Lightstone Explore launches Kaleidoscope

Lightstone Explore has officially launched Kaleidoscope, a geodemographic segmentation tool. Kaleidoscope aims to aid marketers and customer relationship managers in better understanding their customer base, and in identifying where to find more customers of the right target market for their products and services.

Linda Reid, chief commercial officer at Lightstone Explore, notes that with LE providing spatially-focused business intelligence solutions, Kaleidoscope was a natural and incredibly valuable progression (in terms of service offering) and a great addition to the LE family.

"What makes Kaleidoscope, as a tool, particularly powerful is the fact that it sits within the Lightstone Group, meaning that it is able to draw on the many proprietary datasets (demographics, property, auto, retail, business) from the various brands under the Lightstone banner, to categorise the population into 19 relevant segments, and use the datasets to describe each segment. At a very granular geographic level (Enumerator Area - of which there are over 100,000 in the country) we have identified the predominant type of person living in each area, along with their characteristics," says Reid.

Segmented by food

One particularly interesting element of Kaleidoscope is the name of the various segment groupings – which all have connotations to food, particularly within a South African context.

"We wanted to capture the essence of each segment in a way that would help create an association for the user between the type of person that occupies each segment and the name of the segment. In South Africa, we have a very disparate population, polarised by wealth and colour, which we didn't want to make a feature of the segment names. Food, however, is a theme that we found has a good association with people across segments," says Reid.

Sunday Roasts: Wealthy metro estate housing that consists mainly of older houses on large stands. The younger generation live in properties with an average value of R2.6m that are mainly new houses, whilst the older generation (over 60 and includes retirement estates) live in expensive properties with an average value of R3.1m. Population consists mainly of white Afrikaans speaking and black people, with the majority of children under the age of five.

The "Oysters & Champagne" grouping classifies super wealthy urban areas with large houses that are often new or consist of older houses that are being modernised. "Cupcakes & Cocktails" areas typically contain young families with children under the age of five, with most adults having a degree. "Magwinya & Zamalek" classifies a metro area that consists of some formal housing but mostly informal housing consisting of shacks, and typically black or coloured people of a younger average age. And so the segment grouping names go.

Segmentation models

LE's customer segmentation models are sometimes built to size the market, to guide merchandising decisions, and to contribute to decisions about store location. Pure internal customer segmentation (sometimes done specifically for certain clients), must result in a rich understanding of a customer base, in a way that allows a brand and company to create and execute on their customer strategies. The results are used to identify potential new customers; more specifically advertise / appeal to specific segments within a base; build targeted pricing models; and so on.

One of the more valuable components of Kaleidoscope is the fact that it provides information and findings at an Enumerator Area level (whereas competitors provide information on a much less granular level.)

Enumerator Areas

"To illustrate the difference, there are about 9,000 suburbs in the country, but over 100,000 Enumerator Areas. This is significant because you can get very disparate segments of people living in a suburb. Picture, for example, Bryanston in Johannesburg, or Rondebosch in Cape Town. Both areas cover sub-areas that contain very different types of people – eg. in Rondebosch, the area next to the railway tracks is very different in nature to the area next to the common. If you treat people from the whole area as the same, your targeting will be inefficient, and you will draw the wrong conclusions from assessing your customers that live in that area. Taking it down to a much more granular area base creates the ability to be a lot more accurate and focused in your marketing and customer relationship management activities," Reid adds.

Why 'Kaleidoscope'?

If you're wondering why the name "Kaleidoscope"? Reid elaborates: "A kaleidoscope is an optical child's toy, usually a cylinder with mirrors that contains loose coloured objects like beads and bits of glass. When you look into one side, light coming in to the other side creates a colourful repeated pattern caused by reflection of the beads in the mirrors. We opted for the name Kaleidoscope because when you look at the map of South Africa, with each area coloured in its predominant segment's colour, it resembles the bright mosaic look that you get when peering through a Kaleidoscope. Each twist of the Kaleidoscope changes the colour pattern; similarly, changing your area of focus with Lightstone Explore's Kaleidoscope has the same effect."

For more information on Kaleidoscope, go to www.lightstoneexplore.co.za.