



EQUIFAX[®]



Use Case

How retailers can better identify high-potential prospects

Leverage consumer economic insights to help drive business to new locations

Retail industry

CHALLENGE

Retail brands need new ways to find, and market to, potential high-value customers living near new store locations.

SOLUTION

Retail marketers and real estate planners can use insights on household economics and market potential, in conjunction with their internal data, to better help identify high-potential customers and prospects for marketing efforts.

OUTCOME

By using economic insights from Equifax, retailers can better narrow their target audience, help improve marketing campaign efficiency, and better gauge sales potential for new stores.

Retailers are continuously looking for ways to optimize their marketing spend while generating effective results. However, many retailers are not able to easily identify consumers with the capacity to spend on their products. By adding economic insights to customer and prospect records, retailers can better identify high-potential households that live near new and existing stores and that are likely to have the affinity to buy their products. With these insights, retailers can better define the target audience for marketing campaigns and help improve the efficiency of their marketing efforts.



Challenge: Optimize marketing campaigns promoting new store openings by better identifying high-potential prospects

To help ensure the success of new locations, many retailers strive to develop a better picture of their current customers as well as better gauge local market potential in order to help focus their marketing activities on higher-value prospects.

Most retailers have detailed information on current shoppers in their Customer Relationship Management (CRM) systems, including frequency of purchase and total amount of spend. However, marketing teams often have difficulty assessing if customers could possibly spend more with them, or identifying which prospects might have the capacity to spend on higher-end products like fine jewelry and gifts.

Solution: Apply economic-based segmentation to help define profiles for high-potential customers and prospects

Retailers can often benefit from the Economic Cohorts household-level economic-based segmentation system from Equifax in conjunction with their CRM data. By leveraging Economic Cohorts, retailers can better understand the profile of their current customers in terms of their likely economic positions (e.g., estimated total income and ability to spend) as well as behaviors, lifestyles, and communications preferences.

For example, a retailer can use CRM data from key buying periods, such as Christmas or other holidays, as the basis for analysis. Retailers will typically append their CRM records with Economic Cohorts data and match customer households with Economic Cohorts clusters in each market. Top-performing clusters are identified and further comparison can be made against the national distribution of these clusters to see how the customer base compares.

Profiles are typically generated for the top performing clusters in the customer base as a whole, and also for discrete store locations or markets. For a luxury retailer, a profile might include the following data points:

- **Income:** Top clusters generally fall within select estimated total income ranges (e.g., \$50–\$100K, \$100K–\$200K), whereby households in the clusters are often likely to have the income needed to purchase the retailer’s products.
- **Spending:** Households in top clusters typically have higher-than-average spending and often comprise a significant percentage of the overall spend at the retailer.
- **Distance to location:** The distance that the highest-spending customers traveled to shop at current stores can be easily identified.
- **Age and lifestage:** Households’ age ranges can be identified as well as which clusters have children in the household.

Retailers can better optimize their marketing spend by focusing on a sweet-spot of likely high-potential customers and prospects.

Outcome: With the addition of economic insights, retailers can likely reduce their target audience and still reach a high-potential sweet spot of buyers

Retailers can now combine economic data, insights, and prospecting lists from Equifax to enhance the efficiency of marketing efforts promoting new store openings, as well as on-going store campaigns. Economic Cohorts cluster information helps retailers paint a better-rounded picture of their high-value customers, which can then be applied to prospect lists.

Using the Economic Scorecard of their top clusters, marketers can better define their preferred target audience(s) of customers and prospects for marketing campaigns in terms of their likely income levels, estimated discretionary spending capacity, and affinity to purchase comparable goods.

To further narrow the target audience, a specific radius can be generated around each store that matches the estimated distance that existing customers travel to other locations. Detailed maps around potential new store locations can be generated using our data to show estimated household income ranges for potential buyers.

Looking at the trade area for new or proposed stores, retailers are better able to identify households that fall within top-performing Economic Cohorts clusters. Prospect lists can be matched to clusters and, based on prior analysis, we have seen retailers reduce their prospect lists anywhere from 10-40%.* By focusing marketing efforts on likely high-potential customers and prospects, retailers can possibly reduce their marketing campaign spend, sometimes as much as 60-80%,* while still reaching a high-potential sweet spot of buyers.

In addition, since our digital targeting services are based on the same foundation data and clusters, retailers are able to seamlessly apply their cluster preferences to online, email, and mobile marketing campaigns.



Core products used by retailers

Economic Cohorts®

Household-level segmentation product

Digital Solutions

Enhance integrated, cross-channel marketing and reach more consumers that are likely to have desired financial characteristics

Income360®

Continuous household-based dollar estimate of income uncapped up to \$2.0M

Ability to Pay Index™ (ATP Index)

Insights on households' estimated financial position by ranking households by likely economic capacity



Discretionary Spending Dollars™ (DS\$™)

Continuous household-based dollar value estimate of discretionary spending uncapped up to \$1.2M

CreditStyles® Pro

Aggregated credit measures segmenting households and neighborhoods based on likely credit availability, needs, and usage

Discretionary Spending Index™ (DSI®)

Continuous household-based estimated pending capacity score from 1 to 1,000

For more information on our solutions for retailers, [request](#) to receive our Marketing Solutions for Retailers document.

Note: DS\$ has been renamed to Spending Power™ and DSI has been renamed to Affluence Index™.

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*Stated results are based on prior Equifax customer projects. Your results may vary based on actual customer data and situation.

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