7 Ciphers™ Segmentation
"Cracking The Code On The Urban Market" >>

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Urban Market Demographic Profile >>

- 15% of the U.S. population, or 45.3 million trendsetting Americans have adopted the urban mindset

- $300 billion spending power

- Ethnically and culturally diverse
  - 57%   Caucasian
  - 20%   African American
  - 14%   Hispanic
  - 4%   Asian

- Geographically diverse
  - 49% Top 25 DMA's
  - 26% Rural
  - 25% other MSA's

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Urban Trend Indicators >>

- Urban is a mindset less defined by racial boundaries

- Urban has evolved into a transcultural place

- Urban is not monolithic (African-American is a racial group…urban is an attitude, awareness and lifestyle)

- Urban culture and lifestyle have become mainstream, driving and shaping mainstream behavior

- Hip-Hop's Generation X has matured and segmented

- Price value relationship growing in influence

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7 Ciphers™ Urban Market Segmentation >>

What It Is

A psychographic instrument that…

- Shifts the urban market paradigm beyond traditional race-based demographic approach

- Marries insights, information and data to align planning, investment and market-based decisions against specific segments yielding greatest ROI

- Provides a framework for public and private practitioners to pinpoint target market and develop effective urban market strategy, policy, etc.

- Captures critical mass within urban sub-segments

- Identifies behavioral and place-driven nuances to maximize growth opportunities (significant retail implications)

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7 Ciphers™ Segmentation >>

- Core Urban

- Tertiary Urban

- Contemporary Urban

- Sub-Urban

- Alternative Urban

- Organic Urban

- Vintage Urban

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7 Ciphers™ Consumer Profiles

Core Urban: 14-25; African-American, Acculturated Hispanic; Inner-city dwellers: Northeast Corridor (NYC, Philadelphia, DC, Baltimore, Boston); Innovator/Alpha consumer who defines trends first (music, language fashion, etc.); Heavy gamers; Urban culture software developers and content creators; Brand creators who stimulate mass appeal and adoption by general market youth;

Tertiary Urban: 14-25; African-American, Caucasian, Acculturated Hispanic; Atlanta (Georgia), Houston, Dallas, Memphis, St. Louis; Make it cool to be country and use country grammar; Project unique expression of urban culture based on southern experience ; Currently driving urban culture and popular culture influence; Boast strong regional preferences and tastes;

Sub-Urban: 14-25; Caucasian, African-American; Iowa, Michigan, Dallas, Cleveland; Aspires to replicate lifestyle of core urban and tertiary urban consumer; Drawn toward realism, rebellion and authenticity of Hip-Hop; Heavy gamers; Instant access to culture via media and internet; Disposable income to buy into trends; African-American suburban teens act as transporters of urban culture via exposure to inner-city relatives;

Contemporary Urban: 21-40; African-American, Acculturated Hispanic;; New Jersey, Atlanta, Dallas, Houston, LA, Chicago; Hip-Hop's Generation X; Upscale and affluent; Product of urban environment overcame obstacles on path to American Dream; Self-made moguls; Architects of modern urban culture; Identify with and influence urban trends downstream while preferences have moved upstream; Leading migration to new south;

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7 Ciphers™ Consumer Profiles

Organic Urban: 21-39; African-American, Caucasian; NYC (Brooklyn), Philadelphia, Chicago; Urban intelligentsia; Preference to live in redeveloped urban environments; College-educated, primarily at Historical Black Colleges and Universities; Resist commercialization in urban culture, especially music; Preference for classic soul and Satellite Radio format; Authenticity and being "true to self" is paramount;

