



Agriculture and  
Agri-Food Canada

Agriculture et  
Agroalimentaire Canada

**International  
Markets  
Bureau**

**MARKET ANALYSIS REPORT | OCTOBER 2011**

## **Global Consumer Profile**

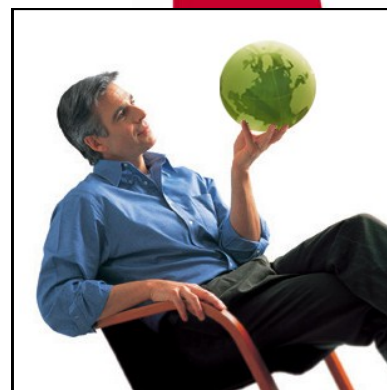
Demographic and  
Socio-Economic Trends



*Source: Mintel*



*Source: Mintel*





#### ► EXECUTIVE SUMMARY

The start of a new year, a new season, or even a new product launch can bring a host of predictions forecasting the *what, where, when, why* and *how* of consumer food and beverage choices. To appreciate, and more importantly, interpret these trends for an organization's benefit, it is necessary to look at them within globally evolving social, economic and demographic patterns and projections. Population growth, wealth, family status, education rates, employment patterns, urbanization and migration trends are some of the most important factors to consider in understanding consumers now, and predicting their preferences and behaviour into the future.

This report uses data and reports from Datamonitor Inc., as well as current statistics and information from world organizations such as the United Nations (UN), World Health Organization (WHO) and World Bank, to present the factors that underpin global consumer trends. Some key issues that this report will explore in more detail are as follows:

- The demographic structure of a population should be a primary consideration in product development and marketing.
- Economic development influences purchasing behaviours. Consumer expenditure priorities are based on their disposable income levels.
- The movement towards global service and knowledge-based economies helps move consumers beyond basic need-oriented purchase behaviours and attitudes.
- Households and family structures are more diverse than ever, requiring further segmentation in marketing and product offerings.
- The movement towards higher education will push populations towards higher levels of socio-economic development. Consumers will begin to seek out food and beverage products that reflect new lifestyle considerations.
- Increased global urbanization patterns will require adjustments to systems regarding how food is produced, processed, distributed and sold.
- Immigrants bring diversity into a market and have a lasting influence over time as mainstream consumers become interested in and adopt the cuisine styles of new cultures.

#### ► INSIDE THIS ISSUE

<i>Executive Summary</i>	2
<i>Demographics</i>	3
<i>Income and Work</i>	6
<i>Home and Family</i>	8
<i>Education</i>	10
<i>Urbanization</i>	12
<i>Migration</i>	14
<i>Conclusion</i>	16
<i>References</i>	17

#### ► DID YOU KNOW?

- By 2050, the world's urban population will equal the world's total population as it stood in 2004, with 6.5 billion people.
- If all migrants were located in one country, it would be the fifth-most populous country in the world.
- The world population is projected to reach 7 billion by October 31, 2011.

**Source:** United Nations, Department of Economic and Social Affairs, Population Division. (2010).



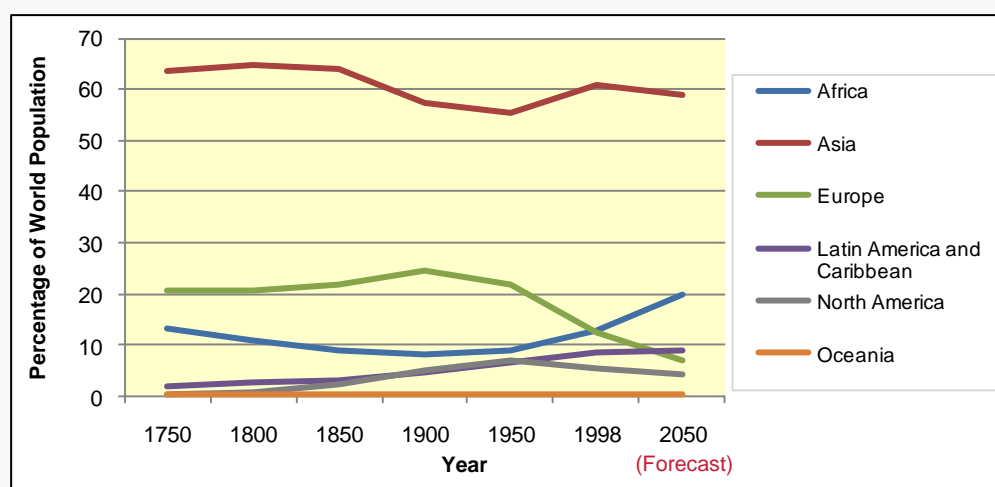
## ► DEMOGRAPHICS

Global demographics are more dynamic than ever, with population size, growth rates, sex ratios, age composition, fertility, and life expectancy evolving rapidly. These factors are leading determinants of market opportunity in a country or region, and the ability to match products with current and future population trends contributes significantly to the long-term success of a launch or expansion.

### **Population Size and Growth Rates**

Global population growth continues to be the most dramatic demographic change, more than doubling in the last half century to reach 6.9 billion in 2010 with projections to reach 9.2 to 9.5 billion by 2050 (Population Reference Bureau, 2010). This future growth will be driven by the developing regions of the world as a result of advances in health care, education, and economic opportunity. The data presented in Figure 1 demonstrates historic and projected changes in world population by region.

**Figure 1: Percentage Distribution of World Population from 1750-2050**



Source: United Nations Education, Science and Cultural Organization, 2010

Key highlights of regional population growth to the year 2050 are expected to be:

- ▶ low to negative growth for European Union (E.U.) countries, where many have chosen to have fewer children and/or to do so later in life. The United Kingdom may be the exception due to the influx of immigrants with larger families;
- ▶ limited growth in North America as a result of slightly higher regional fertility levels and increased rates of immigration;
- ▶ minimal increases in Oceania, dominated by Australia and New Zealand, where there is a trend toward lower fertility rates and smaller families;
- ▶ higher growth in Asia, led by India and China, where already large populations have younger societies with higher birthrates and larger families. A reduction in childhood mortality rates and extended longevity through improved healthcare will also impact population statistics;
- ▶ a near doubling of the population in Africa is expected, however, the actual size of the increase is dependent on healthcare, as well as political and economic stability; and
- ▶ small growth in Latin America and the Caribbean region, due to fertility declines in several of its largest countries such as Brazil and Mexico.



