

## Section 4: Local Market Psychographic Analysis

As another step in building a firm foundation for the 21<sup>st</sup> Century Plan for the of Santa Fe Public Library (SFPL), the Consultants proposed that the scope of work outlined in the Request for Proposal (RFP) include an analysis of Library customers, to further understand the needs SFPL must meet. The contents of this Section document the process and findings of that effort.

This portion of the Plan serves to explore community needs and desires through quantitative gathering and analysis of data about current SFPL customers. This process included identifying Library customer behaviors that indicate current or potential needs that SFPL could be well-positioned to fill.

The *Santa Fe Community Services Department Core Values* concepts of Equity, Fairness, and Collaboration in planning and implementing community initiatives apply to this analysis. Findings included profiles of consumer characteristics of current core SFPL customers, organized around a standard industry market segmentation system. Consumer lifestyle market segmentation systems classify U.S. households and neighborhoods into unique segments. These classification systems provide highly granular data on consumer socio-demographics, lifestyles, behaviors, and culture – known as psychographics.

**Market Segmentation Process.** To provide valuable insight into the Santa Fe library marketplace, the Consultants analyzed existing customers (Library users) and identify potential customers (infrequent and non-users of the Library). The Consultants employed a Market Analysis Consultant and their expertise in customer analytics to assist in these endeavors.

This process is based on accurate customer behavior – not what people say they do – but actual transactional data on how consumers spend their time and their money. And because data is gathered at the household level, it is significantly more granular than census block or zip code recapitulations. This granularity easily lends itself to direct mail marketing, if so desired.

The Consultants used one of the most common consumer lifestyle market segmentation systems to perform our Santa Fe market analysis at the household level, with supporting maps and graphics to demonstrate demographic trends for each of three existing Library service areas. This analysis determined where current SFPL customers reside in relation to each Library, in terms of the time to drive there. Drive-time analyses were used to delineate the service areas of each existing SFPL facility, based on actual cardholder household locations. A similar process can then be used in projecting future geographic patterns of Library use.

**Local Market Analysis.** Summarized succinctly, the process we used for the market analysis of Santa Fe followed these steps:

1. Determine the merchandising categories SFPL wishes to use to analyze, e.g. adult fiction, children's easy/picture books, DVDs, wireless network use, etc.
2. Request Integrated Library System (ILS)-based data for SFPL cardholder records.
3. Merge SFPL cardholder records with the Consultants' consumer behavioral data for households in Santa Fe.
4. Geo-code Library cardholder households to a map of the Santa Fe area.
5. Determine the drive-time boundary within which 75% of SFPL cardholder households are located, yielding the average amount of time a large majority of customers are willing to drive to their preferred Santa Fe Library.
6. Develop customer and non-customer profiles.
7. Determine SFPL's core customers through segmentation matching across all market segments for Santa Fe, including market penetration for each core customer segment.
8. Develop a predictive model of future customer behavior.
9. Establish the best future service outlet locations, based on where core customers live.
10. Determine the optimum services mix of merchandising categories for each library service outlet location (to be performed by SFPL staff).

Findings from these tasks are summarized on the following pages.

### Customer Analytics Using Market Segmentation

The Consultants employed Experian's Mosaic®USA, a prominent household-based consumer lifestyle segmentation system that uses consumer transactional data to classify all U.S. households. Profiles of each segment provide a view of consumers' choices, preferences, and habits. The Mosaic system delineates U.S. consumers and their socio-demographics, lifestyles, behaviors, and culture – providing marketers such as the City of Santa Fe and SFPL with accurate and comprehensive views of their customers and markets. Mosaic helps clients compare their ideal customer against their current core customer in order to build a profile for prospecting and developing new ideal customers.

**The Mosaic Market Segmentation System.** Mosaic USA classifies all U.S. households into 71 unique market segments (1 to 71) and 19 overarching groups (A to S). Mosaic codes each Group and Segment with an alpha-numeric code (alpha Group code and numerical Segment code, A01 through S71). The system describes the socio-economic characteristics and consumer behavior of each.

The alpha-numeric codes are organized around household income, so the “A” segments (A01 through A06) have higher income ranges than the “B” segments – and so on down the list – with the “S” segments having little or no household income. The descriptions of each segment go into demographics, consumer lifestyles and behaviors – typical age ranges, family size, culture, entertainment and activity preferences, language(s) proficiencies, etc. These characteristics can be predictors of library usage – or more precisely – predictors of the library services and programs that would be of interest to households within each segment.

