



How and why are **geodemographics** being used to meet the desire of global businesses to understand the European consumer market?

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Overview

- **What is motivating companies to perform European market(ing) analysis?**
- **How is this ambition being satisfied?**
- **What are the obstacles and barriers to overcome in achieving this ambition?**
- **How geodemographics can be used to satisfy these needs**
- **Case studies: Why and how clients use cross border analysis**

Changing Face of Europe



What is driving the motivation?

- **Change in political structures**
- **Blurring of national and political boundaries in the eyes of the population**
 - Break up of the Soviet Union
 - The European Union
 - The Euro
 - Schengen Agreement – removal of border controls effective free movement
 - Large scale economic migration particularly since EU expansion into Eastern Europe



EuroDirect

Part of the Callcredit Information Group

What is driving the motivation?

- **Commercial and Cultural changes**
- **Previously we emphasized the cultural differences between European countries**
 - How the Italians bought cars, how the French buy diesels
 - French attitudes to food
- **Now we drive to exploit the similarities**
 - Families buy MPV's, everyone buys Mobile Phones, "Football" brands
 - Standardisation of global branding
 - Jif to Cif, Marathon to Snickers
- **Current global economic slowdown brought into sharp focus worldwide economic interdependencies**



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What is driving the motivation?

- **Economic and technological changes**
- **Company desire and ability to look at multi country analysis**
- Global economy – rise of the true multi national consumer business
- Strategic cross border European wide consumer insight
- **Rise of the internet**

- Shop window to the world where there are no borders
- Global retailers



- Customer databases have become a league of nations

How is the ambition being satisfied?

- **Major source of data are governments and the EU**
- **Number of resolutions by the UN and EU urged countries to collect population census**
 - World Population Plan of Action – UN – “help co-ordinate population trends and the trends of economic and social development”
 - Adopted by consensus of the 137 countries represented at the United Nations World Population Conference at Bucharest, August 1974
- **Continued recommendations to collect population census resulted in a swathe of data collection in Eastern Europe in 2000-2002**



How is the ambition being satisfied?

- **UN development of the COICOP approach for the collection and release of expenditure data**
 - 14 Groupings, 58 categories

<http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=5&Lg=1&Top=1>

- **Classification of Individual Consumption by Purpose**
- **Harmonisation for Consumer Price Index and Household Budget Surveys.**
- **Now included in the EFS from ONS in the UK**



How is the ambition being satisfied?

- **Commercial data suppliers rising to the challenge**
- **New and existing companies collecting data across Europe**
- **Data providers and list providers moving east**
 - EuroDirect/Callcredit Marketing Solutions, Experian, Schober, Wunderman, Bertelsman, Leo Burnett
 - Local suppliers building up data pools
- **Market Research**
 - TNS World Panel, Nielsen, GfK Purchasing Power
- **Commercial data sets**
 - Valid additional data sources, coverage, updateable, geographically referenced

How is the ambition being satisfied?

- **Creation of national Direct Market Associations**
 - 25 European country DMA's including Croatia, Romania, Turkey and Latvia incorporated in 2007
- **FEDMA**
 - 28 national DMA's indirectly representing 10,000 companies
- **Governments are being urged to collect data in a consistent manner**
- **Commercial organisations see opportunities for collecting data**



FEDERATION OF
EUROPEAN DIRECT MARKETING



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What are the obstacles and barriers?

- **Great variation of government derived demographics**
- **Issues of data protection**
- **Data quality**
- **Other services and data required to support marketing activity**
 - National address databases, address cleaning and address matching
 - Geocoding
- **Limit what is achievable in each country**

What are the obstacles and barriers?

- **Variation of government derived demographics**
- **Consider the UK census and the coordination between ONS, GROS and NISRA**
- **Different countries have different requirements and needs for the collection of demographic data**
- **Variation in geography, variables and collection methods**
 - Not a commercially driven program
 - Lacks hard consumer insight
 - A “snapshot in time”
 - High level of aggregation in some markets
- **Let’s compare The UK, Germany, France and Denmark...**

What are the obstacles and barriers?



- **UK**

- 10 year census based on questionnaire, currently free access but view is 2011 will be the last census in its current form



- **Germany**

- currently no census. Last one in 1988. Currently rely on commercial organisations BUT have indicated they will participate in the EU-wide population census scheduled in 2011



- **France**

- last census 1999. Have now introduced a rolling census.



- **Denmark**

- collect data via government registers on an annual basis

What are the obstacles and barriers?

- **Data Protection**
 - Impact on commercial and government organisations collecting data
 - Consumer perception of collection and use of personal data
- **Denmark**
 - Data Protection is very strict must be explicit opt in to collect name, address, gender, age and consumer preferences.
 - Legal obligation to suppress against the Robinson list

What are the obstacles and barriers?

