Interference demographic factors and the companies with the trade economic crisis

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Abstract. Trade companies are interested in several demographic aspects: the number of population in the interest area (because people form markets), population dynamics, the structure of population according to sex and age, density, mobility of the population, life hope, family structure (most of vehicles in Romania are meant for families and not for one person only), population territorial distribution and on environments (rural and urban), the rhythm of population growth in different towns, regions and states, its distribution according to religion, education, ethnical categories, age groups, training levels and regional evolutions.
Demographic status has multiple effects upon the company's activity both on short term and on long term, which supposes a continuous study of demographic forecasts.
These attributes have to be used by trade companies in establishing the sizes of the potential market, in elaborating estimations regarding the evolution of products and services demands, in establishing the most adequate mixture for the respective market. Demographic attributes can provide clear indications upon the structure of the products range, upon the prices that clients are willing to pay for these products, upon their distribution ways and their best advertising actions.

Keywords: crisis economics; influences demographic factors; trade companies

1. Introdution

The demographic environment is the macro-environment with multiple interferences upon the company's activity, because the population as its partner is both in the ***position of beneficiary*** of the results achieved by it, being one of the formative factors of commodities request, but also in its creative position, and thus as ***labour source.***

The demographic environment is characterized through alterations of the population, changes in the structure of age, ethnical and educational groups, appearance of some types of families, geographical movements of the population, as well as divisions of the mass markets in micro-markets. Therefore, the demographic environment characterizes consumers.

2. Paper preparation

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Romania's population at 1st of January 2008 was of 21.528.600 inhabitants. The population, as manpower and retail market for commodities and services, has a special significance, especially that the number of the population places our country on the 43rd place in the world and 9th place in Europe. Nonetheless, according to the most recent UNO revision for the time horizon 2005-2050, in average, optimistic, pessimistic and unchanged fertility variants, we can notice that it shall easily decrease, as results from the following detailed schedule (Fig. no. 1 Romania's population evolution between 2005 and 2050, according to the protection hypothesis):
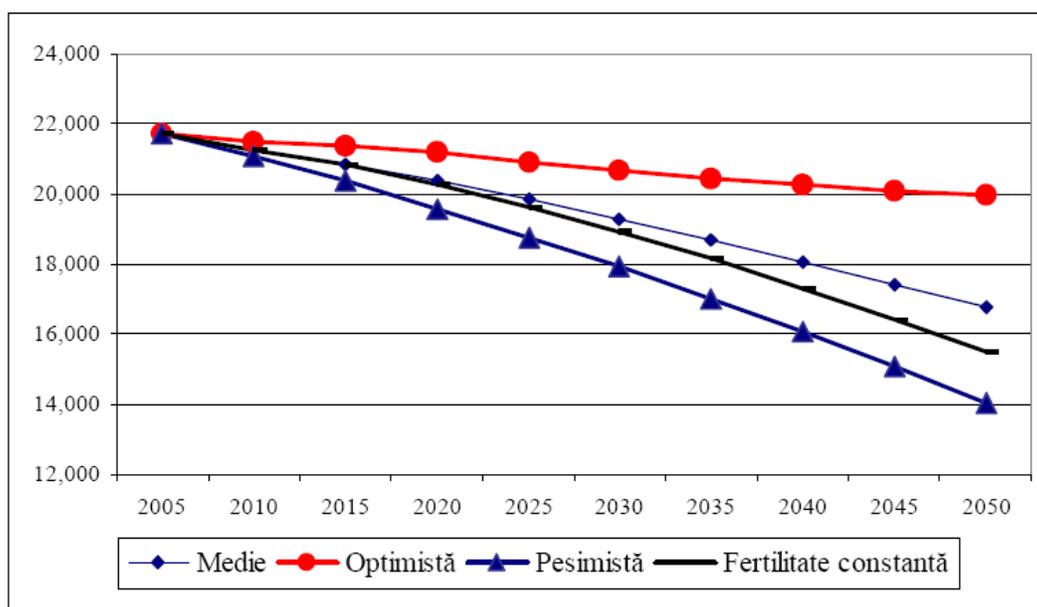

Fig. no 1 Romania's population evolution between 2005 and 2050, according to the protection hypothesis

Source: World Urbanization Prospects: The 2005 Revision, Population Division of the Departament of Economic and Social Affairs of the United Nations Secretariat

According to UNICEF report, ,,Social Trends", drawn-up in collaboration with the National Statistics Institute, Romania's population shall gradually decrease, and for 2020 it is estimated to be below 20 million inhabitants, 2,9 less than in 2000. The population up to 14 years old shall decrease as weight, together with the increase of those of 65 years old and older. After 2005, in the range of population up to 14 years old, one shall find the less numerous generations born after 1990, while the generations born after the abortions forbidding decree in 1966, shall reach 40 years. According to forecasts, Romania's population is estimated to reach 21 million inhabitants in 2012.