No individual market segment description fully captures the unique specifics of Santa Fe. Some segment descriptions are somewhat generalized, mentioning coastal families, or those in the Midwest, or near military bases. Despite these generalizations, each segment identified in this Report has relevance to a significant portion of Santa Fe City and County residents.

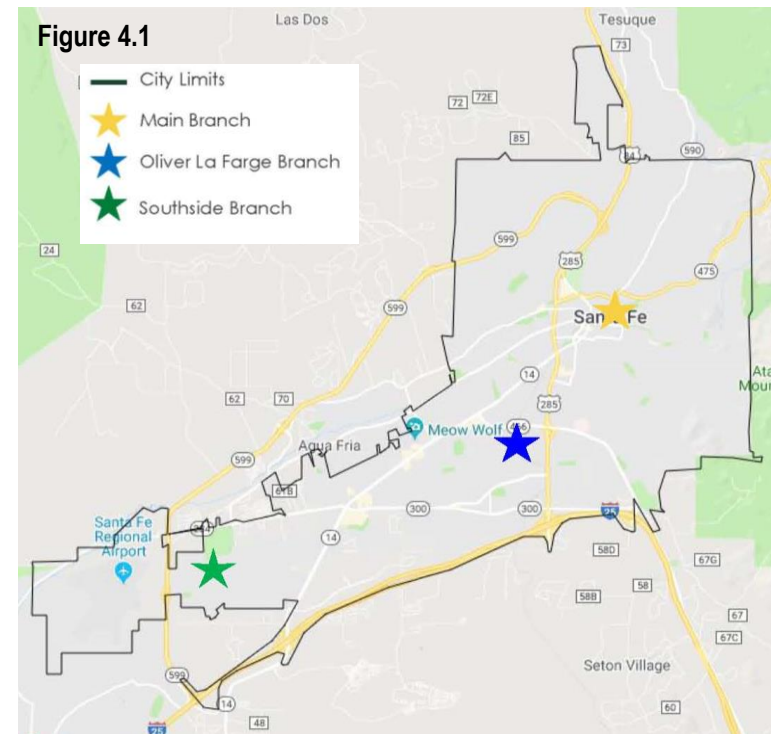
The use of market segmentation informs future library needs at the household level. This information is critical to the ability to recommend optimum future library site locations and services. Details about Mosaic USA may be found in Appendix 4.1 spanning 191 pages and covering all 71 segments, and at:

[www.experian.com/marketing-services/consumer-segmentation](http://www.experian.com/marketing-services/consumer-segmentation)

**P3 Cardholder Data.** The Consultants requested and received original library cardholder records from SFPL, which totaled 42,014. Of that total, 34,520 were able to be geo-coded to the cardholder's address. Of those geo-coded records, 23,329 unique addresses were included – indicating several households in the greater Santa Fe area have multiple residents registered as SFPL cardholders. Databases created came from data SFPL provided for Consultant analysis.

The City of Santa Fe retained ownership of all databases created for the project. Once cardholder addresses were geo-coded, the segmentation codes were applied to support the drive-time and market segmentation analyses. They utilized actual Library cardholders' addresses to geo-code and append segmentation codes. All Santa Fe households were grouped into only one of the 71 segment types.

**Library Service Outlet Location Data.** Borrower data were received for all three Santa Fe Library locations. The cardholder households were geo-coded and mapped for the three locations depicted on the map in Figure 4.1.



### Determining Service Areas for Each Library

The actual borrower household locations were used to determine the service area boundaries for each existing SFPL location, based on drive-time. This task identified the time, in minutes, Library customers are willing to drive to an SFPL branch, considering speed limits, road types, time of day, and traffic patterns. The resulting boundaries were then mapped on the Santa Fe street network to define the **drive-time service area** for each Library, as depicted on the map in Figure 4.2.

**Establishing Drive-Time Service Areas.** The drive-time service area reveals a convenience factor of library usage as “voted” on by SFPL cardholders, in terms of their driving time. The Drive-Time Analysis is also used to delineate the service areas of each existing and new SFPL facility, based on actual cardholder household locations.

