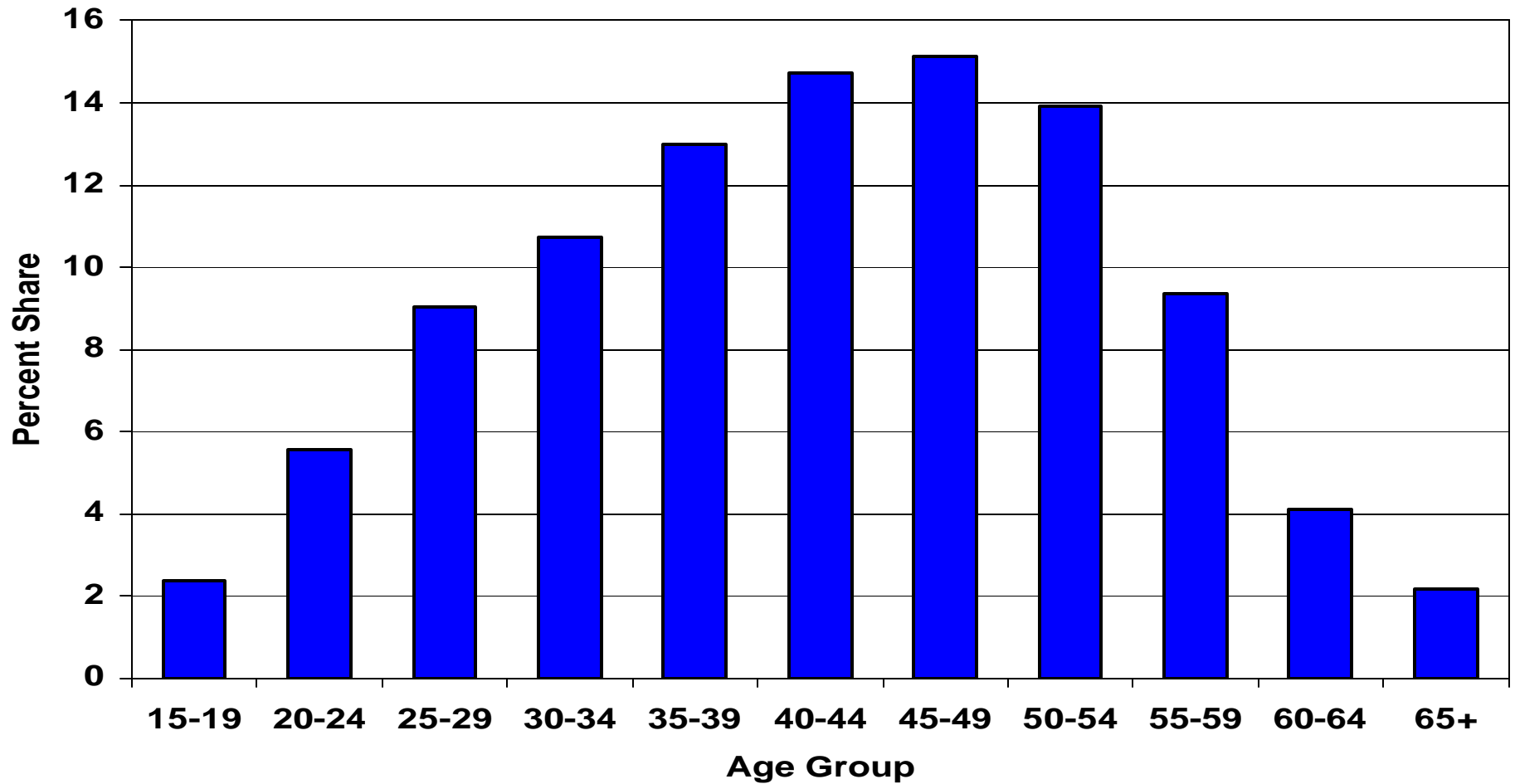
Alberta

Labour Force Pyramid, 1976-2006 (percent share)



