Using Market Segmentation to Provide Better Public Library Services

By Gina Millsap

This article originally appeared in Marketing Library Services
Volume 25, Number 3, May-June 2011, Page 4
Relationships are built on people knowing and understanding each other. With a friend or family member, that knowing grows over time by sharing stories and experiences. But how do you go about building a relationship between a public library and the people it serves? According to a Harris Interactive nationwide poll conducted in January 2010, 151.4 million Americans are using some 9,000 public libraries (The State of America’s Libraries: A Report From the American Library Association; http://tinyurl.com/y2ye8ky). And like any business, we are committed to retaining those customers and seeking more who will benefit from our services and resources.

Finding and Retaining Customers via GIS

We need to know as much as possible about our current and future customers in order to work well for them. We want to know more about their lifestyles and consumer buying habits, how they spend their leisure time, how they get news and information, how tech-savvy they are, etc. Research shows that this information gives organizations a definite edge in predicting and anticipating customer wants and needs. The most successful companies, like McDonald’s, Amazon, and many others, have used this type of information to build their empires, so why shouldn’t public libraries?

I learned about market segmentation’s potential for planning and decision-making in 2000, when I was with the Ames (Iowa) Public Library. But at that point, it wasn’t affordable nor was it customized for libraries. Still, it was exciting to think about what we could learn about our customers and how it would help us provide better services, collections, and programs. With geographic information systems, that GIS-based consumer data could take us beyond relying on names, addresses, gender, ages, and perhaps how people used library collections. We could also learn about these topics:

- Demographic, socioeconomic, and residential information linked to where people live
- Interests, buying habits, and leisure activities
- Strategies for communicating with specific audiences

Eight years later, my management team at Topeka & Shawnee County (Kan.) Public Library (TSCPL) began formulating The Next Decade strategic plan (www.tscpl.org/about/strategic-plan) and wanted an outcome that went beyond the traditional user and community surveys. I had already met Marc Futterman, president and CEO of Civic Technologies (CT; www.civictechnologies.com), an information management company based in Pasadena, Calif., that had developed tools that combine ILS (integrated library system) data, consumer household data, market segmentation, and demographic data with GIS-mapping technology. Futterman had experience in working with public libraries, so he knew the question that keeps library administrators awake at night: How can we allocate money for programs, services, and collections that will meet the needs and interests of people across diverse neighborhoods? A partnership was born.

Our organizations set a goal of having a tool that all staffers could use to answer questions like these:

- Who is using the library?
- How are they using it?
- What aren’t they using?
- What might they be interested in using?
- Who isn’t using library services, and how can we go about developing relationships with them?

Starting with a community planning workshop and lots of hard work by TSCPL staff, we formulated a new mission and vision to frame our approach to service and collections development and delivery. The main requirement was that all staffers could easily repeat the mission statement and that it would fit on a pen. It only works if you have an extra-large pen, but we are still proud of what we created: “Topeka & Shawnee County Public Library: Your place. Stories you want. Information you need. Connections you seek.”

What we’re doing is integrating data from the library’s ILS with market segmentation data from Civic Technologies. (CT contracts with a GIS vendor named ESRI, www.esri.com, to get the segmentation data, then CT combines it with our patron data.) Each customer’s address is geocoded (assigned a latitude and longitude to locate data on a map). The customer record is associated with the number, type (e.g., item type, material type, collection code), and location (e.g.,
branch, outlet, bookmobile) of the items that he or she checked out during the sample period. Then a model is applied that analyzes each individual transaction into aggregate use patterns. Using the resulting market segmentation data, you can make predictions about the needs of people by neighborhood. Using the combined usage pattern and market segmentation data, you can develop and implement strategies for improving library services.

**Segmentation Fights Misperception**

We asked Civic Technologies if it was possible to have a web tool that staffers could easily use to match up customers’ interests and connect them to the market segmentation data. CT began working to build the tool that would become a new product called CommunityConnect, which we have been using in beta for 2 years. The process of supplying correlating circulation and other library-generated statistics to CT took about 6 months, from spring to fall 2008.

We’ve been able to identify trends, plus patterns of usage, service, collection, and programming preferences along with barriers to using the library. The market segmentation data has been especially helpful in getting to know our customers by looking at the 31 lifestyle groups that identify attributes like consumer buying habits and leisure time activities as well as basic demographic information. It also shows whether members of a lifestyle group use the library or not. We now have a very clear picture of the open market potential in our service area, and we’re beginning to understand the strategies we need to pursue to achieve the following goals:

- Increase existing customers’ satisfaction
- Increase existing customers’ usage
- Grow our customer base from 95,000 registered users to approach the 173,000 people who live in our service area of the city of Topeka and Shawnee County

We also learned some important lessons. We all use our assumptions to drive the development of and resource allocation for staff, services, collections, and programs. But what if they’re wrong? It turned out we had a number of misconceptions about library users and nonusers.

In our community, there’s a widely held perception that east Topeka residents (the Inner City Tenants market segment) are generally underserved, losing out in social services, economic development, infrastructure improvements, and overall attention from local government. That message came through loud and clear at the planning workshop we held in June 2008—until we showed our actual data to more than 100 community members (elected officials and representatives from schools, businesses, the arts, nonprofits, etc.). To their surprise, they learned that 77% of Inner City Tenants are regular library users and have the fifth highest checkout per customer. That doesn’t mean the library can’t do better. It does mean that we won’t develop strategies that treat these folks as underserved rather than engaged library users.