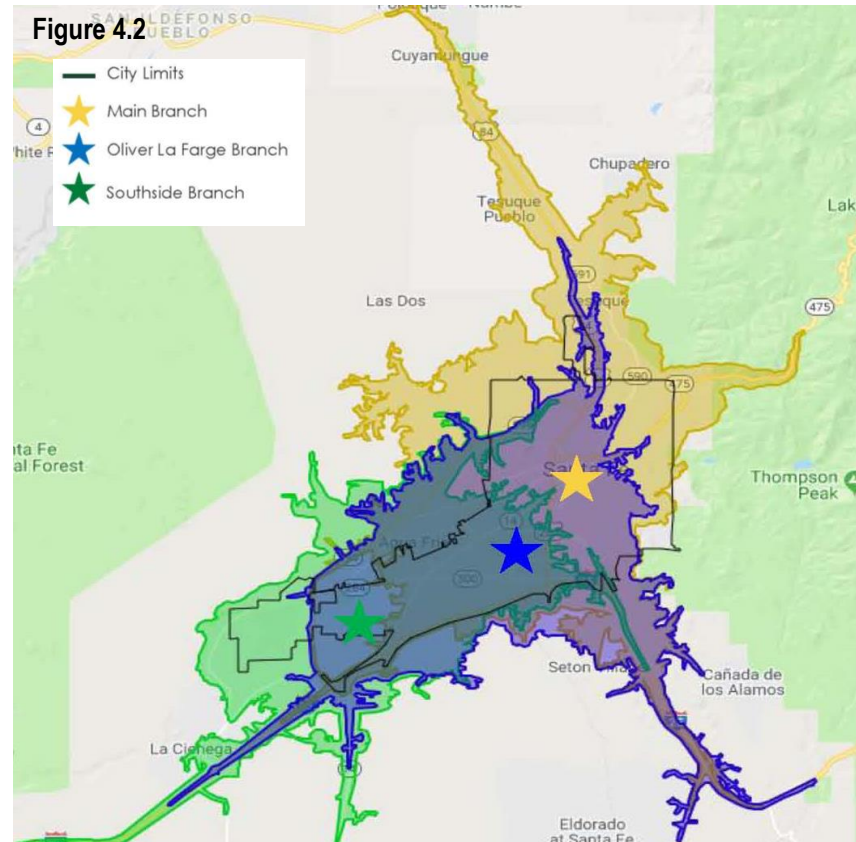
The definition of drive-time service areas was critical in assuring optimal service delivery and convenience for all residents of the greater Santa Fe community. This analysis was fundamental in organizing data by existing Library location, and it provided the following benefits:

- Identified the area where customers live relative to a given branch.
- Mapped these data points at the household level.
- Clearly defined geographic boundaries of all branch library service areas.
- Identified branch service area overlap and gaps.
- Ensured consistency of data collection inside and out of these defined boundaries, eliminating duplicate counting of households.

These calculations formed the basis for analyzing City coverage of existing locations and for potentially selecting sites for new facilities in two ways:

- By identifying geographic gaps between service areas.
- By calculating the number of households within any proposed service area.

The Consultants could then identify new service outlet locations based on where the majority of SFPL customers live who are not within convenient driving time of an existing Library. We were positioned to suggest solutions for under-served neighborhoods where a significant number of households are without vehicles, if such exists in Santa Fe. The intent of these analyses was to determine if an efficient library network existed that maximized coverage of the City while minimizing overlaps of service. The Consultants analyzed service gaps – both geographic coverage and in mix of services – at each Library location.



**Local Relevance.** In order to utilize the Mosaic system for SFPL’s benefit, Library cardholder records were merged with the Market Analysis Consultants’ consumer behavioral data. Their extensive databases of over 113 million households in the U.S. – stored, maintained, and updated in-house – were matched with actual library cardholder records received from SFPL to build Santa Fe customer profiles.

After profile matching was completed, the Mosaic system categorized customers into distinct market segments to help SFPL and the Consultants understand the different types of library customers within Santa Fe. This analysis defined which consumer segments were relevant for each existing library service area, as well as system-wide.

**Determining Core Customers.** An analysis of SFPL customers and potential customers yielded the identification of core Library customers, based on the likelihood of their Library use. To be considered a core customer for the purposes of this Report, a segment must comprise at least 1% of the borrower base and must index above the average. Once determined, this data can be used to inform merchandising recommendations and help decision-makers to optimize branch services for targeted consumers, be they library cardholders or not. It also revealed your level of market penetration – not only in general terms, but on a customer segment-by-segment basis.

**Predictive Performance Modeling.** A predictive performance model approximates future performance based on existing customer history, helping decision-makers by strategically evaluating existing performance and providing forecasts for existing and potential locations. The predictive performance model becomes the driver for many decisions, including overall market optimization.

