

LET'S TALK BUSINESS

Ideas for Expanding Retail and Services in Your Community

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Tourist Prospecting Using GIS

by
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Analyzing tourism customers can be a complicated process. As these visitors may be traveling great distances, it can be more difficult to acquire customer information than with a traditional analysis of local residents. Nonetheless, understanding these customers requires obtaining information about their places of origin, as well as data about their demographics and lifestyles.

A technology called geographic information systems (GIS) can be used to solve these problems. Combining GIS with customer address lists from local chamber of commerce inquiries or hotel guest registration records, allows the user to profile tourism customers in several manners. Furthermore, GIS technology can use this information to search (prospect) for new potential customers.

Geographic Profiling

The profiling process begins by creating a spreadsheet with tourism customer addresses. The GIS software then uses this spreadsheet to map the location of each customer's address. The initial mapping process shows the distribution of every customer home and provides a picture of the areas where customers are clustered. While the map provides a general view, the GIS can also be used to calculate hard numbers about those areas and distances that generate the most customers to a given tourism destination.

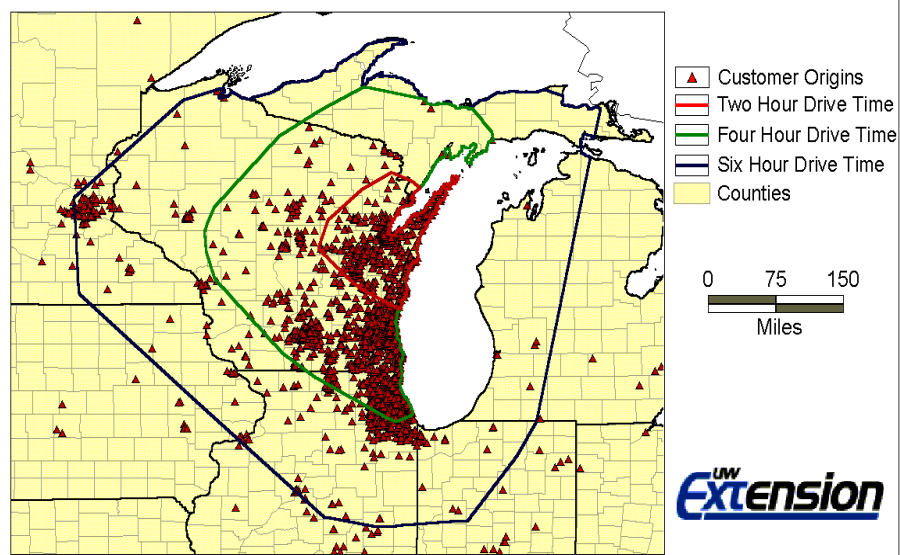
Typically, geographic profiling is conducted in two ways: by drive time segments and by metropolitan area. The GIS can determine the number of customers that originate in different drive time bands (for instance, a two-hour drive from the tourism destination). Additionally, the GIS can calculate the number of customers that originate in different metropolitan areas. These calculations provide insight into how far customers are willing to travel as well as the metropolitan areas that produce the most customers.

The map shows an example of customer locations combined with the drive time rings that are typically used in a geographic profile.

Demographic Profiling

Not only is GIS useful in determining the geographic origin of tourism customers, but also their demographic composition. The GIS-based profiling method eliminates the needs for costly and time-consuming customer surveys. By simply knowing customer addresses, demographic information can be obtained

Customer Origin by Destination Drive Time



GIS was recently used to analyze the geographic origin of Door County lodging customers by season. Using demographic data on customer neighborhoods, GIS was used to prospect for new customers in other Midwestern neighborhoods with similar characteristics.

about the neighborhoods where they live. Having demographic information about a neighborhood means we can use the premise that "birds of a feather flock together." That is, knowing something about a customer's neighborhood also means knowing information about the residents.

Pre-defined neighborhoods, such as census block tracts or zip codes, have robust demographic information associated with their boundaries. The GIS can combine this neighborhood demographic information with each customer address. The combination generates a neighborhood demographic profile that describes all of the customers visiting a tourism destination. The profile can contain information such as visitors' incomes, professions, marital status, race, ages and education levels.

The GIS profiling method can also be used to give a "human face" to the customers. Using customer addresses along with a neighborhood segmentation system (such as CACI's ACORN™ or Claritas' PRIZM™), the GIS can generate a profile that describes products that customers may purchase, as well as activities they may undertake. The specific information provided in this profile, allows retailers and community leaders to provide goods and services that match their customers' needs.

Customer Prospecting

Geographic and demographic profiles are useful in understanding the customers currently visiting a tourism destination. However, GIS can take the analysis an additional step and find areas that contain new customers similar to the ones described in the profiles. Depending on the scope of the analysis, a number of demographic categories can be used as the customer search criteria. The GIS is used to search, or prospect, for neighborhoods that meet these demographic requirements. These prospected neighborhoods can then be combined with the geographic profile to determine the best areas for tourism marketing efforts.

The precision targeting provided by GIS prospecting allows for marketing dollars to be spent in a manner that will generate the greatest return. Direct mail efforts and advertising can be placed in neighborhoods with a greater likelihood of generating business.

The technique offered here gives individual businesses and communities an opportunity to increase business from tourists, especially during their slower periods. It offers exciting marketing and economic development opportunities in a competitive and very seasonal industry.

For more information on how these techniques can be used in your community, contact Bill Ryan at (608) 263-4994

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A recent study conducted by UW-Extension, the Door County Chamber of Commerce, and Bay Lakes Information Systems used the methodology described in this newsletter.

Over 42,000 lodging customer addresses were used to examine geographic and demographic differences by season and by property type. Data at the block group level were used to develop a profile of neighborhoods that generate business for Door County lodging establishments. That analysis found that these customers came from neighborhoods with higher family incomes, executive/professional occupations and four-year college or graduate degrees.

These profiles were used in a subsequent prospecting analysis that identified those neighborhoods, by season, most likely to generate new customers. The Door County Chamber of Commerce is currently using this information in their marketing efforts to boost occupancy levels during slower periods.

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