

DEMOGRAPHIC ASPECTS: THE MISSING SOURCE OF BUSINESS OPPORTUNITIES

(A Case Study in Depok District Demography, West Java)

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Abstract

One-key success in the business is the ability of entrepreneurs to find and explore the existing potential opportunities. For small and medium business, this will become increasingly important due to various limitations. Such business scale needs to be able to compete with large-scale business, regarding several possible advantages of niche and market potentials.

Demographic aspects, that reflects various profiles of consumers, should be considered by small and medium enterprises (SMEs) to produce and sell their products and services. However, the various opportunities that are reflected in the demographic profile have not been widely used by this businesses. Many opportunities and business strategies are not properly applied in SMEs.

This paper shows how the demographic profiles in Depok, West Java, can be a source of information on business opportunities and as a basis for determining the business strategy to improve the marketing performance of SMEs. The study was conducted by using secondary data from Depok during 2008 publications. Analysis was performed by descriptive and map potential opportunities based on Depok demographic profiles.

The result shows that the demographic profiles, such as distribution of population by region, gender composition, income distribution, composition and distribution of education level, the types of work distribution, and other demographic profiles, can be used as significant information on business opportunities. By using this various information, SMEs can determine what products should be manufactured and marketed, which segments should be targeted, what price should the goods and services provided, and many other marketing strategies. Thus, the utilization of alternative demographic profiles can be an important information to improve the marketing performance of SMEs especially in Depok. Therefore, SMEs can compete with any other business-scale.

Keywords: Demographic Aspects, Business Opportunities, Marketing Strategies, and Business performance

A. Introduction

The achievement of national small and medium businesses has exceeded the operating performance of large scale. Yet there are still many limitations and problems encountered in this scale businesses that need to be overcome. One of the problems that is fundamental is the ability to access the market.

Using limited resources, small and medium businesses are not able to compete in terms of products and services to market their services. For example, large-scale businesses can easily access the market through various promotional advertisements in the media that have wide broad, such as TV, national newspapers, and the like. With the support of a large marketing budget,

use of the stars of the popular ads, making large scale businesses increasingly look more easily access and control of the market. Meanwhile, in the case of small businesses market their products still rely on marketing strategies which tend to 'ordinary' alone, such as creating brochures, sanduk installation, use and distribution of business cards, and the like, so the results are less than optimal, especially when associated with increased performance expectations business better. Actually the current small and medium enterprises have started to use and exploit the media with wider reach, such as radio and the Internet (online marketing). But not all small and medium-sized businesses are able to do so.

In general we can say that to be competitive with large-scale effort, it requires efforts with an emphasis on creative effort, and jelly in the view of business opportunities, especially in a niche that has not or is unwilling to enter the large-scale business.

Business opportunities might come from many sources, but not all businesses can view and take advantage of these opportunities. The importance of demographic aspects in the development of business gets increased (Bell, 2002). Demographic aspects, such as population, gender and age composition, population distribution, and other demographic aspects with a variety of information and market opportunities, so businesses can determine a better marketing strategies (Swanson, 2007). Demographic information may also help predict future business opportunities, "You can not understand the future without demographics" (Zolli, 2006). With demographic information, small and medium enterprises can also more fully in predicting market trends in the future (Loreto, 2008)

For example, in a national scale, Indonesia has a demographic profile as follows:

The population of Indonesia: 240,271,522 (July 2009 est.)

Age structure of population:

0-14 years: 28.1% (male 34,337,341 / female 33,162,207)

15-64 years: 66% (male 79,549,569 / female 78,918,321)

65 years and over: 6% (male 6,335,208 / female 7,968,876) (2009 est.)

The average age of residents:

total: 27.6 years

male: 27.1 years

female: 28.1 years (2009 est.)

Urban population: 52% of the total population (2008)

Ethnic groups:

Sienk 40.6%, Sundanese 15%, Madurese 3.3%, Minangkabau 2.7%, 2.4% Betawi, Bugis 2.4%, Banten 2%, Banjar 1.7%, other unspecified or 9.29% (2000 census)

Religion:

Muslim 86.1%, Protestant 5.7%, Roman Catholic 3%, Hindu 1.8%, other or unspecified 3.4% (2000 census)

Income per capita: \$ 4,000 (2009 est.)