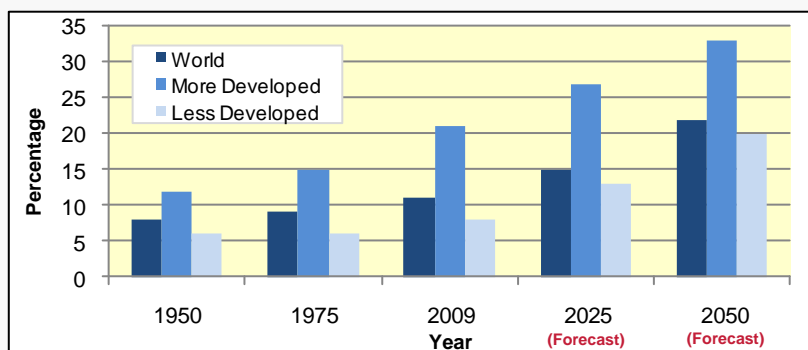
► **DEMOGRAPHICS (continued)**

**Aging**

Recent reports have focused on the accelerating growth in the proportion of the population that is older. By 2050, the total number of seniors aged 60 and over will reach 2 billion, or 22% of the population, and for the first time in history, will exceed the proportion of children aged 15 and under at 20% (United Nations [UN], 2009). This trend is the result of a shift from high to low levels of both fertility and mortality, through better nutrition, higher education levels, improved health care, and access to family planning. A significant, but less reported fact, is that the oldest of the old are also living longer. Those 80 and over are the most rapidly growing group worldwide and by 2050, one fifth of older persons will be in that category (UN, 2009). Due to higher life expectancies, this segment of the senior population tends to consist largely of females who, often widowed, will generally choose to live alone as long as possible, particularly in the more developed countries.

As seen with other demographic trends, there is a difference between regions in the number and proportion of older persons (Figure 2), with the pace of change increasing more quickly in the developing world. Another indicator of population aging is median age. The current median age for the world is 26 years, with Europe at the top end of the range at 40, and Africa at the bottom end with 19. By 2050, the median age in Europe is expected to be 47, compared to the 29 expected for Africa (UN, 2009).

**Figure 2: Proportion of Population Aged 60 or Older  
- World and Development Regions 1950-2050**

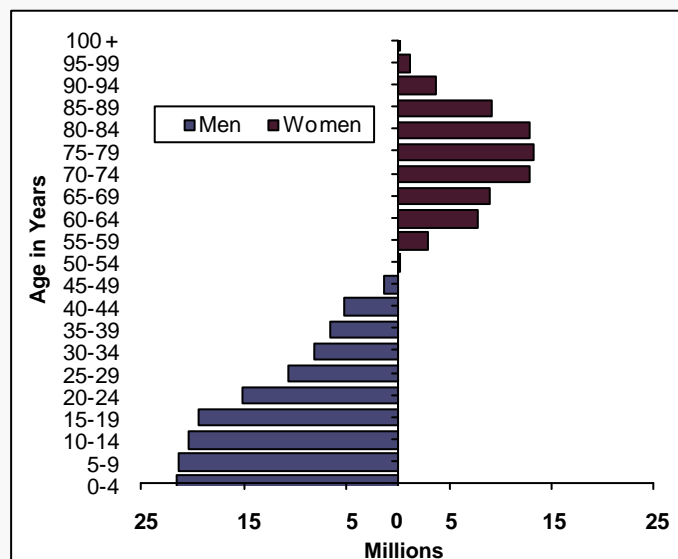


Source: United Nations, 2010. World Population Ageing 2009

**Sex Ratio**

The global population is generally balanced in terms of gender, with a ratio of 102 males for every 100 females (UN, 2009). However, this ratio is not consistent between age groups. A surplus of men is concentrated in cohorts to age 50, and then the greater longevity of women comes into play, a situation termed “gender spiral” by the United Nations (Figure 3). The expected sex ratio varies greatly between regions with political, socio-economic, and cultural norms influencing this trend more than other population indicators.

**Figure 3: Surplus of Men versus Women by Age, 2010**



Source: Adapted from the United Nations Statistics Division, 2011.



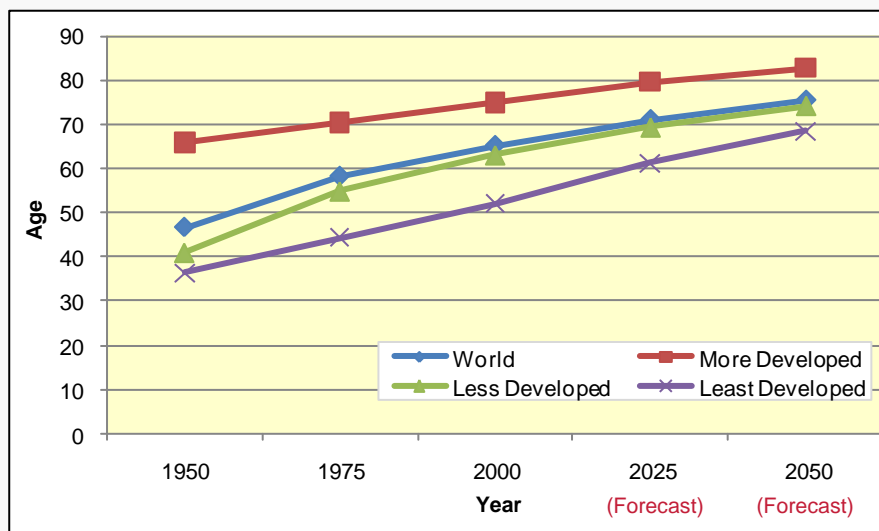
## ► DEMOGRAPHICS (continued)

### **Fertility Rates and Life Expectancy**

Over the last half century, world fertility rates dropped from 5.0 to 2.7 children per woman, a trend that has been attributed to the influences of a growing urban middle class, more career development amongst women, changing life stage priorities, and smaller households. Looking to 2050, fertility rates in the developing regions of the world should begin to follow the same patterns experienced by Europe, North America, and other developed regions, and drop to a global population replacement level of 2.1 children per woman (UN, 2010).

