SPECTRA CONSUMER TRADE AREAS

POWERED BY THE GETCHELL MODEL

Evolution of Retail Landscape
In today's diverse retail marketplace, consumers have more choice than ever. Retail stores are proliferating, channels are blurring, and the result is more competition. This expanding retail landscape creates an acute need for manufacturers and retailers to know how consumers choose where to shop. You also need to satisfy your current customers, and know who your potential shoppers are in order to grow your business.

Spectra's Consumer Trade Areas put a consumer face on each store, providing the best available geographic and demographic approximation of who is and who could be shopping there. By understanding who your consumers are and their variety of choices, you can devise better strategies to grow sales, decide product assortment, and defend against other competitors vying for the same consumer's dollar.

Modeling Consumer Choice at Retail
The Getchell Model, the methodology that powers Consumer Trade Areas, is rooted upon the dynamics of consumer choice. Based upon a variety of factors, the model determines the probability of a block group's expenditures at stores in the competitive set. Some of these factors include:
- drive time to the store
- available retail opportunities
- chain equity
- merchandise line expenditures of the block group

We create a complete shopper picture for each store using the following steps:
- Model the flow of block group dollars to 20 channels* (See a list of Syndicated Channels on page 2)
- Map the distribution of dollars by 49 different merchandise lines from each block group to potential stores across all channels
- Create a demographic profile based upon the households likely to shop at the store
- Provide competitive retail data that summarizes which retailers are competing for the same dollars

In the end, by modeling consumer choice from block group expenditures to all potential stores, Spectra can estimate where consumers are likely to spend their money.

Consumer Choice in a Fluctuating Retail Environment
Understanding the retail environment can be an overwhelming task. Retailers across many channels are competing for millions of diverse households' business. Manufacturers are vying to create optimal trade strategies that place their products in the best possible location. Both retailers and manufacturers need to understand where households are likely to spend their dollars and how retail competition impacts the strategic decisions they make.

Utilizing Consumer Trade Areas
Spectra's Consumer Trade Areas offer unique insight into the retail landscape as they accurately capture consumers around a store that the manufacturer and retailer can effectively reach and potentially influence. Manufacturers and retailers use our Consumer Trade Areas to make valuable sales and merchandising decisions, including:
- Evaluate competitive dynamics for a store, cluster or total chain by measuring dollars at risk across all channels.
- Modify marketing, advertising, and sales initiatives by quantifying consumer opportunity within stores and understanding the competition around a store.
- Adjust category size or product assortment by matching product consumer demographics to store shopper demographics.

UNDERSTANDING CONSUMER TRADE AREAS

Spectra's Consumer Trade Areas create a unique thumbprint for each store. We target and analyze a store's potential shoppers using two distinct proprietary models: our Consumer Attribute Model and BehaviorScape Plus. Our analytic models enable retailers and manufacturers to analyze store Consumer Trade Areas in order to prioritize and plan sales and marketing efforts.

Sample Store X Shopper Profile

DEMOGRAPHIC ATTRIBUTE	%	INDEX
Age and Presence of Children		
Age < 6	13.6%	129
Age 6 - 17	22.3%	112
Age < 6 & 6 - 17	7.7%	94
No Children	56.4%	92
Householder Age		
Age 21 - 24	2.3%	74
Age 25 - 34	20.9%	115
Age 35 - 44	30.0%	117

Figure 1: Consumer Attribute Model Shopper Profile

		LIFESTYLE	
BEHAVIORSTAGE	PROSPEROUS CITIES & SUBURBS	PROSPEROUS COUNTRY LIVING	MIDDLE CLASS CITIES & SURROUNDS
START-UP FAMILIES	11.3%	2.0%	0.0%
SMALL SCALE FAMILIES	4.4%	1.0%	0.0%
YOUNGER BUSTLING FAMILIES	7.0%	1.2%	0.0%
OLDER BUSTLING FAMILIES	14.6%	2.0%	0.0%

Figure 2: BehaviorScape Plus Framework Shopper Profile

Spectra Syndicated Channels
Apparel & Accessories, Automotive, Beauty Care, Book, Chain Drug, Club, Computer, Convenience, Department Store, Do-It-Yourself (DIY), Electronic Store, Grocery, Housewares, Independent Drug, Liquor, Mass Merchandiser, Office Supply, Pet Superstore, Sporting Goods, Tobacco, Toy/Craft/Hobby.