- **Spain**

- Data Protection taken very seriously. Like Norway the source of the address must be displayed on any mailing

- **Eastern Europe**

- Historical impact of soviet activity on the national psyche.
- Upon EU Accession EU directives have been incorporated into law
- Some countries have very stringent controls e.g. Slovenia all private individuals must be informed that their data is being collected, processed and maybe passed to third parties.
- Russia however has no specific law against the misuse of personal data

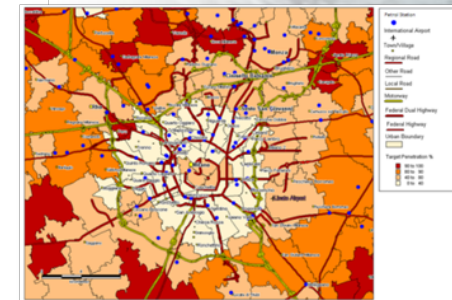


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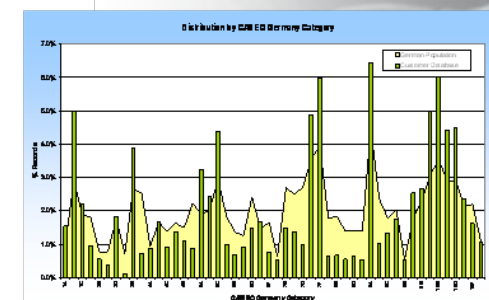
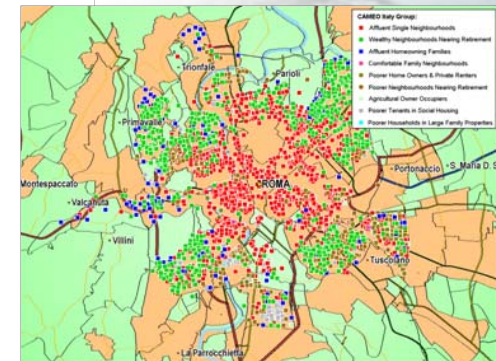
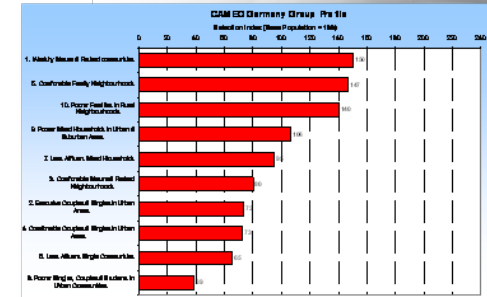
How can geodemographics help?

- **Creation of national and international geodemographic classifications**
- **Data Protection compliant**
- **Maintain national subtleties whilst identifying international similarities**
- **Answering the questions**
 - Where are my customers?
 - What do my customers look like?
 - Where are more of my customers?
- **Ability to understand customers across borders**



How can geodemographics help?

- **Geodemographics can be used to:**
 - Enhance & segment customer databases
 - Understand your customers & responders through profiling
 - Locate & target more prospects by finding 'look-a-likes'
 - Perform catchment area & site location analysis
 - Screen Direct Marketing lists
 - Understand market potential
 - Perform advanced statistical analysis & modelling
 - Link customer insight with market research

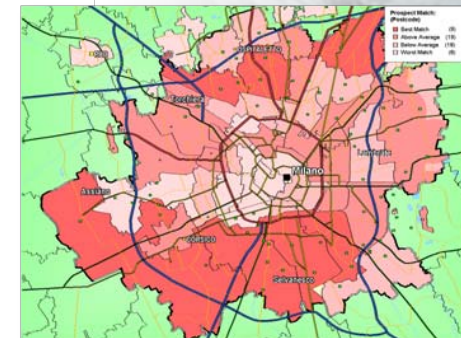
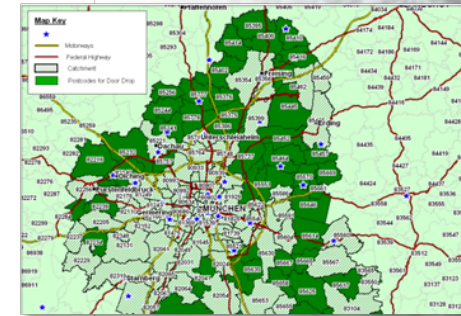


How can geodemographics help?

- **Must support and answer key business needs such as:**
 - How does my brand perception vary between countries?
 - How does consumption of my product vary between geodemographic types across different countries?
 - How do I develop new market initiatives?
 - How can I learn about the customers I have and use the intelligence to enter new markets?

Financial Services

- **Business covering 6 European countries use CAMEO geodemographic classifications**
- **Business questions**
 - Customer insight
 - Market Sizing
 - Market Potential
 - Customer Acquisition
- **Why?**
 - Coverage
 - Delivery mechanism via Database and GIS
 - Cross border International coding



Financial Services cont...