As a result of the model development process, it was intended that the output would provide a performance index for several merchandising categories at each of the three existing Libraries, and any potential future library location. However, SFPL was unable to extract customer data on merchandising category use from their integrated library system, so the Consultants were unable to fulfill this portion of the work.

### Psychographic Findings & Conclusions

The amount of the data generated from this process was extensive. The Consultants summarize the highlights of findings and conclusions here.

**Service Area Analysis.** The findings of this analysis revealed the travel time around each branch service area within which 75% of borrowers live:

- The majority (75%) of Main Library customers live within a 22-minute drive time of the Main Library.
- The majority of Southside Library customers live within an 18-minute drive from that location.
- The majority of La Farge customers live within 17-minutes of that location.
- The average drive time for all three libraries computes as 19 minutes.
- There is significant overlapping of the service areas of the three existing SFPL facilities, strongly suggesting Library cardholders regularly visit multiple Branches. This finding was confirmed by qualitative feedback from the community input process.

The Consultants' experience with other public library service area drive-times in urban areas is that they typically span 8-minutes in Fort Worth, Texas to 16-minutes in Jacksonville, Florida – with somewhat similar distances between libraries as in Santa Fe. This suggests that traversing the Santa Fe street network is more cumbersome than typical urban environments. Of note, Fort Worth has several freeways that serve as impediments to free-flowing cross-traffic. Jacksonville has several freeways and a number of lakes and rivers that serve as traffic impediments.

**Service Area Coverage of City Limits.** Individual branch library service areas extend beyond the City of Santa Fe borders. Combined, the existing service areas cover almost all of Santa Fe's city limits. As depicted in the map in Figure 4.3, the composite library service area (combining all three color-coded locations) extends well into the County to the south, the east, and the north.

**Customer Profiles.** The overlaying Mosaic behavior data with SFPL cardholders allowed for the identification of overall library customer profiles using psychographic lifestyle segmentation and actual cardholder preferences – both in the Library and through other consumer transactions. This comparison of the SFPL profile to the profiles of every household within each service area identified which market segments indexed as being core customers – or non-core customers.

**Core Customers.** The identification of which cardholder market segments were most important to SFPL, and therefore, should be considered primary, secondary, tertiary core customers, resulted in these findings:

- Market segment profiles describe the SFPL's high-use core customer, potential customers, and unlikely customers – in terms of their lifestyle characteristics, purchasing behaviors, media habits, demographics, etc.
- Interests and preferred Library services of the various consumer profiles in Santa Fe can be identified and documented.
- Library services that could appeal to existing and potential library customers – which resources they use most, and additional resources they would be likely to use – can be identified.

With SFPL's best customer segments determined, the Library is able to identify similar households in any geography. The result of the profile analysis tells the Library the size of the potential market for each service area that is currently provided and/or planned.

Descriptions of Santa Fe Public Library’s system-wide core customer market segments, as provided by Experian/Mosaic are:

**Primary Core Customers.** Segments indexing over 120 are considered as being Primary customers:

- **Segment A04: Picture Perfect Families.** Established families of child-rearing households living in wealthy suburbs.
- **Segment A05: Couples with Clout.** Middle-aged, childless couples living in affluent metro areas.
- **Segment B09: Family Fun-Tastic.** Upscale, middle-aged families with older children pursuing busy kid-centered lives in satellite cities.
- **Segment E20: No Place Like Home.** Upper middle-class multi-generational households in exurban areas.
- **Segment H26: Progressive Potpourri.** Mature, multi-ethnic couples with comfortable and active lives in middle-class suburbs.
- **Segment I33: Balance & Harmony.** Middle-class families living lively lifestyles in city-centric neighborhoods.
- **Segment O55: Family Troopers.** Families and single-parent households, often living near military bases.
- **Segment P59: Expanding Horizons.** Middle-aged, mid-scale income families living mainly within US border cities.