Alternative Urban: 14-30; Caucasian, African-American; Same geography as Sub-Urban segment' Fusion of Rock, skate culture and Hip-Hop; Cultural transporters comfortable blending in rock or Hip-Hop environment; Product of suburban environment who maintains simplistic self-expression and doesn't aspire to replicate core urban lifestyle wholesale; "Mashed" style;
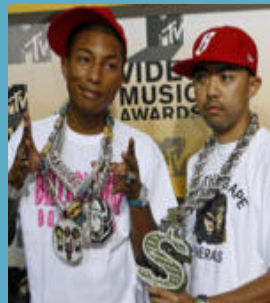
Vintage Urban: 21-39-; Asian-American, Caucasian, African-American; San Francisco/Bay Area, Maryland; Represent vintage/retro elements of urban culture; Innovators and early adopters from Asia (e.g. Japan) who were influenced early by Hip-Hop and urban culture and are now creating urban trends in fashion and technology (i.e. Nigo/BAPE); Reinforces originality by holding fast to classical elements of culture with contemporary twist;

7 Ciphers™ Pilot Study >>

<u>About The Pilot Study</u>

- Targeted sampling frame with1000 completes
  - Includes data from 200 non-qualifying respondents (general market implications).

- Reflects regional differences and projects onto national population

- RDD Data Collection

- Study implemented by Edison Research

- Industry-leading partners (MTV, Pepsi and The Brookings Institution)

- Built around latent class segmentation model designed by Professor William R. Dillon, renowned market research expert and Associate Dean of Southern Methodist University's (SMU) Cox School of Business

  - Published over 50 articles in the general areas of segmentation, positioning, market structure and issues related to the use of latent class/mixture and covariance structure models.

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7 Ciphers™ Pilot Study >>

UMI Benefits & Deliverables

- ## Proprietary Questions

1. Think about how far you might be likely to travel to find a significantly LOWER PRICE on basic goods and services such as food, clothing, personal care or banking

   - 57% of suburban dwellers willing to travel to the city from the suburbs to shop for basic goods of lower price;

   - 49% of urban dwellers willing to travel outside of the city to the suburbs to shop for basic goods of better quality

2. Think about how far you might be likely to travel to find a significantly BETTER QUALITY on basic goods and services such as food, clothing, personal care or banking

   - 70% of suburban dwellers willing to travel to the city from the suburbs to shop for basic goods of better quality;

   - 57% of urban dwellers willing to travel outside of the city to the suburbs to shop for basic goods of better quality

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UMI Benefits & Deliverables

- Classification tool and derivative product

  – Classification tool for use in ongoing studies and track specific segments over time

  – Map segments by geography/place (i.e. Contemporary Urban /Organic Urban – Uptown; Core Urban /Tertiary Urban– Inner-City; Sub-Urban/Alternative Urban – Outer Rung

  – Derivative product will use the record level data from the initial study to develop a 7 Ciphers™ segment index which will reference a geo-demographic neighborhood type at the zip code level

  – Derivative product available on a web interface such as Dataplace.org

7 Ciphers™ Pilot Study Results Snapshot >>

Q. Broadband vs. Dial-Up?

Core Urban	**Dial-Up**
Tertiary Urban	**Dial-Up**
Sub-Urban	**Broadband**
Contemporary Urban	**Broadband**
Alternative Urban	**Broadband**
Organic Urban	**Broadband**
Classic Urban	**Broadband**

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7 Ciphers™ Pilot Study Results Snapshot >>

Q. Time spent on internet?

Core Urban	*1-2 hours*
Tertiary Urban	*1-2 hours*
Sub-Urban	*2-4 hours*
Contemporary Urban	*2-4 hours*
Alternative Urban	*More than 4 hours*
Organic Urban	*2-4 hours*
Classic Urban	*More than 4 hours*

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7 Ciphers™ Pilot Study Results Snapshot >>

Q. Visit website before purchase?

Core Urban	*Almost never*
Tertiary Urban	*Almost never*
Sub-Urban	*Often*
Contemporary Urban	*Sometimes*
Alternative Urban	*Sometimes*
Organic Urban	*Often*
Classic Urban	*Sometimes*

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