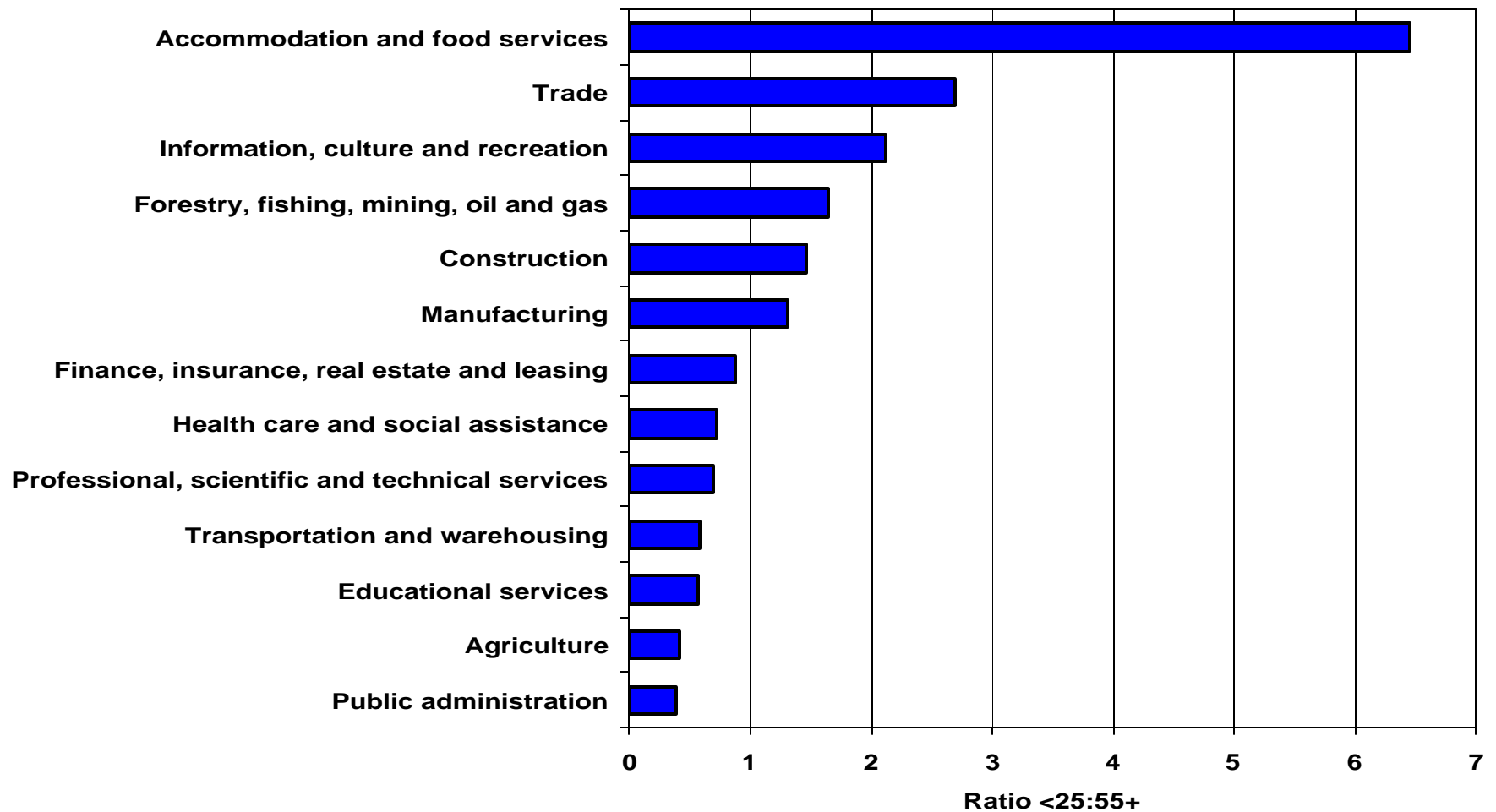
Alberta

Labour Force Change, 1976-2006 (percent share)