Population decrease in time shall cause the restructuration of trade companies activity.

As far as demographic perspectives are concerned, the population of our country in continuous decrease is included in the European demographic conjuncture, and as far as the application of a program or of some population oriented policies are concerned, we cannot discuss yet. Negative

external migration, increased general mortality and lower and lower birth-rate (**Fig. no. 2 Evolution of birth-rates and general mortality rates between October 2006 – October 2008**) corroborated with the forced "pronatalist" policy of the communist system before 1990 explains the decrease and the aging of the population in Romania after the 90's.
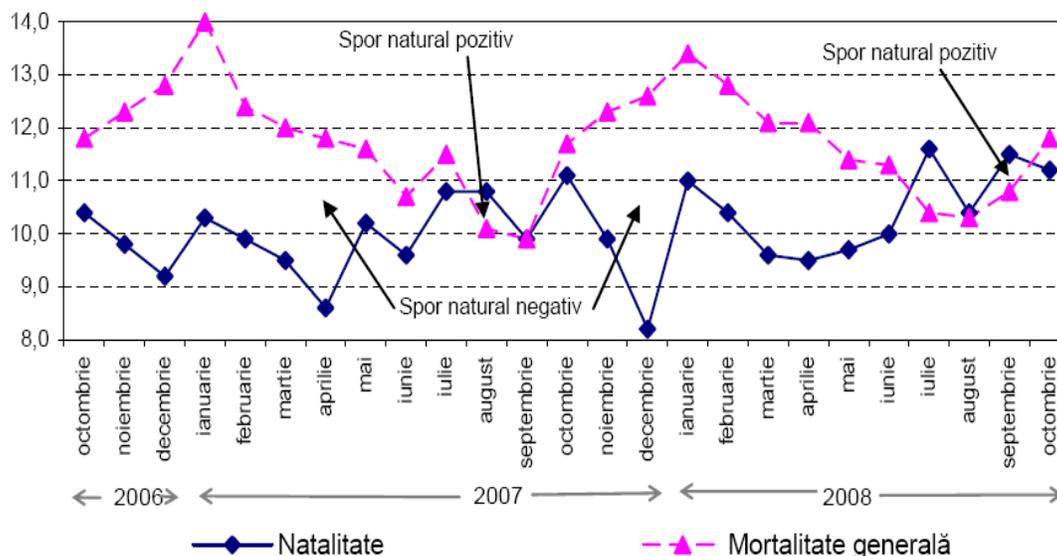

Fig. no. 2 Evolution of birth-rates and general mortality rates between October 2006 – October 2008

Source: INS

The demographic decline, determined by migration brings advantages but also a direct loss and a deterioration of the age structure in time.

Among the economic advantages of migration for work in the previous years we mention unemployment decrease, improvement of the life standard, explosion of houses constructions and sales of equipments and commodities for their endowments, the increase of the number of vehicles, the creation of jobs, and stimulation of consumption.

If the migration of manpower is a temporary solution, it shall be doubled in the future by the creation of jobs in Romania, which is difficult to achieve in the actual context, positive effects can grow. Due to migration, the population surrounded by this phenomenon has benefited of "free training", has had contacts with a high degree of civilisation, civic spirit, respect for the law, order, cleanliness, attitude towards work.

Massive migration could be noticed in less developed area (rural environment, small towns, etc) causing unbalances and even de-populations at territorial level, especially due to the fact that it has not been compensated by the birth-rate.

The weight of the young population with ages between 18-40 years is of 36% of the population of the entire country, an within the population that has legally immigrated after 1991, the same category of population is almost 55%. Along with the young population, the children that it had, have left as well. In the entire net migration between the two censuses, the weight of the ones with the most fertile ages, between 20 and 40 years was of 62%. The immigration of the fertile aged feminine population has also caused and still causes the loss of greater human potential.

