



# Street Wiser

The latest batch of pinpoint marketing solutions reflect Census 2000's dramatic data shifts, and home in closer than ever on consumer behavior.

BY JOHN MCMANUS

**G**wen St. Clair can tell you exactly who puts the worth in Fort Worth. Which is why Billiards & Barstools, a fast-growing Texas-based game room furniture and equipment retailer with a new store opening in Fort Worth's Northeast Tarrant County, turned to her when they wanted to roll out marketing messages to well-heeled residents in search of leather basement lounge chairs and chalk cubes. So far, St. Clair's solution for the company is going about as smooth as green felt over slate.

As special features manager in the ad department at the Fort Worth *Star-Telegram*, St. Clair's job is to help 40 or so advertisers—cosmetic surgeons, posh boutiques, swimming pool builders, high-end audio entertainment retailers and the like—comb through the 240,000 daily circulation base (337,000 on Sundays) and beyond, to identify the crème de la crème among readers and non-readers in the nation's seventh largest market. That's what caught the interest of the folks at Billiards & Barstools, and this is where *Panache* comes in.

*Panache* is the *Star-Telegram*'s lifestyles magazine, created to allow advertisers to zero in on affluent readers via a minor miracle in production and distribution of the Friday edition of the paper once a month. *Panache* has been around for about six years, but it struggled at an anemic 16 pages until February of this year. At that time, it shifted from ZIP code to address-specific distribution along newspaper routes, landing at the homes of only those residents with incomes in the \$100,000-plus range. The May and June issues suddenly swelled to 40 pages, thanks to a host of newly enthused advertisers.

As industry forecasters predict advertising and marketing expenditures—on everything from network TV to newspapers to radio, yellow pages and direct mail—to head

northward of \$250 billion in the United States and \$470 billion worldwide this year, the mind-boggling magnitude of the dollars doesn't hide a glaring fact: Organizations investing those funds want results. As pressure intensifies for measurable returns on advertising, marketing and retail site selection costs, a raft of geodemographic segmentation products is set to flow onto the market over the next three months, heralding unprecedented precision and details about consumers and their purchasing behavior based on their home addresses.

Five organizations compete in what is estimated to be a \$100 million subset of the marketing information landscape, and four happen to be taking the wraps off analytics products and services newly upgraded to reflect the sweeping population changes that came to light with Census 2000.

Available now or in the coming weeks via a Web site easily accessible to you (see accompanying product information, pg. 35) will be PRIZM<sup>NE</sup> from Claritas Inc., Community from ESRI, MOSAIC from Applied Geographic Systems/Experian and PSYTE U.S. from MapInfo. Already on the market, drawing on a huge 110 million home data mine of consumer transactions fused with life stage demographic information, is Acxiom's Personix. For a price, ranging from \$500 to \$100,000, these technologies promise to advance the techniques of geodemographic cluster classification from the realm of art to the domain of science.

Apart from the wonder of being able to "top" the Friday paper once a month with a magazine designed for a specific audience, the story here is that *Star-Telegram* sales executives can one-up the competition in pinpointing the people-affluent market that advertisers want to reach. Selective insertion is still rare among a few pioneering newspapers, but the *Star-Telegram*'s unique use of it is due in large part to a market segmentation system—Claritas' PRIZM—that offers the mailbox-by-mailbox specificity Billiards & Barstools and the other *Panache* advertisers so crave.

"Creating these targeted advertising products for specific reader groups is one of many applications we're putting PRIZM to use on," says Eric Rossi, database marketing manager for the *Star-Telegram*. "We're using cluster segmentation across the board among all departments, especially circulation and direct marketing efforts aimed at subscriber retention, renewals and customer acquisitions."

Common to the bumper crop of post-Census 2000 geodemographic cluster segmentation releases are assertions that technology has powered the study of the nation's consumer behavior and lifestyles tapestry to a whole new level of granularity and fidelity. They all have roots in the original PRIZM product developed by Claritas founder Jonathan Robbin after the 1970 census, and might be considered 4th generation products, embedding new batches of census statistics, grouped according to new matrices of lifestyles assumptions and variables, and crunched and cross-crunched with more filters than anything Robbin could have imagined all those years ago.