Note: We are continuously updating our channel coverage. Please call us if you are interested in a channel not shown here.

Prioritizing Sales Efforts
We link the potential shopper profile of a store to the consumer profile of a product to create the Demand Index, or the measure of sales potential across a store set. The more similar the store and product profile are, the stronger fit and potential success of that store-product combination.

Product: Brand A Cereal

RANK	STORE	DEMAND INDEX
1	Store X, 98 State St, Lemont, IL	156
2	Store Y, 123 Main St, Lemont, IL	117
3	Store X, 1st Avenue, Lemont, IL	84

Figure 3: Spectra Demand Ranking Report

Competitive Retail Interaction
Stores compete for the same shoppers, so the key for manufacturers and retailers is to learn where their potential consumers are spending money and what stores' dollars are at risk to the competition. The Getchell Model predicts the flow of block group expenditures to stores, and we use that data to create Dollars at Risk measures to assess retail competition.

In the Retail Interaction by Store Report example below, Store X draws its primary shoppers from several block groups who have many choices where to shop. We reflect this retail competition by determining Dollars at Risk from the variables we use to create stores' Consumer Trade Areas. We define Dollars at Risk, or how much of Store X's ACV is threatened by the competition (in this example – stores A, B, and C).

STORE DETAIL	TOTAL STORE ACV	TOTAL DOLLARS AT RISK	DISTANCE (MILES)
Total Interaction: Store X	**$68,900,000**		
Competitor A	$20,800,000	$19,585,228	1.1
Competitor B	$40,300,000	$17,892,888	3.7
Competitor C	$40,300,000	$17,076,020	3.5

Figure 4: Spectra Retail Interaction Report

For more information contact your Nielsen representative at 800-553-3727 or email Spectra.Solutions@nielsen.com

Consumerizing' POS Data

Finally, we use our Navigator Model and Consumer Trade Areas to estimate a specific POS-based consumer profile for each brand, category, or SKU. The profile is ideal where panel data does not exist – new products, low penetration items, or individual SKUs. We are able to take this resulting information and generate POS-based recommendations on product assortment and merchandising strategies.

As retailers face growing competition, and consumers are provided with more shopping choices, manufacturers and retailers need a sophisticated model that accounts for these vast retail options and provides superior insight. Spectra's Consumer Trade Areas are the building blocks that help manufacturers and retailers determine their likely consumers, and understand their competitive interaction in the retail landscape.

Validating Spectra's Consumer Trade Areas

No other commercially available trade area solutions combine the best available data with Spectra's unique methodology.

Quality Data
- We utilize Trade Dimensions' comprehensive store database (360K+ stores), certified as the industry standard by the Grocery Manufacturers Association.
- To determine block groups, we use the Bureau of Labor Statistics Consumer Expenditure survey. Block groups are the most stable and accurate level from which to build consumer expenditure.
- We use the Census of Retail Trade for our data on merchandise lines expenditures.

Superior Modeling
- Only Spectra models the comprehensive cross-channel choices available to the consumer.
- Model includes a broad range of variables, moving well beyond simple gravity or radius-based trade area models.

Industry Validation
- Over 150 top manufacturers and 50 top retailers in the country rely on Spectra's Consumer Trade Areas to make daily business decisions.
- Homescan panel data is used to validate the reach of our Consumer Trade Areas.
- When matched against retailer provided loyalty data, over 75% of loyalty dollars come from Spectra's Consumer Trade Areas.

For more information contact your Nielsen representative at 800-553-3727 or email Spectra.Solutions@nielsen.com