What to Expect

- Why Market Intelligence is important to businesses
- Examples of utilizing Market Intelligence tools
Information Rules

- Rural and small business owners operate at a disadvantage
- These disadvantages can be overcome
- Small business owners don’t know what they don’t know
- Few business owners have seen
  - A high-quality business plan
  - A high-quality marketing plan
- Fewer still grasp what an important tool information is
“For a business to survive and thrive today, it must depend on critical information.”

-Chris Gibbons
Director of Business/Industry Affairs
City of Littleton, CO
Importance of Information to Small Business

- Understand competitors
- Understand customers (current & potential)
- Allocate scarce resources more efficiently
- Focus resources on best potential markets
Importance of Information to Small Business

- Understand competitors
  - Location
  - Revenue
  - Facility Size
  - Employment
Importance of Information to Small Business (cont’d)

- Understand customers (current and potential)
  - Economic and demographic profiling
  - Psychographic analysis
  - Custom trade areas
  - Mailing lists
Importance of Information to Small Business (cont’d)

- Allocate scarce resources more efficiently
- Focus resources on best potential markets
- Provide the information necessary for businesses to make product and market specific decisions
The Research Process

- Clients come to the CED directly, or SBDC counselors come to us on behalf of their client.
- We all work together to determine what information is most relevant to the client both now and in the future.
- NO DATA DUMPS
BIAP Resources

- **ArcGIS**  |  Mapping software
- **ESRI Business Analyst**  |  A tool for analyzing market areas using ArcGIS
- **Acxiom**  |  Consumer counts based on demographic or purchasing behaviors
- **Hoovers**  |  A database that includes 12 million businesses for compiling competitor or potential client lists
Case Study

- ABC Company wants to open a Mexican Restaurant in Yuba City, CA
- The clients want information about the neighborhoods surrounding their potential location
- ABC Company’s primary market is 18 to 35-year-olds with middle income
Utilization of ESRI’s Business Analyst

The clients want information about the neighborhoods surrounding their potential location.

- The CED created a map using ArcGIS and ESRI’s Business Analyst representing ABC Company’s Trade Area.
CED can generate both market profiles and consumer expenditure reports based on custom trade areas created using ArcGIS.
The average household in the 3 mile ring spends $2,848 per year eating outside the home. Households in the 6 mile ring spend about $2,640 annually.
Next the CED compiled a list of the restaurant’s competitors which includes:

- Location
- Revenue
- Facility Size
- Employment

The competitors’ addresses were then geocoded into ArcGIS to show their location relative to ABC Company’s potential location.
Using the Acxiom Consumer database, CED ran a search in the designated zip codes, 95993 and 95991, for households with people 18 to 35 with income between $40,000 to $100,000.

It was discovered that there are 270 households that match the above criteria.
More ESRI Functions

- In addition to the uses in the preceding case study, ESRI’s Business Analyst and ArcGIS can be used in many other ways:
  - Often times a business’s market area is unique and cannot be defined as a simple ring or drive time polygon
The CED can create custom hand-drawn trade areas

In the following example, the CED compared the size of Oroville’s retail market to that of neighboring cities

It is likely that those living outside of the trade area are more likely to travel to larger or closer cities for their retail shopping, while those within the trade area were more likely to travel to Oroville
More ESRI Functions (cont’d)

- In addition to the uses in the preceding case study, ESRI’s Business Analyst and ArcGIS can be used in many other ways:
  - Often times a business’s market area is unique and cannot be defined as a simple ring or drive time polygon
  - CED also provides psychographic analysis based on spending and behavioral tendencies
Psychographics

- ESRI classifies consumers into 65 unique market segments based on socioeconomic and demographic characteristics, as well as spending patterns and behaviors.
- These segments can be analyzed on geographic levels as specific as census tracts.
- CED clients often use this information to become familiar with target population segments and identify the marketing mediums with which they can effectively be reached.
Psychographics (cont’d)

- A CED client offers bicycle tours throughout Northern California.
- The client wanted to expand their market to the Bay Area.
- The CED identified their target psychographic segments and displayed them on a map of San Francisco.
- The client was then able to create a specific and cost effective marketing plan.
More ESRI Functions (cont’d)

- In addition to the uses in the preceding case study, ESRI’s Business Analyst and ArcGIS can be used in many other ways:
  - Often times a business’s market area is unique and cannot be defined as a simple ring or drive time polygon
  - CED also provides psychographic analysis based on spending and behavioral tendencies
- CED can spatially represent suppliers, retailers, transportation hubs and marketing partners
A specialty container manufacturing company was looking to expand and was analyzing transportation costs for their inputs.

The Company wanted to locate its expanded operation near an existing supplier and wanted to know its location relative to its competitors.

The CED downloaded a list of the top fifty materials suppliers in the world by revenue and summarized the data by country.

The addresses of the domestic suppliers as well as other specialty container manufacturers (also gathered from Hoovers) were then geocoded and mapped using ESRI’s ArcGIS.
Conclusion

- For more information about BIAP or market research please contact the CED at (530) 898-4598 or msuplita@csuchico.edu