Since all the systems except Acxiom's derive from so similar a theoretical set of assumptions, and since the raw data—Census 2000 numbers—is also shared, a fair amount of similarity in classifications among the respective competitors is likely. Claritas' focus will be on the granularity of household-level information, while MapInfo is emphasizing the statistical soundness and stability of its 400 "atom" like building blocks pouring into

its PSYTE system, the better for creating "custom clusters" and proprietary analytics tools. Acxiom positions its Personix system as best for capturing purchase motivation and intent behavior related to key life stage changes, while AGS/Experian attempts to cobble an advantage for MOSAIC clients through aggressive alliances with media-consumption and purchase behavior researchers like MRI, Simmons Market Research, Scarborough and Media Audit. ESRI's Community system is an outgrowth of CACI's ACORN program, but with a dose of ESRI's long legacy of geo-intelligent technology infused.

**The challenge each time you rebuild the system is having to make a major advancement, says Robert Nascenzi.**

"The differentiation among the systems comes out in how it's applied by a customer," says Peter Francese, *American Demographics* founder and contributing editor. Francese, who is still involved in demographic consulting, has tracked the two previous generations of releases through two earlier census periods, and observes parity among them, even as the technology and rifle-scope clarity increases. "The architecture is only as good as the person using it, and it's all about producing more efficient advertising effectiveness."

Claritas owns about two-thirds of the geodemographic segmentation market, but there is some mystique surrounding this year's planned release of all the systems, as each of them organizes America's consumer population according to some 40 to 70 number-coded nicknames. Since the total population picture was so fundamentally altered during the 10-year period from 1990 to 2000, developers of the new systems have been working and re-working the math, and the schemata and matrices to capture those changes. Some of the agri-segments in each system may fall out of currency, while additional sets and subsets will enter the architecture to describe big increases among Hispanics, greater income and higher educational achievement levels and significant changes in household composition, with decreases in the number of married-with-kids households and increases in non-family or single-parent households.

"The challenge each time you rebuild the (PRIZM) system is having to make a major advancement," says Claritas president and CEO Robert Nascenzi, who can boast that the new PRIZM<sup>NE</sup> steps dramatically beyond ZIP+4 level of detail. ZIP+4 is a geographical area that encompasses 10 to 12 households, as opposed to Blocks, which have 340 households, and ZIP codes, which include 3,600 households. "We've now built our technology in one direction from demographic criteria like family composition, educational levels, income levels and ethnic and race information, and from another direction from transactional, consumer behavior information, and we can overlay the two knowledge bases on a household level and get greater lift in terms of [consumer behavior] discrimination," Nascenzi says.

Nascenzi observes that advances among all the competitors in the cluster segmentation arena come at the behest of the client side users, which now includes consumer market sectors—such as retailers and quick service restaurants—that

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wouldn't have considered the information helpful except for site planning. Each of the five players in the market expect further adoption among new categories and new clients as Moore's Law takes effect, dropping the price and adding to the power of the systems.

## American Neighborhoods' First Page

Shotguns and Pickups, Blue Blood Estates, Trailblazers and Penny Pinchers are a sampling of the designations marketers use to identify lifestyle segmentation cluster groups as they map out their customer target goals. But they're more than just clever names. Each little descriptive sheds light on American culture's many-layered fabric of society. Each is essential for making segmentation systems clear and accessible to marketers unschooled in the matrix of numeric codes that match each name to a "neighborhood." Remarkably enough, of the hundreds of names assigned to clusters through the years, many trace back to a single individual: Robin Page.

It was Page who, as marketing director at Claritas during the 1970s, first came up with the idea of assigning names such as Money and Brains and Hardscrabble to the 20-odd bundles of demographic and lifestyle data that defined the nation's original batch of lifestyle segments. Prior to this revolution, lifestyle segments were about as interesting and easy to understand as a suitcase full of statistics could be. Page, who had found his niche, went on to name two additional generations of PRIZM cluster groups for Claritas. Over the years, he also worked with other data research companies such as Schaumburg, Ill.-based Experian, Troy, N.Y.-based MapInfo and Acxiom, based in Little Rock, Ark., to develop unique monikers for their respective segmentation systems.

Page's impact on the industry is held in the highest regard among his colleagues. Joshua Herman, chief demographer and segmentation product manager at Acxiom, likens Page's contribution to the field to "naming every single car ever to come out of Detroit."

