A ***demographic profile*** is generally defined by the following categories:

* **Age.**
* **Gender.**
* **Income**.
* **Education.**
* **Marital Status.**
* **Employment.**
* **Home Ownership**.
* **Geographical location.**
* **Race or Ethnicity.**

**The Effect of Age on Consumer Behavior**

Age has a major effect on consumer behavior. People's needs change as they grow older. Age leads to changes in lifestyle, personal values and health needs.

Younger consumers are healthy, and will spend more on fun, fashion, entertaining and movies. Older people spend less on these things; they are less active, they stay indoors more and they have more needs for medical treatments.

**Age Defines Market Segments**

Age also defines market segments. For example, digital products, such as [***iPhones***](http://shop.vodafone.co.uk/shop/mobile-phones/all-phones?initialFilters=flt_appleiphone), are marketed more toward millennials than toward the elderly. According to a study from Pew Research Center, while older people are using technology more, they are still less digitally inclined than millennials and buy fewer digital products.

**Consumer Preferences Change with Age**

Consumers' preference for certain products and brands change with age. For instance, young people like to drink La Croix sparkling water and post selfie pictures on Instagram of themselves having a Starbucks Pumpkin Spice latte with its orange sweater insulation. Elderly people are more interested in things that make their daily lives easier, such as TV remotes with large buttons, folding seats to rest when walking, clip-on book lights and large key holders to stop fumbling with keys.

**Gender Needs and Preferences**

Males and females have entirely different needs and preferences that affect their buying selections of lifestyle products and fashion. Products are made to appeal to specific genders. Macys, [Nordstrom](http://www.nordstrom.com/) and The Gap all have departments that carry clothing aimed at teenage girls. Seiko has a line of diver watches for men.

Sometimes products are targeted toward both genders, as with retired couples. Travel and Leisure magazine has a list of recommended vacations for retirees; they suggest trips to Ireland, Sicily, Thailand and Costa Rica. And Costco Travel has a website designed to put a vacation package together. Both young males and females may like the same fast foods and movies.

**Effect of Income on Buying Decisions**

Income has a significant effect on consumer behavior and product decisions. Middle-income consumers make their buying decisions with due consideration to the utility of money. They don't have unlimited funds, so the money for one purchase may be at the expense of not buying something else. Take the family to dinner at Applebee's or put some money aside for the kids' college fund?

On the other hand, consumers with higher incomes don't have to fret about taking the entire family out to dinner at an expensive restaurant, such as ***Le Bernardin*** in Manhattan. Buyers with higher incomes spend more money on luxury items, vacations, jewelry and cars.

**Education Influencing Perceptions**

The level of education influences consumers' perceptions of the things around them and affects the degree of research before making a purchase. Higher educated people will take more time to become better informed before spending their money.

Education affects choices in fashion, movies and TV programs. Highly educated consumers are more skeptical of advertisements and question the information being presented.

**Marital Status Influencing Mindsets**

The mindsets of singles versus married couples are different. Ferrari will target its red model 458 Italia at up-and-coming single guys, while John Deere wants to sell riding lawn mowers to young married couples who just bought their first home.

**The Role of Employment**

The consumer's occupation plays a major role in the products they buy. Their jobs give insights into the type of person they are.

Farmers are interested in any kind of tool or machine that will make their work easier or more productive. For example, [Tractor Supply Company](http://www.tractorsupply.com/) sells to farmers and has locations in the South and Midwest selling fencing, pumps, sprayers, chemicals and tractor parts, of course.

Home Depot and Lowes sell construction supplies to building contractors, and Michael's has just about everything a teacher could want for the classroom.

**Differing Needs According to Home Ownership**

Renters and home owners have different motivations. Home owners are willing to invest and make improvements in their property. As an example, they represent a good market for lawn and garden supplies, such as flower seeds from Burpee or outdoor furniture from [Wayfair](http://www.wayfair.co.uk/). Renters, on the other hand, don't want to damage their apartments so they can get their deposit back.

**Effect of Geographic Location**

The geographic location of the consumer makes a difference. People who live in New York City don't buy the same products as someone who lives in Austin, Texas. A haberdashery in New York would not be wise to carry a large stock of cowboy hats.

A restaurant selling fried catfish will do better in Macon, Georgia, than in San Francisco.

**Race or Ethnicity**

Kids grow up with their parents and absorb a certain culture and environment with traits that will follow them into adulthood. Asians, for example, have their own style of clothing and like for certain foods; Italians certainly have their own favorite recipes. A retailer of hoodies, for instance, needs to take stock of the race and ethnicity of the people living in a neighborhood before opening a new store.

**Changes in Customer Demographics**

The factors that make up the demographics of a consumer market are constantly changing. They never stay the same, and marketers must be aware of these changes and adapt to them.

**Effect of Change in Population Growth Rate**

One trend that is affecting consumer demographics is the change in population. According to Forbes magazine, the rate of US population growth is the lowest it has been since the 1930s. The factors affecting the growth rate are fewer births, a lower death rate and the decline in the number of immigrants.

All of these factors will change the composition of demographic groups. A lower death rate means elderly people will live longer and need more health care. The declining birth rate means that married couples will not be forming families as early as before. Marketers to these groups may need to make changes to their product lines and sales projections.

**The Middle Class is Less Prosperous**

Studies from the Pew Research Center show that the number of middle-class households has been in a steady decline for the past 40 years. Even worse, their share of total national income has dropped from 62 percent in 1970 to 43 percent in 2014. As a result, middle-class workers have less money to spend.

Retailers who sell products to the middle class have a smaller number of possible consumers with less income. This situation has led to an increase in the number of dollar stores, off-price stores and warehouse clubs.

**Composition of Households Is Changing**

According to the article in Forbes magazine, more people are living in households with more than one generation. One in five Americans, about 60 million people, now reside in multigenerational households. One in 10 children lives with a grandparent as head of the household.

One effect of this trend is the impact on types of housing. The demand will increase for homes with more square feet, bedrooms and baths. The sizes of garages may even be affected.