Tying Demographic Data to Store Location: A Case Study

One of the many benefits of integrating demographic data to POS data is the ability to determine the demographic characteristics of high performing items or brands. In this case study, we have discovered 72 new store locations of potential business growth simply by analyzing the demographic breakdown of the top stores of our product and identifying other stores with similar demographics.

The first step in this application is to determine what you are looking for. Are you looking to grow a specific product, a specific merchandise program, or even a specific store? Or design new products to reach a specific consumer? In this case, we decided we wanted to grow a specific merchandise program. Using ERS' demographic profiler application, we set our parameters to determine the best and worst performing stores. By analyzing POS data from Retailer A, we can reveal the demographic information of the best-selling markets, as shown in *Figure 1*.

Top

Median Age	Female % <5	Male % <5	% Hholds with 65+	HH Median Income	% Bach Deg or Higher	% Married	% White	% African American	% Hispanic or Latin	% Native American	% Asian
38.24	5.64%	6.07%	29.0%	$95,417	39.5%	57.1%	66.3%	4.4%	25.3%	0.8%	5.9%

Bottom

Median Age	Female % <5	Male % <5	% Hholds with 65+	HH Median Income	% Bach Deg or Higher	% Married	% White	% African American	% Hispanic or Latin	% Native American	% Asian
39.59	5.23%	5.76%	30.8%	$77,348	35.0%	49.0%	67.4%	9.4%	14.7%	0.8%	6.6%

AV of All Where Sales >0

Median Age	Female % <5	Male % <5	% Hholds with 65+	HH Median Income	% Bach Deg or Higher	% Married	% White	% African American	% Hispanic or Latin	% Native American	% Asian
39.57	5.23%	5.76%	30.7%	$77,891	35.2%	49.2%	67.4%	9.3%	14.7%	0.7%	6.7%

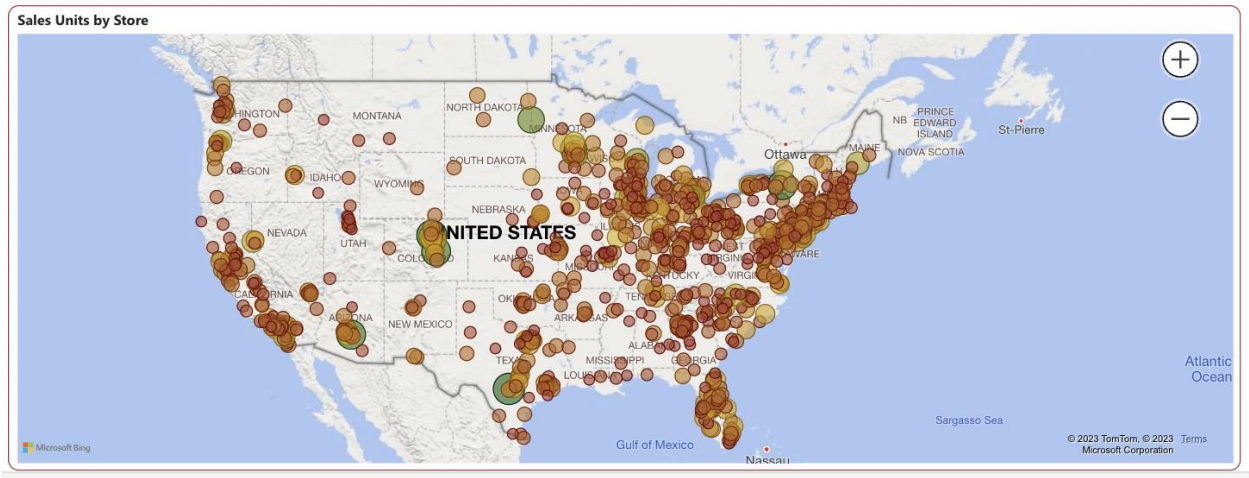

Figure 1, The demographic breakdown of the top and bottom stores and a visual representation of store performance by geographic location

The second step is to identify what were the distinguishing factors that separated the top stores from the bottom stores. In our case, the most statistically significant differences were that the top performing stores have more married households (8.1 percentage points), and a higher

median income ($18,069 difference), and a greater Hispanic population (10.6 more percentage points).

Finally, the third step is to find other areas where our program would thrive. This can be done by understanding these key differences and establishing a correlation between other areas that have a similar demographic breakdown. Looking at another retailer in the same market as Retailer A, we narrowed down more than 1,000 store locations to 72, increasing the probability of success in our program's expansion as shown in *Figure 2*.

Row Labels	Sum of Total Population	Sum of Median Age	Sum of >= Bachelor Degree	Sum of Hhold Median Income	Sum of % White	Sum of % Hispanic or Latin	Sum of % Married
01874	51777	38	54.88%	136218	58.73%	17.76%	64.09%
01834	26718	48.2	41.71%	133287	57.14%	27.43%	65.32%
00334	26718	48.2	41.71%	133287	57.14%	27.43%	65.32%
00395	20400	44	45.06%	130442	67.20%	21.21%	64.77%
03516	33218	34.7	40.45%	125864	25.94%	47.18%	66.62%
00726	33218	34.7	40.45%	125864	25.94%	47.18%	66.62%
00630	44462	43.5	47.44%	125093	64.63%	19.83%	63.02%
01100	44462	43.5	47.44%	125093	64.63%	19.83%	63.02%
03827	58703	37.2	42.70%	123360	54.02%	20.23%	67.52%
00603	35415	36.8	31.95%	121021	47.23%	34.21%	65.82%
01264	42501	42.1	32.83%	120579	68.88%	17.80%	62.76%
05426	66424	35.7	46.81%	119206	19.37%	18.08%	60.53%

Figure 2, Potential store locations for growth, by zip code, based on demographic data.

In conclusion, integrating demographic data to POS data can lead to more informed, more efficient, and more profitable business decisions. Establishing a specific target consumer will help you to understand who your product appeals to, and therefore reduce the risk that inherently comes with expanding products into new stores. By understanding what makes a product, program, or store thrive, you will set your business up for success.

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