The structure of migration on age groups reveals the greater tendency of leaving for persons with an age for working, who actually have the greatest opportunities of professional achievement. Therefore,

approximately 50% of the number of immigrants was represented by persons with ages between 26-39 years, already trained, with working potential.

Manpower market after UE27 has drawn and integrated in small percentages foreign workers in search for a job (Fig. no. 3 The motivational triad of migration in Europe).
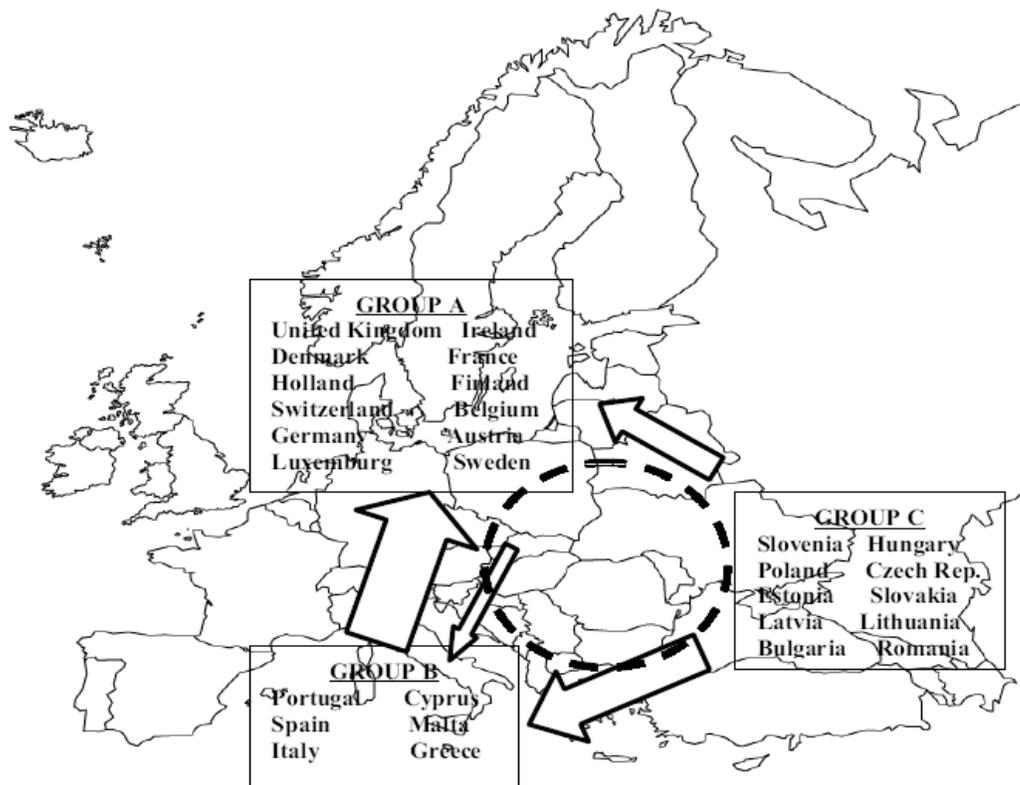

Fig. no. 3 The motivational triad of migration in Europe

Source: L. Son, I. Talpoş, C. Şipoş, The labour in the European Union: Economic and Social Determinants
(www.ectap.ro/articole/346.pdf)

The illustration above reveals three areas: area A (Great Britain, Denmark, Holland, Switzerland, Germany, Luxemburg, Ireland, France, Finland, Belgium, Austria, Sweden), area B (Portugal, Spain, Italia, Cyprus, Malta, Greece) and area C (Slovenia, Poland Estonia, Leetonia, Bulgaria, Hungary, Czech Republic, Slovakia, Lithuania, Romania).

The countries in area „C" are characterized by small salaries, low quality of life, degree of satisfaction on work and working conditions.

This groups also includes all the new EU member states in Central Europe and Eastern Europe.

Like other Eastern and Central European states, Romania is located in the left down area, with low working level and living conditions.

The citizens of this area, including Romania's population tend to move towards the countries in area B, due to bigger salaries and greater satisfactions in work and towards countries in area A which has the potential of improving incomes in a bigger range than in area B. At the same time, living conditions and working conditions are better than in their origin countries.

Area B is captive at the same time to migrants and immigrants.

