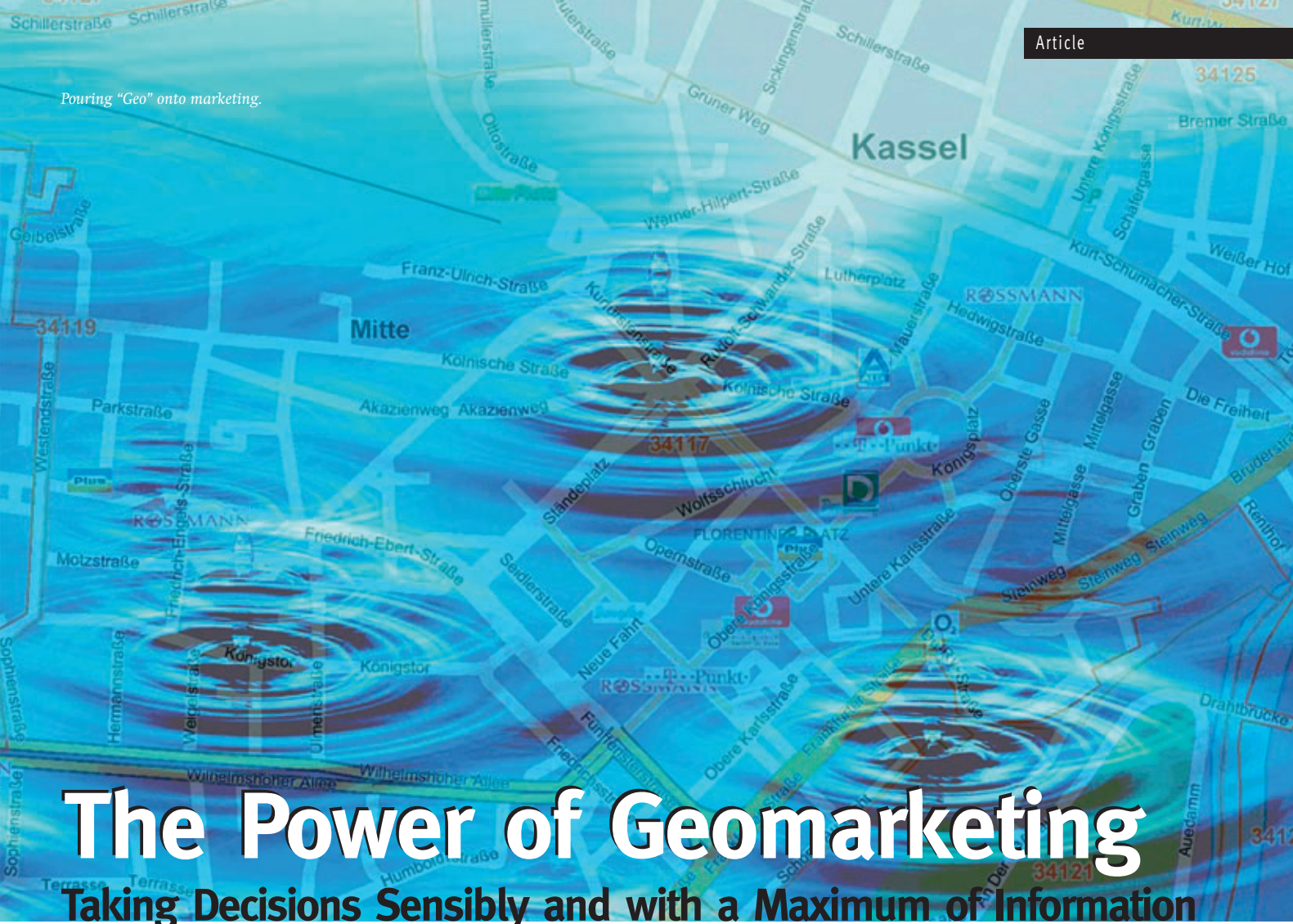


Pouring "Geo" onto marketing.