Life expectancy on a global scale has shown great progress, rising from 47 years in 1955, to 68 years in 2010 (UN, 2010). As with other demographic trends, it is highly reliant on economic development, geography, the availability of food, safe drinking water, sanitation, medical care, and the absence of risk factors such as war. For example, current life expectancy ranges from 44 in less-developed Afghanistan, to 83 in highly developed Japan. In nearly all countries, women have a higher life expectancy at birth than men, and by 2050, female life expectancy is expected to exceed that of males by 5 years (70 years versus 65 years) (UN, 2010).

**Figure 4: Global Life Expectancy By Development Region**



Source: United Nations, 2010. 2008 Revision Population Database

### **Why is this Important?**

For the food and beverage industry, total growth of the world's population, particularly in the emerging markets, is the most significant factor. The predicted demographic trends will require companies to review and revise both their product offerings and marketing strategies to coincide with the stages of development in each of their target markets.

Aging populations in developed countries will move the current youth-dominated marketing environments toward the needs of seniors. More people who are living longer in situations that range from independent singles to assisted living will require a renewed focus on taste/flavour perceptions, convenience, packaging, premium, value, as well as health and wellness.

Younger, more educated consumers in emerging markets create an environment that mirrors developed regions to some extent, but in a more economical and convenient manner. Social awareness is predicted to play a stronger role in the demand for food and beverage products.

Developing regions are populated by growing numbers and younger societies, however, slow economic development and lack of infrastructure place the consumer focus on basic living requirements. Opportunity and growth potential exist for food and beverage products that can address these immediate challenges, and transition with the society as it develops further.

## ► INCOME AND WORK



Economic development and growth in employment opportunities has a positive impact on income, and changes consumer consumption patterns. In terms of food and beverages, opportunities related to convenience, premium, and health and wellness may be more prevalent as income increases. This section explores what is happening globally in terms of gross domestic product (GDP), income quintiles, expenditures and employment.

### **Per Capita Gross Domestic Product and Income by Quintile**

Per capita GDP is a basic indicator that can be used to evaluate overall opportunities within a national or regional market. As expected, there are great disparities in projected GDP between developed, emerging and developing markets. Figure 5 highlights a number of emerging markets where the impact of more rapid demographic and socio-economic advances is fostering higher growth rates than in more mature markets. The developing world struggles with GDP values below the global average, however, even limited growth offers opportunity for food and beverage products.

Analysis of a population's income by quintile can help target category- or product-specific opportunities to the appropriate consumer segment. Consumption behaviour and attitudes change by quintile, gradually moving from basic needs to premium variations. In general, more growth potential is common in the mid-to-lower quintiles, where the groups tend to be younger, with larger families, and may have a higher percentage of immigrants. As with GDP, this pattern is more prevalent in the emerging economies with demographic trends associated with growing populations. The lingering effects of the recession in developed markets has increased the influence of mid-to-lower quintiles. More consumers have been forced into those quintiles and have found it difficult to move upward.

### **Expenditure**

Consumer purchasing behaviour is complex, however it is highly dependent on income. It is well recognized that consumers in regions with growing economies begin to change their food purchasing patterns from necessity to want (starch-based to protein-based diets, for example), at the same time as the proportion of income spent on food decreases. Figures 6, 7 and 8 focus on the household expenditure data for the United States (U.S.), China and India as examples of this evolution in developed and emerging markets. The common pattern amongst developed markets is for housing, basic utilities, and transport to be consumers' primary expenditure areas. Emerging market patterns can be more diverse. For example, China is expected to see downward trends in the percentage of consumer spending devoted to food, recreation and culture, but increases in the percentage spent on housing and utilities, while the opposite trends are projected for India.

### **Work**

Economic growth can also be measured by shifts in the size and composition of the workforce in the service-oriented industry. In the U.S. in 2009, 67.4% of men and 89.4% of women worked in the service sector, compared to 30.3% of men and 9.8% of women in the manufacturing industry, of which agriculture was a negligible proportion. In comparison, 45.6% of men and 63.5% of women in India worked in services, while 24.9% of men and 10.0% of women worked in manufacturing, and 29.6% and 26.6%, respectively, worked in agriculture (Datamonitor 2010).

**Figure 5: GDP\* Per Person Employed**

	2009	2014	Growth (%)
China	11,211	15,552	6.8
Russia	19,693	24,718	4.7
India	7,837	9,738	4.4
South Africa	12,391	14,325	2.9
Brazil	13,525	15,439	2.7
South Korea	41,377	46,740	2.5
U.K.	52,653	57,576	1.8
Canada	48,702	52,876	1.7
U.S.	66,370	71,471	1.5
Saudi Arabia	28,738	30,187	1.0
U.A.E.	21,165	22,258	1.0
Japan	46,119	48,307	0.9
Netherlands	47,542	49,807	0.9
Germany	42,979	44,531	0.7
France	55,496	57,181	0.6
Spain	39,475	40,629	0.6
Australia	49,851	51,097	0.5
Sweden	49,550	50,682	0.5
Italy	45,822	44,833	-0.4
Singapore	45,712	41,785	-1.8

Source: Datamonitor, September, 2010

\*Constant 1990 \$ - Potential Purchasing Power



## ► INCOME AND WORK (continued)



Although traditional gender divides of male dominance in the manufacturing sector, and female dominance in services do exist, more modern societies are changing as more men move into the service sector. This movement is accompanied by home and lifestyle changes where men are beginning to take a more active role in the household. Also evolving are labour force participation rates among elders. Although lowest in the most developed regions, the trend is toward lower levels of economic activity among older persons nearly everywhere. There is also a growing shift in the gender balance among older workers. Female participation rates are gaining against the rates of males due to the longevity of women (who need to work later in life to support themselves) and the fact that many manufacturing-based jobs held by older male workers have disappeared with the advent of a new knowledge-based, service-oriented economy.

### Why is this Important?

Consumer food and beverage purchase behaviours are highly related to income.

The global economic crisis forced many in developed countries into more value-oriented consumption practices based on necessity. However, the practice of trading up and down in various categories depending on occasion and income means there are still opportunities for a range of product offerings in the market from discount to premium, and basic to experiential.

