GIS Tutorial for Marketing

Chapter 6

Prospect Profiling

Market scenario

World Treasures, Inc:

- A successful New York-based electronic retailer of traditional art objects from around the world
- Wishes to establish database marketing program to reach new customers via direct mail
- Initial focus on electronic newsletter subscribers
  - Subscribers are Web site users who have not yet made a purchase
  - After first purchase, a subscriber’s name is transferred to the customer database
  - Why no purchases? Perhaps subscribers are reluctant to purchase online
Learning objectives

To conduct a prospect profiling market research project in an eCommerce context, you will learn how to use ArcGIS to:

• Display population demographic information on a map
• Assign market segment values to ZIP Codes based on the number of subscribers they contain
• Create demographic profiles of ZIP Code segments and use them to identify attractive prospects
• Target ZIP Codes that match the profile of attractive prospects
• Design maps to communicate your customer profiling recommendations

Exercise 6.1: Explore and prepare data

In this exercise you will:

• Explore a basemap of New York and its ZIP Codes
• Add demographic and customer data tables to the project
• Create a summary table of users by ZIP Code to use in your customer profiling analysis
Exercise 6.2: Define market segments and assign them to ZIP Codes

In this exercise you will:

• Define segments based on the number of subscribers
• Assign segment values to New York’s ZIP Codes
• Design a map displaying the geographic distribution of these market segments
Assigning ZIP Codes to the High subscriber segment

ZIP Codes by segment
Exercise 6.3: Profile subscriber segments

In this exercise you will:

• Create a summary table of the demographic characteristics of each subscriber segment
• Identify the demographic characteristics that distinguish the High subscriber segment from the other two
• Format a table capturing these values for inclusion in a map layout

Segment demographics tables

As generated by ArcMap

Formatted for Layout View
Exercise 6.4: Use subscribers’ profiles to select target ZIP Codes

In this exercise you will:

• Identify ZIP Codes with above-average values for the distinguishing variables
• Calculate the number of households in these ZIP Codes
• Adjust the selection to less than 2,000,000 households, the level dictated by the campaign budget
• Design a map that displays the selected ZIP Codes

ZIP Codes selected by demographics and segment
Exercise 6.5: Report the analysis results

In this exercise you will:

- Explain the attractiveness of the selected ZIP Codes for the campaign
- Explain how this profiling and selection process will improve the effectiveness of the campaign
- Design a map to communicate and support your recommendations

Targeted ZIP Codes

The highlighted ZIP codes are in the High subscriber segment and have above average levels of income and education. 49.7% of World Treasures’s electronic newsletter subscribers live in these ZIP codes. The 1,930,954 households in these ZIPs will be targeted in World Treasures's direct mail campaign.
Additional applications

How ArcGIS capabilities can be extended:

- More extensive demographic and Community Tapestry data from ESRI Community Data and other sources
- Integration with internal customer data in enterprise databases via ArcSDE
- Integration with server log and clickstream data from eCommerce Web sites
- Integration with RFM analysis in database marketing systems
- Advanced targeting capabilities of newspaper and direct-mail advertising firms