# The Power of Geomarketing

## Taking Decisions Sensibly and with a Maximum of Information

Everyone knows the benefits of GIS when it comes to surveying or risk-management. However the use of GIS-tools in marketing has not been widely discovered yet. In fact, marketing and water have at least one aspect in common: why flood the market with ads when a drop in the right spot can serve equally well? What you need is an irrigation system. This system is geomarketing.

By Petra Pommerening

### Geomarketing for Beginners

Imagine you own a travel agency with two points of sale. By the end of the year you find out that one agency is performing fine while the other one is doing exceptionally bad. You can either go for the soccer strategy - fire the manager and hire new players - or you can analyse the problem before taking further steps. Because travel tickets that have been booked are often mailed to the customer, you have their addresses that you then geocode with your newly purchased GIS software. Since you only know maps from school, you had hesitated at the investment at first. Especially since a friend told you that GIS software is only for specialists, it takes years to learn to apply, and in the end GIS is of no use at all. But your friend has never been a trendsetter anyway (though he is a very good golfer) - and so here you are with GIS in your hands.

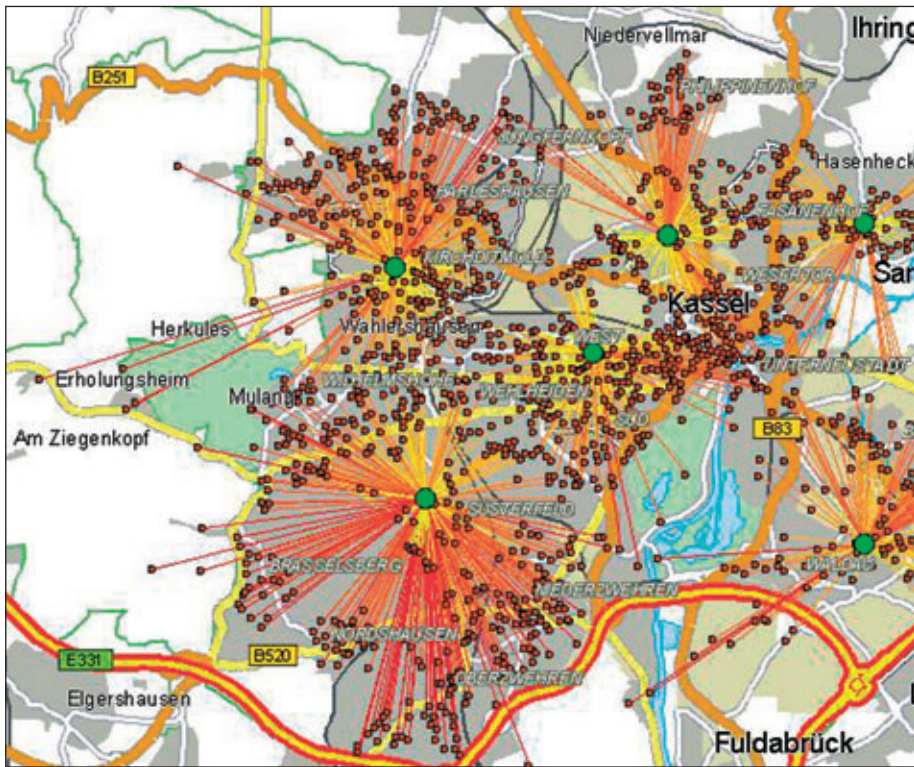
A wizard leads you through the geocoding and in an instant you have all your customers colour-coded according to the two points of sale on your digital map.