Within emerging markets there are more consumers with greater financial security interested in adopting more globalized consumption behaviors and attitudes. With increasing disposable income, consumers in emerging markets will still be focused on basic needs, but will also be spending on more foods offering higher quality, greater convenience, and specific lifestyle benefits.

One of the largest opportunities remains meeting the needs of low income consumers in these countries due to their large numbers. For products that meet basic needs and producers that can meet the challenges associated with infrastructure, communications, and cultural diversity, there can be success.

**Figure 6: U.S. Expenditure by Category (% Share of Total)**

	2009	2014	CAGR*
Alcoholic Beverages, Tobacco, Narcotics	1.2%	1.0%	-3.1%
Clothing and Footwear	3.2%	3.0%	-1.0%
Communications	2.5%	2.6%	0.4%
Education	3.2%	3.5%	1.9%
Food and Non-Alcoholic Beverages	9.9%	10.5%	1.1%
Health	7.6%	8.2%	1.4%
Household Furnishings, Maintenance	2.4%	2.1%	-2.6%
Housing, Water, Electricity, Fuels	38.1%	38.2%	0.1%
Miscellaneous Goods and Services	1.7%	1.7%	-0.6%
Recreation and Culture	8.6%	9.5%	1.9%
Restaurants and Hotels	5.3%	5.0%	-1.2%
Transport	16.2%	14.7%	-1.9%
TOTAL	100%	100%	—

Source: Datamonitor, September 2010. \*CAGR = compound annual growth rate

**Figure 7: China Expenditure by Category (% Share of Total)**

	2009	2014	CAGR*
Alcoholic Beverages, Tobacco, Narcotics	6.3%	6.7%	1.4%
Clothing and Footwear	6.3%	6.7%	1.4%
Communications	2.6%	2.9%	1.9%
Education	0.7%	0.8%	3.1%
Food and Non-Alcoholic Beverages	18.9%	16.4%	-2.8%
Health	13.9%	15.3%	2.0%
Household Furnishings, Maintenance	8.3%	8.9%	1.4%
Housing, Water, Electricity, Fuels	14.8%	15.7%	1.1%
Miscellaneous Goods and Services	0.2%	0.2%	1.5%
Recreation and Culture	8.9%	8.0%	-2.1%
Restaurants and Hotels	3.2%	3.4%	1.2%
Transport	16.0%	15.0%	-1.3%
TOTAL	100%	100%	—

Source: Datamonitor, September 2010. \*CAGR = compound annual growth rate

**Figure 8: India Expenditure by Category (% Share of Total)**

	2009	2014	CAGR*
Alcoholic Beverages, Tobacco, Narcotics	2.2%	2.3%	0.3%
Clothing and Footwear	5.2%	5.3%	0.2%
Communications	1.6%	1.7%	0.8%
Education	6.1%	6.5%	1.3%
Food and Non-Alcoholic Beverages	34.7%	36.1%	0.8%
Health	7.4%	7.7%	0.7%
Household Furnishings, Maintenance	2.9%	2.9%	0.2%
Housing, Water, Electricity, Fuels	16.8%	14.3%	-3.1%
Miscellaneous Goods and Services	5.8%	5.9%	0.5%
Recreation and Culture	2.3%	3.0%	5.5%
Restaurants and Hotels	6.5%	6.5%	0.1%
Transport	13.6%	13.0%	-0.9%
TOTAL	100%	100%	—

Source: Datamonitor, September 2010. \*CAGR = compound annual growth rate



New demographic and economic patterns have allowed families and living arrangements to evolve in terms of size, marriage, and the number of children. As with other trends, this progression began in developed regions and is now being repeated in emerging and developing regions. This diversity requires the food and beverage industry to show sophistication in targeting products and marketing messages to meet a wider range of needs. This section highlights these trends.

### **Family Structures**

**Singles:** There has been a significant global increase in the number of people living alone. Later marriages, higher divorce rates, increased urbanization, and the importance of career development, particularly for women, are all factors contributing to this trend.

**Single parents:** Also significant is the rapid growth of single parenthood in regions such as Europe and North America. This rise is highly correlated to divorce rates. As countries within emerging markets adapt divorce laws and more people become divorced, the rates of single parenthood are expected to increase.

**Couples without children:** The number of couples without children is more prevalent in developed countries, due in part to a delay in having children or not having them at all. Also, because of societal supports such as old age pensions, people in developed countries do not need to have children to provide them with financial security in their later years. Emerging markets such as Brazil, India, and China are experiencing a growing middle class with more economic and career development opportunity, and so a similar pattern is developing. Other parts of the world are seeing this change come more slowly.

**Couples with children:** In modern societies, the definition of these households can range from married parents with one or more children, to empty nest couples with boomerang children (adult children who return to live with their parents after a period of living on their own), to blended families with children from previous relationships. This trend is most evident in Europe, followed by North America, while emerging and developing regions still have a very high proportion of nuclear families.

**Empty nesters:** Greater longevity and the size of the baby boomer generation in developed countries has sparked the growth of the “empty nester” cohort. Senior life-stages are becoming longer, thus giving them more opportunities for exploring new avenues and experiences after their parental duties have ended.

### **Marriage and Divorce**

The aging trend has been a major contributor to a decline in the number of marriages occurring in developed countries, although the acceptance of a variety of family structures in more liberal societies is an influence as well. Marriage statistics are more stable in other regions of the world. For example, the practice of arranged marriages, more strict religious societies, and even economic growth and consumer optimism have maintained marriage rates in many emerging and developing countries. From a global perspective, age at first marriage is rising because in many societies, it is no longer considered a necessary precursor to living with a partner or having children.



Source: Shutterstock

The total number of divorces tends to be higher in more developed countries, but is starting to slow due to the decline in the number of people getting married. Emerging and developing countries tend to have much lower rates, due to cultural acceptability, the ease of divorce, as well as economic hardship and circumstances.