- **Objectives:**

To provide the client with in house capability to complete spatial analysis of customer, demographic and geodemographic information. This includes the ability to:

- Map customer, agent and branch distributions
- Define catchment areas for branches based on these distributions
- Understand the CAMEO and demographic characteristics of customers and locations
- Identify areas of untapped potential within existing branch catchments or on a national level
- Benchmark sales territories and set recruitment targets
- Advise local marketing activity to key prospect areas

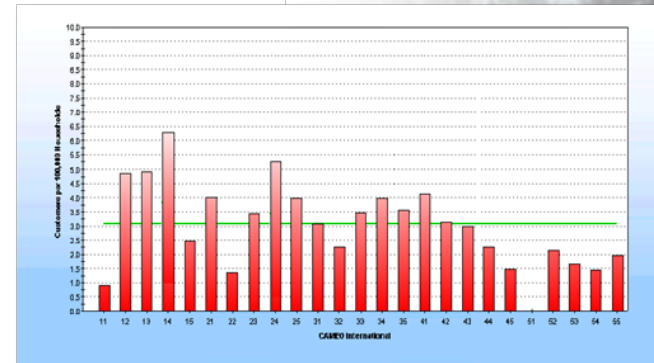


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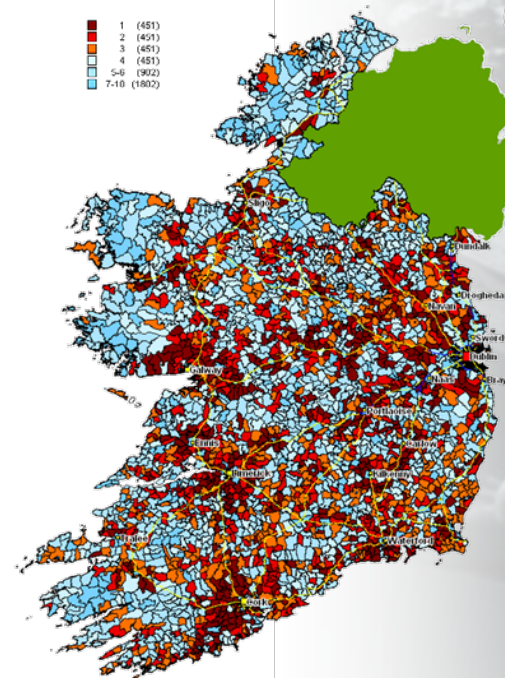
Manufacturer

- Global Online presence with multiple country customer database across Europe
- Using CAMEO geodemographic classifications for key Business questions
- Customer insight
- Customer Acquisition
- **Why?**
- Coverage
- Delivery mechanism for Database coding
- Cross border International coding
- **Online capability now allows the client to have a direct relationship with their customers**
- **Technological change has presented a new opportunity**



Manufacturer

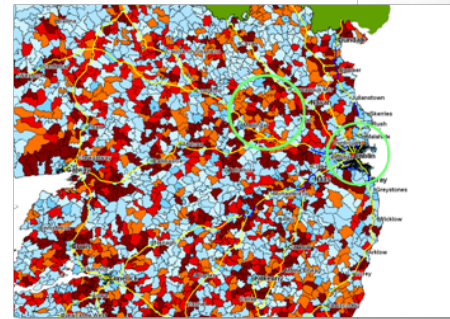
- **European manufacturer with Dealer network**
- **Business questions**
 - Customer insight
 - Customer Acquisition
 - Dealer location
- **Why?**
 - Coverage
 - Cross border International coding



Manufacturer cont...

- **Three bespoke targeting models were created using geodemographic and socio-economic variables including:**

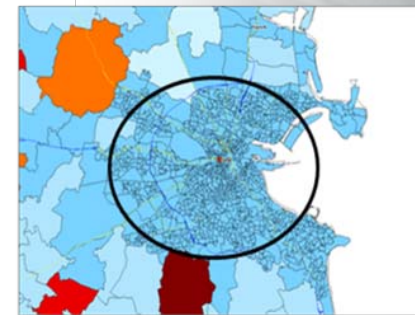
- CAMEO Republic of Ireland
- Population density
- Size of house
- Owner occupation rate



- **Models visualised using thematic mapping highlighting the potential dealer locations without cannibalising existing base.**

- **Conclusions**

- Greater customer understanding
- Reduce the risk of entering a new market
- Inter-linked CAMEO International code provides potential to expand global reach.



Retailer

- **Global retailer with extensive retail footprint use CAMEO International classification**
- **Business questions**
 - Retail location
 - Service provision and stock control
- **Why?**
 - Coverage
 - Cross border International coding in particular measures of affluence

Conclusions

- **The substantial political, commercial, social and technological changes in the last 20 years are now changing many marketers global view**
- **A wealth of interesting data available**
- **But understand the limitations**
- **We are all becoming global data managers and geodemographics should be a part of your data armoury. They offer an excellent opportunity to gain customer insight across Europe**

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