

# The Importance of Demographic Analysis When Developing Your Marketing Plan

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Anyone who has developed a marketing plan knows the importance of market share information and setting share goals within your target market. An important part of developing this plan that is often overlooked is the importance of demographic share analysis.

Some questions to ask yourself:

- What is my brand's current share of each demographic?
- What is my competitor's brand share of each demographic?
- Is there a particular group I should be targeting?
- What demographic groups are my competitors targeting?
- What is the category's share of each demographic?

We can go into many types of demographics, but to keep this article brief we took a look to see what, if any, affect the baby boomers are having in one category within the home improvement industry.

According to the U.S. Census Bureau, in 2006, 330 individuals will be turning 60 every hour. With the baby boomers aging, the fastest-growing age group is currently between 55 and 65 years old.

The impact of the aging population can be seen in Chart A.

Although there's much focus today on those consumers who are 45 and older, we shouldn't forget about the important 25-44 consumer when developing marketing plans. As depicted in Chart B from the U.S. Census Bureau, the 25-44 age group is, and will be, a very large percentage of the population.

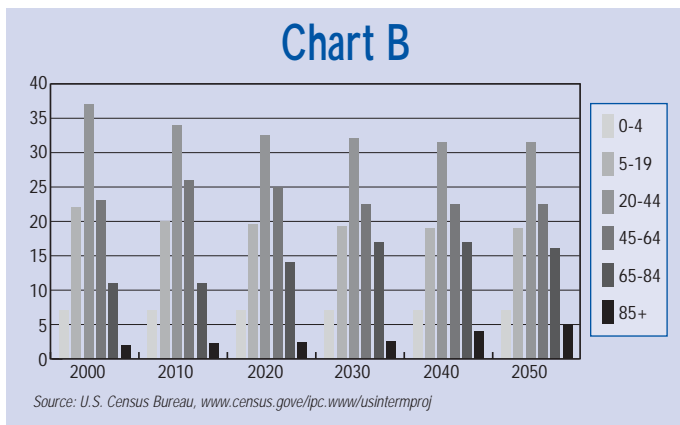
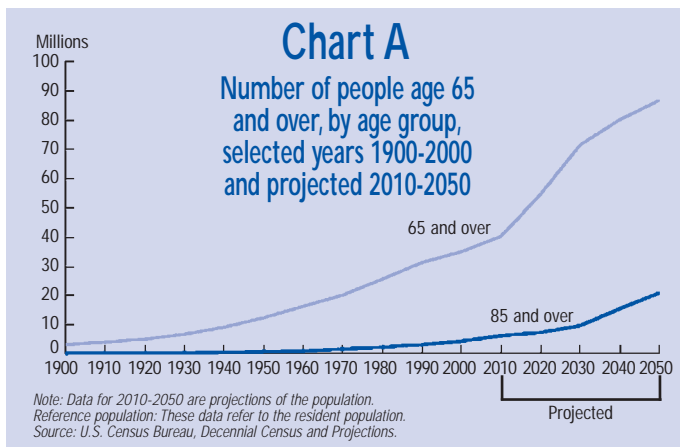
The Census Bureau predicts that in 2010, 34 percent of the population will be between 20 and 44 (39 percent being 45 and over). In 2050, 31 percent will be between 20 and 44 with 43 percent over the age of 45, as seen in Chart B.

We took one category within the home improvement industry and looked at dollar share for those consumers 25 and over. Chart C shows the age group of purchasers for the top five brands, based on dollars sales.

We found:

- Purchases for the entire category lean more heavily toward the 45 and over age group.
- The #3 Brand is most popular among the 45 and over consumers.
- The #4 Brand is also popular among those 45 and over.

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**Chart C**

Latest 12 Months

	Total Category	#1 Brand	#2 Brand	#3 Brand	#4 Brand	#5 Brand
Total 25 and Over	100%	100%	100%	100%	100%	100%
25-44	44%	48%	45%	36%	40%	53%
45 and Over	56%	52%	55%	64%	60%	47%

If you have an interest in organizing such an effort, it is “doable” and you should not be intimidated by the rules. The National Association of Manufacturers has some excellent information that can be obtained through its web site, [www.nam.org](http://www.nam.org).

Some are predicting changes in Congress this time around. I am not suggesting you need to vote Republican or Democrat, but certainly we need public-policy leaders who at least understand the challenges facing American manufacturers today. Everybody wants to talk about the issue, so this is a good time for us to be asking candidates what they would do to help American manufacturers.

**There is no reason to settle for mediocrity. As a nation we can do better and we should do better.**

I am always amazed that members of Congress can get away with sending you a form letter when you write them to support or oppose legislation. Don't let them get away with it. Campaign promises are a dime a dozen. They have no currency because no one ever holds a candidate to the promise. There is no more telling example

to me than the fact that you hardly hear any talk of anybody retiring because of their pledge to support term limits. When the campaign trail brings candidates to your neighborhood, ask the candidates where they stand on the issues of concern to you.

There is no reason to settle for mediocrity. As a nation we can do better and we should do better. Whatever your political persuasion, look the candidates in the eye and ask yourself if this is the person you want in Washington to represent you. I expect by the next time I write we will be focusing on the potential ramifications of the Congressional elections. Let's be ready to seize the opportunity to keep American manufacturing on the national agenda.

**VISTA**

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- The #5 Brand is most popular with the 25-44 consumers.

On Chart D, we took a look at these same three brands to see if sales are growing or decreasing within their popular age groups.

We found:

- The #3 Brand is not only popular with the 45 and over consumer; its sales are increasing within that age group. However, sales are declining with those consumers 25-44. If this were your brand, where would you focus your advertising dollars?
- The #4 Brand, also popular with the 45 and over consumer, has declining

sales. Is this brand nearing the end of its life cycle?

- The #5 Brand is a new brand this year and not only popular with the younger age group; it is also seeing a sales increase in both the 25-44 and the 45 and over consumer. Is this a competitive brand you should be watching closely?

In Chart E, we took this same category and looked at these brands by income level.

We found:

- The #3 and #4 Brands tend to be purchased slightly more often by those consumers with a higher income than the category.
- The #5 Brand tends to fall in line with the income levels for total category sales.

Demographic analysis can be a very important tool to guide you in your future marketing plans. Knowing the demographic makeup of the purchasers of your product, in addition to market share analysis, can not only find you new sales opportunities but help you gain share within your categories.

You can find various demographic studies on the U.S. Census Bureau web site. Home improvement demographic information can be acquired through market research firms such as Vista Information Services.

To learn more about Vista Information Services, contact us at 847-253-6063 or visit our web site at [www.vistainfoservices.com](http://www.vistainfoservices.com). Additional articles to assist you in using market research information can also be found on the Vista web site.

**Chart D**

	Annual Percent Change			
	Total Category	#3 Brand	#4 Brand	#5 Brand (New Brand)
Total 25 and Over	8%	2%	-27%	88%
25-44	0%	-24%	-40%	66%
45 and Over	16%	25%	-14%	122%

**Chart E**

	Total Category	#3 Brand	#4 Brand	#5 Brand (New Brand)
Income	100%	100%	100%	100%
Less than \$50,000	46%	40%	42%	45%
\$50,000-\$99,999	35%	33%	39%	37%
Over \$100,000	19%	27%	19%	18%