**One Size Does Not Fit All**

We’ve also tended to treat our customers as one big group. We have a one-size-fits-all approach in our publications, web presence, and program and collection development. Then we broadcast to the community at large and wonder why more people don’t know or care about and use all the cool stuff we have.

In 2009, CT delivered CommunityConnect, and a group of our emerging leaders (staffers who were working on their M.L.S. degrees) began testing it. We plan to use this information to promote TSCPL to the market segment that holds the most potential for increased library use in Topeka and Shawnee County. These future customers are the ones who live in the areas farthest from the library (we have only one building but four bookmobiles) and are in the “Green Acres” segment. This is also where I live.

**Green Acres Is the Place to Be**

There are 23,999 people in the Green Acres segment, and 9,409 of them have library accounts, so we know that 61% of them are not current library users. They represent 13.7% of the total population of Shawnee County, 10.7% of library
customers, and 10.5% of total circulation. Further, we know that those who do use the library check out an average of 1.32 items every couple of months. We also know that they’re do-it-yourselfers who maintain and remodel their homes, own power tools, and love vegetable gardening. Their leisure activities include hiking, backpacking, hunting, and bicycling. Many own motorcycles, ATVs, and boats. They have satellite dishes rather than cable TV. They listen to news on the radio, and TV favorites include HGTV, ESPN, and the Speed Channel. They tend to be married couples, both with and without children. They have internet access and often prefer to buy online. That’s just a sample of what we’ve learned.

While we understand that not everyone living in these areas fits this description to a T, it is representative of that population and gives us much more insight on how to promote the library to them. CommunityConnect has also shown us how best to appeal to different segments. Marketing to the Green Acres population will be very different than doing so for another segment, called “Cozy and Comfortable,” whose members live closer to the library, are suburban rather than rural, have a strong interest in investments, and prefer TV over the web for the information they seek.

In the next 60 days, we’ll launch a campaign that will target Green Acres folks using their preferred mode of delivery, direct mail. Our bimonthly newsletter, connectnow, will be mailed to library cardholder households. In addition, 9,000 Green Acres households will get connectnow hand-delivered to their homes as an insert with Topeka Magazine, and 12,000 non-library-user households will receive a direct mail piece that will introduce them to library resources that match their lifestyle interests. It will direct them to an online form to get their library cards, which will allow us to track our return on investment.

In the past 3 years, we have also used market segmentation data to evaluate and plan programs and to help decide how to deploy services (such as DVD and book dispensers and bookmobiles) outside our building. We have also used it to develop specific plans and messages for market segments to build awareness and to entice more people to use their library.

What’s Coming Next

Market segmentation data has helped us create topic-based “neighborhood” collections. For Green Acres folks, we’ll promote the Lawn and Garden and Home Neighborhoods topics, along with Chilton’s Online Repair manual. We’ll communicate with them through our website, which we call the Digital Branch (www.tscpl.org), in addition to snail mail because they’re big computer users. For the Cozy and Comfortable segment, we’ll push out information on investment resources because these folks track investments big time. And since they rely on TV for their news and information, we’ll work with our three local TV stations to promote stories that share what the library has to offer.

We are also getting ready to advance to CommunityConnect v2. The new version will integrate data-driven forecasting that will help service and collection development, identify areas needed for resource allocation, and support decision-making in our day-to-day operations. Our staff will be using real-time data from ESRI. Our intent is that the market segmentation data will consistently drive how we communicate with customers and potential customers and that it will help determine which collections, services, and programs we provide and how we deliver them in the future.

My own epiphany about planning, after being in this business for 30-plus years, is that the line between a strategic plan and a marketing/communication plan has begun to blur and merge. This is all about connecting with people and building relationships based on real knowledge about each other. The data that helps us develop those relationships is market segmentation. And as information professionals, we are affirming our own commitment to serving our customers and communities by using the best information available.

Gina Millsap is the executive director of the Topeka & Shawnee County Public Library in Topeka, Kan. She leads an organization of 240 incredible employees who serve a library-loving community of 173,000. She previously served as the director of the Ames (Iowa) Public Library and at the Daniel Boone Regional Library in Columbia, Mo. Millsap has an M.L.S. from the University of Missouri and has worked in libraries for 35 years. She’s been recognized as a Library Journal Mover and Shaker and is past president of the Library Leadership & Management Association, a division of ALA. Her email address is gmillsap@tscpl.org.
Marketing Library Services
The "How-To" Marketing Tool Written Exclusively for Librarians

The Marketing Library Services newsletter is the premier source of ideas and news for savvy library marketers. Whether you work in a corporate, special, academic, school, or public library, MLS will help you call attention to your library, your services, and your value to the community you serve. It’s the ONE source you need if you are serious about attracting new visitors to your library and keeping the regular ones coming back.

MLS will provide you with valuable how-to information on developing marketing strategies, creating powerful marketing materials, organizing special traffic-generating programs, communicating positively with visitors to your library, acquiring library and information center funding, getting the tools you need to do your job efficiently and effectively, and so much more.

Reserve your FREE copy of MLS today

For a FREE TRIAL ISSUE of MLS simply call (800) 300-9868 or send an email to custserv@infotoday.com.

If you like it, pay just $73.95 for five more issues (6 issues total) when the bill arrives. That’s a savings of $25 off the basic U.S. subscription price of $98.95. If you are not pleased with your FREE copy, return the bill marked “Cancel” and have no further obligation.