

Customer Profiling

FIND OUT "WHO" YOUR CUSTOMER REALLY IS

Gain an Accurate Description of Your Customer

Customer profiling services from Scenario Systems create descriptive segments or groups of your customers. Each segment has specific defining characteristics. A customer segment is not as simple as applying a demographic label, such as "women age 45-54" or "businesses with revenue >\$500 million."

Those descriptions alone won't tell you enough about your customer. For example, not all women age 45-54 have the same tendency to purchase your products. So a profile like this may not help you much, and you may waste resources marketing and selling to the wrong people.

That's why Scenario Systems takes a more comprehensive and disciplined approach to customer profiling. We use your own customer data, lifestyle cluster data, and analytical techniques.

The result is a more accurate description of your customer that can be used to identify areas where you can find more of your best customers.

What Goes Into a Customer Profile

What makes up a customer profile? It depends on whether your customers are businesses or consumers. In either case, you typically start with your own customer data (such as location, purchases, spending volume), append additional consumer or business data, then group into segments that share similar characteristics.

Consumer Customer Profiles

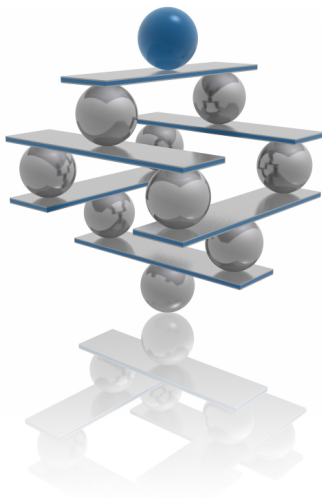
- Demographics - age, income, gender, ethnicity, education level, etc.
- GeoDemographic Clusters - there are many clustering databases available, and we will help you choose the right one for your specific profiling needs. Some are industry specific. Others are general. They often include data on interests, lifestyles, purchasing behavior, attitudes and more.
- Survey Data - based on data available for purchase or gathered through primary research.

Businesses

- SICs or NAICs - Standard Industry Classification (SIC) and North American Industry Classification (NAIC) codes are added to your customer data to determine type of business.
- Firmographics - this invented word is used by marketers to refer to a company's characteristics, including number of employees, revenue, growth rate and even specialty data such as the number of computers or spending on telecommunications.

Standard Customer Profiles

Customer profiles can be based on commercially available clustering systems, such as PRIZM®, MOSAIC® or TAPESTRY®. These systems build lifestyle clusters around households and adult populations based on the concept of "birds of a feather flock together."



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By grouping households with similar purchase and behavior patterns together, “clusters” or “segments” are formed. When we compare your customers to standardized, statistically stable clusters from commercial systems, we can identify the clusters more likely to buy or not buy your products.

Custom Customer Profiles

What if your target customer is a sub-segment of the adult population, such as Hispanics or women ages 35-44, or even children? In these cases, marketers often overlook the fact that profiles developed with these demographics alone are not optimized to deliver the strongest or most accurate results.

Scenario Systems has the solution. We combine geodemographic clustering systems with a custom index based on an analysis of your customer database. This custom index will account for your target population and customers in each cluster.

The custom index delivers a more accurate and usable foundation for making direct marketing decisions. You will know in which clusters you will find your specific target audience, and which clusters have greater penetration and potential patterns in data and convey information in a straightforward way.

Customer Profiling Benefits

Many of our customers ask for help in finding out who their customers are. It's an important question to ask — and answer. Once you perform customer

segmentation, you can understand who your customers are from a demographic perspective. And you're on your way to achieving many key benefits for your organization:

Understand Untapped Market Potential

An accurate profile of your customers allows you to analyze market areas or neighborhoods to understand your penetration rates and the market potential for your products and services. Penetration rate points to where market opportunity exists.

Improve Targeted Marketing

By identifying and understanding the customers in the clusters where you have the highest penetration, you can target marketing or business activities to those who are most likely to purchase your products. You can improve response rates and ROI by precisely marketing to prospects with offers that will appeal specifically to them.

Choose Better Sites

Customer profiling is a key analysis necessary to project the size of the total market opportunity, and project revenue and customers for new or planned locations. Few companies can make successful site selection decisions without first understanding customer profiles.

Applying Customer Profiles

Indexes and Penetration Provide Actionable Information Index and Penetration are two key elements of customer profiling and segmentation

services from Scenario Systems. We use indexes and penetration rates to help you discover market opportunity — where you can find more customers like your best customers.

Indexes and penetration rates provide the kind of actionable information you need to improve target marketing and site selection

Indexes Identify Customer Segments Likely to Purchase From You

Creating an index is a statistical process. An index compares how a group of people, such as your customers or the population of a given market geography, rate against a norm in terms of their expected behavior.

An index of 100 means the group (your customers, for example) will behave the same as the norm it is being compared against. An index over 100 means the group is more likely to behave in a specific behavior, such as purchasing your products; less than 100 and it is less likely.

Penetration Shows Where Potential New Customers Are

Penetration refers to how many customers you have in a given cluster, or customer profile, compared to the total size of the group. For example, you may have 5,000 customers in a trade area who fit profile A, which happens to represent your best customers, yet this trade area has a total of 100,000 people fitting profile A. In this case your penetration rate is 5% (5,000 is 5% of 100,000) — and there may be additional opportunity for you in this market.



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