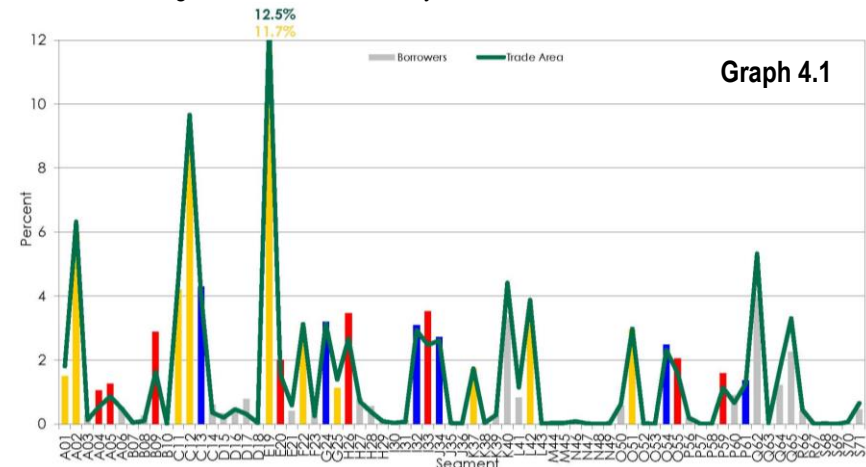
**Secondary Core Customers.** Segments indexing over 100 are secondary:

- **Segment C13: Silver Sophisticates.** Mature, upscale couples and singles in suburban homes.
- **Segment G24: Status Seeking Singles.** Younger, upwardly-mobile singles living in mid-scale metro areas leading leisure-intensive lifestyles.
- **Segment I32: Steadfast Conventionalists.** Conventional Generation X families located in selected city homes.
- **Segment J34: Aging in Place.** Middle-class seniors living solid, suburban lifestyles.
- **Segment O54: Striving Single Scene.** Young, multi-ethnic singles living in Midwest and Southern city centers.
- **Segment P61: Humble Beginnings.** Multi-cultural singles and single-parent households with mid-scale incomes in city apartments.

**Tertiary Core Customers.** Segments indexing over 80 are considered tertiary:

- **Segment A01: American Royalty.** Wealthy, influential, and successful couples and families living in prestigious suburbs.

- **Segment A02: Platinum Prosperity.** Wealthy, established empty-nesting couples residing in suburban homes.
- **Segment C11: Aging of Aquarius.** Upscale boomer-aged couples living in city and close-in suburbs.
- **Segment C12: Golf Carts & Gourmets.** Upscale retirees and empty-nesters in comfortable communities.
- **Segment E19: Full Pockets, Empty Nests.** Empty-nesting, upper middle-class households with discretionary income living sophisticated lifestyles.
- **Segment F22: Fast Track Couples.** Active, young, upper middle-class suburban couples and families living upwardly-mobile lifestyles.
- **Segment G25: Urban Edge.** Younger, up-and-coming singles living big city lifestyles located within top CBSA markets.
- **Segment K37: Wired for Success.** Young, mid-scale singles and couples living socially-active city lives.
- **Segment L42: Rooted Flower Power.** Mid-scale baby boomer singles and couples rooted in established suburban communities, approaching retirement.
- **Segment O51: Digital Dependents.** Mix of Generation Y and X singles who live digital-driven, urban lifestyles.



graphic key:

- Primary Core Customers are the most likely to be SFPL users;
- Secondary Core Customers are not as likely to be SFPL users as primary core borrowers, but still very likely;
- Tertiary Core Customers are less likely to be SFPL users, but are opportunity segments.
- Library Cardholders who are least likely to use SFPL.

Core customers' varying propensity to use the Library is differentiated by color-coded bars as on Graph 4.1, distinguishing between Primary, Secondary, and Tertiary Core Customer segments for the overall system. As the Graph shows, there are SFPL cardholders (red, blue, yellow, and gray bars) across the entire Santa Fe Trade Area (jagged green line). And there are market segments that do not (or barely) exist, in Santa Fe, such as M44 through N49.

Table 4.1 summarizes core customer distribution for each Library location and system-wide, using the same red, blue, and yellow color-coding for the dots.