### Neighbourhood Blocks

Because people who live in the same neighbourhood are likely to share the same preferences - that is the reason why the lawn mower and the drill are still at the neighbour's -, you can classify your customers in clusters such as neighbourhood blocks. The boundaries as well as market data for the blocks are included in the geomarketing system. By using dialogues, the system guides you so that you find out in only an hour that 80 % of your customers live within a radius of 18 kilometres. The most potential ones are strikingly often in areas with middle income, few kids and posh cars, as the GIS, and the

market data that comes with it, tells you. In the end you find out that the crucial difference between the bad- and the well-performing agency is that one is located in an area with a lot of your target customers living close by. It is a place with plenty of offices in the immediate vicinity, with a lot of overworked employees searching for a holiday special during their lunch-breaks. The other one is situated in a town where nearly everyone commutes, people who hardly manage to drop by a supermarket when they come home late from work. You immediately take action and:

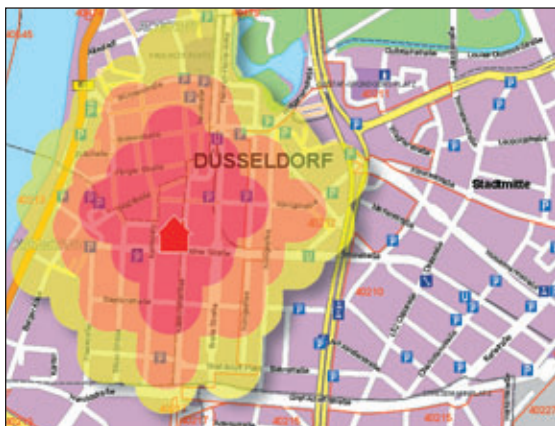
- Fire the manager anyway - he should have used the geomarketing tool to find out the reasons for the bad performance;
- Open a new agency in a spot identified by the geomarketing software to make up for the loss over the last year;



Spiders indicating the relation between customer and points of sale.

- Promote the employee who gave you the article about geomarketing as manager of your new agency;
- Put household ads in the high potential areas that you have now identified;
- Play golf with your friend and beat him for the first time in months as he is stunned by your experiences with geomarketing.

net infrastructures all the way up to the targeted development of new markets. Thus, geomarketing is more often applied in the entrepreneurial fields of controlling and expansion in order to objectively measure the success of the implementation. In real life this means that geomarketing offers a combination of data, maps and market information, as well as tools for analysis. Together with the company data, it is the key to the company's treasure chest.



Walking distance of the target customer.

### What is Geomarketing?

Actually, no one really knows what geomarketing is, as nearly everyone describes it in a different way. One possible definition is as follows: Geomarketing (as well-known as business-GIS or business mapping) analyses actual as well as potential markets according to their spatial structures, to more effectively plan and steer sales measurably. Geomarketing can be applied in the planning and steering of outlets, sales areas, and

### New Dimensions in Marketing

With markets becoming more and more saturated, marketing managers have to think of means to better exploit their customer potential and find new ones. On average, about 80% of all company data has a spatial component but only 20% of the data is used to some extent. Mostly, the reason for this discrepancy is the lack of possibilities for interlinking the information. A GIS presents such a possibility by making use of the addresses. Added value is achieved by accumulating the information. All of a sudden, the user of a geomarketing software is able to visualise a degree of information density in only one map that filled up several dozens of tables before.

This bit of information might not surprise an experienced GIS user but it is rather new and sometimes fairly unbelievable for marketing managers. Geomarketing is out there somewhere in the huge gap between survey-

ors and fancy marketing people, trying to combine the best of both worlds to achieve a win-win situation. But a drain from one side to the other does not take place. The idea of GIS in marketing and vice versa is still strange to both sides.

### Internet Connection

Nearly every move in the market has a spatial aspect. Even online buyers live somewhere and they buy accordingly. This means that people in rural areas use the Internet in a different way and for different purposes than people in cities do. But in both cases the type of Internet connection is crucial, such as for telecommunication companies who offer special rates for DSL customers. Special data like these are a highly valuable piece of information for selling products efficiently. Marketing is more than advertising and includes every decision a company makes concerning the customer, such as price, point of sale, and availability. Geomarketing is the means enabling the entrepreneur to take these decisions sensibly and with a maximum of information. Geomarketing makes the difference between wasting water and making the most of every single drop.

But after all the best thing is that it improves your golf proficiency.

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