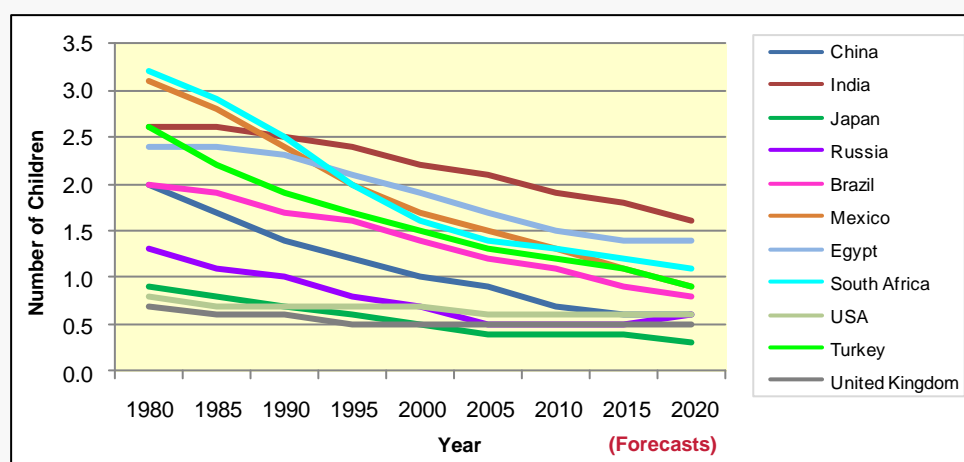
### Household Size

The global demographic patterns already presented are also contributing to a decline in average household size in many countries. Improving economic conditions, expanding career options and changing social values are encouraging larger, often multi-generational families to split into a broader range of living arrangements.

Countries with emerging economies have generally been slower to evolve to smaller households. For example, nuclear family households are now becoming more common in urban India, as work and lifestyle trends begin to fall in line with those of North America and Europe. India is also a good example of how improving economies can bring higher costs of living, making large families harder to sustain in the cities. China has already moved to the nuclear family as the most common family arrangement, however the government's one-child policy has been the main driver rather than economic and career opportunities.

Multi-generational living remains a prevalent model in many developing countries where societies are more traditional, and where more people are required to provide for the family unit. In these circumstances, improving healthcare to reduce infant mortality and the increased use of birth control will have an impact on household size before economic development.

**Figure 9: Actual and Projected Number of Children per Family in Selected Countries 1980-2020**



Source: Adapted from United Nations data, 2010

### Why is this Important?

The structural elements of family life are highly dependent on socioeconomic development, and evolve according to demographic trends in a country or region, and how quickly these transitions occur. It is important to recognize these progressions to ensure that food and beverage marketing is targeted appropriately. For example, marketing based on the notion of traditional families may alienate consumers from brands if they feel that their needs and lifestyle are not reflected. Furthermore, products specifically targeting children may not be as successful in countries with fewer people having fewer children.

Declining fertility and birth rates, coupled with more economically secure women in the workforce, encourage smaller household sizes. One-person households, generally comprised of older men and women, also factor into this shrinkage. The purchasing patterns of these smaller households need to be addressed, and packaging is an obvious example, where size, labelling, ease of opening, convenience of preparation, and shelf life are all important considerations.

Marketing according to life stage may also replace the traditional age cohorts. In general, there is a delay in the traditional pattern. People are single for much longer, couples are putting off having children, and increased longevity means a longer empty nest. Those generally considered in their senior years are often maintaining their mid-life styles of living longer than ever before, making segmentation of this cohort more important than ever.

## ► EDUCATION



Knowledge and skill levels within a population influence a country's rate of economic growth and standard of living, so these factors exert a strong influence on purchasing patterns. A labour force capable of meeting the demands of new demographics, technology and scientific knowledge, improves competitiveness within and between markets. There are also a number of measures regarding education, but access to high quality and equitable post-secondary education are the leading indicators. All regions of the world are making progress in education, but the benefits are more evident in high-growth markets. Here, more recent commitments to education as a means to promote economic, social, and individual development, are resulting in more rapid changes in educational attainment.

### *The Importance of Literacy*

A more literate workforce increases productivity. The C.D. Howe Institute found that a 1% rise in a country's literacy level, relative to the international average, was associated with an eventual 2.5% rise in labour productivity and a 1.5% rise in per-capita GDP (C.D. Howe Institute, 2005).



Statistics are showing the increasing importance being placed on education. Between 1998 and 2008, the percentage of 25-34 year olds without high school education dropped from 37% to 29% in member countries of the Organisation for Economic Co-operation and Development (OECD) (OECD Education at a Glance, 2010). Worldwide, more students are also heading into post-secondary education, as shown by an average annual growth in enrollment of 5.1% between 1991 and 2004. This growth has surpassed the average in emerging countries, as the number of students studying at the post-secondary level rose 12% in India and 11.9% in China, between 2004 and 2009 (OECD, 2010).

### *Education and Employment*

Those with low educational attainment are less likely to be labour force participants and more likely to be unemployed. On average, among OECD member countries, males without



upper-secondary education are more than twice as likely to be unemployed as males with upper-secondary education, and three times as likely to be unemployed as males with post-secondary education (OECD, 2010).

Growth has been smaller in the Middle East, due to a limited number of institutions and the tendency for their students to study abroad. Women are now more likely than men to complete upper-secondary education in most developed regions, and are also graduating from vocational programs more often, bringing their graduation rates closer to those of men. Another prominent development is the growing participation of more mature students in post-secondary education, leading to a rise in the average age of students.

### *Adult Learning*

Further education and training after the completion of initial schooling is becoming more essential to upgrade marketable skills in any economy. Although individual countries differ, more than 40% of the adult population across the OECD member countries participate in formal and/or non-formal education in a given year (OECD, 2010). Other facts from the OECD regarding adult education include:

- Adults with higher education are more likely to participate in additional formal and/or non-formal education than adults with less education.
- Occupation and industry sector strongly influence participation in adult learning. Across OECD countries, 61% of those employed in high-skilled white-collar occupations engage in adult education, while the rate drops to 46% in low-skilled white-collar occupations, 34% in high-skilled blue-collar occupations, and then 32% in low-skilled blue-collar occupations.
- Individuals aged 25-34 years are almost twice as likely to participate in adult learning as older individuals (aged 55-64 years).
- Differences between male and female participation rates in formal and/or non-formal education are generally small.