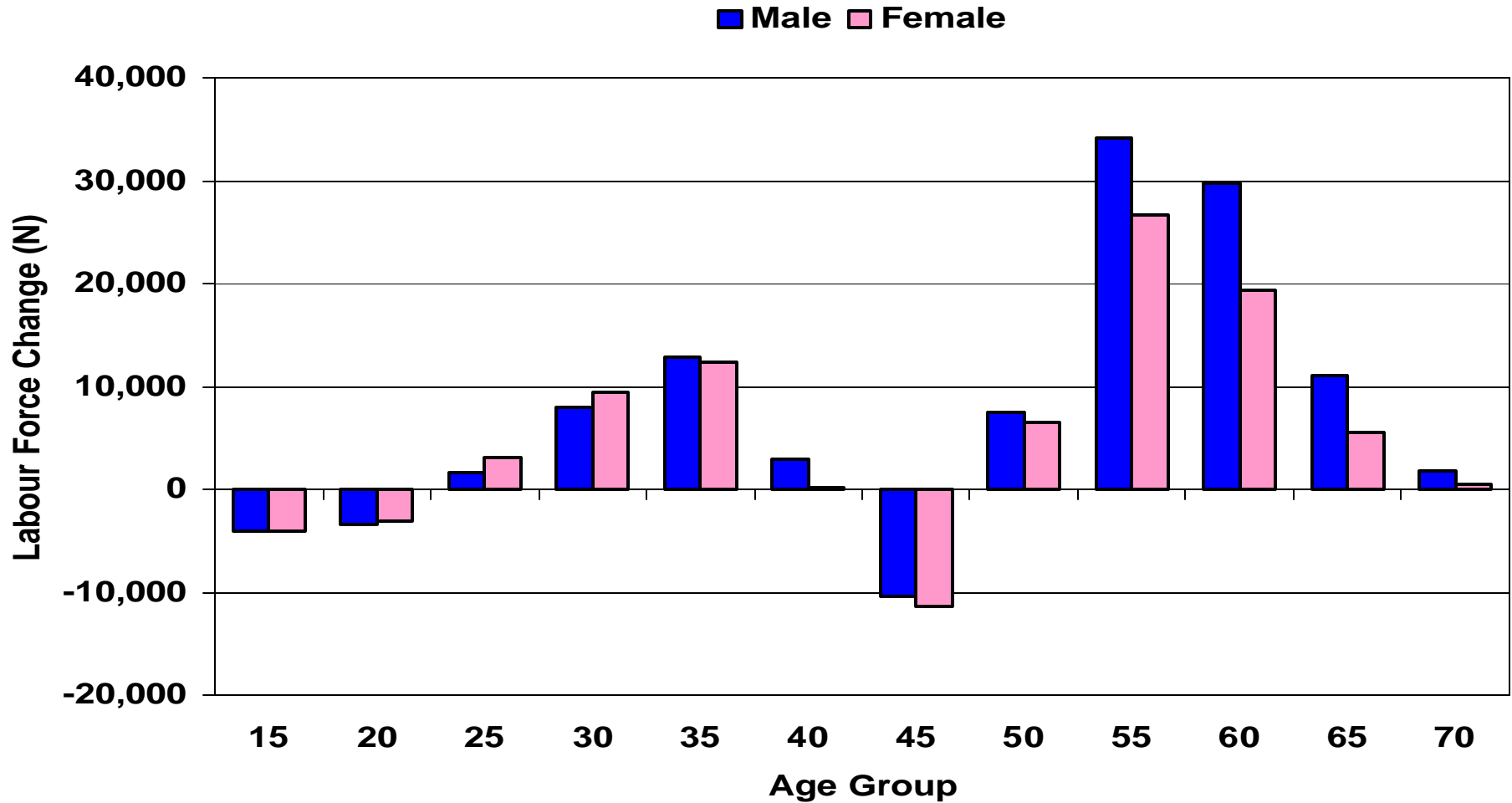
Alberta

Entry/Exit Ratio (<25:55+) by Industry, 2006



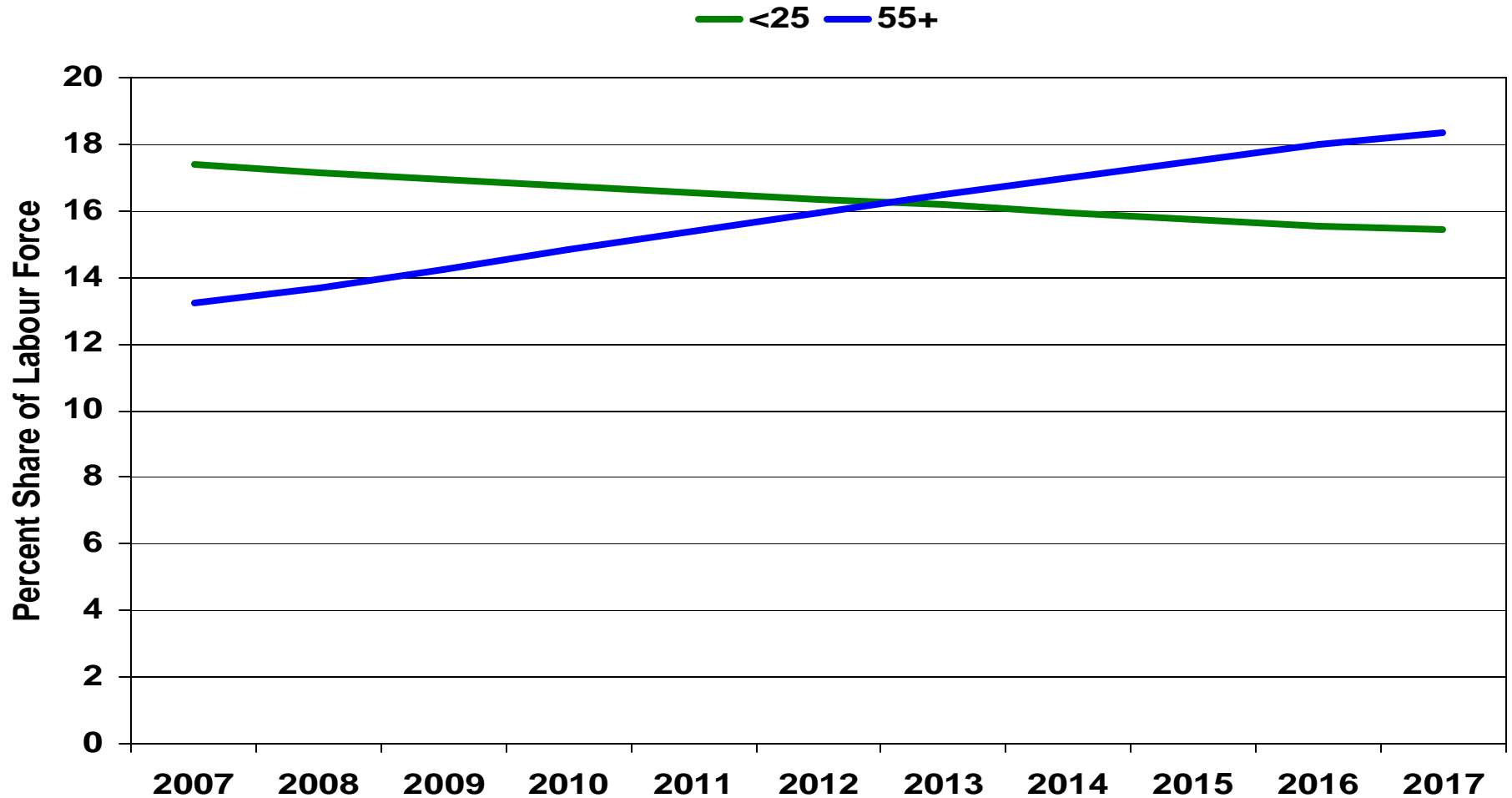
Alberta

Labour Force Change, 2007-2017 (000's)



Alberta

Labour Force by Age Group, 2007-2017 (percent share)

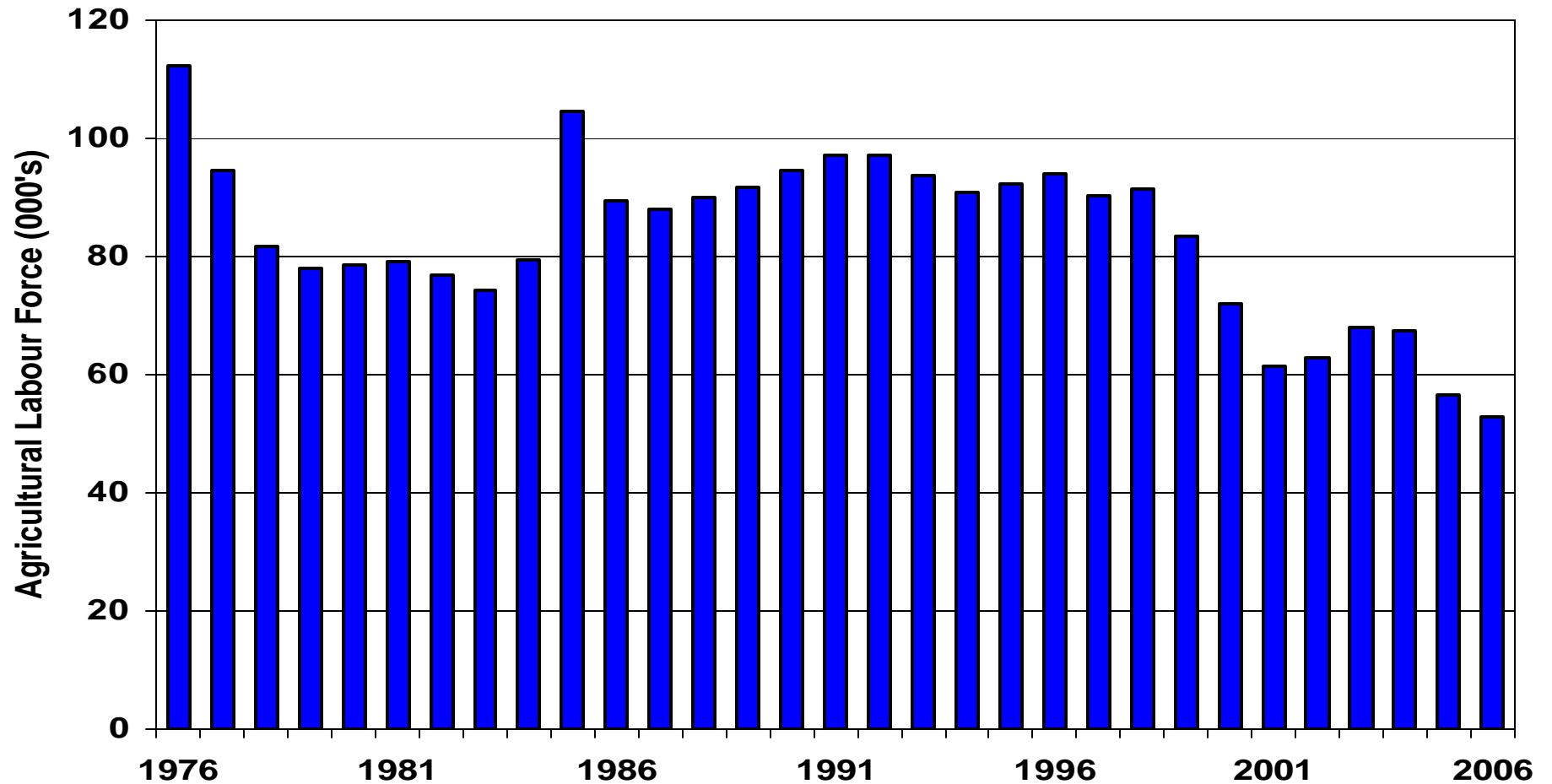


Demographic Trends – Canada

- Between 2001 and 2006:
 - » Median age of farm operators increased from 49 to 51:
 - 52 for men
 - 50 for women
 - » Share of operators 55 and older increased from 35% to 41%
 - » Number of operators declined by 5.5%

