

BARRY LEVENTHAL



GEODEMOGRAPHICS FOR MARKETERS

Using location analysis for
research and marketing



MARKETING SCIENCE SERIES



KoganPage

LONDON PHILADELPHIA NEW DELHI

CONTENTS

Contributors' biographies xi
Foreword xvii
Preface and acknowledgements xx
List of abbreviations xxiii

Introduction 1

01 An overview of geodemographics 5

Introduction 5
Definitions and principles 6
How neighbourhood classifications work 8
Key strengths and weaknesses of geodemographics 10
Origins of modern geodemographics 13
Other methods of market segmentation 15
Can geodemographics actually predict purchasing behaviour? 19
Conclusion 20
Note 20

02 Big data and geodemographics 21

Introduction 21
The trend towards big data 22
Why geodemographics is relevant in an age of big data 23
How big data and geodemographics can work together 28
Conclusion 29

03 Key data sources 30

Introduction 30
Sources required for building geodemographic discriminators 31
Sources that geodemographic discriminators are linked to 43
Conclusion 44

- 04 Geodemographic classification systems** 45
- Introduction 45
 - What is a neighbourhood classification? 46
 - How neighbourhood classifications are built 46
 - Current neighbourhood classifications in the UK 57
 - Market-specific classifications 61
 - How classifications are updated 63
 - Choosing a classification 64
 - Conclusion 65
- 05 Other types of geodemographic discriminators** 66
- Introduction 66
 - Census raw variables 67
 - Derived indicators 76
 - Fuzzy classifications 78
 - Sub-postcode discriminators 79
 - Conclusion 79
 - Notes 81
- 06 The mechanics of using geodemographics** 82
- Introduction 82
 - Tools and techniques 83
 - Accessing geodemographic information 95
 - Visual presentation of results 97
 - Potential pitfalls and how to avoid them 100
 - Conclusion 102
- 07 Applications in various industry sectors** 103
- Introduction 103
 - General applications 104
 - Marketing applications 106
 - Retail applications 108
 - Financial services applications 112
 - Media applications 115

| | |
|------------------------------|-----|
| Market research applications | 119 |
| Public-sector applications | 125 |
| Applications in academia | 126 |
| Conclusion | 130 |
| Note | 130 |

08 Choosing a geodemographic classification 131

| | |
|---------------------------------------------|-----|
| Introduction | 131 |
| Steps in the selection process | 132 |
| Issues in comparing geodemographic products | 135 |
| Measuring discrimination | 136 |
| Comparing geodemographic classifications | 139 |
| Conclusion | 143 |

09 The international perspective 144

| | |
|----------------------------------------------------------------|-----|
| Introduction | 144 |
| Prerequisites for geodemographics to operate in a country | 145 |
| Differences between national censuses | 146 |
| Differences in small-area output geographies between countries | 156 |
| International classification systems | 161 |
| Obtaining international data | 162 |
| Country case study – the United States | 163 |
| Conclusion | 166 |
| Notes | 167 |

10 Creating your own information products 168

| | |
|----------------------------------|-----|
| Introduction | 168 |
| Why build a customized solution? | 169 |
| Building a bespoke discriminator | 169 |
| Small-area estimation | 173 |
| Conclusion | 176 |

11 Looking to the future 177

Introduction 177

Likelihood of change in user demand 178

Census developments 179

Open data developments 184

Administrative data developments 185

Big data developments 186

Conclusion 188

Appendix A: Useful information sources 189*Appendix B: The structure of a UK postcode* 192*References* 194*Index* 200