Area A is the UE-15 North-West European member states, in general with higher incomes and perspectives.

As far as immigration is concerned, a double change has occurred for Europe, which is a key element in the new European demographic facade and a key element for the economy dynamics.

Many countries offered remuneration conditions, professional and living standards that could comply with the needs of manpower. But, the access to manpower market has been and is still limited by general macroeconomic conditions, like the active population (Table no. 1 Economically active population for some EU countries) and more recently the world financial crisis.

Table no. 1 *Economically active population for some EU countries*

BE	BG	CZ	DK	DE	EE	EL	IE	ES	FR	IT	CY	LV	LT
4686	3238	5202	2904	41112	687	4880	2078	21585	27866	24627	378	1167	1593
LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SV	UK	
206	4247	162	8365	4124	16959	5587	10042	1007	2660	2673	4602	29636	

Source: Eurostat, „*Statistical portrait of the European Union 2008 – European Year of Intercultural Dialogue*", European Commission.

Due to the low capacity of the economy and society to generate working opportunities and an adequate remuneration, the movement if qualified and highly qualified human resources has been encouraged. This phenomenon has left free spaces in recruiting manpower, restricting the professional achievement opportunities, for trade companies.

In our view, the current world economic crisis shall not cause the coming back of the massive manpower, due to the inexistence of jobs in Romania, doubled by unemployment increase, but in our opinion, at present, this phenomenon shall be moderated by the current world economic crisis.

In Romania, naturally, the decrease or the stopping of the demographic decline should be achieved through the combined result of improvement of the three important factors:

        - birth-rate increase;

        - decrease of mortality;

        - decrease of external migration.

Also, regarding this phenomenon, Romania should analyze the employment volume and structure, at national and regional level, to elaborate and apply programs for redressing the migration phenomenon, by increasing allocated resources, restructuration of manpower; investment in manpower, elaboration of age and professional categories oriented policies, medium term and long term strategies regarding migration, elaboration of an improvement program for the pensions fund management, in order to deal with the population aging.

The population, as mentioned before, is an outlet, so that its localization on rural-urban environments is of special interest, reflecting a distribution of population incomes, adverse in rural environment, due to the fact that the population in this environment is employed, in a significant percentage in agriculture.

Mostly, the incomes of trade companies are due to urban population, and in Romania a percentage of almost 55% of the population lives in towns - 11.872.000 and localities and approximately 45% in rural area -9.657.000 (Fig. no. 4 Population in the rural environment and urban environment). In conclusion, the important clients of the trade company are around the figure of 11.872.000.
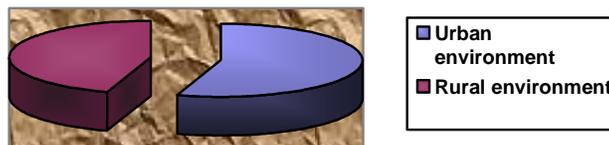
Fig. no. 4 Population in the rural environment and urban environment

According to the data provided by World Urbanization Prospects: The 2007 Revision Population Database **(**Table no. 2 Romania's population distribution table for the period 1990-2005, Table no. 3 Romania's population projection table for 2010-2050**),** until 2025 it is forecasted that the population in the urban environment will grow to 60,4 %.

Index	1970	1975	1980	1985	1990	1995	2000	2005
Population in the urban environment (thousands)	12 087	12 146	11 973	11 444	10 857	10 440	10 296	10 022
Population in the urban environment (thousands)	8 166	9 099	10 228	11 281	12 350	12 241	11 842	11 605
The urban environment (%)	40,3	42,8	46,1	49,6	53,2	54,0	53,5	53,7

Source: World Urbanization Prospects: The 2007 Revision Population Database

This phenomenon shall occur gradually and not suddenly, but after 2025, evolutions will be more significant, in 2050, urban population being 70% of the entire population.

Table no. 3 Romania's population distribution table for the period 1990-2005, Romania's population projection table for 2010-2050

Index	1970	1975	1980	1985	1990	1995	2000	2005
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Source: World Urbanization Prospects: The 2007 Revision Population Database

In the future, urban population will increase from 53,7 in 2005 to 70% in 2050, but at the same time the population will decrease from 21.627 thousand persons in 2005 to 15.928 thousand persons.