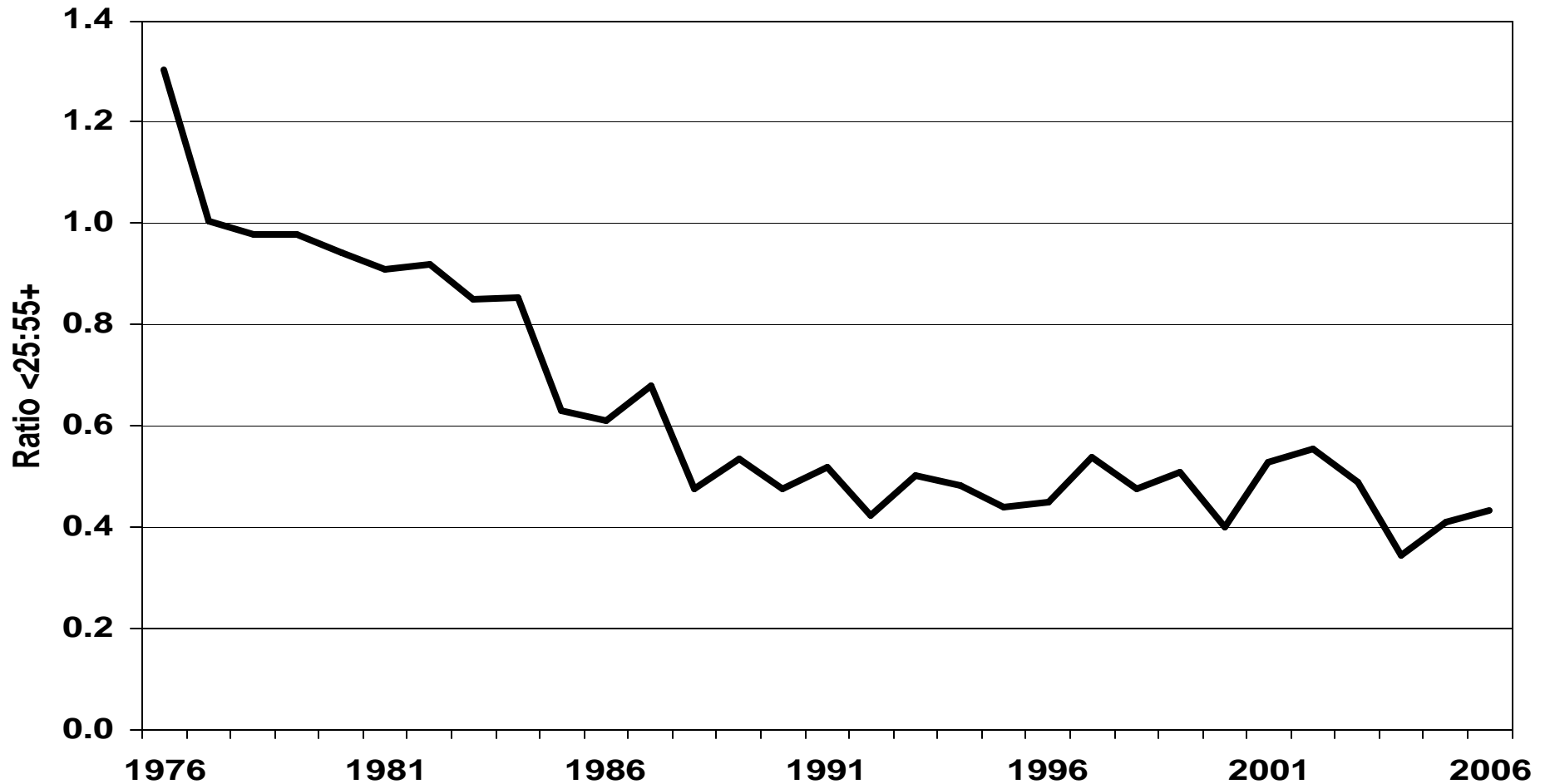
Alberta

Labour Force, Agriculture, 1976-2006 (000's)