From the information aspects of the national demographics, national business should make this as a business opportunity. The total population of nearly 250 million represents an enormous market. 66% of the population aged 15-64 years informing that businesses can concentrate on producing and marketing products and services needed by that age group, and also the needs of the age group below 15 years are also quite large (28.1%). Specific products and services can be focused to the needs of consumers with an age 20 years, because the data showed a median age of 27 sd 28 years. There are many other marketing strategies that can be taken based on demographic information.

However, the fact that demographic data is still overlooked by small and medium-sized businesses. Particularly those related to demographic data areas or regions in their respective places of business. If it is done, it is not an exaggeration to say that so many business opportunities and market niches that can be discovered and utilized, can be arranged so that an appropriate marketing strategy. Error in seeing opportunities and define strategies will have a negative impact in the development of small and medium business.

Therefore, the demographic aspects need to be utilized and managed properly, because Demographic change does not automatically imply Also Negative Consequences but creates room for opportunities (Kohlbacher and Herstatt, 2008)

This paper aims to provide an overview to the small and medium-sized businesses in the city of Depok, on the various business opportunities and niche markets of the information contained in the geographic data of Depok, so that businesses can be more focused in developing business through marketing strategies.

B. Theory

Demography is one important aspect in any discussion related to the profile of a nation or region. The definitions of demography are as the following:

Demography is the scientific study of population, mainly related to the number / large population, the structure and its development (the United Nations Multilingual Demographic). Demographics are also defined as the science of learning about the large, composition, distribution, and changes in population (Donald J. Bogue, 1885)

Meanwhile, in a popular dictionary Wikipedia, the demographic is defined as the study of population dynamics, including size, structure, and distribution of population, and how the population changed over time due to births, deaths, migration and eldersness.

Based on the definitions above, associated with business opportunities and marketing strategies, the business opportunities may arise, loose / reduce, change according to changes in the population profile. So that business and marketing strategies required will also depend on the changes.

Basically, the ideas and efforts can be found, felt, and heard every day in the neighborhood (Ismawan, 2007). From various sources, business opportunities can also arise from different events and phenomena of everyday life, including:

- The ideas and creative efforts of continuous
- When everyone asks about a product, it is not available in the market.
- When there are no competitors or others who want to serve a community need
- When we are only able to provide and meet those needs
- When the market is still very wide while the products available is still small and less (demand greater than the offer)
- When the product has a history of recurrent or life cycle
- When people are starting not to believe in the current product
- Although we do not expect, but when a disaster happens, usually there also exist opportunities
- When competitors make mistakes in their products
- When the community started to increase its purchasing ability

The results of research that discussed the use of demographic information, generate some findings as follows (Regmi, at.all, 21-22), among others:

- Low income countries a greater portion of Spend on their budget on necessities Poor 'food, while Richer countries spend a greater proportion of on their income on luxuries. With this result, small and medium-sized businesses can take some wisdom, which if existing demographic information shows the increase in revenue in the population, then the probability of producing a fairly small and medium business 'luxury' will potentially increase the demand.
- Changes in per capita income of developing countries are often correlated with urbanization, which in turn affects food consumption patterns. The results can also be input, which if the population increased their income demographic information, it will impact on the activities of urbanization.
- Changes in the size, composition and distribution of the population have substantial implications for the marketing of products and services, and over the past two decades a thriving industry has emerged, Concerned with the application of tools to business Demographic (Bell, 2002)

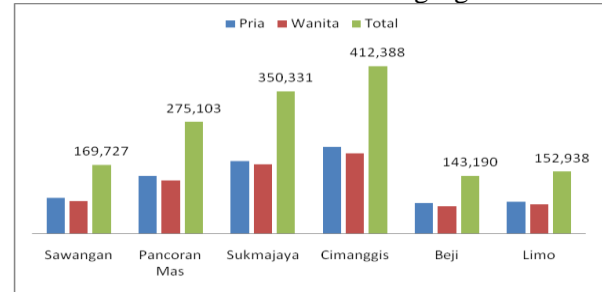
C. Result and Discussion

This Discussion will begin with the presentation of the demographic profile of Depok and followed with the implication that information in a variety of business opportunities and business strategies can be developed by small and medium-sized businesses in the city of Depok.

C.1. Demographic Profiles of Depok

Demographic information shows that in 2008 Depok has a total population reached 1,503,677 people, consisting of female populations 723.585 and male populations 780.092, with 3.43 percent growth rate and sex ratio in the city of Depok is 102.

