Speaker

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SPECTRUM
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Introduction

- **My Background**
  - **Co-Founder and MD Spectrum Analysis**
  - **Certified Franchise Executive CFE**
  - **Current Franchise Council of Australia (FCA) Supplier of the Year 2021**

SPECTRUM ANALYSIS

Upcoming Events

National Franchise Convention 21-22
Peter Buckingham and Dorianne Lyons
https://www.franchise.org.au/events/
Melbourne, Victoria
4 – 5 April 2022
Stand #32

AHISA Conference
Spectrum Analysis
https://www.ahisa.edu.au/AHISA/Events/2022/LLC/Overview
Melbourne, Victoria
11– 13 April 2022
Stand #36

Chat Manager

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Please ask questions in the chat

Link to video recording of this webinar will be emailed to you

Google Reviews welcome at

https://g.page/spectrum-analysis-aus/review

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More Information

Website at https://spectrumanalysis.com.au

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What do we want and why?

- **Territories**

- **Exclusion Zones**

- **Marketing Areas**
  - **What is the difference?**

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Territory Planning

Don't use the "T" word unless you have to.

If a service business – definitely a Territory

If a fixed location – shop, bulky goods etc., call it a Preferred Market Area, Exclusion Zone or (in my view) anything but the "T" word.

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Aim of Good "Territory Planning"

Be able to put your hand on your heart in front of your Franchisees and say each territory offers similar "sales potential" based on certain assumptions

SPECTRUM ANALYSIS
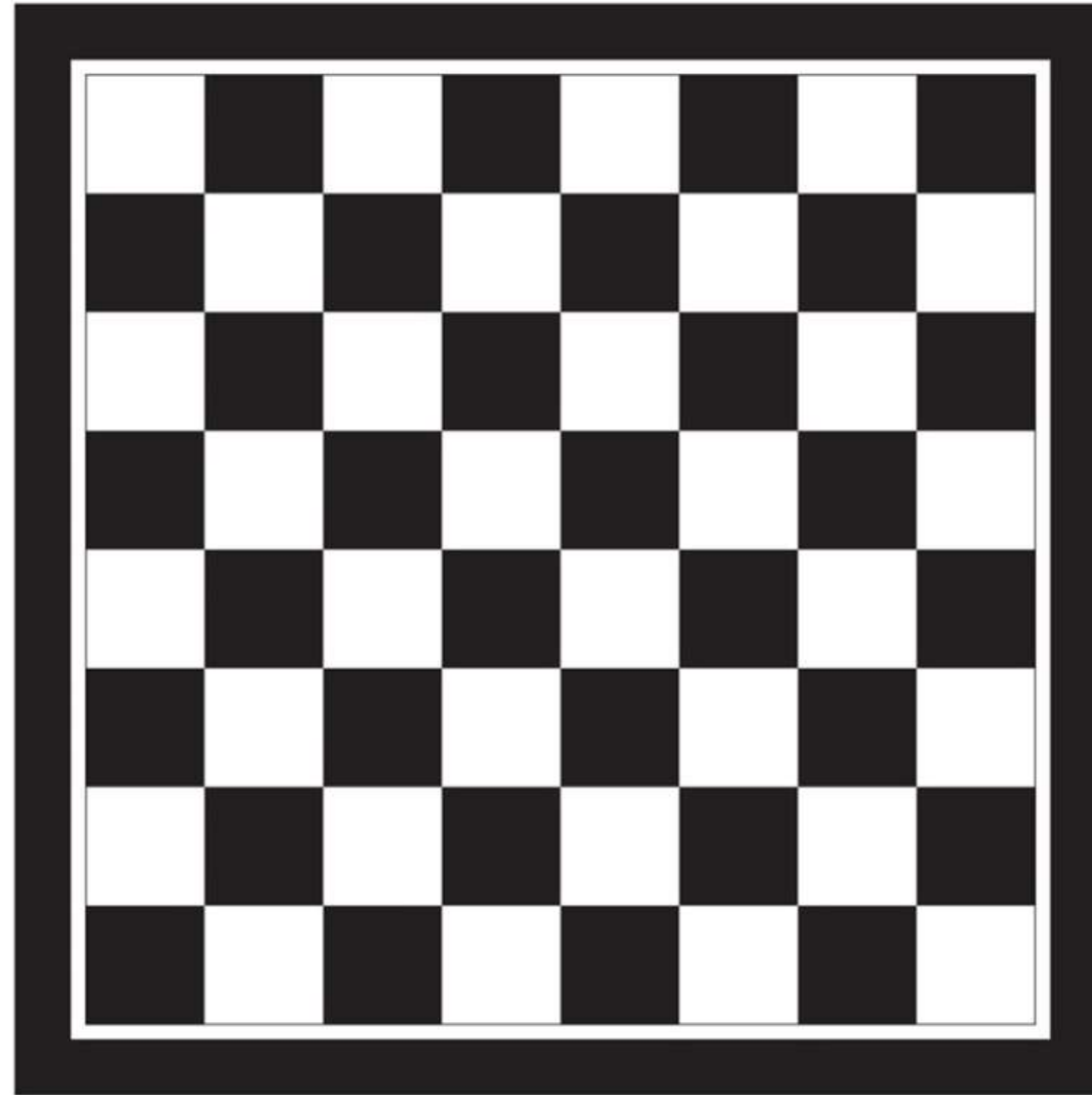
The Chess Board Approach

