July 2005

To reel in customers, cast into the right spots
Grow Boating used patterning approach to identify first-time boat buyers and set its target

As an avid bass angler, I learned long ago about the concept of finding the pattern to where fish are located. If you thoroughly work the back of a cove and don't see signs of fish, then you skip over other coves and try flats, points or drop offs instead. The idea is to find the right combination or "pattern" that holds fish and work those areas aggressively and skip the remaining, unproductive areas.

This same concept applies to locating prospective consumers. The first step is to identify the distinguishing characteristics of your existing customers. Then, once a pattern is identified, you target others who possess similar characteristics since they are more likely to purchase your products or services.

In searching for the right pattern, it is important to note that you need to do more than just *describe* your customers. For example, just knowing that your average buyer is age 45-54 and has an annual income of $75K does not help much if these are also the average characteristics of the market in general. In this case, you have done nothing to improve your "targetability". Instead, you need to identify the *distinguishing characteristics* between purchasers (successes) and non purchasers (failures). This is the key to improving targeting efficiency.

Grow Boating example
This patterning approach was recently used as part of the planning process for the Grow Boating initiative. The objective was to identify the characteristics of first time boat owners to aid target selection and media usage. To find the right pattern, a geo-demographic segmentation analysis was performed using the Claritas $PRIZM_{NE}$ system. $PRIZM_{NE}$ classifies households into one of 66 distinct segments based on the demographic, geographic and lifestyle characteristics of each.   A random sample of 1st time boat owners was provided by Info-Link to serve as our "successes". Claritas provided a random sample of US households, most of which did not own boats, to serve as our "failures" for comparison. The focus of the analysis, then, was to determine what factors best distinguished the boat owners from the rest of the group.

The accompanying table lists the top 10 PRIZM$_{NE}$ segments for 1st time boat owners. The top two segments – Fast Track Families and Country Casuals – represent nearly 10% of boat owners, but only 2.6% of households. The concentration of boat owners within these two segments is approximately four times the national average as indicated by the development index in the right column (an index of 100 means that the incidence of boat owners within a segment equals the average incidence among US households). This suggests that households in these neighborhoods are much more likely than average to be interested in boats and boating-related equipment.

Rank	PRIZM$_{NE}$ Segment	% of Total Boat Owners	% of US Households	Index
1	Fast-Track Families	4.2%	1.0%	430
2	Country Casuals	5.7%	1.6%	367
3	Big Fish, Small Pond	5.9%	2.1%	285
4	Country Squires	4.0%	1.4%	278
5	Big Sky Families	2.3%	0.9%	243
6	Winner's Circle	1.7%	0.8%	204
7	Shotguns & Pickups	1.3%	0.6%	202
8	God's Country	4.4%	2.2%	202
9	Blue Blood Estates	1.6%	0.8%	199
10	Mayberry-ville	5.0%	2.6%	190
	Top 10 Subtotal	*36.1%*	*14.0%*	*257*

The Claritas PRISM system used in this chart classifies households into distinct segments based on demographic, geographic and lifestyle characteristics. "Fast-track families", for example have upper-middle class incomes and are in their "prime acquisition years." A more complete description of each segment can be found at *www.growboating.org/marketing.*

Finding patterns

To better understand why these ten segments are more conducive to boat ownership, we examined the characteristics of each. From this investigation, two key patterns emerged:

- ***Small Markets are Big on Boating***. Of the top 10 PRIZM segments, eight were from town/rural areas and the remaining 2 were suburbs. Collectively, towns/rural areas represent nearly 6 in 10 boat owners and are one and a half times as likely as the average US household to own a boat (index of 157). Conversely, urban areas have a much lower incidence of boat owners (index of 32) and account for only 6% of total 1st time boat owners.
- ***Money Matters.*** Seven of the top ten segments were from upper income neighborhoods. The three exceptions (Big Sky Families, Shotguns & Pickups and Mayberry-ville) were from town/rural areas where boating is relatively popular, even among the less affluent.

As you would expect, the best locations for boaters are typically areas that possess both of the above factors – affluent neighborhoods in small town/rural areas. This pattern is generally true for most boat types. However, there are some exceptions. Most notably, sailboat owners tend to be concentrated wherever affluence is located – regardless of the market size or type. Whether it's a town/rural area, suburb or urban community matters less than whether it is an affluent neighborhood.

The complete geo-demographic segmentation analysis, with break-outs by individual product types, is available on the NMMA Grow Boating website at: www.growboating.org/marketing

The implications

Finding the patterns to your customers is an excellent way to improve the efficiency of your marketing investments. Rather than simply going after the *largest volume* of prospective customers, this approach focuses on going after segments that have the *highest concentration* of potential buyers. To go back to our fishing analogy for a moment, the main body of the lake may actually hold the *largest volume of* fish; however, the points or drop off areas may have the *highest concentration*. Since anglers don't have unlimited time or resources, focusing on these high probability areas will help them to maximize their catch. The same holds true for marketers. Finding the right pattern can help improve the results of your marketing efforts in several ways:

- ***Pinpoint prospective customers*** – Once you have identified the pattern or distinguishing characteristics of your customers, you can often purchase a list of households that possess those characteristics. In our Grow Boating example, a list of households in the top ten PRIZM segments could easily be acquired from Claritas to enable you to pinpoint these high potential prospects.
- ***Increase customer retention*** – By examining the characteristics of customers who purchase another boat in a given year, you might discover that the highest concentration of repurchasers occurs among those with 4-6 year old product, for example. Knowing this, you could implement a retention campaign among those who bought your product four years ago to encourage them to stay with your brand.
- ***Ensure your media is in proper alignment*** - If a large portion of your media is going to urban areas but your prospective customers are concentrated in town/rural communities, then much of your media investment is likely being wasted. Knowing the pattern to where your customers live can help align your media spending accordingly. This is less of a concern with "vertical media" sources (boating and fishing magazines, for example) since the audience is naturally concentrated where category participants live.

The best pattern for one brand or product doesn't always work for other brands – even within the same category. However, by carefully identifying your best patterns, you can increase your chances of getting your "limit" of customers each year.

Jerry Mona is a marine industry veteran and President of Left Brain Marketing, a marketing research and strategic planning agency located in Kansas City. He can be reached at jerrym@leftbraininc.com