The distribution on rural-urban environments is not enough. For example, persons below 18 years are not included in the vehicles trade companies market. Also, if they are over 18 years old, the age, sex differences and others have a significant role in choosing the type of vehicle. From this reason, the structure of the population should be analyzed. Romania's population structure is as follows: young population (0-14 years) is 15,2% of the entire population, adult population 70,41%, and the elderly one (65 years and older) 14,9% (Fig. no. 5 Romania's population structure 2008).

Fig. no. 5 Romania's population structure 2008

Every subgroup is characterized by a set of needs of products and services, as well as by preferences connected to the selling techniques and mass-media, elements which are extremely useful to trade companies in order to adjust their offers.

On 1st of January 2008, the average age of Romania's population was 39,1 years (37,7 years at men and 40,5 years in the case of women). Rural population, older, has an average age of 39,9 years, 1,4 years older than the urban one.

The phenomenon of aging, the alteration of the anthropological structure causes significant changes in the volume and type of trade products and services. Looking into the perspective, the population aging process and the slowing of the productivity threaten the increase, competitiveness and fiscal reliability on a long term.

The current demographic evolution has an impact upon the economic factor and implicitly, upon the trade companies due to the fact that the outlet is restricted and in some areas we can speak of de-population.

The decrease of the young population and the increase of the elderly one causes the reduction of the products and services demand specific to the first category (for example it causes the decrease of clothes outlets for teenagers), but it does not compulsorily cause the increase of another outlet, for the second category of population, as a volume of incomes. Elderly population requires products and services related to the age. In this case health services are more demanding, more drugs are being purchased, clubs for elderly can be opened.

Also, the masculine population is approximately 48,7%, and the feminine one 51,3% of all the inhabitants.

According to a study of the National Research Institute due to an anthropometric investigation, it resulted that Romania's population has altered its sizes for the last 30 years: women are taller, many children are overweighed, and persons over 50 years suffer of obesity as well. Due to the research it has been established that clothes manufactured according to the sizes of 30 years ago do not longer fit the reality, and thus the sizes of clothes should be changed.

As far as the family structure is concerned, it is appreciated that traditional family consists of husband, wife and children (sometimes grandparents). At present, families consist of:

- Single persons living alone;

- Adults living together (of the same sex or different sexes);
- Families with only one parent;
- Married couples without children;
- Parents whose older children have moved to their houses.

Each of these families has a distinct set of needs and buying habits. Trade companies must pay increased attention to non-traditional type families, due to the fact that their number is increasing faster than that of traditional families.

The ethnical structure of the population is another determining factor of the consumption demand and behaviour with direct influence upon the trade company activity, every ethnical category has its own buying habits, and trade companies have to meet those needs and adjust their offer.

The effect of all the changes is the division of the mass market into numerous micro-markets, differentiated through age, sex, ethnical structure, population distribution, lifestyle etc. every group of consumers has specific consumption preferences and characteristics and is approached through specific communications and distribution channels.

3. Conclusions

The demographic environment has known a series of changes with a considerable influence upon trade companies, namely: absolute decrease of the population, decrease of the average number of family members, the increase of life hope, the increase of education level, the increase of the number of single persons, improving daily comfort etc.

We think that these factors have had a considerable influence upon trade companies. For instance, the decrease of the population growth rhythm means an absolute decrease of the number of consumers, the decrease of the average number of family members (families with a smaller number of members use smaller quantities, but better products from the qualitative point of view), the increase if life hope claims for adapted products that could be found in the proximity trade, the increase of the number of single persons – leads to the need to establish small trade companies (these persons move towards luxury products, ready made food products, etc., pay great financial resources for spending free time and for culture), the increase of employed women cause a redistribution of the duties between man and woman inside the family, the appearance of new forms of urbanism causes the decline of the town centre and development of outskirts, with implications on the placement of the trade network, the increase of the education level (current clients are better informed), an improvement can be seen for the daily comfort, found in the purchase of refrigerators, TV sets, radio, telephone, etc

The evolution of the population structure is interesting to be followed from the trade company's point of view, because from its analysis we can anticipate the consumers' behaviour on that market, to the extent its demand and structure is determined by demographic features, like age, race, occupation, origin, civil status etc.

Demographic tendencies do not have to be taken by surprise by the demographic evolutions. Trade companies have to identify the main demographic tendencies, to analyze their possible impact and establish the adequate action tendencies.

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