The 2001 Census and its Significance for the Commercial World

The initial headline figures from the 2001 Census were released by the Office for National Statistics (ONS) in September 2002, but it is only since autumn 2003 that the "meat" of the data has begun to be made available.

For the first time ever the small-level data are being disseminated by the ONS free of charge, removing the need for commercial organisations to purchase data via third-party resellers. The Census data provide counts and classifications of the population right down to the smallest neighbourhood; ideal as a basis for those of us working to serve our markets better.

Why the Census is so important

The Government and its associate bodies and organisations have long been dedicated followers of the Census, using it for allocating £60 bn worth of resources to local areas; but it is only with the rise of geographic information systems (GIS), which have enabled rapid and easy manipulation of the data, that the commercial world in particular has been able to exploit the Census fully.

The Census does have failings. It is a snapshot taken at 10-yearly intervals; it is now almost three years since the data were collected; and public participation fell short of the target 100%. However, it remains a valid resource. It is still the

bedrock of many a consumer research sample and the skeleton on which the numerous commercial classifications, such as CACI's ACORN and Experian's MOSAIC, are constructed.

Just as national and local Government use the Census to allocate resources and determine network strategies for public services – be they schools, hospitals or libraries – so does the commercial sector. Precisely how the Census is manipulated and what fields are used will depend upon market sectors, size of organisation and sophistication of systems used. Some smaller companies will outsource data extraction and manipulation to the bureau arms of the resellers, while the big players already have dedicated teams of analysts extracting every last cohort and plotting every variable in the hope of leveraging maximum knowledge and market advantage.

What business decisions will be based on the Census?

For retailers there are a range of key business decisions that are informed by the Census:

Classifications

Regional Centres	New and Growing Towns
Centres with Industry	Prospering Southern England
Thriving London Periphery	Coastal and Countryside
London Suburbs	Industrial Hinterlands
London Centre	Manufacturing Towns
London Cosmopolitan	Northern Ireland Countryside
Prospering Smaller Towns	

NS 2001 Area Classification for Local Authorities

- network strategy: where should our stores be?
  - where should we open new stores?
  - which branches should we close?
- formats and fascia: are there different types of people in different areas for whom a different store format or fascia is most appropriate?
- ranging: what products and services should we be offering in each location?
- advertising: where should we advertise? What is the appropriate message for a particular area?
- customers: who are our best customers? Where are there more people like them?
- which areas should we undertake customer research in?

The importance of making the right decisions

Very few large companies still rely on old-school "gut feeling" when reviewing their branch network. The investments involved are just too large: a single site for a superstore will cost in excess of £20 m. There are too few "good" sites left, and the marketplace has become too cut-throat to get away with even a slightly off-pitch location. All of the major retail chains, as well as retail banking, leisure operators and car manufacturers, devote considerable resources and teams of people to searching for the best information, the best systems and methods to manipulate and interpret those data. The immediate financial costs and long-term losses caused by a poor location decision cannot be overestimated.

Network strategy

The big supermarket groups invest considerable effort into evaluating potential sites for new stores. In the 1980s this was a relatively simple exercise as the out-of-town superstore was the development of the moment. The 1981 Census provided the basis for the development decisions of that era. Methods of analysis were on the whole rough and ready, with much "Blue Peter" work cutting up paper copies of the Ordnance Survey maps and manual drawing-out of drive-times ranging from five to twenty minutes. The 1991 Census release

coincided with the development of GIS, and the supermarket chains were among the early adopters of this technical revolution that enabled the application of the academics' work on gravity modelling, etc. As network planning developed from an art into a science, data input, notably the Census, became all-important.

As the planning regime changed and the need to refocus development within town centres was enforced, so operators reinvented their town centre offers and devised new "convenience" stores. "Tesco Metro", "Sainsbury's Central" and "M&S Food" were created, to be supplemented more recently by even more focused smaller units under the "Express", "Local" and "Simply Food" fascias.

Drive-times may have become less important as the means of defining market areas, but the Census remains core to understanding the markets of both the local resident and the work-based populations.

Of huge import in the past year has been the reallocation of the Safeway store network. Under the aegis of the OFT and the Competition Commission the Census has been used as the basis to determine which of the players can have which of the stores.

Ranging and services

Without the Census and its derivatives it would be much more difficult for retailers to tailor the offer in each store to best serve its local market. Customers in Sunderland have different tastes to those in Sevenoaks. By using the Census we can classify areas and look for areas of similarity. The major supermarket chains cluster their stores into different types which will be ranged differently and marketed to different customer segments. For example, not all Tesco branches have the full "Finest" range; this will be dependent on the proportion of "upmarket" population in an area, no matter how "upmarket" is defined.

Additionally from the 2001 Census, we now have knowledge of areas of different religion; retailers and service providers can be sensitive to dietary

and other religious needs providing appropriate offers in various localities.

Classifying customers

In the era of the 1981 Census organisations had to rely on proprietary classifications such as ACORN. In the 1990s some organisations became more sophisticated and began to append and model in their own customer data. It remains to be seen what will be developed on the back of the 2001 Census but for many organisations the ONS' own new geodemographic classification – its first ever for the whole of the United Kingdom – will no doubt be of interest and will provide an alternative to the commercially developed systems.

The future

Looking ahead, there is a compelling case for another accurate count of the population before 2011. Sainsbury's, along with other members of the BRC, such as Boots, Marks & Spencer and Tesco, are also members of the Demographic User Group (DUG), which represents the interests of large commercial users of Government data. The DUG, having successfully made the case that the 2001 Census should be freely available, is now encouraging the ONS in its development of new neighbourhood statistics such as estimates of household incomes, and for more frequently updated population measures during this decade.

Conclusion

The Census is of vital importance to the commercial world, whatever the scale of the business. Access to data is critical for the sound basis on which all organisations need to make their decisions. How organisations manipulate and interpret those data is what gives competitive edge but we all need to understand where people are located at home and at work, what type of people they are and what different areas are like. How else can we serve our markets better?

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