- Aim is to cut to where your dream (for 10 – 15 years) time takes you
- Better to have too many than too few
- Don't be excessive
- Don't be too few – you cannot unscramble an egg!

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The Chess Board Approach

- **Territory status:**
  - **Sold**
  - **Available**
  - **Reserved to a particular potential franchisee**
  - **No Go Zone for a period of time**

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The Old Way
Beer and Pizza Map!

- **Cut up on random geographic boundaries**
- **Little consideration for:**
  - **Demographics**
  - **Competition**
  - **Future ease of distribution of promotional material**
  - **Relationships to adjoining territories**
- **Over time often creates overlaps**

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e.g. Beer And Pizza Map

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The Best Way

- **Analysis phase - Work to define the target market**

- **Thematic Map - Construct a Target Market Index (TMI)**

- **Calculate the average population required to sustain a business**

- **Look at the location of existing businesses within your existing network**

- **Define territories to meet the criteria, adjusting population within each territory depending on the Target Market Index**

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Analysis Phase 1

- **Who are the best customers?**

- **How far do they come from?**

- **What are the Drivers of our business?**

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Analysis Phase 2

- **How many territories do we want long term?**

- **What is a realistic trade area for this type of business?**

- **Trade area normally contains 60 – 80% of the customers**

- **In some industries – basically little geographic relevance needed**

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Geo Coding Software

- **Products exist that are the equivalent of dropping pins on a map electronically**

- **Allows you to put all your customers on an online map**

- **Measure Penetration – customers / 1,000 persons in each postcode**

- **Allows us to see where the customers come from**

SPECTRUM ANALYSIS

Generic Club
Membership Distribution
Sutherland Shire Local Government Area (LGA)

0   2   4
Kilometers

Predominant Land Use
Census Mesh Blocks

Agricultural

Commercial

Education

Hospital/Medical

Industrial

Other

Parkland

Residential

Water

• Members

Generic Club

Membership Penetration
Sutherland Shire Local Government Area (LGA)

0   2   4

Kilometers

Membership Penetration
% Members (to Persons Aged 18+)

- 20 to 100
- 10 to 20
- 5 to 10
- 2 to 5
- 0 to 2

Units of Demand

- A theoretical measurement

- Like a "Wiggett"

- Used purely for comparing one area to another

- You may want to think of it like potential $ Sales

SPECTRUM ANALYSIS

Recommended Way – B2C

1. Imagine 1 person lives in each postcode

2. If 1.00 is average, what is the probability of that person being a good or bad customer?

   e.g. 1.5 is 50% more likely be your customer or spend $1.50

   .5 is ½ as likely to be your average customer and if so would probably spend $0.50

Recommended Way – B2C

- **Use one or a series of demographics to explain your anticipated customer's type and behaviour**

- **These factors can compound, increasing the likelihood of this area being good or poor for what you are selling**

SPECTRUM ANALYSIS

Recommended Way – B2C

Example: <u>Market for Mortgage Loans</u>

Best customers would be:

- Low to medium household income

- Younger people (less likely to have a relationship with a Bank)

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Recommended Way – B2C

- **Review for each postcode:**
  - % households with income $700 - $1,500 pw
  - % people 20 – 35 years old

- **Areas like Springfield (Qld), Albion Park (NSW), Berwick (Vic) should show well (1.5+)**

