Opinion piece

A geodemographic revolution has started

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Jon Epstein

is Managing Director of Results Europe. Jon's management experience has covered all aspects of sales and marketing activity. He is particularly known for pioneering several significant profit generating developments in 'data-driven' marketing both in the UK and abroad, with major blue chip companies. He was European Marketing Director at Citibank, Database Marketing and Research Director at American Express and Commercial Planning Director at Coca-Cola & Schweppes. In addition, he has run an international computer bureau, been a management consultant for a leading European practice and has a management sciences degree.

Results Europe was created in 1995 to address the need for skills that can transform the effectiveness of how companies use data, to shift their 'relationship marketing' visions into reality and profit.

The release of the 2001 Census will provide a much-needed 'steroid' injection into the UK's geodemographic classifications. Data suppliers will now be able to rebuild their directories from the foundations up, instead of filling in over the cracks with population projections and other data sources in a bid to remain up to date and relevant.

Over the last ten years the characteristics of the UK populace have changed significantly, the behaviours, aspirations, circumstances and spending power of residents living in some postcodes may be very different to when the classifications were last rebuilt. These new data should not, however, just be used to refresh existing general geodemographic classifications. This time around, raw census data can be acquired by anyone, free. Yet, despite geodemographic suppliers investing in the transformation of raw census data into generalised postcode classifications, this is not the only way in which marketers can use geodemographic data, despite the practice of most over the last 20 years.

The main suppliers of geodemographic solutions have significant experience in using census data. But herein lies a dilemma: their experience is based on using the same methods to create general classifications every time. The creation of pre-built 'conceptual clusters' such as 'Pub & Grub Athletes' certainly makes for an easy to understand generic solution, but this fixed approach to segmentation comes at a significant cost to analytical and targeting power, as the few using raw data should be able to confirm.

As a result, a general perception has evolved that sophisticated or advanced analysis now needs to make use of 'individual level data' exclusively, and that postcode-based analysis is at the opposite, weak, end of a 'targeting power' continuum.

Be warned: that powerful, sophisticated, advanced, targeted model created using 'individual data', may actually have been built using postcode data masquerading as something else. Where information about a particular individual or household is missing, many

Jon Epstein
Results Europe,
Mountbarrow House, 12
Elizabeth Street, Victoria,
London SW1W 9RB, UK.
Tel: +44 (0)20 7730 6655;
Fax: +44 (0)20 7730 6644;
e-mail: jon.epstein@
resultseurope.com;
website:
www.resultseurope.com

data suppliers use a readily available set of common attributes — postcode data — allowing many more names and addresses to be classified, and hence made available for selection. This is not ‘bad’ *per se*, but they are not actually individual data.

We have become used to using ‘one-type-fits-all’ geodemographic classifications: postcode data do not, and should not, equal that. There should be no need to group postcodes together in a ‘best fit’ approach, so that each UK postcode falls into one of 50 or so predefined codes. Users should wake up to the fact that using general classifications, generic average views of all the people in an area, is actually an erosion of what a tailored classification would generate.

The problem of generating tailored classifications, as opposed to using ‘one-type-fits-all’ general classifications, has always been time and cost restraints. But with today’s computing power, the removal of these obstacles is overdue, and risks becoming a false rationale for maintaining the status quo. Users should actively seek the power of raw information at postcode level, and exploit the significantly increased power of analysis and targeting by applying it themselves. The old obstacles of time and cost can and should be swept aside. Users should now break out of the entrenched, traditional approach to geodemographic data, and seek to harness their underlying power.

To say that after more than 20 years of using census data, we still need generalised labels to pigeonhole huge numbers of households as being the same, is comparable to using social class codes simply because they are easier to understand, when so much more

information is available. After all, what will be more effective:

- targeting a case-specific, tailored set of postcodes to uplift response rates by 30 per cent say, or
- describing a known set of consumers as best fitting a general ‘Pub & Grub Athletes’ code when compared to the national average? (Which, by the way, all competitors will also be targeting because they too are using the same general classification.)

Put simply, using postcode data at their raw level, that directly reflect case-specific behaviour by offer and brand, must, and does generate far more powerful models and hence results. A tailored solution is unique, more powerful and impossible to replicate by competitors: it is a true targeting competitive advantage.

As advertising from traditional geodemographic suppliers begins to appear, will we see any shift from their traditional pushing of generalised ‘one-type-fits-all’ data licences? Furthermore, now the huge cost in acquiring census data has been removed, can we assume that the licence fees for these regurgitated cluster codes will also be slashed?

After 20 years, the time has finally arrived for a geodemographic revolution. Users are now fully entitled to demand ‘more for less’ for their use of geodemographic data: far more power, speed and availability, for far less hassle, and cost. A new depth and breadth of cost-effective analysis and targeting opportunity, spanning a wider arena of marketing and sales disciplines, is technically available today. Users need to become more aware and demanding of their use of geodemographic data.