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## CANADIAN DEMOGRAPHIC TRENDS - 1

### Population Trends

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The demographic characteristics of Canada have been changing rapidly. Some of the trends-such as a growing elderly population-will come as no surprise to most people. On the other hand, some other patterns may be new to many-such as the fact that for the next 20 years we will have a relatively large number of working age people to support our dependant population (see later).

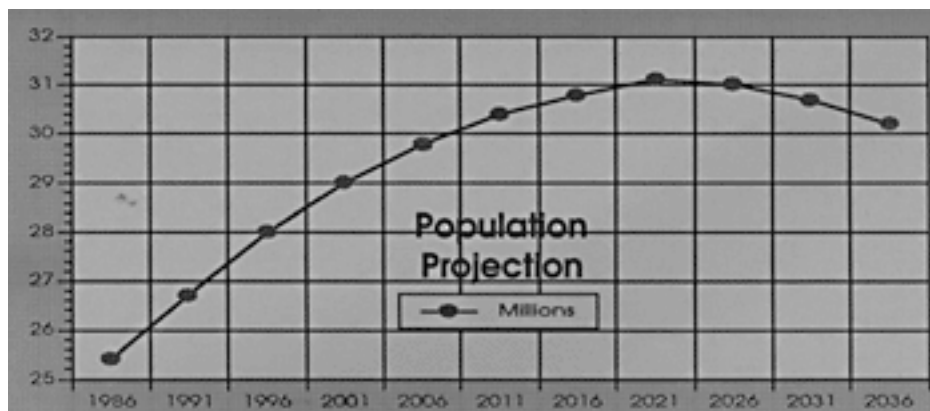
The objective of this series of articles, then, is to review some of the more prominent features of the changing Canadian demography. The trends described here will radically change the composition of the Canadian population in the not-too-distant future. Some businesses that thrive today (such as child care, toys etc.) will have a lower demand in the next few years. Conversely, some other businesses (such as products aimed at older single women) that are limited in scope now will likely have a much larger market in the next two or three decades.

#### ***1. Birthrate and Mortality Rate are on the decline.***

The Total Fertility Rate (TFR) in Canada has been trending downwards for a long time. The TFR was about 3.5 in 1921 and is about 1.7 now. (The TFR can be thought of as the number of children each woman in a population will bear in a lifetime, based on the age specific fertility rates for a specific year). This is lower than the replacement level of 2. If the population growth in Canada is to be sustained, then, the growth has to come through immigration.

During the same period, the mortality rate has declined. Life expectancy was 59 years for men and 61 for women in 1921 compared to 73 years for men and 80 years for women now. Infant mortality is about 10% of what it was in 1921.

Lower TFR, higher life expectancy and lower infant mortality all point to one thing-an aging population. The composition of the population will be nothing like Canada has ever experienced before.

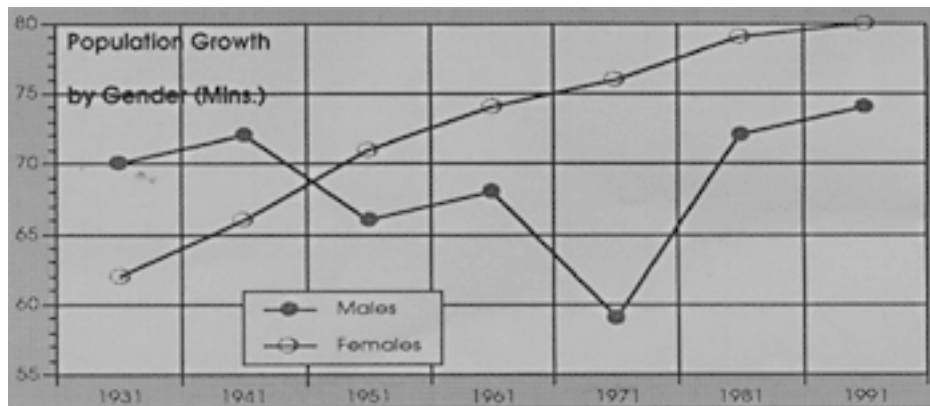


#### ***2. The 'Gray Wave' will affect the way a product is marketed.***

The trend towards a society of older people will continue for a while to come. In the mid-sixties, the median age was 25 and it is 28 now. Some projections show that the median age will be 37 in less than 10 years from now and almost 50 by 2036. By that time, over one out of four people will be over 65 years of age. One out of five will be empty nesters.

The marketing implication of this trend is obvious. The over 50 group will be the single largest segment of the market and no mass marketer can afford to ignore this segment. In fact, for most marketing products, this group could well become the central focus for marketing most products.