- **Areas like Windsor (Qld), Mosman / Neutral Bay (NSW), Camberwell / Hawthorn (Vic) show less (.7)**

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Major Advantages

- **Maximises the number of territories**

- **Logic behind the territory break up that can be explained to potential and existing franchisees**

- **Definable and reproducible**

- **Defendable if challenged legally**

Data Available for Decisions

- ABS data -

  o **2016 Census**

  o **2021 Census due out in June 2022**

  o **Spectrum Analysis population estimates 2021**

  o **2020 Business Counts and Employment estimates**

  o **SEIFA**

  o **ABS latest population forecasts 2017 - 2032 by SA2 (released Oct 2019)**

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Census Data

- **Australian Census data - $500 M project every 5 years**

  o **2016**

  o **2021 (due out for major release June 2022)**

- **NZ do one every 5 years**

  o **2011 was postponed due to Christchurch Earthquake**

  o **Completed in March 2013**

  o **Completed in March 2018**

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ANALYSIS

2016 Demographic Summary

DEMO

Toorak Marketing Area

Category	Trade Area	Metro VIC	Category	Trade Area	Metro VIC
Residential Population	111,759	-	**Occupied Dwellings**	48,002	-
Age:			**Building Type:**		
Persons Aged 0-9	8.5%	12.6%	Separate House	21.6%	68.8%
Persons Aged 10-14	3.7%	5.7%	Semi-Detached	20.2%	16.6%
Persons Aged 15-19	4.1%	6.0%	Flat / Unit / Apartment	57.8%	14.2%
Persons Aged 20-24	8.4%	7.4%	Other	0.4%	0.4%
Persons Aged 25-34	26.0%	16.2%			
Persons Aged 35-44	14.2%	14.2%			
Persons Aged 45-54	10.9%	13.1%	**Occupancy:**		
Persons Aged 55-64	9.4%	10.7%	Owns Dwelling	26.1%	31.7%
Persons Aged 65+	14.8%	14.0%	Buying Dwelling	22.2%	37.3%
			Renting Dwelling	51.8%	31.1%
Average Age (est):	38.7	37.6			
			Internet Access:		
			Accessed from Dwelling	90.8%	87.7%
Marital Status:			Not Accessed from Dwelling	9.2%	12.3%
Married	36.4%	48.3%			
Separated	2.0%	2.9%			
Divorced	7.2%	7.5%	**Birthplace:**		
Widowed	4.2%	4.8%	Australia	66.0%	65.7%
Never Married	50.2%	36.6%	England	4.3%	3.2%
			New Zealand	3.0%	1.9%

SPECTRUM ANALYSIS

Household Type:

Two Parent Family	18.7%	34.8%
One Parent Family	5.5%	10.9%
Couple without Children	27.9%	25.0%
Other Family Type	1.6%	1.3%
Non-Family Household	46.4%	27.9%

China	3.3%	3.6%
India	2.6%	3.8%
Philippines	0.6%	1.0%
Vietnam	0.4%	1.8%
South Africa	1.4%	0.5%
Other	18.5%	18.4%

Household Income:

$0 - $399 p/w	7.5%	7.7%
$400 - $799 p/w	11.9%	17.4%
$800 - $1,249 p/w	12.5%	15.8%
$1,250 - $1,999 p/w	20.2%	21.5%
$2,000 - $2,999 p/w	19.4%	20.1%
$3,000 - $3,999 p/w	13.1%	9.3%
$4,000+ p/w	15.5%	8.3%
Avg H'hold Income (pa):	$120,803	$98,335

Language Spoken at Home:

English Only	75.8%	66.6%
Chinese	5.3%	6.4%
Indo Aryan	2.2%	4.6%
Arabic	0.3%	1.7%
SE Asian & Austronesian	0.8%	1.3%
Other Non-English	15.6%	19.4%

Household Vehicles:

Households with 0 Vehicles	18.0%	8.9%
Households with 1 Vehicle	47.6%	36.0%
Households with 2 Vehicles	26.5%	37.9%
H'holds with 3 plus Vehicles	7.8%	17.3%

Religious Affiliation:

Christian	38.1%	51.2%
Islam	1.0%	4.4%
Buddhism	2.3%	4.1%
Hinduism	2.4%	3.1%
Judaism	13.9%	1.0%
All Other Religions	0.4%	1.5%
No Religion / Spiritual	42.0%	34.7%