"It's the names that bring the clusters to life," says Mike Mancini, vice president of consumer targeting applications at Claritas. "Robin Page was a part of that magic."

"Robin had a very unique and perceptive way of understanding neighborhoods," notes Ian Mosley, data systems R&D specialist with MapInfo. "He had an insatiable appetite for statistics."

Like any good father, Page says he has no real favorites when it comes to all the clusters he has named during his career. But he values them dearly as a whole. "As a storyteller and cluster builder for an extended period of time, I've found that [lifestyle segmentation systems] can give us unique and valuable insight," Page says. "The more clusters I do, the closer I come to understanding God."

—John Fetto

"We're looking at the opportunity in the market as a solutions company versus being a products company," says Kevin Antram, vice president and general manager of predictive analytics for PSYTE's parent MapInfo. "We've built an architecture and environment for higher-end modeling, incorporating customer data, and taken the 'black box' mentality out of the positioning, replacing it with a more scientific reliability message."

IntraWest, a \$1 billion ski and golf resort and resort-based vacation home real estate manager headquartered in Vancouver, creates "attitude-specific" mailings that help generate more than 80 million skier visits in the U.S. and Canada, according to Jane Osler, executive director of market development. Looking for high-income households alone is not granular enough as IntraWest develops mail pieces, Osler says. That's where the PSYTE system comes in.

"For a twentysomething, pizza-slogging single dude who keys in to people jumping off cliffs you want your mail and offer to say something rather different than for that young couple with a child you also want to attract," says Osler, adding that IntraWest applies PSYTE cluster data to its proprietary visitor databases to try to both retain and expand upon its customer base.

Another PSYTE client, Richmond, Va.-based Martin Agency, finds the technology useful not only on an executional level as it creates media initiatives for clients like ALLTEL and Olympus, but also as a means of clearly communicating its media target strategies to client executives often befuddled by the media planning vernacular.

"We cross PSYTE data with MRI and use that to rank markets and assign budgets," says Warren Foster, the agency's director of research. Although he uses PSYTE, Foster says Claritas has done a better job marketing its segments beyond the numeric codes, using those "snappy little cartoon pictures," to describe the modern tribal culture, like Blue Blood Estates, Kids & Cul-de-Sacs, and Young Literati. "It's all in what you're familiar with," says Foster. "Those image-triggered nicknames save a lot of time and geeky technical research terms explaining what you mean."

As June 2003 drew to a close and the new system release dates approached, the biggest debate among competitors in the geodemographic cluster segmentation space will not be about which lifestyle groups to include or exclude from the set. The need for additional Hispanic classifications, as well as ones to capture insight into the changing nature of household composition, education and income are all likely to be evident in the new releases, albeit with different names for each grouping.

Arguments, in theory, will center on the use of household-level data in systems like PRIZM<sub>NE</sub> and Community, and the eschewing of such data by MapInfo's PSYTE system. Proponents of household-level statistics point out that ZIP+4 segmentation can be deceptive, because two out of the area's 12 homes may be exceptions to an over-riding classification.

MapInfo is sticking to its guns, drilling no further than Zip+4 level for its atom-based system, saying that any finer segmentation becomes unstable and prone to inaccuracy. When the dust settles, it's the clients who will decide which architecture best solves their problems.

As Peter Francese says, the system is as good as the person using it. ■

— with reporting by John Fetto

## There Goes the Neighborhood



**COMPANY:** Acxiom  
**PRODUCT:** Personix  
**AVAILABLE:** Now  
**PRICE RANGE:** Varies, contact Acxiom  
**DESCRIPTION:** "Personix is a life stage-driven, household-level, consumer segmentation system built from the actionable marketing universe of Acxiom's InfoBase database and representing approximately 110 million U.S. households. With 100 percent coverage, Personix sees U.S. households according to their distinct life stages and related purchasing behaviors. The Personix cluster assignments are updated each time InfoBase updates, approximately once a month, which allows marketers to understand the impact on product usage and media preferences as households move from one life stage cluster to another over time."  
**CLIENTS:** U.S. Department of Agriculture; Sallie Mae  
**CONTACT:** Log on to personixinfo.com or call 1(888) 3ACXIOM