This trend is already beginning to have an impact on marketing. Some newspapers and magazines have started using larger typefaces. The use of older models in advertisements and the use of songs of the 50's and 60's in commercials are also a part of this trend.



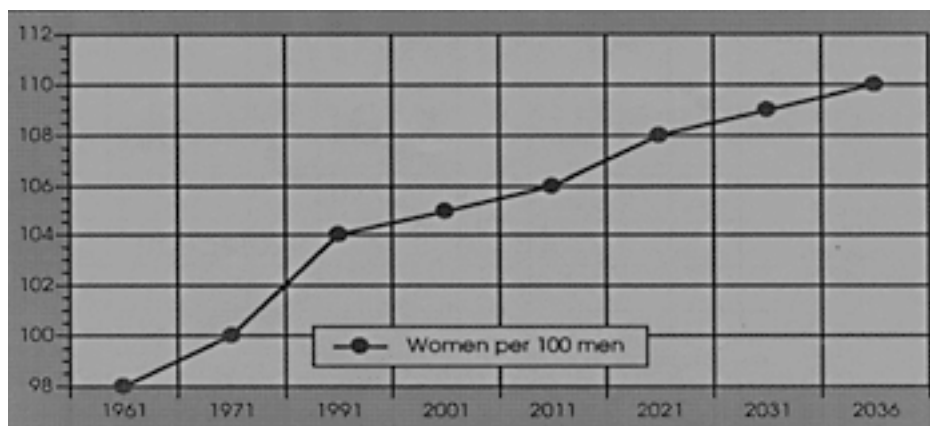
### ***3. The number of empty nesters and senior citizens will grow rapidly.***

The number of empty nesters (people whose children have moved away from home) as well as the number of people who have never had children will grow as we enter the twenty first century. The 65+ age group will be the fastest growing group. There will be about three times as many senior citizens in the year 2036 compared to today. From a marketing perspective, this means that there will be a greater need for smaller homes, remedies for the ailments of the elderly and products that are of relevance to older people. Old age care will become a more important issue than child care.

### ***4. There will be an adequate number of 'supporters' for at least another twenty years.***

We can divide the population into two groups in terms of dependency: 1) those who are below 18 and above 65 ('dependants'); and 2) those who are between 18 and 64 years of age ('supporters').

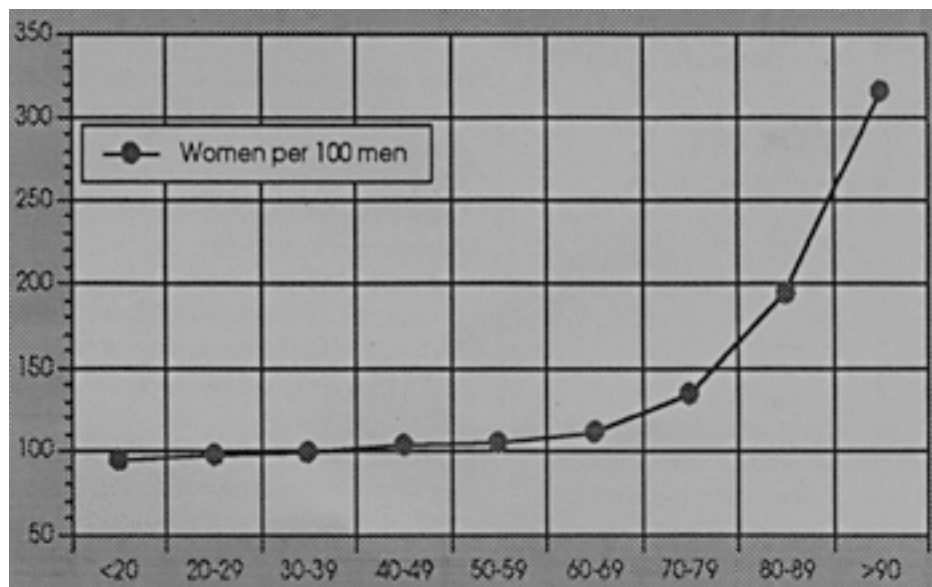
The supporting population assumes almost 100% of the cost incurred by children under 18. The supporting population also supports the older population in that it is their taxes and other deductions that enable the government to support old age programs such as the OAS programme.



When the supporting population is large and the dependent population is small, dependants can be more secure and the burden is relatively light on the supporting population. On the other hand, if the supporting population is small and the dependent population is large, the supporter burden becomes heavy. It can also lead to a breakdown of the support system. In such a scenario, 'means testing' to decide who get support (rather than universality) will become more common. Hence the dependency ratio is of critical importance to both dependants and supporters.

