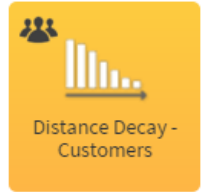


HOW TO READ



Distance Decay—Customers

Distance Decay is a geographical term which describes the effect of distance on spatial interactions. This report helps determine whether creating a new custom Trade Area is warranted for conducting customer analysis.

Helps answer the questions

1. How many of my customers live within 5 miles of my store location?
2. What size should my trade area be for this location, based on where my customers live?
3. How far do my customers travel to get to my store (library, office)?

Distance Decay | Customers



Location: 26

Customers: US - Sample - Data - Ver1: Record Count

Units: Miles

Unit Bands	Absolute Count	Absolute %	Cumulative Count	Cumulative %	Base Absolute Count	Base Cumulative Count	% Pen
0 - 1	339	29.58	339	29.58	4,469	4,469	7.59
1 - 2	178	15.53	517	45.11	6,556	11,025	2.72
2 - 3	210	18.32	727	63.44	8,946	19,971	2.35
3 - 4	178	15.53	905	78.97	9,963	29,934	1.79
4 - 5	80	6.98	985	85.95	9,062	38,996	0.88
5 - 6	40	3.49	1,025	89.44	10,599	49,595	0.38
6 - 7	24	2.09	1,049	91.54	12,440	62,035	0.19
7 - 8	15	1.31	1,064	92.84	19,459	81,494	0.08
8 - 9	13	1.13	1,077	93.98	17,340	98,834	0.07
9 - 10	11	0.96	1,088	94.94	22,200	121,034	0.05
10 - 11	6	0.52	1,094	95.46	17,189	138,223	0.03
11 - 12	10	0.87	1,104	96.34	16,236	154,459	0.06
12 - 13	6	0.52	1,110	96.86	15,194	169,653	0.04
13 - 14	1	0.09	1,111	96.95	11,801	181,454	0.01
14 - 15	3	0.26	1,114	97.21	12,117	193,571	0.02
15 - 16	3	0.26	1,117	97.47	10,884	204,455	0.03
16 - 17	3	0.26	1,120	97.73	9,780	214,235	0.03
17 - 18	2	0.17	1,122	97.91	12,414	226,649	0.02
18 - 19	1	0.09	1,123	97.99	14,993	241,642	0.01
19 - 20	1	0.09	1,124	98.08	14,598	256,240	0.01
20 - 21	0	0.00	1,124	98.08	14,116	270,356	0.00
21 - 22	3	0.26	1,127	98.34	16,178	286,534	0.02
22 - 23	1	0.09	1,128	98.43	25,624	312,158	0.00
23 - 24	1	0.09	1,129	98.52	19,958	332,116	0.01
24 - 25	1	0.09	1,130	98.60	18,377	350,493	0.01

Looking at the table, each row of numbers represents a distance band from the selected location. The default values equal 1 mile or 1 minute distance bands. The default can be adjusted in the Workspace Settings pane.

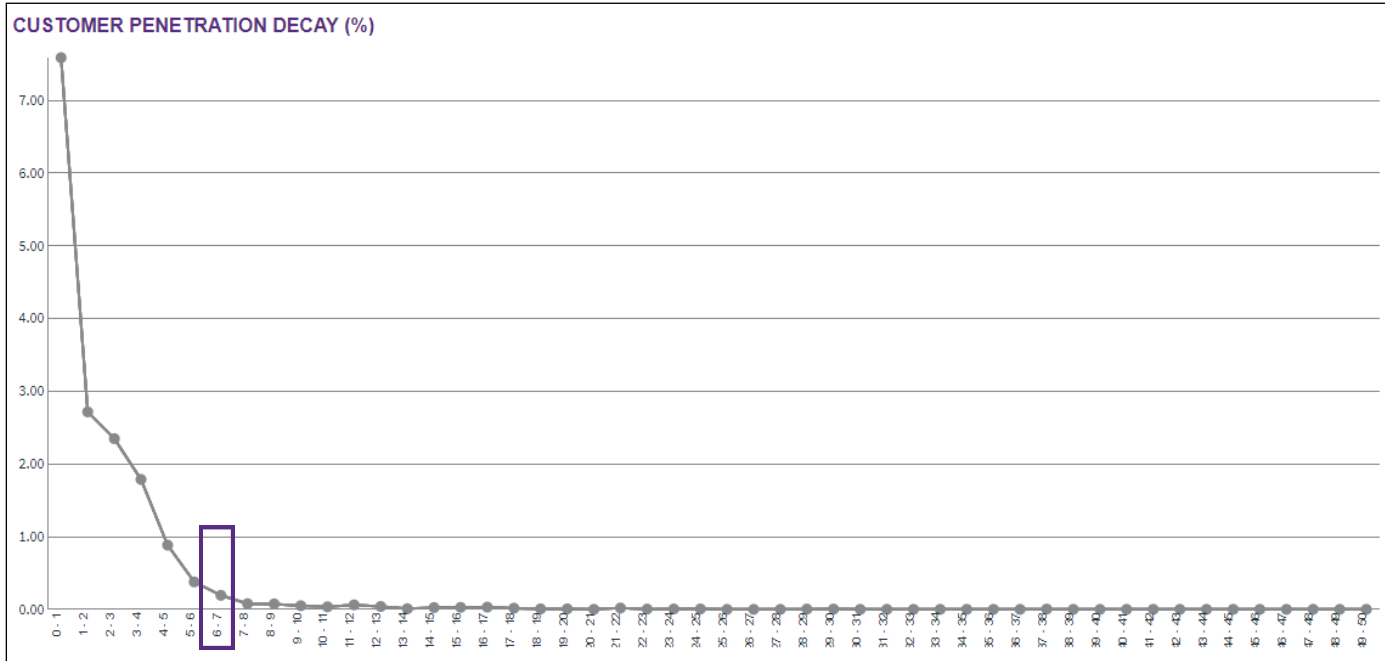
This example shows 1 mile distance bands from a sample store location (#26) and a sample customer file. The purple box highlights that there are 24 customers living between 6 to 7 miles from our location - 2.09% of the total customer list. Cumulatively, we have 1,049 customers living from 0 to 7 miles - 91.54% of the total customer list.