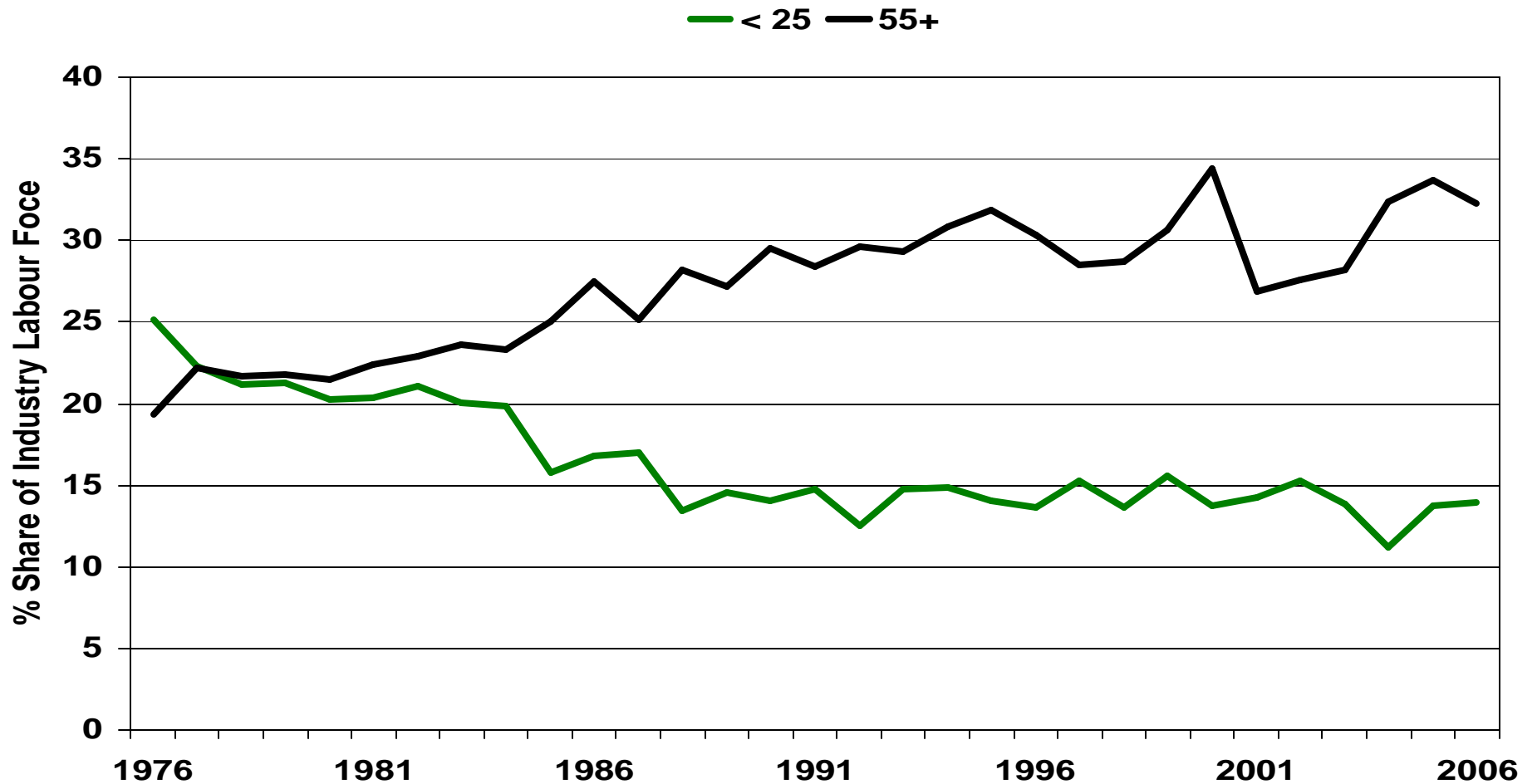
Alberta

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



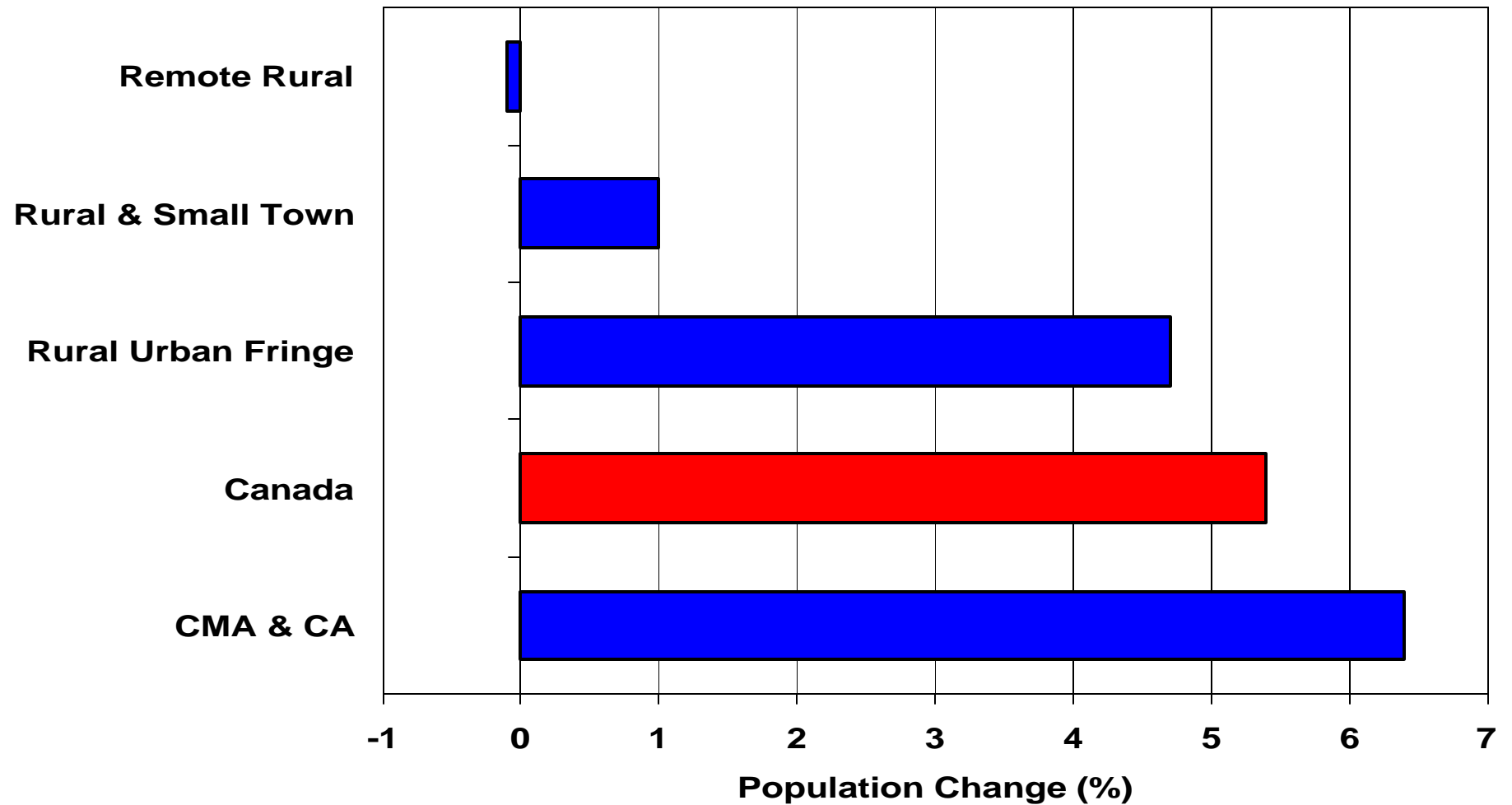
Alberta

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



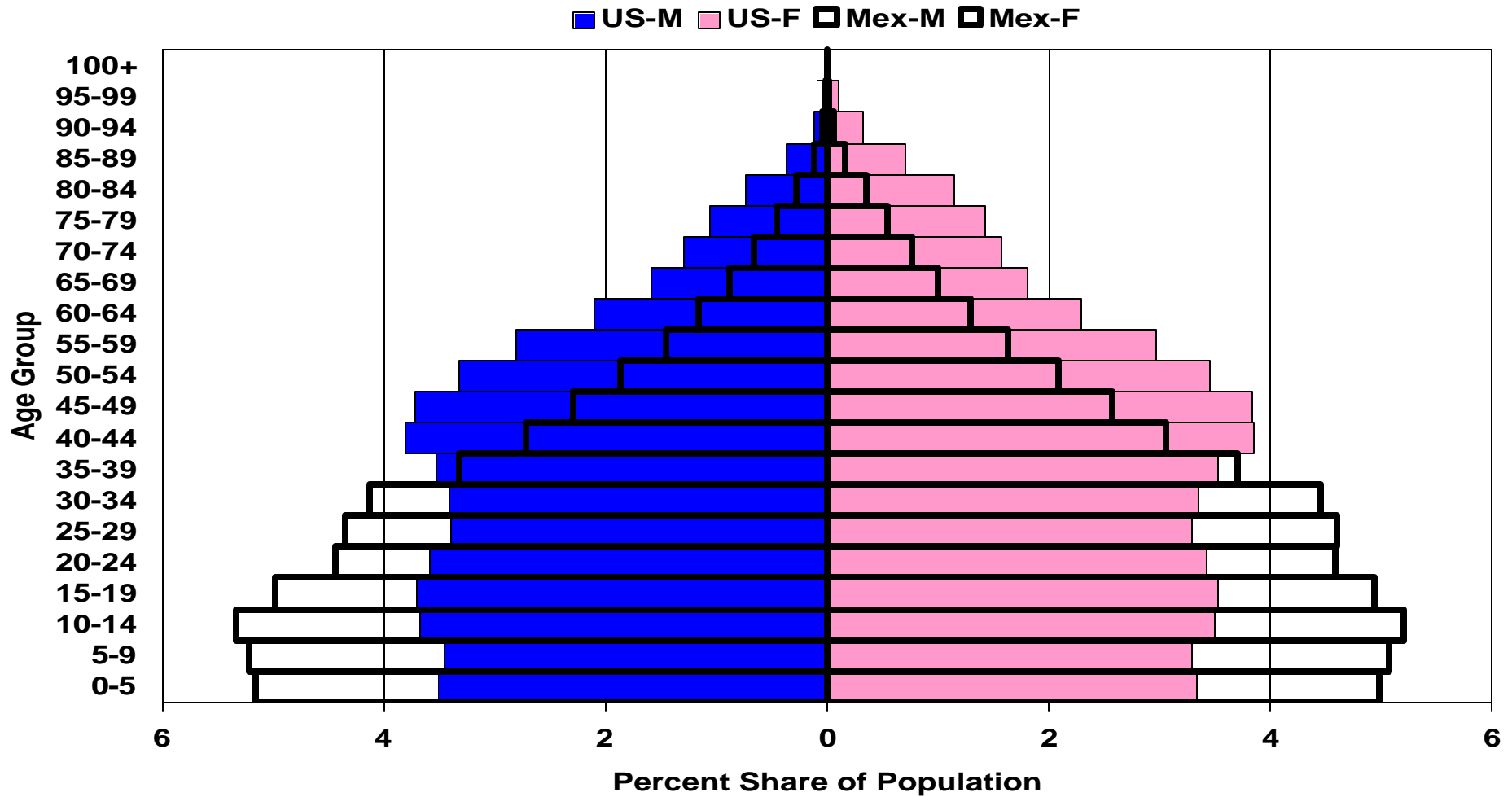
Canada

Population Change by Region, 2001-2006 (percent)



Population Pyramid