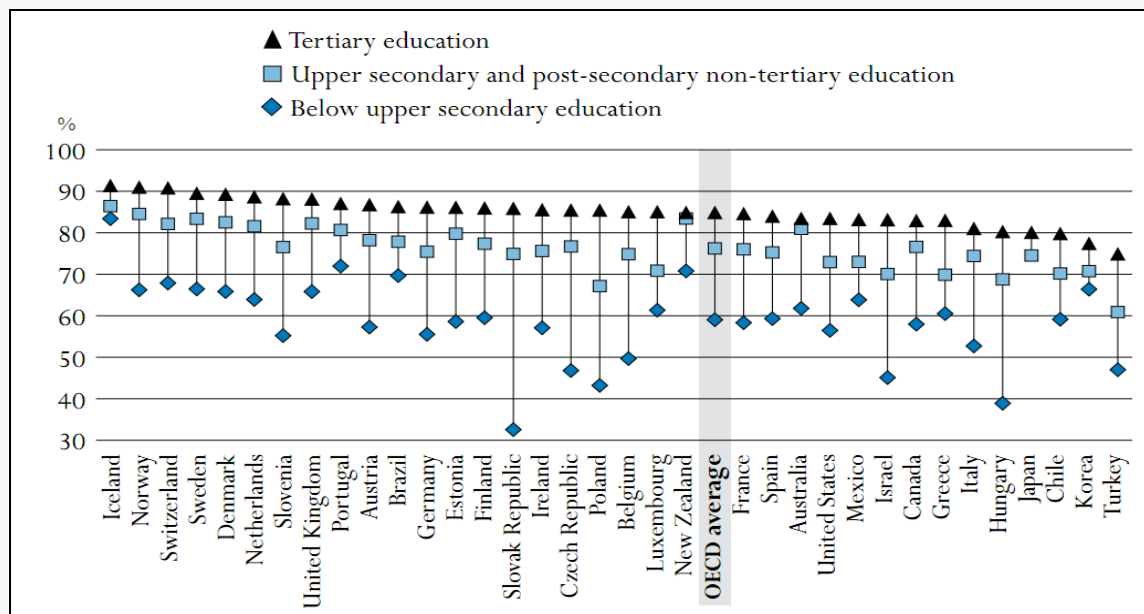
### *Declining School-Aged Populations*

Developed countries will begin to see declines in school-aged numbers within the next decade, creating a threat to productivity, competitiveness, and a workforce capable of supporting aging societies. Russia is one of the most dramatic examples, with forecasters suggesting a student decline of 4.1% per year to 2014, cutting the number of applicants to post secondary education by half of what it was in 2008 (Datamonitor 2010).





**Figure 10: Employment Rates by Level of Educational Attainment, 2008**



**Source:** Organisation for Economic Co-operation and Development, 2010. *Education at a Glance 2010*

### Trends

Opportunities for post-secondary education are quite diversified, and with the establishment of more applied skill- and technology-based institutions, it is linking more closely to the needs and requirements of the labour market, and the employment expectations of graduates. There are a number of trend predictions for education based on technological advances and the influence of globalization, including the following:

- Learning will occur anywhere and at any time as smart, mobile communication technologies take their place alongside classrooms.
- Social media will allow learning and knowledge to be created and shared in a far more immediate fashion.
- Personalized education programs will target content and learning style.
- New media forms will allow users to go from the traditional printed word to a virtual world.
- Learning will be on an increasingly global scale with networked institutions, academics, students and research funding.
- Institutions will become more accountable through performance measures and competition among schools.

### Why is this Important?

Educated and skilled workers are an important part of a country's ability to sustain development, and participation in secondary and higher education is a strong indicator of future socio-economic growth. Food and beverage producers need to be able to support an educated and upwardly mobile consumer base with a greater range of products that reflect lifestyle choices, to encourage current and future spending on their products.

Population aging in developed countries will result in greater immigration rates to compensate for fewer young people in the workforce. This population diversity will result in the need for a greater range of food and beverage product offerings.

As socio-economic standards increase, so does a population's interest in issues related to food production such as safety, quality, labour practices and environmental impacts. Strong corporate social responsibility policies are an important consideration for food and beverage producers, processors, and retailers.

► **URBANIZATION**



The United Nations has reported that the number of people living in urban environments worldwide surpassed 50% in 2009, and that it will grow to an estimated 69% by 2050 (UN, 2010). The growth of economies based on technology and services is increasing more rapidly than those based on manufacturing and agriculture. This leads to significant gains in socio-economic developments, particularly in the emerging markets across the globe. The different requirements for food and beverage products from urban and rural residents will reflect a number of factors already discussed in this report such as age, education and income, as well as others such as climate, distribution, and local agricultural production.

The urban expansion projected by the UN is based on population estimates for developing regions, as well as the continued migration of rural populations to cities. The scale and fiscal impact of urban settlement will continue to vary regionally, however, countries in Asia, Africa, and Latin America will be most affected by these trends (Figures 11 and 12).

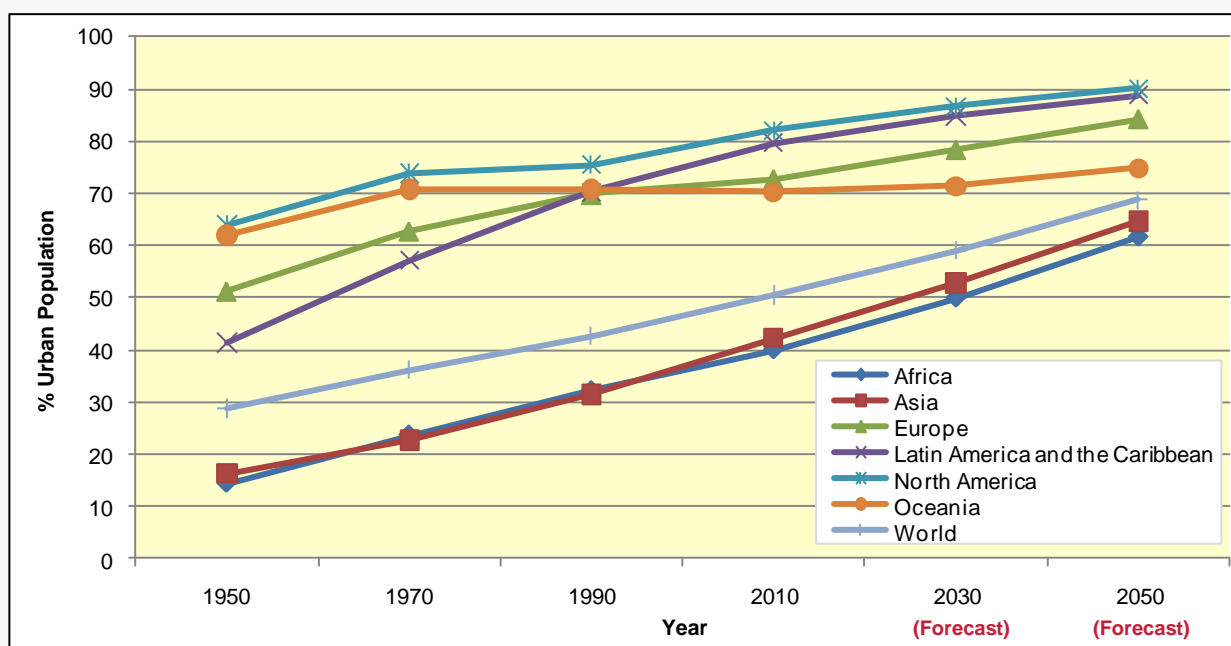
In 2009, 21 urban centers qualified as mega-cities, meaning they had at least 10 million inhabitants. However, they only accounted for a small portion of the world urban population at 9.4%. Slightly over half (51.9%) of the urban population resided in cities with fewer than 500,000 inhabitants (UN, 2010). A look at the growth rates amongst the largest cities reflects both the increase in urban populations expected in various regions of the world, and the trend toward smaller cities (Figure 13). Mega-cities are expected to only increase to 29 in number, representing 10.3% of urbanites by 2025 (UN 2010).