**Table 4.1**  
Distribution of Core Customers, by Location

Segment	Overall Profile	Main Branch	Oliver La Farge Branch	Southside Branch
A01: American Royalty	•	•		
A02: Platinum Prosperity	•	•	•	
A04: Picture Perfect Families	•		•	•
A05: Couples with Clout	•		•	•
B09: Family Fun-Tastic	•	•	•	•
C11: Aging of Aquarius	•	•	•	•
C12: Golf Carts and Gourmets	•	•	•	•
C13: Silver Sophisticates	•	•	•	•
C14: Boomers and Boomerangs	•		•	•
D17: Cul de Sac Diversity				•
E19: Full Pockets, Empty Nests	•	•	•	•
E20: No Place Like Home	•	•	•	•
F22: Fast Track Couples	•		•	•
G24: Status Seeking Singles	•	•	•	•
G25: Urban Edge	•	•	•	•
H26: Progressive Potpourri	•	•	•	•
H27: Birkenstocks and Beemers				•
H28: Everyday Moderates				•
I32: Steadfast Conventionalists	•		•	•
I33: Balance and Harmony	•		•	•
J34: Aging in Place	•	•	•	•
K37: Wired for Success	•	•	•	
K40: Bohemian Groove		•		
L42: Rooted Flower Power	•	•	•	•
O51: Digital Dependents	•	•	•	•
O54: Striving Single Scene	•	•	•	•
O55: Family Troopers	•		•	•
P59: Expanding Horizons	•		•	•
P60: Striving Forward				•
P61: Humble Beginnings	•		•	•

**Market Segmentation Findings.** Insights into the Santa Fe Library customer profile allow SFPL to not only understand their cardholders, but to also be able to align services and resources to best serve each Library's service area. SFPL will be better informed about the spaces needed, furniture and equipment needs, in what proportions, etc.

The customer profile analysis of SFPL's core customer segments revealed:

- Segments B09: Family Fun-Tastic and H26: Progressive Potpourri are the predominant Primary Core Customer segments across the Library system, as well as at all three Library locations.
- Segments A04: Perfect Picture Families, A05: Couple with Clout, and I33: Balance and Harmony are the predominant Primary Core Customer segments across the Library system and at two of the three locations.
- Segments A01, A02, A04, and A05 are core customers, and among the wealthiest households in the U.S., often with teens living at home. These households have potential for being members of a philanthropic Library Foundation and/or donors to SFPL, as would be segment B09.
- Segments C11 through C14 tend to be highly educated but not particularly tech-savvy core customers.
- Segment D17: Cul de Sac Diversity, is comprised of ethnically-diverse, middle-aged families settled in new suburban neighborhoods only appears in significant numbers at Southside, though as a primary core customer.
- Segments E19, E20, and E21 are upper-middle-class Baby Boomer couples.
- Segments G24 and G25 are core customers – mostly younger, career-driven singles without children.
- Segments H26, I32, and I33 are typically multicultural and bilingual families.
- Segments O51, O54, and O55 are tech-adopting core customers, young, single adults.
- Segments P59 through P61 are likely to be customers who are culturally diverse, mid- to low-income single parents with tech-savvy teenagers.
- Segments Q62, Q64, and Q65 are typically retirees on fixed incomes.
- Groups M, N, R, and S are scantily represented in Santa Fe at all
- SFPL's predominant segments include families with children and older individuals and couples, often retired.
- With 30 different segments represented as core customers (over 42% of the total), Santa Fe is the most diverse community the Consultants have encountered in ten years of using this market segmentation analysis.

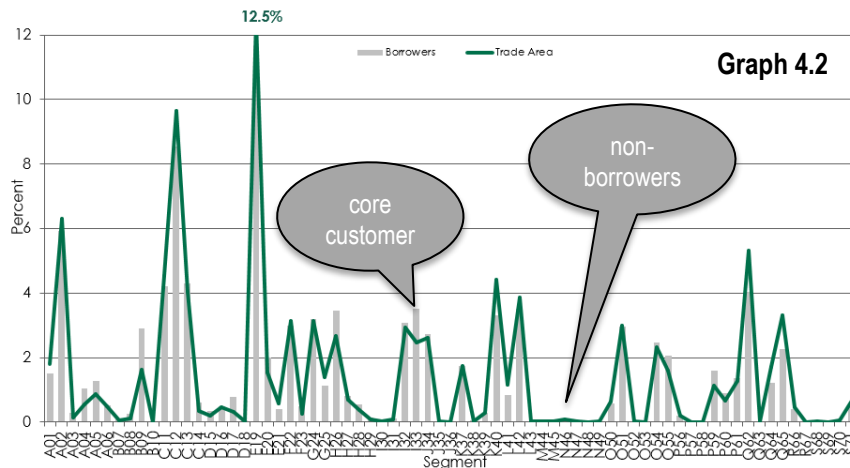
Additional and more detailed data on each of the 71 market segments within the United States – most of which are represented in the SFPL service area – can be found in the 2018 Mosaic USA E-Handbook in Appendix 4.1. Additional data for the three Santa Fe Libraries is presented in Table 7.2 and Graphs 7.1 through 7.3, respectively, in the portion of Section 7 entitled Services & Programming.

