

# Lifestyle and Consumer Cluster Systems

## *A Powerful Tool For Understanding Consumers In Your Trade Area*

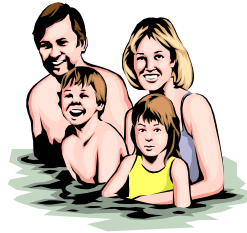
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Marketing data firms can provide valuable lifestyle and consumer expenditure profiles for your business district's customers. These profiles, created from "geodemographic" segmentation models, are sophisticated tools for learning about your customers and to reach new customers. The profiles that emerge enable businesses to focus their product, service and marketing efforts so that they address customers' lifestyles.

Products like Claritas's PRIZM, Strategic Mapping's ClusterPLUS 2000, NDS/Equifax's MicroVision, and CACI's ACORN use data from the U.S. Census and other sources to separate the nation's neighborhoods into similar groups known as clusters. Cluster systems are based on the premise that birds of a feather tend to flock together. For example, the homes and cars in any particular neighborhood are probably of similar size and value. If you could look inside the homes of a particular neighborhood, many household products would be the same.

Cluster systems divide neighborhoods into groups based on similarities in income, education, and household type, as well as attitudes and product preferences. Sophisticated statistical techniques are used by marketing data firms to apply census and marketing survey data, and then match it to census block group geography or zip codes. Most systems begin with census block groups that contain, on average, about 340 households. Often, these geographic areas provide a good representation of neighborhoods.

By knowing your customer's home address, or at a minimum, zip code, you can access valuable marketing information to help you to sell more to these consumers. Data can be purchased to describe the predominant clusters that exist in your trade area down to the block group level. With this information and detailed cluster descriptions from the data provider, conclusions can be drawn on the spending behavior, specifically what things may or may not sell to this segment.



One particular cluster system includes a purchase potential index that measures potential demand for specific products or services. It compares the demand for each market segment with demand for all U.S. consumers. The index is tabulated to represent a value of 100 as the average demand. Sample data for the "Small Town Working Families" sector is as follows:

Visit Zoo	126
Play Board Games	116
Go Casino Gambling	66
Attend Movies	88
Buy Lottery Tickets	78

### **Consumer Clusters in Wisconsin Using the ACORN System**

Middle America, 17.3%- This rural, slightly older, and family-oriented market is the largest consumer market. The neighborhoods are newer, owner-occupied, single-family homes and the income is average. Their budget priorities are home-oriented (improvement, children's apparel, lawn equipment) with leisure activities including hunting, fishing, and needlework. Most families own pets and take domestic trips by car.

Newly Formed Households, 12.5% - This moderate-income market is physically active. Unemployment and poverty are low with half of the work force employed in the manufacturing and service industries. Average home value is 40% below the national average. They are active in bowling and playing billiards/pool, performing volunteer work and taking domestic trips. Most drive older cars and use coupons for groceries.

Semirural Lifestyle, 6.1%- These consumers are a prosperous population who have opted for semirural locales and lifestyles. They maintain their livelihood by self-employment -- many of them working at home. Although their residence is more rural, this older, married market has retained some urbane preferences, such as visiting museums. As homebodies, they are interested in reading, needlework, and cooking.

Heartland Communities, 6.0% - These small towns and communities dot the interior of the country from Minnesota down through Arkansas. Their citizens are older, lifelong residents; their children have moved away. This is a good mail-order market for clothing and shoes, and they are top-ranked for outdoor vegetable gardening, flower gardening and buying videos at discount stores. They are likely to own a dog.

Older Settled Married Couples, 5.7% - These residents of established suburban neighborhoods are middle-aged and middle-income. They are upscale and domestic, and spend their time visiting the zoo, casino gambling, bowling, and taking domestic vacations. Many households include school-age or adult children, with emphasis on savings over investments. Spending is home-oriented. Almost 20% draw retirement incomes.

Baby Boomers with Children, 5.6% - This is a homogeneous type who spends their time and money on home and family-oriented activities and goods. There is little time for civic activities. With a very high labor force participation rate, many are migrants and are still moving to find the best jobs or locations. Less likely to have completed a 4-year degree, their homes are owner-occupied and valued 20% below the U.S. average.

Rustbelt Neighborhoods, 5.3% - This older population resides in the older, industrialized cities and towns of the Northeast and Midwest. They spend money on their homes and their home teams and participate in civic activities. They tend to drive used cars, splurge on lottery tickets, and are top-ranked for using coupons for beauty and household cleaning products. They rank among the highest for watching videos.

*Source: ACORN, CACI Marketing Systems*

The quality of segmentation system is directly related to the data that go into them. High quality and useful systems allow you to predict consumer behavior. In a retail business targeting tourists, it should allow you to identify products and services that might appeal to this market segment. This usefulness depends on incorporating data on lifestyle choices, media use, and purchase behavior into the basic demographic mix. This supplemental data comes from various sources such as automobile registrations, magazine subscription lists, and consumer product-usage surveys.

The four major general-purpose neighborhood-based cluster systems are: ACORN, from CACI Marketing Systems, 1100 North Glebe Road, Arlington, VA 22201; telephone (800) 292-2224; ClusterPLUS 2000, from Strategic Mapping, Inc., 70 Seaview Avenue, Stamford, CT 06192-0058; telephone (203) 353-7500; MicroVision, from Equifax National Decision Systems, 5375 Mira Sorrento Place, Suite 400, San Diego, CA 92121; telephone (800) 866-6510; and PRIZM: Next Generation, from Claritas, 201 North Union Street, Alexandria, VA 22314; telephone (800) 284-4868.

### **Consumer Clusters in Your Community**

Do you want to learn more about the consumer clusters in your community? The UWEX Center for Community Economic Development offers educational programs to help you analyze the consumer profiles of residents in your zip code area using information from a leading marketing data firm. Please contact us through your local Extension community resource development educator.

*Drawn from: Birds of a Feather by Susan Mitchell, February 1995, American Demographics, and ACORN, CACI Marketing Systems*

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