Distribution of the population is based on the district can be seen in the following figure.

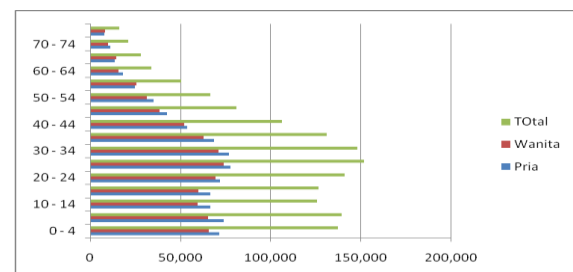


Source: Population Projections of BPS Depok, 2008, processed

Figure 1. Population Distribution Based on Depok District

The figure above shows that there are some districts that have the biggest populations namely Sukmajaya and Cimanggis, while Beji only has 143.190 populations.

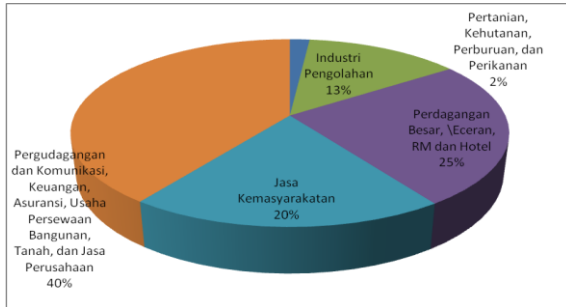
Based on age distribution, urban population of Depok largely on the age range 25 to 35 years, and at the age of 0 to 10 years. In age distribution, even with a small difference, but Male are more than female, for almost age groups, as shown in the figure below.



Source: Population Projections of BPS Depok, 2008, processed

Figure 2. Distribution of Population based on Age and Gender

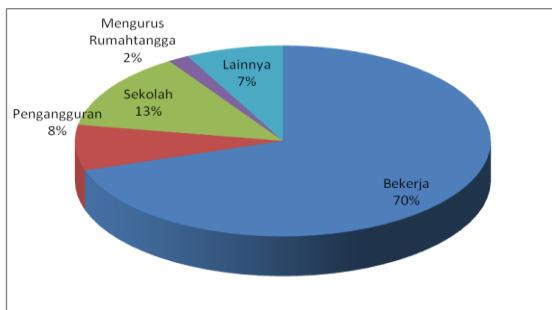
Furthermore, the majority of the population working in the field of Lodgings and Communications, Finance, Insurance, Rental Buildings, Land, and Business Services (40%), in the field of trade and hotels (25%), and social services (20%), the rest work in manufacturing industry and other fields, as shown in the following figure.



Source : Sakernas , 2007

Figure 3. Population Distribution of Depok Based on Fields of Works

Related to activities in the population in the city of Depok, demographic information shows that the majority of the population is the status of workers (70%), school (13%), housekeeping (2%), unemployed 8%, the rest other status, as shown in the following figure:



Source: Sakernas, 2007

Figure 4. Population Distribution of Depok Based on Activities Within a Week

C.2. Depok City Demographic Implications For Business

Various information from the demographic profile Depok are often overlooked by small and medium-sized businesses in the city of Depok as a source of business opportunities and the basis for determining business strategy, particularly in terms of production and marketing. From observations in the field very aesthetically, that the production and marketing process are based more on market needs and trends of daily production or orders. There has been no activity relative production and marketing of small and medium-sized businesses that are based on certain demographic aspects. As an example of 'not yet' there are SMEs that do produce and deliver specific services or consumers focus more on children, because they know that in those areas the majority of its population are children. Also, people have not yet chosen a business location because they still focus on the housewives in certain areas, after identifying that the majority of the populations work as housewives.

The selection of target market that is currently done is generally done by businesses in almost every business, based on demand trends, strategic locations, the ease of raw materials, and so on. Basic considerations like this is not wrong, but the use of geographic information is believed to be a source of alternative business opportunities for small and medium enterprises to compete with large-scale effort, by looking at the existing opportunities and niche markets and has not been taken by the big-scale business.

