

Demographics on steroids - psychographics

By Christina Crippes
Friday, February 09, 2007

Demographics can tell people a lot about a region. They can tell them the average age, ethnicity, gender and income, for instance. What they can't do is tell the difference between two people roughly the same age, ethnicity, gender and income level.

Enter psychographics.

As the Texas-based company Buxton gets its retail survey under way in Dickinson, psychographics is going to be a buzzword within the community.

"In terms of psychographics, you can really think of it as demographics on steroids," said Amy Wetzel, Buxton vice president for the western region.

Psychographics uses information Buxton purchases to assess the differences between two people who are both in their 40s, both married with children, and both earning between \$40,000 and \$45,000 a year.

"Psychographics would say those two would be totally different because it's consumer-based information, so one might eat at Chili's Bar and Grill and the other might prefer Boston Market; one might own a Dodge Ram and one might own a Honda Accord," Wetzel said.

Wetzel said Buxton is one of the larger purchasers of consumer spending habits. She said the company assesses a community household by household to determine what sort of retail shops would be successful.

"If you think about how you specifically live your life, whether you have a grocery reward card, magazine subscriptions, whether you have any kind of reward card, or if you have the tendency to online bank or if you book travel plans or own your own car, anything like that creates kind of bread crumb trails about you, about how you live your life and how you spend your money," Wetzel said.

Wetzel said Buxton should have enough information to determine lifestyle habits of even mostly cash-based residents, and

if not, it could still create a profile of the community as a whole.

Wetzel said by using all of that data, it would be able to identify if there are enough people here to create a fingerprint that would match the fingerprint of particular retailers. She said retailers have learned it's important to know who their customers are, so they can be successful in a given location.

Essentially, the retailers know whether the Dodge Ram or the Honda Accord owner or both would be likely to shop at their store. If enough of either or both of those types of people live in Dickinson, certain retailers would be more likely to open a shop here.

"Do you have the consumers to warrant the store? Do you have enough of those consumers? Do (the retailers) have enough instances where they locate time and time again in trade areas like yours to warrant that type of location?" Wetzel said. "That's what this exercise is about."

Wetzel said once her team identifies what the lifestyle habits are of people in the community, it will try to match it with more than 5,000 different types of national and regional retailers. She said the CommunityID program Dickinson has contracted to do will ultimately identify specific retail targets, and the city could choose to pursue them or opt to work with local entrepreneurs to create those types of businesses here.

A new trade area before Buxton even gets to use psychographics, it establishes a different trade area. Generally, a trade area is defined as a certain radius around a city, but Buxton uses drive time instead.

"Most retailers really want to know primarily who is closest to their retail location that is going to provide them with a sustainable daily business base," Wetzel said.

She said her five-person team is looking at the city of Dickinson in two ways. It looks to find the residential and

workplace consumers, the people who will be most likely to shop Dickinson day in and day out.

"That's going to provide (the retailers) with a sustainable daily business base," Wetzel said. "Then, also, you guys have a unique story because you have some add-ons, in that you have some folks that come from farther out."

Wetzel said the new trade area established by drive time is the most realistic depiction of the consumers the retailers need to determine a need.

"Obviously in your case, your workplace population plays a role there, too, because you have a lot of people coming in from far away to work there," Wetzel said.

She said the company had the capability of looking at the daytime population of the city.

End results.

Wetzel said the number of retailers that match fingerprints with a given community varies dramatically. The company's Web site said up to 20 retailers or restaurants are identified for a community.

"We are using a lot of our retail expertise applied to the process throughout," Wetzel said. "Stark Development and the city are an active part of this as well."

She said the company will check in with Stark Development and the city along the way to answer questions and make sure they have what they need.

"We're not working in a vacuum; we're really trying to work alongside the community and be an effective partner to them as well," Wetzel said.

Once the results are returned to the city, Buxton provides support tools, but it does not do the recruiting.

According to the Web site, Buxton has helped more than 1,000 retail and restaurant clients and has successfully recruited more than 10 million square feet of retail.