Indicates Trade Area value is 10-20% greater than the relevant average

Indicates Trade Area value is over 20% greater than the relevant average

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SEIFA

ABS product - Socio Economic Index for Areas
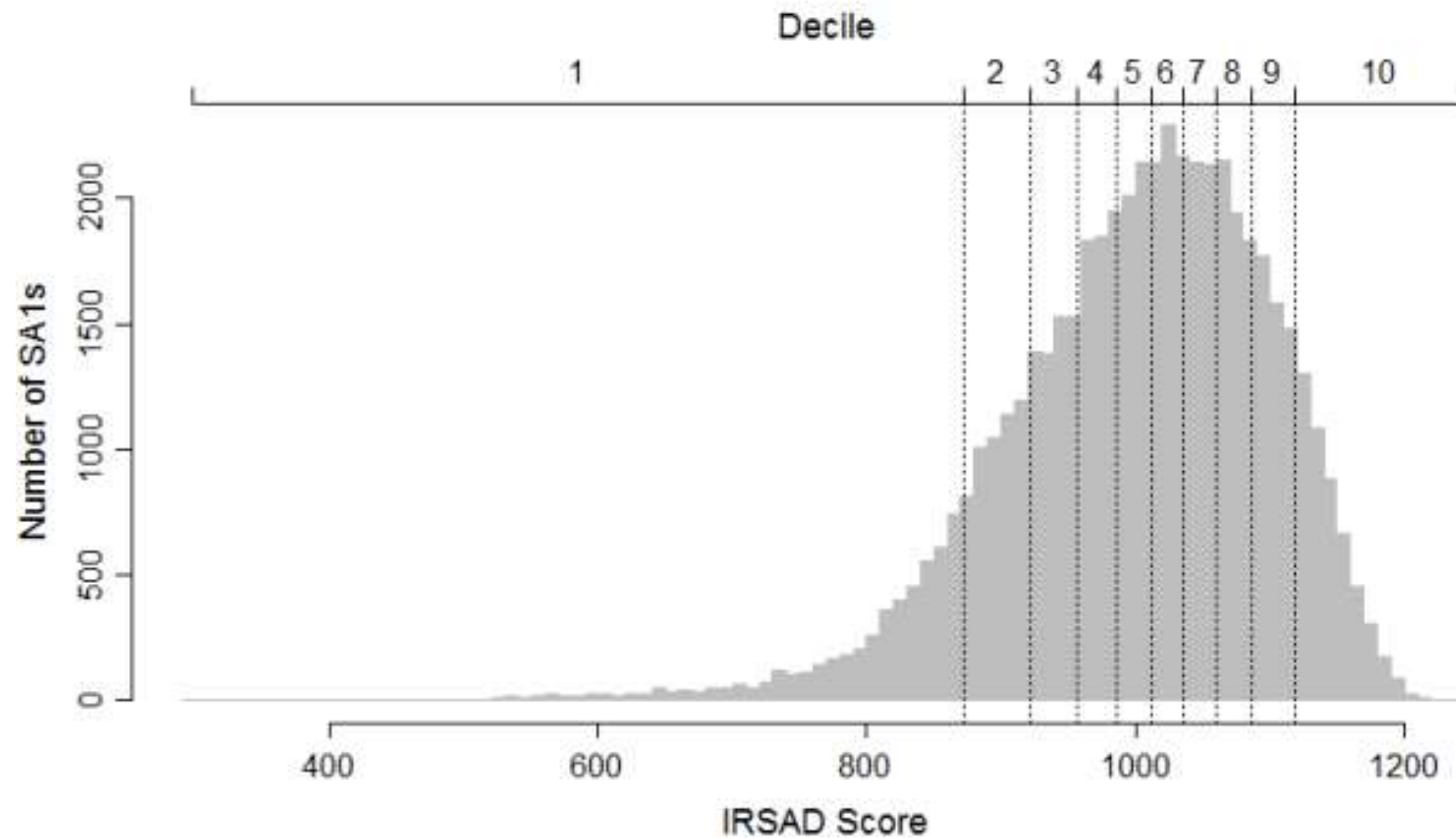
Business Data (ABS)

- **2,422,404 Businesses in Australia (2020 is the latest version, compared to 2,376,384 in 2019, or 1,94% increase)**

- **875,539 have 1 or more employees (compared to in 2019 or 1% decrease)**

- **Nearly 64% of ALL companies are "non-employing" companies! (compared to 62.75% in 2019)**

