

# **Use of Census Data by Retailers**

**Prepared on behalf of the**

**National Retail Federation**

**for a briefing hosted by The Brookings Institution**

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# What types of Census data are used?

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## 1. Directly from the Census Bureau

- Demographic (e.g., Decennial Census, American Community Survey [ACS], Current Population Survey)
- Economic (e.g., Census of Retail Trade)
- Geographic (TIGER)

## 2. Indirectly, from other Federal agencies (e.g., Bureau of Labor Statistics' Consumer Expenditure Survey)

## 3. Indirectly, from vendors providing Census data estimates and forecasts and geography for small areas (e.g., Claritas)

***NOTE: Usage of Census data, like other data, is dependent on ease of access, geographic and other detail, and timeliness (from collection to release). Internet access, PC's, DVD's, etc., have made Census data easier to obtain and use, thus increasing usage.***

# Why is ACS so critical to retailers?

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- The “old (but still relevant) adage”: Retail success depends on three factors: location, location, and location
- The “new adage”: Retail success depends on focusing on customers; providing products or services that customers value and tailoring marketing accordingly.

In either case, small area demographic data from Census is critical

- “Small area” = Census Block, Block Group, Tract, ZCTA\*
- Prior to ACS, available only ...
  - in Decennial Census (Summary Files 1-4; esp. “long form” data in SF-3)
  - from vendors providing census demographic estimates, forecasts
- With ACS, Summary File 3 and 4 data available ...
  - Every year for areas of 65,000 or more; starting in 2006
  - 5-year averages every year for Block Groups (replaces SF-3); starting in 2010

\* ZCTA = ZIP Code Tabulation Area ( $\approx$  ZIP Code areas as of Census Day)

# Why is ACS so critical to retailers? (cont.)

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Accordingly, ACS helps ...

- Profile demographics of trade areas
- Infer characteristics of customers based on their Census geography (which, in turn, is based on their address)
- Understand population characteristics at broader levels of geography, via the PUMS\* file
  - **Prior to ACS, available only once in 10 years, now every year**
  - **Three examples:**
    - **How many households in US have girls and/or boys 13-15?**
    - **What is the annual income of households with full time working mothers, married, with children 6-17?**
    - **How is travel time to work changing over time, by metropolitan area?**

\* **PUMS = Public Use Micro Sample, or a national dataset of households / housing units, and people; over time, ability to profile for sub-areas of US, such as metropolitan areas**

# **What decisions may be impacted by Census data?**

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- 1. Store location (market potential in an area)**
- 2. Product or service performance and outlook (market size and trends)**
- 3. Customizing offerings, media, and messaging based local market situation (e.g., radio ads in Spanish)**
- 4. Comparing retailer's customers to potential customers in market**
- 5. Designing samples and weighting responses in primary research surveys**
- 6. Evaluating accuracy of secondary (industry-based) research**

# What are the benefits?

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**In general, better data\* = better decisions = more efficient allocation of resources = better able to serve customers**

**\* Data that is more accurate, timely, detailed (by geography, product or service line, type of retail business), and accessible**

- **American Community Survey data, as it evolves over time to smaller levels of geography, enables retailers to make better decisions about locations and to customize offerings to localities.**

**Examples:**

- **Best Buy's customized store types, catering to specific customer segments (e.g., "BUZZ" vs. "JILL")**
- **JCPenney's allocation of merchandise varies by demographics (and other factors, such as temperature). In some cases, especially smaller cities, JCPenney provides a unique offering.**
- **The American Community Survey picks up demographic trends more quickly and provides the basis for survey sample design. Example: Rapid growth of single-person households.**