Mexico versus United States, 2005 (percent)

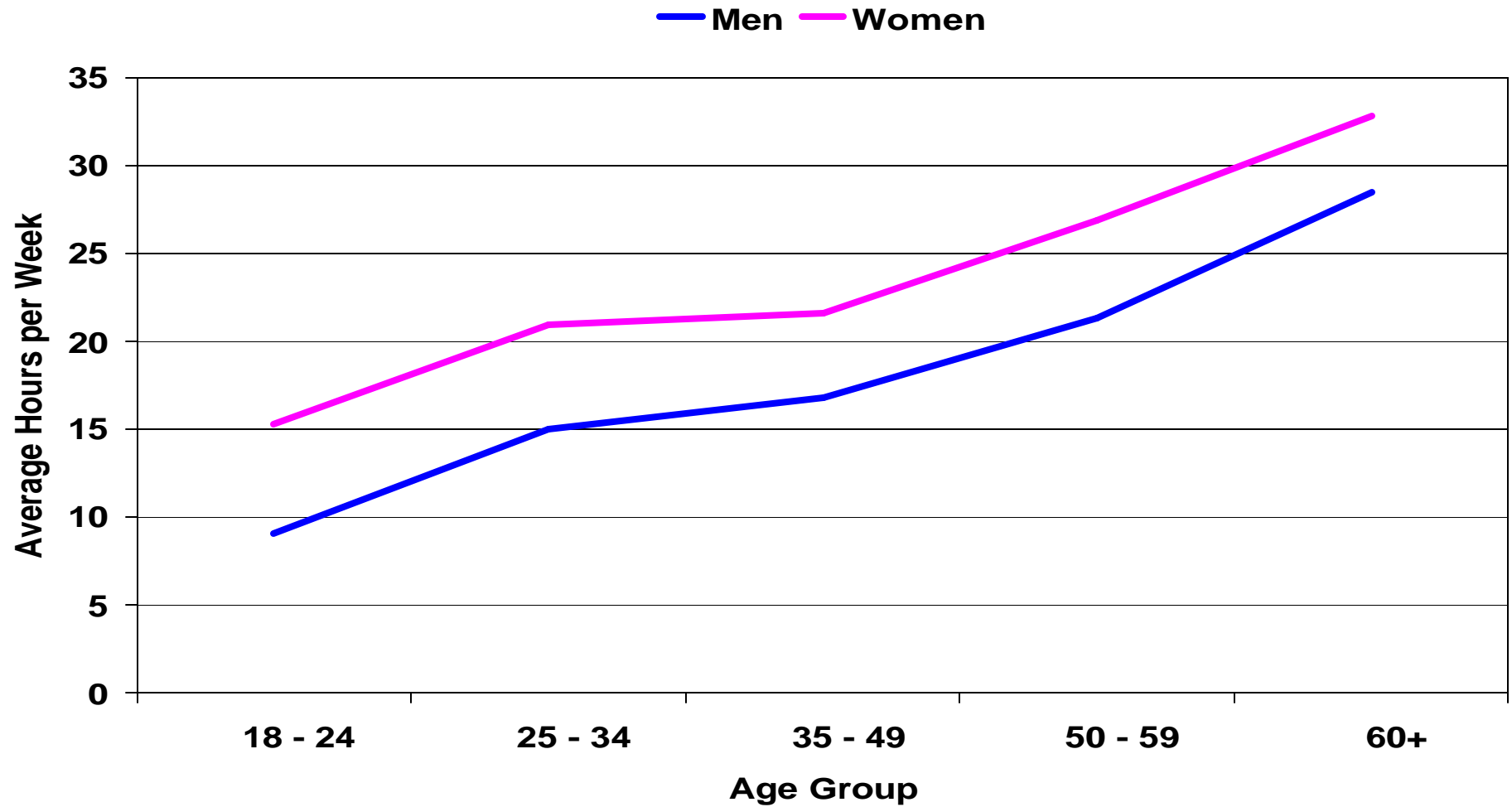


Demographics and Marketing

“Everybody is not on the Net”. In 2005, 68 percent of 18-plus Canadians used the Internet from any location. Only 3.4 percent of Internet users purchased food, condiments, or beverages. 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.

