

Part 1: 1-2 Demographic Factors for Segmenting Markets

Demographic factors that the retailer and visual merchandiser examine when identifying a market segment include population statistics such as age, generation, gender, income, occupation, and education. As previously discussed in *Part 1: 1-1* of this Section, age has a large impact on products or services a consumer purchases, how to communicate with the consumer, and buying behavior that might be indicative of that particular consumer.

However, *age* is not always a predictor of the buying motivation or buying patterns of a consumer. For example, some Baby Boomers (i.e., consumers born from 1946 – 1964) who were more career oriented or who divorced and remarried may be starting new families, while others are “empty nesters” sending their last child off to college. This generation is noted for “blended families” or maintaining a household with “your children, my children, and our children”. Therefore, age is not the major factor that the visual merchandiser would consider when creating a merchandise presentation to attract these consumers; life stage and lifestyle of the consumer would take precedence.

For decades various generations have been targeted by the retailer. Those *generations* now include children, tweens, teens, Generation Y or Millennials, Generation X, Baby Boomers, and the Mature Market. The number of consumers in the market segment, especially their buying power, are usually considered by the retailer. For example, the Baby Boomers, with a population of approximately 77 million consumers, double income families, and well educated individuals with higher incomes, have been targeted for the past five decades. However, with their aging, their spending patterns are changing and a new, younger generation or the Millennials (i.e., consumers born approximately from 1978 – 1994) are now being targeted.

These younger consumers tend to be more diverse and better educated, yet they are leaving college with large debts and having difficulty finding jobs in their fields of study. After college, many of them are forced to return home to live with their parents instead of getting married and buying homes. This generation has changed the marketing and merchandising rules in the current business environment due to their use of technology and knowledge of the global market environment. Visual merchandising techniques and methods for planning both the store environment and visual merchandise presentations have become even more important in attracting the attention of these consumers and motivating them to purchase.



Another factor to consider for segmenting the market, especially when considering product categories such as cosmetics, toiletries, and clothing, is *gender*. Many times the product design or the formulation of the elements within the product must be compatible with the consumer's gender. For example, a perfume for a female will contain entirely different chemical components than the components in a toiletry for a male. The packaging of those goods must also reflect design elements that appeal to the sex of the consumer.

Other demographic factors utilized for segmenting a market include *income*, *occupation*, and *education*. Often these three variables are intertwined closely as one component may impact the other two. For example, consumers who buy luxury cars, designer handbags and watches, more than likely, are affluent consumers with higher income and many times higher levels of education. On the other hand, retailers such as the dollar stores (i.e., Dollar General, Dollar Tree, and Family Dollar) may target lower income families.

A vast difference exists in developing marketing communications techniques effective in reaching the younger, better educated, tech savvy consumer than those utilized by the retailer for communicating with their older parents and grandparents. For example, many of the parents and grandparents continue to read the daily newspaper, watch television, use a landline for phone calls, and depend on visual displays in stores in order to keep abreast of the latest product trends.

Various demographic factors are usually combined with other market segmentation factors such as psychographics, life stages, lifestyles, and consumer behavior in order to identify the retailer's target consumer and to create the marketing communication message. The psychological factors for segmenting the target consumer will be analyzed in the next part, *Part 1: 1-3, Psychographic Factors for Segmenting Markets*.