- **Classification**
  - **By ANZIC Categories**
  - **Non-employing Businesses**
  - **1-4, 5-19, 20-199, and 200+ employees**

Business & Employment Summary (2019)

Spectrum Analysis

Australia

Country

ANZSIC Category	Total Businesses	Non-Employing Businesses	Businesses with 1-4 Employees	Businesses with 5-19 Employees	Businesses with 20-199 Employees	Businesses with 200+ Employees	^ Estimated Total Employees	Total Employing Businesses #	%	Average % Employing Businesses Australia
A Agriculture, Forestry and Fishing	173,885	123,751	35,786	11,992	2,266	90	588,299	50,134	5.7%	5.7%
B Mining	8,059	4,582	2,067	851	419	140	124,222	3,477	0.4%	0.4%
C Manufacturing	86,501	38,390	24,871	16,248	6,507	485	1,188,634	48,111	5.4%	5.4%
D Electricity, Gas, Water, Waste	7,497	4,179	2,066	863	313	76	84,528	3,318	0.4%	0.4%
E Construction	394,560	233,161	127,675	27,882	5,623	220	1,480,498	161,399	18.2%	18.2%
F Wholesale Trade	81,762	39,873	24,868	12,500	4,192	328	825,112	41,889	4.7%	4.7%
G Retail Trade	132,899	59,152	43,681	24,121	5,602	343	1,165,123	73,747	8.3%	8.3%
H Accommodation, Hospitality	95,404	27,124	34,628	25,509	7,780	363	1,386,616	68,279	7.7%	7.7%
I Transport, Postal, Warehousing	189,888	149,271	31,280	6,898	2,189	250	605,332	40,618	4.6%	4.6%
J Information, Media, Telecoms	23,180	14,648	6,018	1,730	694	90	159,019	8,532	1.0%	1.0%
K Financial and Insurance	211,763	176,882	28,472	5,073	1,141	195	459,022	34,881	3.9%	3.9%
L Rental, Hiring, Real Estate	259,226	222,852	25,865	8,806	1,635	67	523,181	36,373	4.1%	4.1%
M Professional, Scientific, Technical	294,363	167,237	98,252	22,773	5,765	336	1,376,753	127,126	14.4%	14.4%
N Administrative and Support	96,427	55,281	26,356	10,013	4,168	609	933,635	41,146	4.6%	4.6%
O Public Administration and Safety	7,930	4,311	2,102	1,001	468	48	91,354	3,619	0.4%	0.4%
P Education and Training	33,176	17,801	8,795	4,583	1,812	184	362,366	15,374	1.7%	1.7%
Q Health Care and Social Assistance	141,665	80,739	39,953	16,895	3,760	318	882,279	60,926	6.9%	6.9%
R Arts and Recreation	29,900	18,949	7,253	2,642	957	98	207,137	10,950	1.2%	1.2%
S Other Services	101,957	47,616	40,884	12,053	1,368	36	422,530	54,341	6.1%	6.1%
X Not Stated/Unknown	6,342	5,422	670	190	60	0	14,145	920	0.1%	0.1%
GT Total All Industries	2,376,384	1,491,223	611,542	212,623	56,720	4,276	12,879,787	885,161	100%	100%

Source: Australian Bureau of Statistics Publication, "8165.0 - Jun 2015 to Jun 2019 Counts of Australian Businesses, including Entries and Exits", Released 20 Feb 2020

^ Employment numbers are estimated based on the the counts of businesses in the published size categories. They must be viewed as guides only.

NB: Highlighting indicates that the trade area is higher than the respective average by at least two percentage points in terms of Total Employing Businesses for that ANZSIC Category

Recommended Way – B2B
Rank type of business you sell to?

ANZSIC Category		Value to YOUR Business /10
A	Agriculture, Forestry and Fishing	2
B	Mining	2
C	Manufacturing	4
D	Electricity, Gas, Water, Waste	1
E	Construction	8
F	Wholesale Trade	10
G	Retail Trade	6
H	Accommodation, Hospitality	3
I	Transport, Postal, Warehousing	10
J	Information, Media, Telecoms	2
K	Financial and Insurance	3
L	Rental, Hiring, Real Estate	3
M	Professional, Scientific, Technical	2
N	Administrative and Support	3
O	Public Administration and Safety	4
P	Education and Training	1
Q	Health Care and Social Assistance	1
R	Arts and Recreation	1
S	Other Services	3
X	Not Stated/Unknown	4
GT	**Total All Industries**	

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Recommended Way – B2B
Rank size of business you sell to?