**COMPANY:** Claritas  
**PRODUCT:** PRIZM<sub>NE</sub>  
**AVAILABLE:** Fall 2003  
**PRICE RANGE:** Varies by level of geography.  
**DESCRIPTION:** "PRIZM<sub>NE</sub> enables marketers to better match products with the customers most likely to buy them. By segmenting customers using demographic and behavioral traits, PRIZM<sub>NE</sub> can identify who your best customers are, what they are like, where to find them, and how best to reach them. PRIZM<sub>NE</sub> allows marketers to seamlessly shift between household-level and geographically based segment assignments to best meet the need of the application. Household assignments are ideal for direct mail and CRM initiatives while geographic assignments are more economical, provide 100 percent coverage, and enable universal linkage to hundreds of marketing databases."  
**CLIENTS:** ALLTEL; Charter Communications; Valassis; Fort Worth *Star-Telegram*; Rural Cellular Corp.

**CONTACT:** Call Carol Fitsimmons, assistant vice president of marketing, at (858) 677-9530 or e-mail cfitsimmons@claritas.com.



**COMPANY:** ESRI  
**PRODUCT:** Community  
**AVAILABLE:** Fall 2003  
**PRICE RANGE:** Not available at press time.  
**DESCRIPTION:** "Community is the next generation of the ACORN segmentation. Built on the foundation of ACORN methodology introduced more than 20 years ago, Community will be built by grouping neighborhoods at several geographic levels based on their socioeconomic and demographic composition. The Community segmentation system will provide a demographic and lifestyle picture of neighborhoods, enabling businesses to profile their best customers, find more like them, perform more accurate site location analyses, target their marketing campaigns and more."  
**CLIENTS:** Service Brands International; Century Business Communications; American Heart Association; CashAmerica  
**CONTACT:** Call Catherine Palermo, database product manager, at (703) 917-1717 or e-mail cpalermo@esribis.com.



**COMPANY:** Experian/Applied Geographic Solutions  
**PRODUCT:** MOSAIC  
**AVAILABLE:** August 2003  
**PRICE RANGE:** National licenses start at \$20,000  
**DESCRIPTION:** "MOSAIC is a multi-national geodemographic segmentation system from Experian, available in over 20 markets worldwide. The U.S. MOSAIC product is built and distributed by AGS on behalf of Experian using a combination of Experian and AGS' vast data resources including automotive, consumer behavior, retail and catalog transactional information, publishing subscribers, household demographics, environmental and weather data, crime and census-derived demographics. It is a

truly global segmentation product with extensive, and cost-effective, customization options to allow client specific versions of MOSAIC to improve organizational performance across a wide range of markets. MOSAIC offers cost-effective ROI and maximization of communications between organizations and their customers and prospective customers. MOSAIC is wholly and totally rebuilt for Summer 2003 release and uses more information, more analysis and offers more functionality and more value-for-money than ever before."  
**CLIENTS:** MOSAIC users can be found in retail, consumer packaged goods, financial services, government and public services and high-tech markets.  
**CONTACT:** Duncan Houldsworth, vice president business development, at (877) 944-4AGS or e-mail duncan@appliedgeographic.com.



**COMPANY:** MapInfo  
**PRODUCT:** PSYTE U.S.  
**AVAILABLE:** August 2003  
**PRICE RANGE:** \$500 - \$22,000  
**DESCRIPTION:** "PSYTE U.S. is a unique combination of MapInfo's location-enhanced lifestyle and consumer demographics and clustering techniques that result in one of the industry's renowned neighborhood clustering systems. PSYTE U.S. ties location to the behaviors and characteristics of the diverse American population helping customers make more insightful decisions about market and product potential, store placement and target marketing. PSYTE U.S. enables customers to visualize, predict and analyze market potential and consumer expenditure patterns based on location. It allows for precise and profitable real estate site selection and brings target marketing to new levels of accuracy and performance."  
**CLIENTS:** IntraWest; Fairmont Properties; JC Decaux; Rainbow Advertising; *Boston Herald*; NBA; Hannaford Brothers; Office Depot; Ekornes; Greater Detroit Newspapers; Irving Oil; Coldwater Creek  
**CONTACT:** Call Chris Michels, product manager, Geodemographic Data, at (416) 594-5200 or e-mail chris\_michels@mapinfo.com.