**Figure 11: Urbanization Projections to 2050**

2009	2050
The world population was 50% urban	The world population will be 69% urban
7 countries had 80% of their population in urban areas	16 countries will have 80% of their population in urban areas
75% of the population in developed regions lived in urban areas	86% of the population in developed regions will live in urban areas
45% of the population in less-developed regions lived in urban areas	66% of the population in less-developed regions will live in urban areas

Source: United Nations, 2010. *World Urbanization Prospects*

**Figure 12: Urban Population by Region 1950-2050 (%)**



Source: United Nations, 2010. *World Urbanization Prospects*





## ► URBANIZATION (continued)

### **Economic Influences**

The move from rural areas is largely driven by the hope that an urban centre can offer better employment opportunities and an improved quality of life. Developed nations, as with other trends, are earlier in this progression and have benefited from the economic advantages that a concentration of finance, transportation, health, retail, and communications resources can provide. Globalization also plays a role as the demand for materials, information, and capital, and the associated need to function across borders, requires multinational companies to establish in key urban centres, creating more employment opportunities. However, poverty, pollution, poor infrastructure, and other negative consequences of intense urbanization are real limits to progress for all citizens. There are many examples, particularly in the developing regions, where the influx of rural populations has overwhelmed the capacity of the cities, creating extensive shanty towns and slum areas.

### **Why is this Important?**

Consumers in urban settings dictate demand for food and beverage products due to the size and concentration of their population. The changes in consumption behaviours and purchasing patterns that reflect urban population growth are also a significant factor. As countries transform into more urban, service-oriented economies, they generally see rising demands for meat, dairy products, vegetable oils, processed, prepared and 'luxury' foods, often in the form of imports.



**Figure 13: Cities Expected to Have the Highest Rates of Urbanization**

City and Country	Population (millions) 2009	Population (millions) 2025	Average Annual % Change 2009-2025
Lagos, Nigeria	10.2	15.8	2.74
Dhaka, Bangladesh	14.3	20.9	2.40
Karachi, Pakistan	12.8	18.7	2.37
Delhi, India	21.7	28.6	1.71
Kolkata, India	15.3	20.1	1.71
Mumbai, India	19.7	25.8	1.69
Manila, Philippines	11.4	14.9	1.65
Cairo, Egypt	10.9	13.5	1.35
Beijing, China	12.2	15.0	1.29
Shanghai, China	16.3	20.0	1.27
Istanbul, Turkey	10.4	12.1	0.96
Sao Paulo, Brazil	20.0	21.7	0.51
Los Angeles, U.S.	12.7	13.7	0.48
Mexico City, Mexico	19.3	20.7	0.44
New York, U.S.	19.3	20.6	0.42
Rio de Janeiro, Brazil	11.8	12.7	0.42
Buenos Aires, Argentina	13.0	13.7	0.34
Paris, France	10.4	10.9	0.28
Tokyo, Japan	36.5	37.1	0.10
Moscow, Russia	10.5	10.7	0.08
Osaka, Japan	11.3	11.4	0.02

**Source:** United Nations, 2010. *World Urbanization Prospects*

Countries with high levels of urbanization generally exhibit the higher life expectancies and lower fertility rates associated with stronger economies. This creates demographic profiles similar to aging societies.

The range of income distributions within an urban population, presents food and beverage producers and processors with opportunities from a variety of channels, ranging from discount to premium. The challenges of food security and meeting basic nutritional needs for low-income populations in both rural and urban settings, also present opportunities for food industry.

Finally, urbanization tends to shift employment away from an agricultural base, providing workers for companies expanding their businesses in transport, processing, wholesaling, retailing, and foodservice industries to meet expanding consumer demand.





## ► MIGRATION

The movement of people both within and between countries is part of modern society. International migration brings new cultural and ethnic diversity to a market, but eventually these new influences become an integrated part of mainstream society's attitudes and behaviours. Consumers are interested in new food experiences, due in part to their exposure to cuisines introduced by travel or by new immigrants to a community. Many consumers have actually come to constantly expect new culinary trends, presenting an opportunity for food and beverage producers, processors, retailers and foodservice.

### Global Facts and Figures

- The total number of international migrants in the world is estimated to be 214 million, and the total number of internal migrants is estimated to be 740 million (International Organization for Migration [IOM], 2010).
- Of all migrants, 57% live in developed countries, up from 43% in 1990 (IOM, 2009).
- In 2009, 49% of migrants were women, but this varied between countries (World Bank, 2010).
- International migrants tend to be older than the general population, particularly in the developed world.
- Migration is now more widely distributed across more countries. The top 10 countries of destination in 2009 received a smaller share of all migrants than in 2000 (World Bank, 2010).
- The countries with the largest foreign-born population in 2010 were the United States, Russia, Germany, Saudi Arabia, Canada, France, the United Kingdom, Spain, India and Ukraine (IOM, 2010).
- The influence of temporary labour is reflected by the top three countries with the largest percentage of foreign-born populations: Qatar, the United Arab Emirates and Kuwait (IOM, 2010).
- The Mexico-United States corridor is the largest migration corridor in the world, accounting for 11.6 million migrants in 2010 (World Bank, 2010).
- Refugees and asylum seekers made up 8% of international migrants in 2010. The Middle East and North Africa had the largest share of refugees and asylum seekers among immigrants (65%), followed by Sub-Saharan Africa (17%), South Asia (20%), and East Asia and Pacific (8.8%) (World Bank, 2010).