From the description of the demographic profile of the city of Depok, can be used by small and medium-sized businesses to take advantage of business opportunities that exist with some of the following business strategies:

1. With a population that reaches approximately 1.5 million people, try to get as many customers as possible. With the successful control of 5% only (about 75,000 people) as customers, profits are enormous. For example, if 75 thousand people are willing to buy products with a net profit of Rp. 100, - only, the total profits of small and medium businesses have reached USD 7.5 million, -. When consumption of the products or services are performed customers two times in a month alone, the benefits have been very promising. By leveraging demographic information Depok above, to obtain these benefits, you need to do is one or kominasi from some of the following:
 - a. Because most populations are in the district of Kota Depok Cimanggis and Sukma java, prioritize and strive to get as many customers as possible in these two districts, regardless the markets in other districts
 - b. Because the majority of people aged between 25 sd 35 years and between 0 s.d. 10 years, focus on the products / services to be marketed as well as productive age and children. If the garment business, making clothes to prioritize the needs of adults and children, because at the ages that number is very large market.
 - c. Because most residents work in the field of Lodgings and Communications, Finance, Insurance, Rental Property, Land, and Business Services followed in the field of trade and hotels, the focus and prioritize on the production and services in this market.
 - d. Because 70% of the population are workers Depok, production and sell products and services for workers, such as work clothes, stationary, electronic equipment supporting the work, and the

like. Market and college students is also quite good, so that businesses in this area can also be performed.

- e. Pay attention to other geographical information such as gender composition, purchasing power, and many more and use that information to focus aktivitas business (production and marketing) for business opportunities..
- f. With a variety of demographic information, all business ventures, ranging from product development, pricing, promotion, other marketing mix, services should be directed in accordance with the options specified demographic information.

'Conventional' Production and marketing strategies 'conventional' which is currently been undertaken by small and medium-sized businesses in the city of Depok, still remains relevant to perform, but need to be synergized with the existing demographic information in Depok.

C.3. Other Demographic Pattern

In addition to demographic information in Depok, small businesses and medium enterprises can also use the information from the demographic pattern that has been generated by some previous studies, with some adjustments. One of these demographic patterns are the following.

Table 2—Average budget shares for aggregate consumption categories, 114 countries in 1996¹

Country groups	Food	Gross	House	Medical	Education	Transport & communication	Recreation	Other	
	beverages & tobacco	Clothing & footwear	rent, fuel & power operations	care					
Percent of total expenditures									
Low-income	52.58	7.67	9.65	4.99	3.80	5.40	7.94	1.67	6.30
Middle-income	34.69	7.01	14.55	6.70	7.36	6.88	10.72	3.91	8.18
High-income	16.97	5.65	17.37	6.60	10.16	7.72	12.36	7.84	15.32

¹For detailed data on volume of consumption, nominal expenditures and the budget shares for each country, please contact Yonas Biru, International Comparison Program Development Data Group, World Bank, (202) 473-1268.

Source : www.ers.usda.gov

The table above shows that information for the Indonesian population (including

those in low-income groups) when the study was made, most of the budget allocated for food consumption and tobacco / cigarettes (52.58%), followed by some budget allocations on the consumption of other commodities. From the global information business small and medium enterprises in Depok City can also take the information that in Indonesia, Depok City is no exception, the field of food and tobacco businesses do have the greatest business opportunities, followed by business opportunities in other commodities.

D. Conclusions and Recommendations

Efforts to increase the performance of small and medium enterprises can be done in various ways. Business strategy, particularly in terms of producing and marketing products and services are made at this time for granted, but the perpetrators of this business, especially in the city of Depok, still seems to forget and not take advantage of a variety of demographic information available.

Demographic information is specifically can be the basis of business segments, at least for purposes of determining the intended market, determining the type of product to be produced and marketed, the price to be determined, and so on, whether for business or for the prediction of current and future business .

In the city of Depok, small and medium-sized businesses can produce and market in the region with the greatest concentration of population (Cimanggis and Sukmajaya), with a more obvious target age, they are children and adults with a focus on the workers. Marketing to the needs of students are potential as well.

Taking advantage of this demographic information Depok City, a business strategy that has been done before can be

equipped with a strategy based on the demographic aspects of this, so the results can be improved, and mistakes can be reduced.

Finally, the authors recommend a few things as follows:

1. To the provider of demographic data for those institutions (government, Bappeda, BPS Depok, NGOs, Universities and colleges), they should be willing to publish data or studies demographics for the benefit of small and medium enterprises with access to demographic data more easily and cheaply.
2. To small and medium-sized businesses, use a variety of geographic information as often and as much as possible to complete the analysis of business opportunities and determine strategies that have been made at this time, so that mistakes can be avoided and measures of business performance can be improved.

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