Business size	Opportunity
1 – 4 employees	1
5 – 19 employees	?
20 – 199 employees	?
200+ employees	?

Business size	Opportunity
1 – 4 employees	1
5 – 19 employees	4
20 – 199 employees	12
200+ employees	20

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Recommended Way – B2B Bring the 2 matrix's together

- Therefore for each area (postcode etc)

- Units of Demand is:

- Sum of (Number of businesses X Business type score X Ranking of size)

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How many Territories should you have?

- **Don't ask me – you should have a business plan!**

- **If not, can we derive some logic for this?**

- **We can look at customer spread or existing areas in a particular market**

- **Think of where you would want to be in your known market in 10 – 15 years time**

- **Extrapolate accordingly**

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Major Urban Centres

City	Persons	Households	Pop. Ratio
Sydney (Newcastle / Central Coast / Wollongong)	5,672,390	1,933,915	34%
Melbourne (Geelong)	4,647,007	1,637,362	28%
Brisbane (Gold Coast / Sunshine Coast)	3,118,322	1,097,575	19%
Perth (Rockingham / Mandurah)	1,942,730	690,081	12%
Adelaide	1,234,468	470,906	7%

Note: Populations figures based on "Greater Capital City Statistical Area" from Census 2016

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Non-Capital Cities (C2016)

City	State	2011 Population	2016 Population	% (11 - 16)	% (06 - 16)
Townsville	NSW	157,743	167,516	6.2%	23.3%
Cairns	NSW	133,894	144,713	8.1%	25.1%
Toowoomba	NSW	96,561	100,057	3.6%	10.2%
Ballarat	NSW	85,986	92,389	7.4%	19.3%
Bendigo	NSW	82,773	90,773	9.7%	22.9%
Launceston	NSW	74,071	75,379	1.8%	8.3%
Mackay	NSW	74,214	74,343	0.2%	13.2%
Tweed Heads	QLD	55,569	59,736	7.5%	18.1%
Hervey Bay	QLD	48,673	52,064	7.0%	24.5%
Bundaberg	QLD	49,758	50,114	0.7%	7.5%
Coffs Harbour	QLD	45,618	48,254	5.8%	12.2%
Albury	QLD	45,628	47,993	5.2%	11.6%
Wagga Wagga	QLD	46,899	47,604	1.5%	6.6%
Tamworth	TAS	36,157	37,677	4.2%	9.9%
Orange	VIC	35,004	37,158	6.2%	15.3%
Dubbo	VIC	32,333	34,396	6.4%	10.8%
Wodonga	VIC	31,580	34,013	7.7%	14.5%
Bathurst	VIC	31,278	33,587	7.4%	23.7%
Gladstone	WA	32,085	33,442	4.2%	23.6%

Note: Populations figures based on Census 2006, 2011 and 2016

Total Australia

Description	Pop (C2016)
5 main capital cities	16,614,917
23 next biggest cities & towns	1,483,518
Rest of Australia	5,303,026
Total Australia	23,401,461

From www.abs.gov.au - Australia's total population

Census 2001 - 18,948,000

Census 2006 - 19,855,288

Census 2011 - 21,507,713

Census 2016 - 23,401,461

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Common Model

|	
Greater Sydney	34
Greater Melbourne	29
Greater Brisbane	19
Perth	12
Adelaide	7
Rest of Australia	30
Total	130

Capital Cities (& surrounds) (C2016)

Note: Populations figures based on BCP/GCP GCCSA data from ABS

City & Surrounds	2011 Population	2016 Population	11 - 16 %	06 - 16 %
Sydney	4,391,536	4,823,897	9.8%	17.1%
Melbourne	3,999,805	4,485,226	12.1%	23.1%
Brisbane	2,066,006	2,270,956	9.9%	22.6%
Perth	1,728,743	1,943,630	12.4%	28.6%
Adelaide	1,225,233	1,295,674	5.7%	12.0%
Canberra	356,587	396,883	11.3%	22.7%
Hobart	211,692	222,362	5.0%	10.3%
Darwin	120,603	136,878	13.5%	29.2%
Total	**14,100,205**	**15,575,506**	**10.5%**	**20.6%**

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Total Tools
Sydney Territories
Current Territories

