SEGMENTATION ANALYSIS

Downtown Boulder Phone Survey 2004

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Introduction

This segmentation analysis identifies the local groups of greatest value to the Downtown Boulder area. The analysis documents the segments of greatest value by their estimated spending in Downtown Boulder, then profiles those segments in terms of their perceptions of Downtown Boulder, including the strengths and weaknesses of the area, as well as what would bring them Downtown more frequently. This exercise is intended to assist in identifying the highest value segments, recognizing that many other important user groups exist as well, including out of state visitors and residents of the regional Front Range market.

Highest Value Segments

The segmentation analysis clearly identified a top tier comprised of three high-value segments on a per person spending basis, and a fourth high value segment on a contribution to total revenue basis (based on the large size of this segment). These four segments of Downtown Boulder users are the highest value.

HIGHEST VALUE SEGMENTS

1. Central/North Boulder resident, Empty Nester
2. Central/North Boulder resident, couple without children
3. Central/North Boulder resident, household with children at home

Additionally, a fourth segment is important, primarily because of the size of the segment rather than the per person spending of the segment

4. Central/North Boulder resident, single without children

Please see the Segmentation Process section beginning on Page 4 for a full explanation of how these four segments were determined.

Segment Profile

As mentioned above, the Downtown Boulder Intercept Survey was utilized to define the key high-value segments. These segments were then profiled using the recent Downtown Boulder Phone Survey. The four target segments were studied for particular patterns and motivations, likes and dislikes, and other information related to Downtown Boulder. This section outlines some of the key patterns of these four groups.

Table 1
Characteristics of Highest Value Segments

	Central/North Boulder resident **Empty Nester**	Central/North Boulder resident **Couple no Children**	Central/North Boulder resident **Family with Children**	Central/North Boulder resident **Single no Children**
Average two-month value	$578.70	$557.94	$529.61	$258.77
% of Local Users	5.3%	6.0%	10.0%	30.4%
% of 2-Month Local Spending	9.7%	10.1%	16.6%	22.9%
Spending Index *(100=average spending of all local users)*	184	170	167	75
Perceptions of DT Boulder	Below average for all, particularly restaurants and street entertainment; average to below average perception of parking	Above average for most, below average for perception of parking	Well above average; above average perception of parking	Average to above average, well below average for cost of parking
Positive Attributes	Landscaping, flowers, and trees; **friendly atmosphere**; **people watching**; pedestrian aspect; restaurants; nice shops	**Architecture**; nice shops; landscaping, flowers, and trees; street performers; **historic quality**	Landscaping, flowers, and trees; restaurants; nice shops; pedestrian aspect	Landscaping, flowers, and trees; shopping/nice shops; pedestrian aspect; **bike paths**

	Central/North Boulder resident **Empty Nester**	Central/North Boulder resident **Couple no Children**	Central/North Boulder resident **Family with Children**	Central/North Boulder resident **Single no Children**
Negative Attributes	Parking is hard to find; no stores I like; too many panhandlers; local businesses closing/ national chains moving in; shopping has declined	Parking is hard to find; local businesses closing/ national chains moving in	Parking is hard to find; too many panhandlers; local businesses closing/ national chains moving in; no stores I like	Parking is hard to find; **too expensive**; **too crowded**; parking too expensive; local businesses closing/ national chains moving in
Changes to Increase Frequency	Better mix of stores/ more local stores; more affordable/ less expensive stores	**Free parking; expanded parking facilities**; better mix of stores/ more local stores	Better mix of stores/ more local stores; more affordable/ less expensive stores	Better mix of stores/ more local stores; more affordable/ less expensive stores; free parking; **less expensive metered parking**
Spending patterns	Above average *increase* in amount spent for dining; above average *decrease* for amount spend on entertainment and shopping Downtown	Above average *increase* in amount spent for dining; above average *decrease* for amount spend on entertainment and shopping Downtown	Above average *increase* in amount spent for dining; above average *decrease* for amount spend on entertainment and shopping Downtown	Above average *decrease* in amount spent for dining; above average *increase* for amount spent for entertainment
Other information	Average attendance at Downtown events, Above average proportion saying Downtown has improved over the past several years	Below average utilization of parking garages (many walk or take the bus, Above average participation in Downtown events, particularly Bands on the Bricks and special arts and crafts fairs; None said Downtown has improved over the past several years	High participation in Downtown events, particularly Boulder Creek Fest, Farmer's Market, Christmas Lights/Parade, and Bands on the Bricks; High awareness of DT Boulder advertising; one-third are employed in the Downtown area	Less likely to say panhandlers are a deterrent; below average utilization of parking garages (many walk downtown); below average awareness of advertising
Demographics	38% have income of $50,000 to $99,999; 26% earn $100,000+; 92% aged 55 and over	53% earn $50,000 to $99,999; 24% have income of $100,000+; Diverse in terms of age, ranging from 25 to 65	50% have income of $100,000+; 79% aged 35 to 54	Much lower household income (b/c only one wage earner); 75% earn $25,000 to $99,999; 56% aged 35 to 54; above average proportion of renters (44%)

Segmentation Process

Data from the past six years of the Downtown Boulder Intercept Survey was used to define each of the segments. Three factors were considered to define the local segments: *geographic residence*, *household income*, and *household status*. Each segment was defined by a combination of these three factors, resulting in 48 different segments. Following a careful study of these 48 segments, two factors emerged as being most predictive of total spending: geographic residence and household status. The combination of these two factors resulted in 12 total segments of interest.