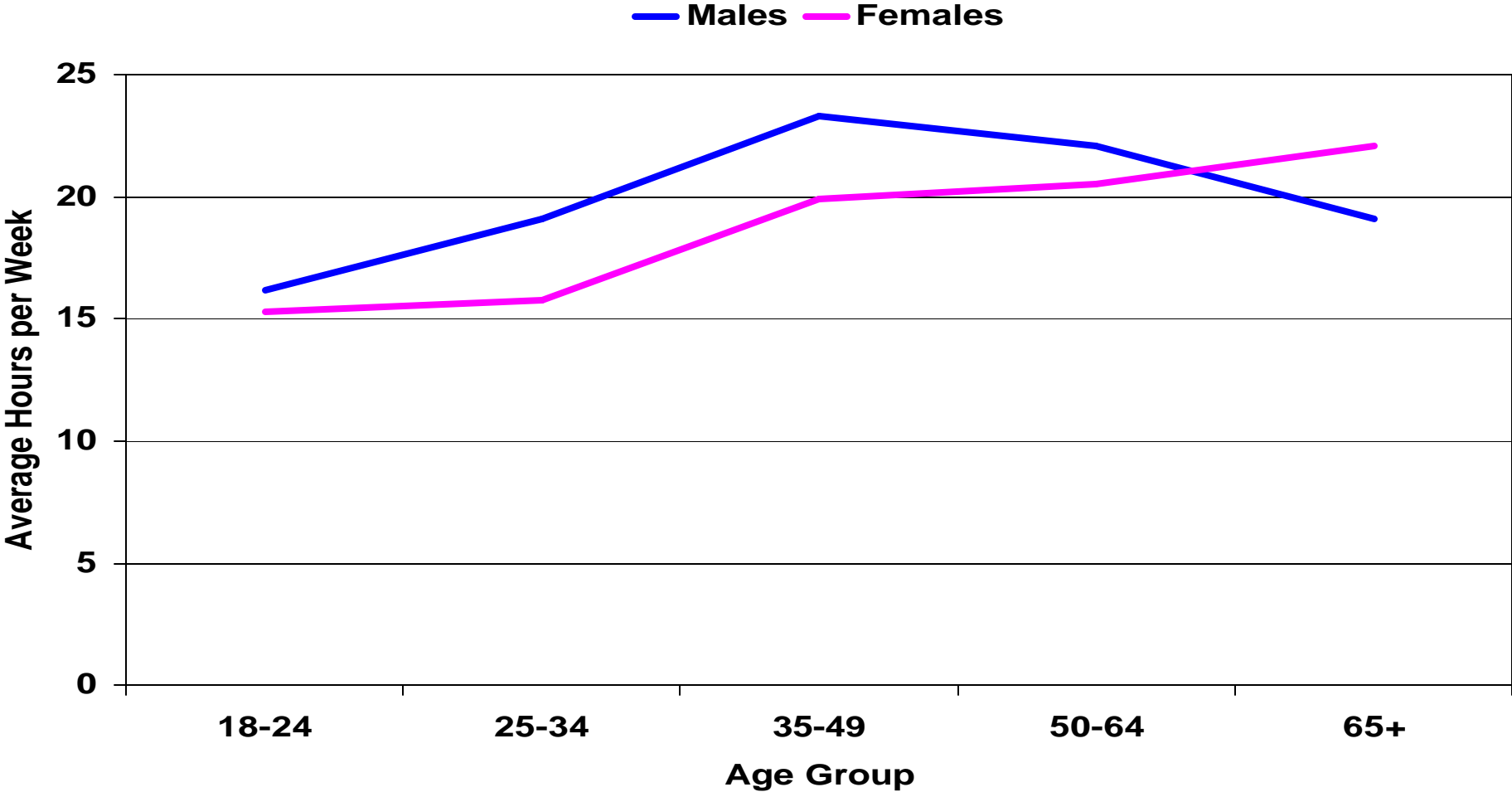
Television Viewing

Alberta, 2004 (hours per week)



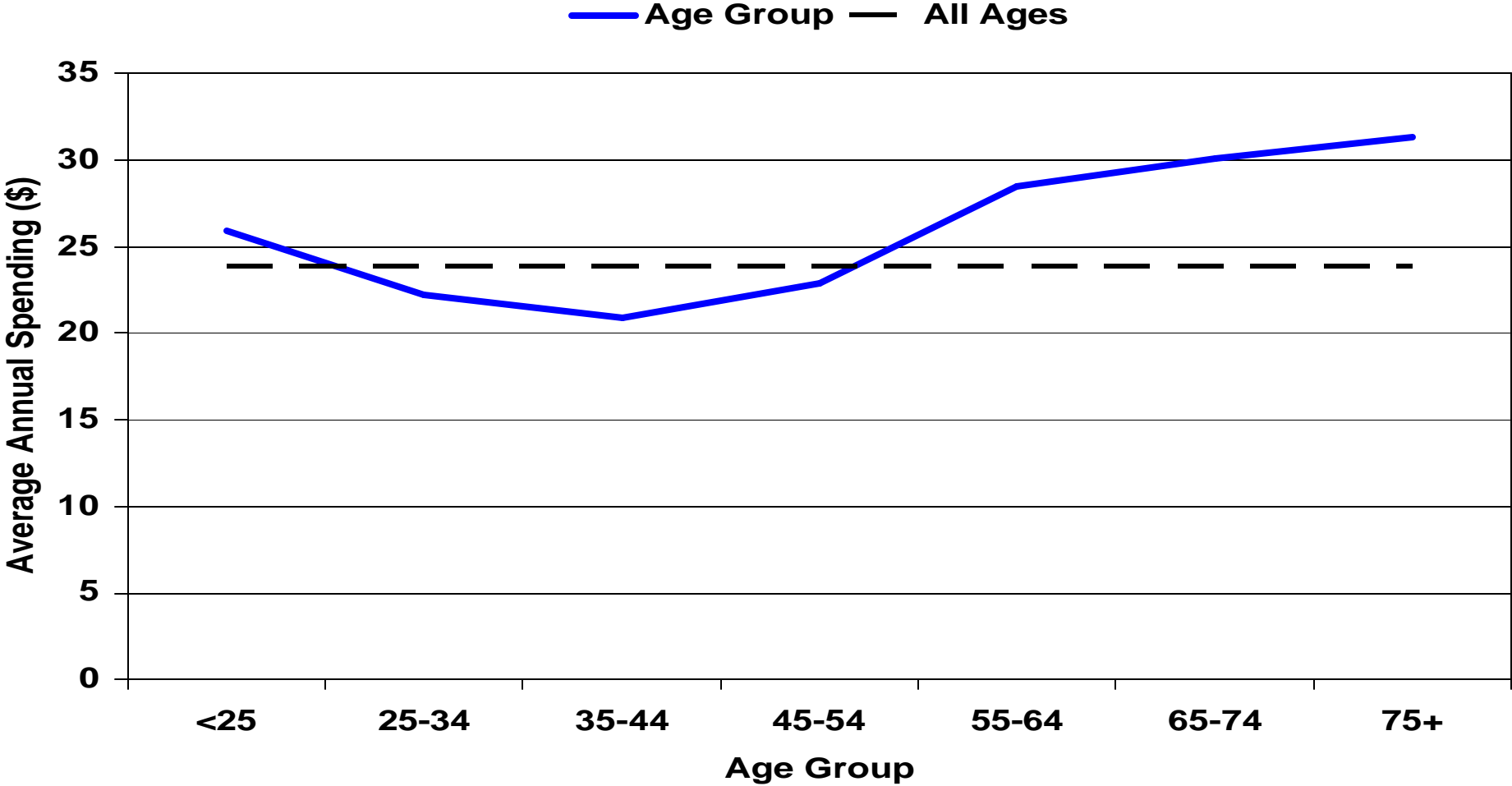
Radio Listening

Alberta, 2006 (hours per week)



