



NEIGHBOURHOOD MARKETING

Report No 3

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Neighbourhood Marketing Strategies

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Postcodes & Profiles

Organising and putting into practice a close neighbourhood marketing campaign does require you to carry out some desk research. But, the good news is: all the information you require to put your campaign into action is readily available, and moreover, is free via the Internet.

However, before we can utilise the mass of information that is readily available through the Internet, we need to make a brief diversion into Postcodes and Postcode Geography.

Why? Because Postcodes are the primary means through which neighbourhood and area based statistics are organised and analysed and will become an essential tool in organising your neighbourhood marketing campaign.

The postcode is critical to all direct marketing campaigns - from direct mail, and door-to-door distribution - through to area and neighbourhood profiling. Market research companies using the science of geodemographics (the subject of a future report) use the postcode as their main geographic reference system when collecting data to build their neighbourhood profiling classifications.

Postcodes are so much more than simple routers of mail; they have far ranging applications in business, social policy, and information processing than their humble label suggests.

The following brief account of postcode geography is, I hope, just enough to provide you with a working knowledge sufficient for an understanding of your neighbourhood profiling. For those wanting a more thorough explanation the Internet is to hand. The postcode system is constantly changing as new codes are added and others removed.

Royal Mail is the guardian of the UK postcode system, which it uses to identify postal delivery areas. Take the unit postcode: ZX9 4ZY (a fictitious code to illustrate the principle.) This postcode consists of four levels of geographic unit.

Postcode Geography

The largest geographical unit is the postcode area identified by the first two letters "ZX" in our example. The area identifier is based on the name of a post town i.e., "SK" for Stockport, or "WA" for Warrington, although some area codes have only a single letter to identify them i.e., "S" for Sheffield, or "M" for Manchester. There are 124 postcode areas in the UK; a typical area contains on average 222,000 households.

The postcode area is itself divided into a number of postcode districts. The number "9" in our example identifies the district - ZX9. There are 3064 postcode districts in the UK; each postcode district contains on average 9,400 households.

The postcode district is in turn divided into a number of postcode sectors. The number "4" identifies the sector in our example - ZX9 4. There are 11598 postcode sectors in the UK. Each postcode sector contains on average 2700 households, although, some sectors can contain significantly more.

We finally come to the full unit postcode ZX9 4ZY, the last two letters "ZY" identifying a group of 14 - 15 individual addresses. There are about 1.78 million unit postcodes in the UK, covering 27.5 million individual delivery points in the UK. Each full postcode contains on average 14-15 residential addresses, so our fictitious example ZX9 4ZY would cover on average 14 -15 residential addresses in a particular street.

Postcodes do not of course, include any personal or individual data relating to the householder; the postcode system is purely a geographical location system, but therein rests its power.

The power of the postcode comes from its ability to act as a unique reference point for data collection and analysis: both commercial and government. Census data, returned household surveys, property prices, and many other datasets can be cross-referenced and aggregated to postcode level.

For our purpose of neighbourhood marketing the postcode has several interesting characteristics we can exploit. For example, by looking at the postcodes of past customers you will be able to pinpoint where they live. Are past customers concentrated in a few key postcode sectors? How far have they travelled to reach your business? By using postcode-mapping services (available on Internet) you will be able to determine the distance of their journey.

For a door-to-door distribution campaign you can estimate the number of streets and houses in a particular area - recall, each full postcode is comprised of 14 - 15 individual addresses on average.

You could also compile detailed lists of the most/least wealthy postcode sectors or streets in your area.

There are many more applications for postcodes beyond the scope of this short report. But if you visit www.downyourstreet.info regularly we will keep you informed of the many ways postcodes can help your business to grow.

Look out for your next report