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Demographics

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What Are Demographics?

Demographic analysis is the study of a population based on factors such as age, race, and sex. Demographic data refers to socioeconomic information expressed statistically including employment, education, income, marriage rates, birth and death rates, and more.

Governments, corporations, and nongovernment organizations use demographics to learn more about a population's characteristics for many purposes, including policy development and economic [market research](#).

For example, a company that sells high-end RVs may want to reach people nearing or at retirement age, and the percentage of those people who are able to afford their products.

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- Demographic analysis is the collection and analysis of broad characteristics about groups of people and populations.
- Demographic data is very useful for businesses to understand how to market to consumers and plan strategically for future trends in consumer demand.
- The combination of the internet, big data, and artificial intelligence is greatly amplifying the usefulness and application of demographics as a tool for marketing and business strategy.

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Demographics

characteristics of specific [populations](#). It is frequently used as a business marketing tool to determine the best way to reach customers and assess their behavior. Segmenting a population by using demographics allows companies to determine the size of a potential market.

The use of demographics helps to determine whether its products and services are being targeted to that company's most important consumers. For example, market segments may identify a particular age group, such as baby boomers (born 1946-1964) or millennials (born 1981-1996), that have certain buying patterns and characteristics.

The advent of the internet, social media, predictive algorithms, and big data has dramatic implications for the collection and use of demographic information. Modern consumers give out a flood of data, sometimes unwittingly, that are collected and tracked through their online and offline lives by myriad apps, social media platforms, third party data collectors, retailers, and financial transaction processors.

Combined with the growing field of artificial intelligence, this mountain of collected data can be used to predict and target consumer choices and buying preferences with uncanny accuracy based on their demographic characteristics and past behavior.

Types of Demographic Information

For corporate marketing goals, demographic data is collected to build a profile for the organization's customer base. The common variables that are gathered in

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makes certain generalizations about groups to identify customers.

Additional demographic factors include gathering data on preferences, hobbies, lifestyle, and more. Governmental agencies collect data when conducting a national census and may use that demographic data to forecast economic patterns and population growth to better manage resources.

How Demographic Information Is Used

Most large companies conduct demographic research to determine how to market their product or service and best market to the target audience. It is valuable to know the current customer and where the potential customer may come from in the future. Demographic trends are also important, since the size of different demographic groups changes over time as a result of economic, cultural, and political circumstances.

This information helps the company decide how much capital to allocate to production and advertising. For example, the aging U.S. population has certain needs that companies want to anticipate. Each market segment can be analyzed for its consumer spending patterns. Older demographic groups spend more on health care products and pharmaceuticals, and the method of communicating with these customers differs from that of their younger counterparts.

Frequently Asked Questions

Why do demographics matter?

Demographics refers to the description or distribution of characteristics of some target audience, customer base, or population. Governments use socioeconomic

order to make better public policy decisions. Companies look to demographics to craft more effective marketing and advertising campaigns and to understand patterns among different audiences.

Who collects demographic data?

The [U.S. Census Bureau](#) collects demographic data on the American population every year through the American Community Survey (ACS) and every 10-years via an in-depth count of every American household. Companies use marketing departments or outsource to specialized marketing firms to collect demographics on users, customers, or prospective client groups. Academic researchers also collect demographic data for research purposes using various survey instruments. Political parties and campaigns also collect demographics in order to target messaging for political candidates.

Why do businesses need demographics?

Demographics are key to businesses today. They help identify the individual members of an audience by selecting key characteristics, wants, and needs. This allows companies to tailor their efforts based on particular segments of their customer base. Online advertising and marketing have made enormous headway over the past decade in using algorithms and big data analysis to micro-target ads on social media to very specific demographics.

How are demographic changes important for economists?

Economists recognize that one of the major drivers of economic growth is population growth. There is a straightforward relationship when identifying this: Growth Rate of [gross domestic product](#) (GDP) = Growth Rate of Population +

labor force, and also more people to consume items like food, energy, cars, and clothes. There are also demographic problems that lie on the horizon, such as an increasing number of retirees who, while no longer in the workforce, are nonetheless expected to live longer lives. Unfortunately, the number of new births seems to be too low to replace those retirees in the workforce.

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Related Terms

Understanding Population Statistics

Population may refer to the number of people living in a region or a pool from which a statistical sample is taken. See our population definition here. [more](#)

Big Data

Big data refers to large, diverse sets of information from a variety of sources that grow at ever-increasing rates. [more](#)

Statistics Definition

Statistics is the collection, description, analysis, and inference of conclusions from quantitative data. [more](#)

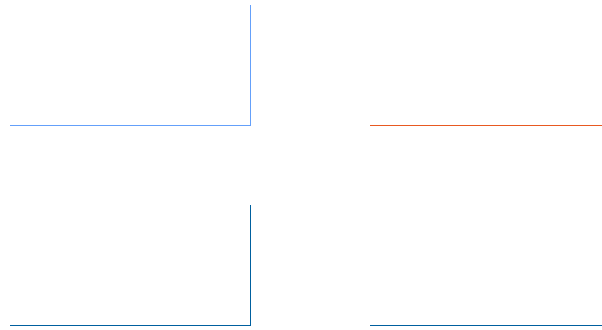
How Sampling Errors Work

Mobile Marketing

Mobile marketing utilizes multiple distribution channels to promote products and services via mobile devices, such as tablets and smartphones. [more](#)

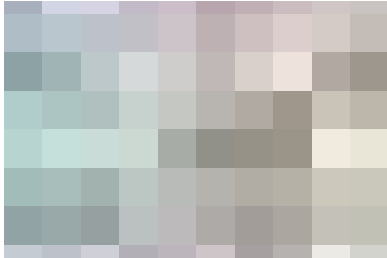
Activities, Interests, and Opinions (AIO)

Activities, Interests, and Opinions (AIO) are a person's characteristics used by market researchers to construct the individual's psychographic profile. [more](#)



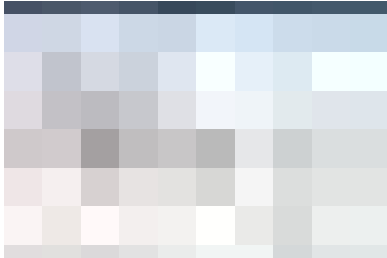
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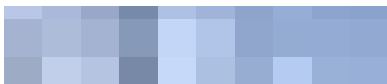
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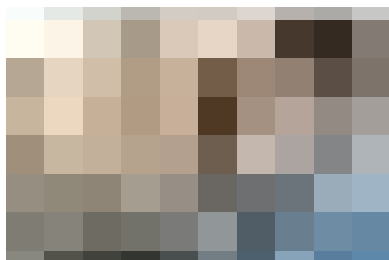
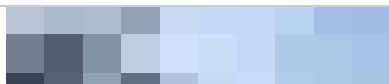


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Wage Gaps by Race




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