Table 2
Factors Used to Define Segments

Data Source Used	Factors Considered	Factors Actually Used (based on most predictive results)
Downtown Boulder Intercept Survey, 6 years of survey data (1998 to 2003)	• Geographic Residence ○ Central/North Boulder (*Chautauqua and north, west of 28th Street*) ○ South/East Boulder/Gunbarrel (*south of Chautauqua, east of 28th Street*) ○ Louisville/Superior/Lafayette/ Eldorado Springs • Household Income ○ Under $50,000 ○ $50,000 to $74,999 ○ $75,000 to $99,999 ○ $100,000 or more • Household Status ○ Single no children ○ Couple no children ○ Household with children at home ○ Household with grown children no longer at home ("Empty Nester") *(48 potential segments)*	• Geographic Residence ○ Central/North Boulder ○ South/East Boulder/Gunbarrel ○ Louisville/Superior/Lafayette/ Eldorado Springs • Household Status ○ Single no children ○ Couple no children ○ Household with children at home ○ Household with grown children no longer at home ("Empty Nester") *(12 actual segments)*

Value of Segments

The value of each segment was calculated by determining the *average per person spending* (including those not spending any money), and multiplying it by the *average number of trips* to Downtown Boulder in the past two months. The product of these two figures resulted in an ***average per person 2-month spending*** amount, which was used to prioritize the segments.

As seen in the table below, three segments clearly emerge as the most important on a per person spending basis. All three are Central/North Boulder residents: Empty Nesters, Couples without Children, and Households with Children at Home.

A second tier consists of East/South Boulder/Gunbarrel residents who are Empty Nesters or households with children at home. Other segments represent a third tier of users in terms of per person spending.

Table 3
Average per person 2-Month Value

GEOGRAPHIC RESIDENCE	HOUSEHOLD STATUS	Avg. per person 2-month value	Percent difference from prior segment	
Central/ North Boulder	Empty Nester	$578.70		
Central/ North Boulder	Couple, no children	$557.94	-3.6%	1st Tier
Central/ North Boulder	Household with children at home	$529.61	-5.1%	
East/ South Boulder/ Gunbarrel	Empty Nester	$430.92	-18.6%	2nd Tier
East/ South Boulder/ Gunbarrel	Household with children at home	$362.88	-15.8%	
East/ South Boulder/ Gunbarrel	Couple, no children	$307.08	-15.4%	
Louisville/ Lafayette/ Superior/ Eldorado Springs	Couple, no children	$296.54	-3.4%	
Louisville/ Lafayette/ Superior/ Eldorado Springs	Household with children at home	$277.65	-6.4%	
Louisville/ Lafayette/ Superior/ Eldorado Springs	Empty Nester	$262.37	-5.5%	3rd Tier
Central/ North Boulder	Single, no children	$258.77	-1.4%	
East/ South Boulder/ Gunbarrel	Single, no children	$218.80	-15.4%	
Louisville/ Lafayette/ Superior/ Eldorado Springs	Single, no children	$146.52	-33.0%	

Size of Segments

Adding one more layer to the analysis, the impact of each segment was then quantified based on the approximate *size of the segment*. This additional step is important because a certain segment might be important on a per person basis, but if the segment itself is quite small, the overall importance of the segment would decline. On the other hand, a segment that is not important in terms of the per capita dollars it generates might be quite large in terms of total Downtown users, and thus that segment might be elevated in importance.

When the size of the segment is taken into account, a fourth important group emerges: Central/North Boulder residents, *singles without children*. Because this segment is so large in terms of aggregate number of people (30.4 percent of local Downtown users), this segment is elevated to the number one group in terms of total 2-month spending – 22.9 percent of all local Downtown Boulder spending. However, the average per person 2-month spending for this segment is noticeably smaller ($258.77) than the other three segments discussed above; it is the number of people in the segment that makes this group important. This group includes some students, but the majority of this segment is not part of the student population.

Table 4
Local Segment Size and Percent of Total 2-Month Local Spending

GEOGRAPHIC RESIDENCE	HOUSEHOLD STATUS	% of Local 2-month Spending	% of Local Users	2-Month Local Spending Index
Central/ North Boulder	Single, no children	**22.9%**	30.4%	75.4
Central/ North Boulder	Household with children at home	**16.6%**	10.0%	166.6
East/ South Boulder/ Gunbarrel	Single, no children	**13.9%**	20.8%	66.7
Central/ North Boulder	Couple, no children	**10.1%**	6.0%	169.7
Central/ North Boulder	Empty Nester	**9.7%**	5.3%	183.7
East/ South Boulder/ Gunbarrel	Household with children at home	**9.4%**	8.5%	111.6
East/ South Boulder/ Gunbarrel	Empty Nester	**5.4%**	3.8%	141.2
East/ South Boulder/ Gunbarrel	Couple, no children	**5.0%**	5.3%	94.5
Louisville/ Lafayette/ Superior/ Eldorado Springs	Household with children at home	**3.1%**	4.1%	75.8
Louisville/ Lafayette/ Superior/ Eldorado Springs	Couple, no children	**1.8%**	1.9%	96.0
Louisville/ Lafayette/ Superior/ Eldorado Springs	Single, no children	**1.2%**	3.1%	40.8
Louisville/ Lafayette/ Superior/ Eldorado Springs	Empty Nester	**0.9%**	1.1%	83.0
TOTAL		**100%**	**100%**	**100**

The index is another way of looking at the impact of the individual segments. It measures the proportion of local spending of any given segment versus that segment's proportion of the local user population. An index of less than 100 indicates that the segment spends less than their size would indicate, and an index of greater than 100 means that the segment accounts for a disproportionately high share of the local spending. The segments with the highest index are the three mentioned previously – residents of Central/North Boulder who are empty nesters (index of 183.7), couples without children (index of 169.7), or families with children at home (index of 166.6).

This segmentation process identified four key segments for the Downtown Boulder community. These four represent the highest value segments for the area, and Downtown Boulder should to focus attention.