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Staying in the Moment with Demographic Trends

As economic indicators across the U.S. change by the hour, with one region after another falling victim to the deepest recession in decades, retailers find themselves in a world where site selection decisions have become extremely challenging. Markets considered up-and-coming six months ago may no longer deserve a second look today as past projections for population growth turn out to be wrong and businesses that were previously thriving close down or move to other areas.

In this environment, up-to-the-minute demographic data and projections are vital for retailers. That's the niche that TARGUSinfo, a Vienna, Va.-based provider of identification, verification, scoring and location solutions, hopes to fill. A lot of competitors have stepped into this fold, all with different approaches to crunching numbers and producing advice on the best locations to build a new store or find ways to make an existing one operate better.

For its part, TARGUSinfo culls its demographic information from U.S. telecommunications and postal service data, according to Keith Peterson, senior vice president and general manager with the company. Since the postal service bases its household counts on active addresses, the company gets up-to-the-minute insight into how many households reside in a given block. This contrasts with the traditional model that many data providers take by using U.S. Census Bureau statistics—which are not updated as frequently—and using that information to project future population movements. As economic winds shift, those projections become less accurate, says Peterson.

Complementing postal data, TARGUSinfo also takes advantage of telecommunications data, including telephone lines, to establish whether a certain address houses a business or a residence and to estimate how many people might reside in a given household. That data is further combined with the standard psychographic information, which focuses on lifestyle and shopping preferences prevalent among different demographic segments, to give retailers a current, full-picture perspective on possible new sites. The company's

data is Web-based and can be accessible to everyone from the retailer's site selection department to the real estate professionals who scour potential sites in person.

"One of the things we've been hearing in the past year is that the tools and the data that people in our real estate practice have traditionally had access to don't work anymore," says Peterson. "We do updates to our consumer and business databases on a monthly basis. We can give you current demographic counts."

In addition, the company has the capacity to closely track store openings and closings within small market areas, in case a retailer's site selection strategy depends on certain co-tenancies. So if a TARGUSinfo client prefers to go into centers anchored by a Starbucks and Starbucks had just closed most of its stores in the market where the retailer was considering expansion, the firm will know about it.

In fact, the company can handle not only expansion, but contraction. TARGUSinfo's population and business movement data can help chains intent on cutting store counts determine which markets no longer provide enough economic potential.

TARGUSinfo's client list includes more than 100 retailers, among them Charming Shoppes Inc., Giant Eagle, Nordstrom and Saks Fifth Avenue.

What the firm is staying away from right now are advisory services—it prefers to provide its clients with the information and tools they need to make intelligent decisions in-house. Site selection "models that are built today can become obsolete very quickly," says Peterson. "We can do that, but we do not recommend [it] at this point in time."

—Elaine Misonzhnik

TARGUSinfo® On-Demand Insight