**Non-User Profile**

The statistics shown graphically in Graphs 4.1, 4.2, 7.1, 7.2, and 7.3 indicate that the pool of Santa Fe market segments that are not Library users is very limited. It suggests that specific strategies SFPL could devise to attract some of these non-users would not be likely to yield substantial numbers of new library users, if any at all.

Library Cardholder (borrower) households are depicted by gray bars in Graph 4.2. The entire Santa Fe Trade Area population is represented by the jagged green line on the graphs. Gray bars below the jagged green Trade Area line indicate the market segments who are less likely to be Library users, proportionally in percentages, than the community at-large. Conversely, gray Cardholder bars exceeding the green Trade Area line demonstrate the market segments who are more likely to be Library Cardholders than the community at-large. These are SFPL's Core Customers, because they index as being more likely than the general population to be Library users.

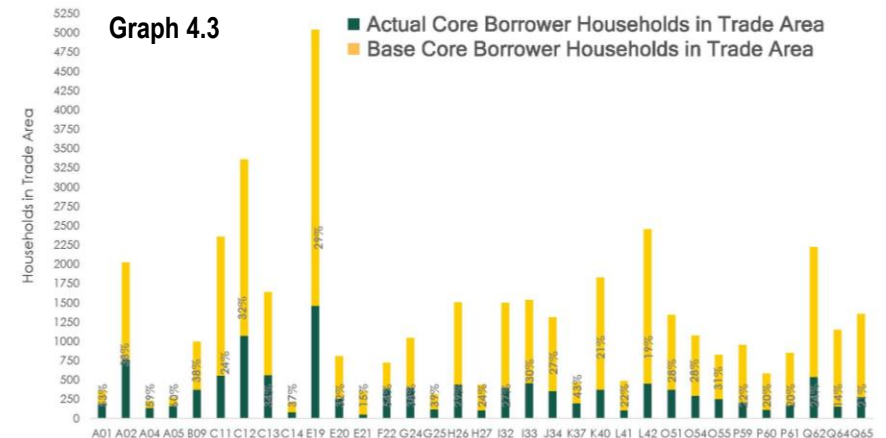
There is a limited range of non-borrower segments in Santa Fe, as shown by segments with no gray bars in Graph 4.2. Indeed, the segments without gray bars barely exist in Santa Fe, if at all, as indicated by the jagged green line. The very good news here is that SFPL appeals to almost every one of the market segments that reside in the area.



**Market Penetration by Core Customer Segment.** Penetration refers to the percent of core segment households in the overall service/trade area captured as actual core borrowers. There is room for Santa Fe Public Library to increase penetration of core borrowers in many segments, as shown in Graph 4.3. The majority of the core customer segments graphed have not reached 50% penetration, including half of the eight Primary Core Customer segments and all six of the Secondary segments.

Typically, non-borrowers might be seen as primary targets for SFPL marketing efforts. However, this Market Penetration Analysis makes a case for concentrating on increasing Library usage within SFPL's stronger core customer segments. One strategy to increase usage would be to focus on reaching these potential customers – whose consumer behaviors are virtually identical to the most intense current Library users. These opportunity segments should be the easiest to attract, given the Library is already providing programs and services that appeal to their wants and needs.

As an aside, the difference between the lengths of the green and yellow bars for each segment in Graph 4.3 show the proportionality of the number of households who are Library users (green bars) compared to the total number of households living in the greater Santa Fe area (yellow bars). It stands to reason that the green Library users bars will always be shorter than the yellow Santa Fe area bars, as Library users will never exceed 100% of a given market segment's households.



**Predictive Customer Performance Modeling.** The intent of market segmentation analysis using psychographic data is to help SFPL staff create a data-driven estimation of future services and programs needed for any given Library location, based on historic customer behavior. This type of analysis can often make the difference between selecting an exceptional mix of services, an average mix – or a poor performing mix.

Determining the optimum service mix for each SFPL service area includes identifying customer usage patterns as a precursor to recommending the optimum group of services and programs by age group and merchandising category, i.e. Adults/Teens/Tweens/Children, Fiction, Gardening, Robotics, and the like. Marrying customer analytics findings with the interests and preferred services of current customers, as known by Library staff experience, can strengthen the projected offerings for the future.