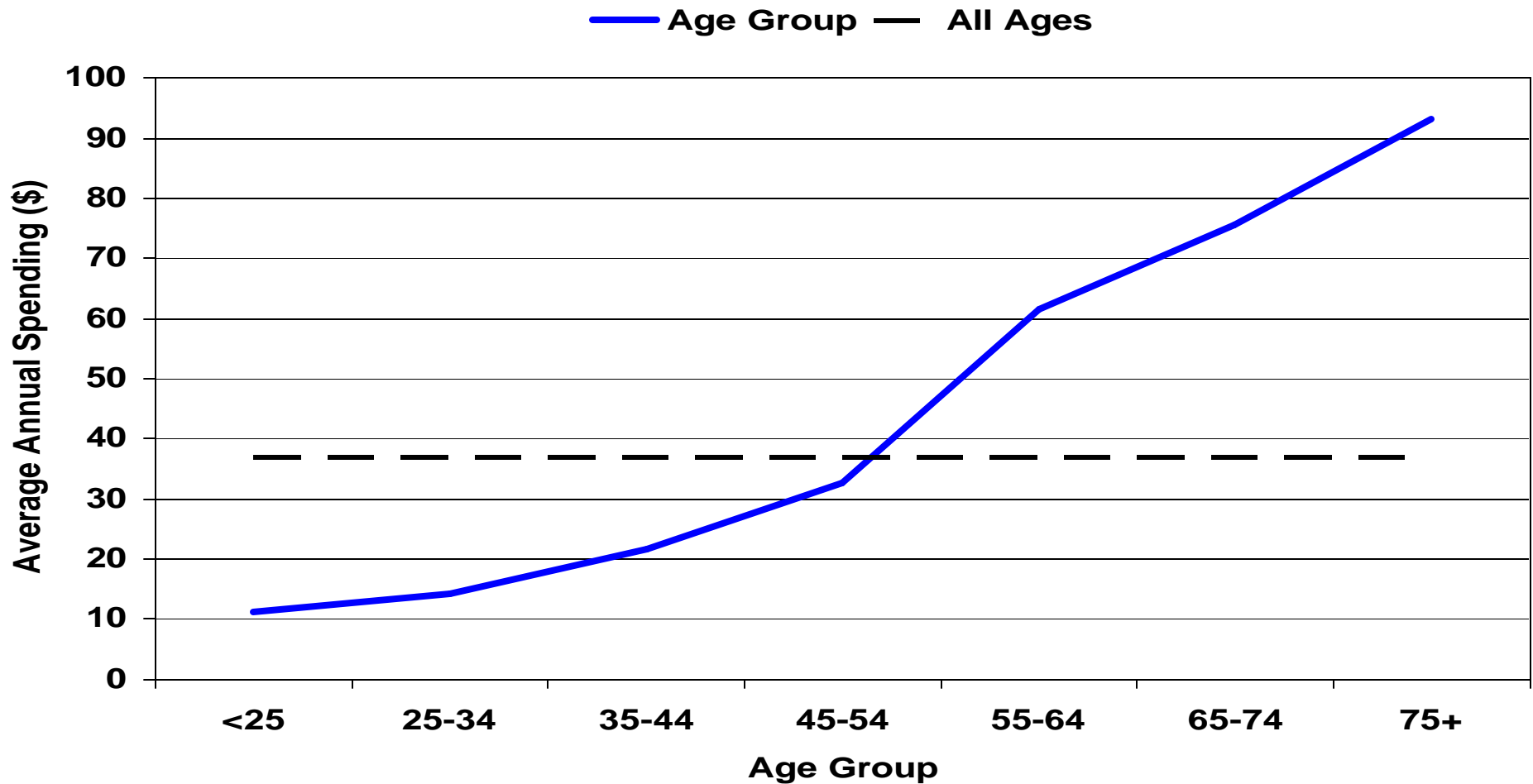
Magazines

Canada, 2005 (\$ per person)



Newspapers

Canada, 2005 (\$ per person)



Canada

Home Internet Users by Activity, 2005 (percent)

	18+ Canadians
E-mail	55.6
General browsing (surfing)	51.2
Obtaining weather reports or road conditions	40.5
Travel information or making travel arrangements	38.5
Viewing the news or sports	37.6
Searching for medical or health related information	35.3
Electronic banking	35.2
Paying bills	33.5
Searching for information on Canadian municipal, provincial or federal government	31.7
Education, training or school work	26.1
Researching community events	25.8
Playing games	23.5
Participating in chat groups or using a messenger	23.1
Obtaining or saving music	22.3
Obtaining or saving software	19.4
Researching investments	16.0
Listening to the radio over the Internet	15.9
Communicating with Canadian municipal, provincial or federal government	13.8
Other Internet activity	6.7
Downloading or watching television	5.2
Downloading or watching a movie	5.0

Canada

Home Internet Users, Characteristics, 2005 (percent)

Household type

Single family households with unmarried children under age 18	74.1
Single family households without unmarried children under age 18	56.9
One-person households	38.2
Multi-family households	67.5

Sex

Males	61.5
Females	60.3

Age

18 to 34 years	77.3
35 to 54 years	68.3
55 to 64 years	49.3
65 years and over	22.5

Level of education

Less than high school	26.5
High school or college	63.9
University degree	83.4

Personal income quartile

Lowest quartile	52.3
Second quartile	50.2
Third quartile	63.4
Highest quartile	77.7

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, sex, 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

4. Increasing importance of the 45-plus consumer:
 - Favoured products
 - Quality and service (discretionary income)
 - Health concerns
5. Shifting global demographics
6. Labour market opportunities and challenges:
 - Immigration
 - Aboriginal population
 - Technology
7. Marketing:
 - Multi-media, targeted approach

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