Commonwealth Bank

Marketing Area

Ryde, NSW
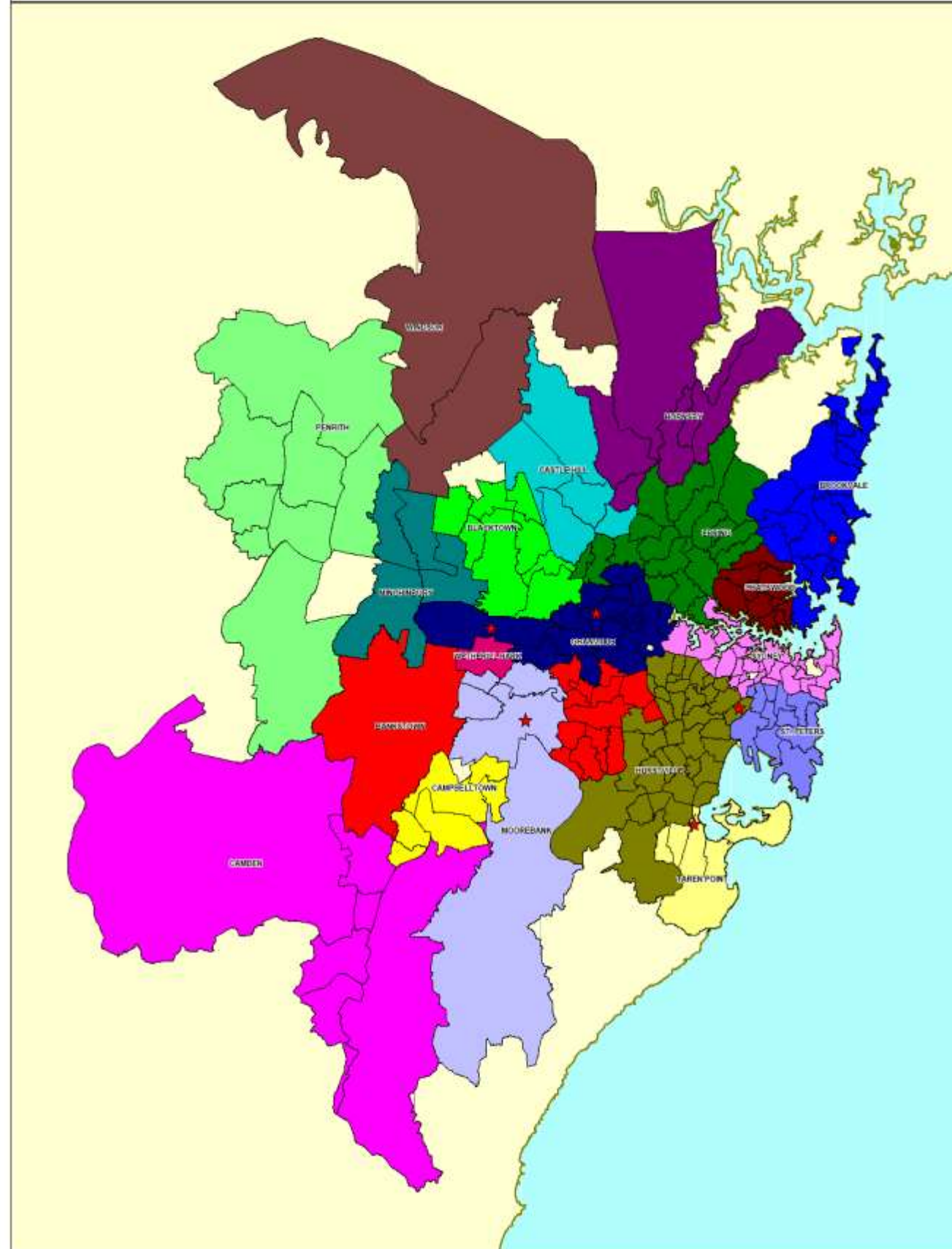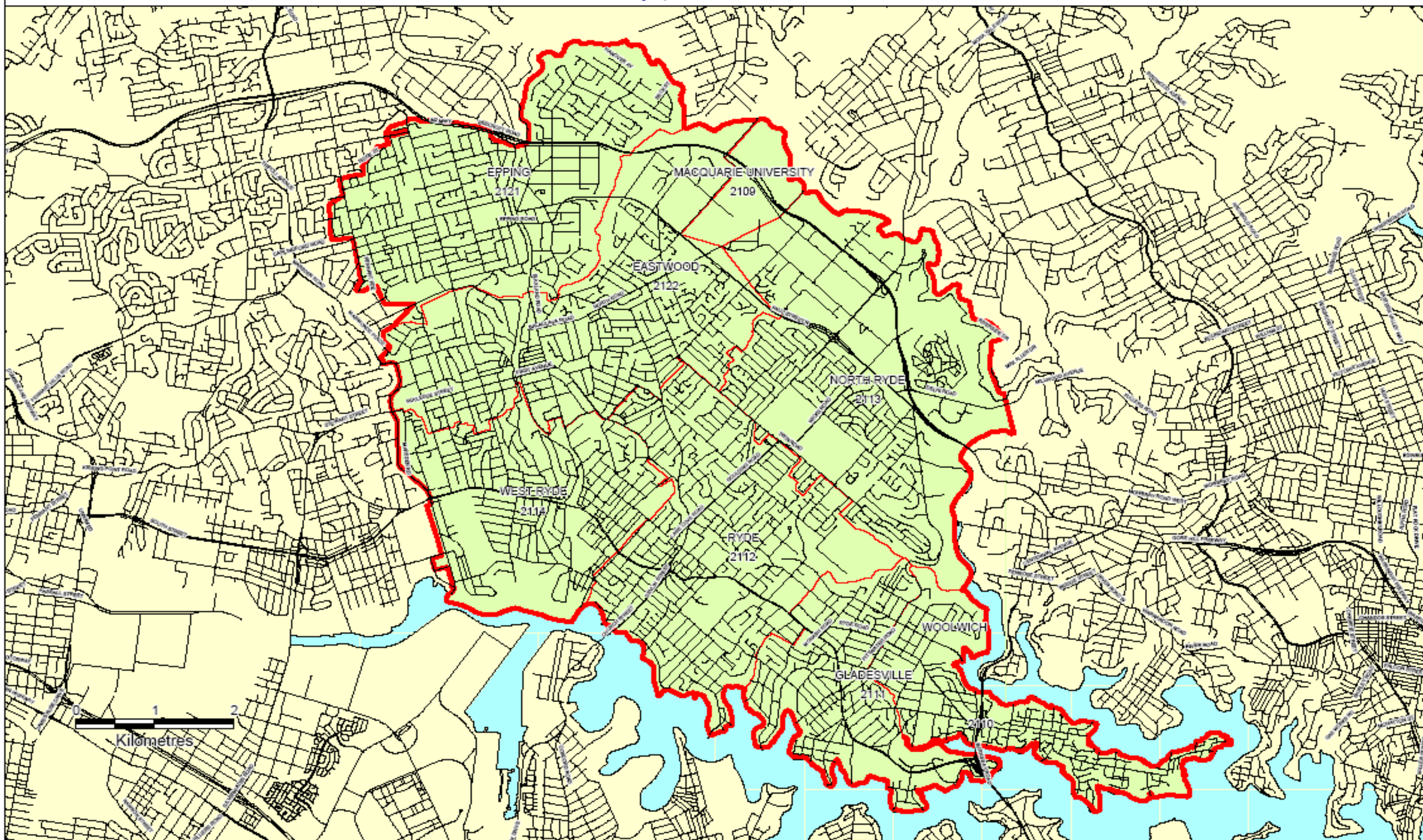
Advantages of Postcodes if Practical

- Can aggregate postcodes

- Defined boundaries that rarely change

- Easy to map

- Easy for mail outs and sorting databases by address

- Good for leaflet distribution

- Tend to follow natural boundaries where available (creeks, National Parks etc)

- Easy to understand

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Data Packs

- **Can be tailored to show many things**

- **Ideal pack for territory understanding**
  - **Residential Demographic**
  - **Business Demographic**
  - **Territory Map (once agreed with Management)**
  - **Business Hit List**

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Electronic Mapping Software

- **Let the picture tell the story**
- **Allows us to show geographic components**
  - ○ **Target Market Index**
  - ○ **Territories**
  - ○ **Sites**
  - ○ **Competitors**
  - ○ **Customers**
  - ○ **Marketing Areas**
  - ○ **Roads and Boundaries**

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Mapping

- **Google Maps**
- **Mango Maps**
- **https://mangomap.com/spectrum/maps/106677/spectrum-analysis-mango-maps-demonstration**

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In Conclusion…..

Make <u>informed</u> decisions and

get it right the first time

Questions & Thank you

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