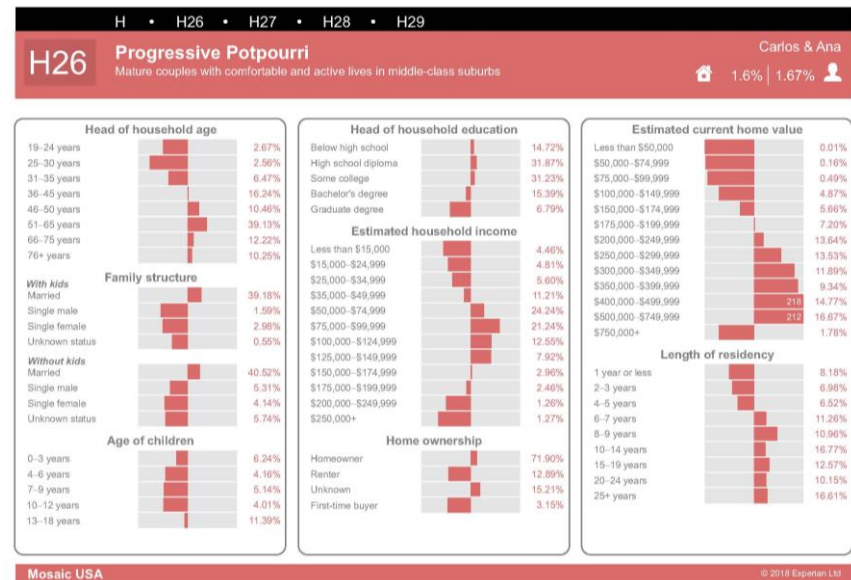
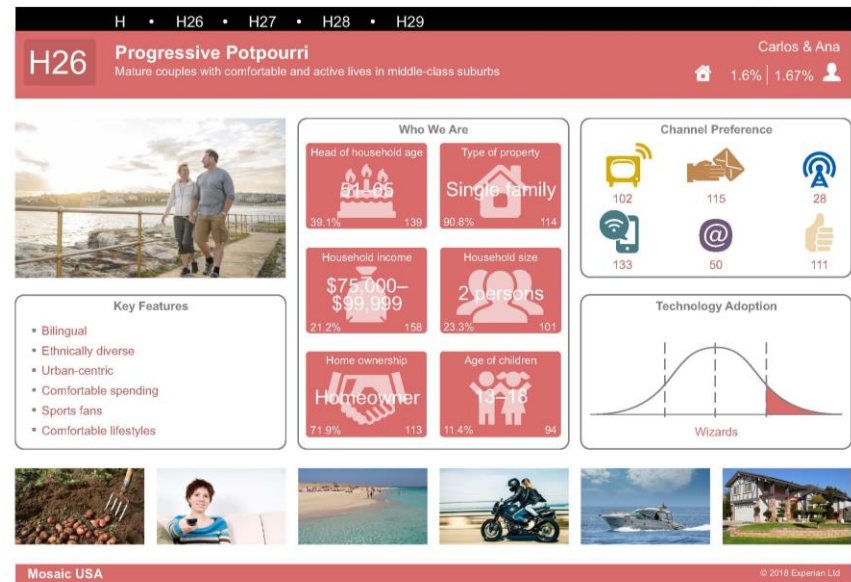
The customer analytics data contained in this Section, Section 7, and especially Appendix 4.1 of this Report are excellent resources to assist SFPL staff in determining a proper service mix for any of the three existing Library locations. Given the close proximity of the La Farge Library to Midtown, the La Farge data should work for any proposed library relocation to the former USFAD campus.

**Potential Sites for New Service Outlets.** The service coverage of the Santa Fe city limits by the three current locations is more than adequate to meet current and near-term needs, particularly when considering these locations cover a significant number of households located in Santa Fe County.

Though no future SFPL locations are currently needed, the use of Customer Performance Modeling for future expansion of the SFPL system can enable decision-makers to answer these operational questions:

- *What would be the optimal geographical network of libraries?*
- *How many additional locations should there need to be and where?*
- *If an existing Library is not located in the best possible location, should it be relocated to better serve the community? If so, where?*

To answer these questions, SFPL could facilitate a new library location optimization market study – to infill any significant service gaps created by additional annexation of land into the City, or a change in governance, etc. Similar to the work documented in this Section, such a study can use Library cardholder data to determine the best possible locations for new library service outlets, in order to optimize SFPL’s presence throughout the greater City/County community.



Example of data contained in Appendix 4.1 for each market segment (H26 shown here).