Canada's social security system has withstood several tests at least in part because the supporting population has been steadily growing over the years since the early 1970s. Now as baby boomers get older, we can expect more dependants and fewer supporters over the long run. However, this scenario is not imminent. In fact it is at least 20 years away.

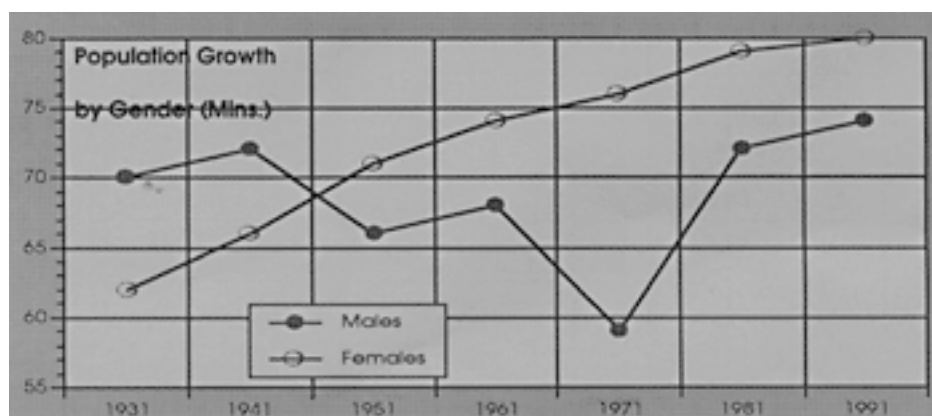
Currently there are 100 supporters for every 57 dependants. This ratio will continue to decline in the next few years. In other words, the number of dependants per supported will go down. This trend will continue for about twenty years at which time there will be only 49 dependants for every 100 supporters. At the peak, there will be 20 million supporters and less than 10 million dependants.



The situation may even be better because many dependants are not 'total dependants' like children are. If many senior citizens prove to be more financially independent than they are now, the burden on the supporting population can be even lower.

By about 2011, the number of supporters will be transformed into dependants and the ratio will again start to climb. In the next 25 years, the supporting group will decline by 10% to 18 million. Around this time, the dependency rate will rise to 70 dependants per every 100 supporters. While this may seem very high, it is about the same ratio as we once had, not too long ago-during the early seventies!

This means that those who will be retiring soon have less to worry about than those who are likely to retire 20 years from now. Anyone who has at least 20 years to retirement should seriously think about providing for his or her own retirement-just in case. (However, there might be other reasons-such as the government's overall ability to support old age programmes-why one should be able to provide for one's own retirement even if one were to retire in the near future.)



##### ***5. The male-female imbalance will continue to be a factor.***

In 1921, the average female life expectancy exceeded the average male life expectancy by two years. A female child born today has an average life expectancy that is seven years longer compared to that of the average life expectancy of a male child.

The imbalance over the years has not been one sided. Not too long ago, there were more men than women. However the current ratio as well as growth trends indicate a preponderance of females over males. The table below shows how the ratio has changed over the years. (The figures for the year 2001 and 2036 are, of course, projections.)

Number of females for every 100 males:

1961 98

1971 100

2001 105

2036 110

However, the growth will not be uniform across different age groups. Since the imbalance comes mostly because of the longer life expectancy among females, the imbalance is higher at the older age groups. In fact, the younger age group (under 40) will consist of more males than females. After 40, the reverse will be true-more females than males. The older the age group, the higher will be the ratio of women to men.

From a marketing point of view, this means that housing needs will change. Accommodation as well as products that cater to single women (often older) will have a growing market. Travel patterns and social activities may also be affected.

#### ***6. There will be fewer students in the future.***

The number of students under the age of 24 has been declining over the past decade. In 1986, this group formed 38% of the population. Current trends indicate that this percentage will decline to 20% by the year 2036. The total number of students at all levels will decline from 8.3 million now to 6.9 million by 2021.

This trend may have some interesting implications. For one thing, there will be greater learning resources per capita. It is also possible that some educational institutions will close. The increased availability of educational resources combined with an aging population might induce the educational organizations to make these resources available to the mature market. While resources are stretched in the current market, in the future, educational institutions may have to induce people to enrol.

#### ***7. Canadians will spend more years in school.***

Canadians have been spending more years in educational institutions. In 1971, an average Canadian spent an average (median) of 10.6 years in school. In the next 15 years, the number rose to 12.2, a significant growth. There is no gender difference in the median number of years of schooling received. However, only 8.8% of females received a university degree. The corresponding figure for males is 13.5%, a difference of over 50%.

In the next article we will discuss more trends that will affect make-up of the Canadian population and the marketing environment.

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