### Regional Trends

#### Africa

Africa has many dynamic factors resulting in movements of people, such as political conflict, income inequities and natural disasters. Most migration is intraregional, particularly from South, Central and West Africa. Burkina Faso, Mali, Morocco and Nigeria are the primary countries of origin, while Côte d'Ivoire, Ghana, Nigeria and South Africa are the top migrant-receiving countries in Africa (IOM, 2010).

#### Asia

Asia is the largest source of temporary contractual migrant workers, with very large flows of migrant workers within the region itself. In fact, China, Bangladesh, and India are among the top ten emigration countries worldwide. Approximately 37% of Asian migrants move to OECD countries and of the remainder, 43% migrate within the region, while the rest migrate to other countries outside the region (IOM, 2010).

#### The European Union

One in three of all international migrants in the world live in Europe, however, intraregional migration is most prevalent in this region, particularly since the formation of the European Union (E.U.). The majority of Western and Central European migrants move within E.U. countries or to North America, while Central Asian and Eastern European migrants move mostly to other former Soviet republics or Western Europe. Urban centres in Europe attract a significant number of migrants. London, Paris and Moscow all host more than one million foreign-born residents (IOM, 2010).

**Figure 14: Global Migrant Population, 2010**

Geographic Area	Migrants (millions)	Percentage of the Area's Population
Europe	69.8	9.5
Asia	61.3	1.5
North America	50.0	14.2
Africa	19.3	1.9
Latin America	7.5	1.3
Oceania	6.0	16.8

*Source: International Organization for Migration, 2011*



## ► MIGRATION (continued)

### The Americas

The U.S. and Canada are expected to maintain the high levels of immigration established over the last decade for permanent migrants, but there is a growing demand for temporary workers. Although people from around the world come to this region, a strong south-to-north flow from Latin America and the Caribbean to the United States and Canada, is most prevalent. Between 2000 and 2010, emigration flows in Latin America and the Caribbean region surpassed immigration flows by 11.0 million people, making it a region of net emigration (IOM, 2010).

### The Middle East

The Middle East continues to be one of the fastest growing migrant-receiving regions, due in part to the demand for temporary contractual workers in the Gulf Cooperation Council countries. In this region, particularly in the Arab countries of the East Mediterranean, 57% of the population is younger than 24 years of age, and both unemployment and literacy are high. The Middle East is thus considered a global source of skilled migrants. There has been a 20% increase in the number of women migrants in the Middle East between 2005 and 2010 (IOM, 2010).



### Oceania

The two countries which dominate Oceania, Australia and New Zealand, are expected to remain consistent in their need for immigrants to grow their population. It is estimated that 21.8% of recent population growth in Oceania is attributed directly to the number of immigrants coming to the region. As a result, it has become the region with the highest proportion of migrants in the world. The region also contains many small island nations whose people are increasingly interested in emigrating to other countries, on both temporary and permanent bases (IOM, 2010).

### **Future Trends**

International migration patterns will be driven by political and economic development, environmental challenges, differences in regional demographics, technology and social communications. The global recession did slow both permanent and temporary movement, however, 2010 figures show numbers rebounding. In fact, if the pace continues, international migration numbers could more than double by 2050. A more permanent result of the economic crisis and its effect on unemployment, is the decision by governments, particularly in the E.U., to protect domestic labour with new immigration restrictions. Whether through legislation or complete changes in governments, political influences will play a stronger role in the future of immigration at regional and global levels.

An emerging issue is climate change, which causes both temporary and permanent migration (internal and external), as people's lives are disrupted by environmental conditions or occurrences. In 2008, approximately 20 million people were displaced by climate-related natural disasters, and projections of more than 200 million by 2050 are being made, as the more subtle effects of climate change take hold.



Source: Mintel

As the population in developed countries ages and grows smaller, the young and growing societies in emerging and developing nations will become the source of labour and growth. It is expected that this will further increase the diversity of cultural groups involved in immigration, as well as the numbers of women. Geographic migration patterns will change with more south-to-south flows due to emerging economies in Africa, Asia and Latin America. Global urbanization will also influence movement patterns as cities attract increasing numbers of migrants. Finally, improvements in technology and communications will continue to change the nature of employment, and improve the ability to connect individuals on a local and global basis, creating new opportunities for the world's immigrants into the future (IOM, 2010).



## ► MIGRATION (continued)

### *Why is this Important?*

Consumers across the globe are becoming more similar in terms of consumption attitudes and behaviours, particularly within regions of similar economic development. Immigration is a main driver in this trend. It is important for the food and beverage industry to monitor how the initial diversity in the market becomes mainstream, in order to successfully position their products. Products that appeal to new immigrants can help build brand recognition and sales that can carry forward into the wider population.

Migration offers opportunities in both emerging and mature markets, to target products within many consumer segments based on cultural and ethnic preferences. It also allows product manufacturers to respond to more mainstream needs for new and unique food experiences, as influenced by a growing exposure to diversity.



Source: Shutterstock

## ► CONCLUSION

The food and beverage trends promoted by marketers and industry experts are based in analyses of demographics and socio-economics. Both within and between regions around the world, historic, current and projected data is examined to monitor consumer-related transitions, forecast what may come, and determine the implications of these ever-shifting dynamics for the food and beverage industry.

Consideration of these factors on both a stand-alone and interrelated basis will allow food and beverage producers to first confirm the validity of a trend, and then understand how it translates into consumer purchase behaviour and attitudes. This intelligence is a critical base component of product development and launch processes, and can help predict the level of success of food and beverage introductions into any new or expanded market.



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**Global Consumer Profile: Demographic and Socio-Economic Trends**

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ISSN 1920-6593

AAFC No. **11639E**

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