There are 12,440 households in the 6 to 7 mile band from our location in the area of interest (the United States). There are 62,035 households between 0 to 7 miles from our location.

24 customers out of a possible 12,440 households represent 0.19% penetration in the 6 to 7 mile band in the market.

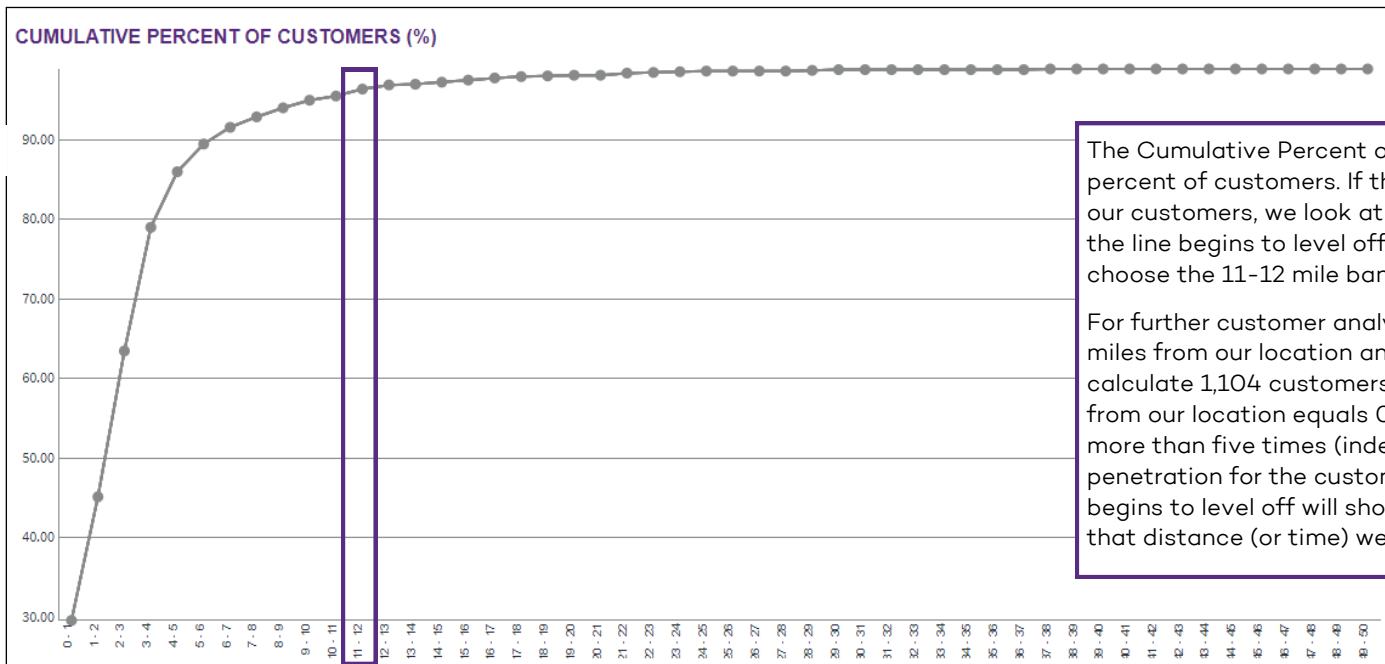
Unit Bands The size of the band. Can be miles or minutes.	Cumulative % The percent of customers in the current distance band PLUS the previous bands.
Absolute Count The count of customers within each distance band.	Base Absolute Count The count of the selected base (i.e., households) within each distance band.
Absolute % The percentage of customers within each distance band.	Base Cumulative Count The count of selected base (i.e., households) in the current distance band PLUS the previous bands.
Cumulative Count The count of customers in the current distance band PLUS the previous bands.	% Pen (Absolute Count ÷ Base Absolute Count × 100) The market penetration of the customers in an individual distance band.

HOW TO READ



The Customer Penetration Decay graph shows the percent penetration of customers for each distance band. The distance band for 6-7 mi is quite low at 0.19%. The highest penetration is in the first band, at 7.59%.

If you look at the table, there is a total of 1,133 customers in the 50 bands listed, and a total of almost 898,419 households. Not shown on the report is a cumulative penetration of 0.13% (Cumulative Count in the last band ÷ Cumulative Base Count in the last band × 100).



The Cumulative Percent of Customers graph shows the cumulative percent of customers. If the goal is to create an area capturing most of our customers, we look at how the line rises and choose the point where the line begins to level off (point of inflection). In this example, we might choose the 11-12 mile band as the point of inflection.

For further customer analysis, we could create a trade area that is 12 miles from our location and use it as our benchmark (base). We calculate 1,104 customers divided by 154,459 households within 12 miles from our location equals 0.71% penetration. A % penetration of 0.71% is more than five times (index 546) better than the cumulative % penetration for the customer file (0.13%). Often the value where the line begins to level off will show fewer than 100% of our customers. And at that distance (or time) we create our location's custom Trade Area.