

You can prospect online
even for the wealthy,
but be sure to observe
the legal limits.



THE INVISIBLE RICH

By Bryce Sanders

TARGET MARKETING AND PROSPECTING HAVE BECOME A LOT EASIER

since the arrival of the Internet. But you might accurately describe the challenges facing advisors using the Internet to identify target or niche markets as something like “drinking from a firehose.” With so much information, how do you get to the relevant stuff? This question is complicated enormously by the issue of legality. A lot of information available on the Internet may be illegal to use for commercial purposes such as prospecting.

IDENTIFYING YOUR TARGET MARKET

The United States Census Web site (www.census.gov) is an excellent tool for determining narrow geographic areas to target for marketing purposes. The census is taken every 10 years, with some information updated at more frequent intervals. For example, suppose you work in a city, and the suburbs stretch into several surrounding counties. You want to determine the areas most likely to contain quantities of quality prospects. On the Census home page, find the “Quickfacts” section and choose a state. More than 40 categories of information are displayed comparing state to national data. The screen also allows you to “Select a county” and provides a selection map useful in finding the surrounding counties in your market.

CERTAIN DATA ARE ESPECIALLY USEFUL:

Population Percent Change 1990–2000 and Population Growth Percent Change April 1st 2000–July 1st 2005: Often people move to an area because they can make a good living or enjoy a comfortable retirement there. Compare the county numbers to the state numbers. You want counties that exceed state numbers. Often you will see outer counties enjoying higher growth than the neighboring city—a clear illustration of the “hollowing out” phenomenon plaguing major cities.

Bachelors degree or Higher, Pct of persons 25+ (2000): This section identifies the percentage of the population with college degrees. People with higher educations usually enjoy higher incomes.

Median Household Income 2003: Naturally, you will want high median incomes.

Households (2000): Some counties are lightly populated, so a small population shift from a city can increase the growth rate tremendously. If your prospecting market is the top 2 percent in a given area, a county with 40,000 households would yield 800 in the top 2 percent. A county with 600,000 households yields 12,000—

PEOPLE ASSUME INFORMATION AVAILABLE ON THE INTERNET IS FAIR GAME, BUT ACCESSING DATA AND UTILIZING DATA ARE DIFFERENT ISSUES.

more prospects to identify and cultivate.

We know wealthy counties have less well-to-do areas, and poorer counties can have wealthy enclaves. How can you narrow down your target market below the county level? To start, you need to know the zip code clusters in your market. The "Zip Code Atlas" (American Map) provides maps of states with an overlay of zip code prefixes. The census Web site also provides information down to the zip code level. On the Census home page find United States Census 2000 Summary File 3 (SF3). On the next page click: "Data: Access to all Tables and Graphs in American Fact-Finder." When you see a screen highlighting Census 2000 Summary File SF3, choose "Detailed Tables." The next page provides a series of boxes with refined data. In "Geographic type," scroll down to "5 digit zip code tabulation area"; select a three-digit zip code prefix; highlight "All 5 digit Zip Code Tabulation Areas," and add it to the next box. Click "Next. The following screen enables you to choose from hundreds of tables.

Scroll to P53 "Median Household Income in 1999 (Dollars)." Click "Show Result." The next screen will provide the median income figures for each zip code selected. This is an excellent way to learn "where the money is" in a target market.

Another way involves the U.S. Postal Service Web site (www.usps.com). Click on: Find zip code; choose city; enter the city and state. The list shows all zip codes connected with that city. (Ignore P.O. box zip codes.) Returning to the Census Web site, match the median income by zip code with the zip code list. You will be surprised at the results! In a city with 30-plus zip codes, you'll often find the wealth concentrated in a handful of postal codes.

Suppose your market is composed of small towns. An excellent research resource is ePodunk (www.epodunk.com). This site provides a profile of any community in the United States. Enter the city and state. You should be able to find a bar graph comparing the town's median income to national figures.

Why is this information helpful? Your personal strategy may involve seminars, mailings, speaking engagements at community organizations or social prospecting. You can

target your efforts at small, easily defined affluent areas. Consider seminars or speaking engagements. Many markets are over-prospected, but there always seems to be room for one more good idea. These days, identity theft—which makes the news often—is an incredibly popular seminar topic. You see billboard warnings and even the post office cites identify theft risk as a reason to rent a post office box. Choose a market with high median incomes. Who cares about identity theft? People with assets! Whom do you want as prospects? Enough said.

WHEN PUBLIC INFORMATION ISN'T

People assume information available on the Internet is fair game, but accessing data and utilizing data are different issues. Consider donors to political campaigns. For all the right reasons, this information is easily accessible to the public. You have a right to know who is contributing to an election campaign. The information is thorough: You can easily identify donors down to their zip code level, how much they contributed, their profession and even their address! However, it is illegal to use this information for prospecting in most states.

And it's easy to get caught: The list may be "seeded"—that is, a few dummy names could be included. Because they are spelled in a particular way or use a specific address, any mail to or contact with that person could only have originated from data gleaned from that political donor list. The result is a lawsuit, and financial services firms have been hit with them.

A great resource for researching nonprofit organizations is GuideStar (www.guidestar.com), the self-described "...national database of U.S. charitable organizations, [that] gathers and distributes data on more than 850,000 IRS-recognized nonprofits." Although the site provides data such as financial information, and in many cases lists members of boards of trustees, it was not designed to aid planners. The homepage includes the warning: "...the GuideStar site is for personal, informational use only. Any other use including resale of the information or use for commercial gain, is prohibited except in accordance

with a GuideStar licensing agreement."

Telephone directory online databases carry similar warnings. For example: www.anywho.com states the following under Terms and Conditions, point 6: "You agree you will not use the service or the information obtained through the service (including without limitation, directory or event listings) for solicitations, commercial or otherwise."

However, sometimes Web sites do grant licenses to firms that allow them to use their data in specific ways. If your firm is targeting the HNW market, they may have secured an "Enterprise-Wide license" that enables members of the firm to use data from specific Web sites for research. For example, the GuideStar Web site explains how financial brokers can use GuideStar "to understand individual nonprofits' investment practices and to target market opportunities." Of course, there will be fees.

College alumni directories would seem to be another ideal resource. You graduated from the school, and you have a bond with fellow alumni. But the bond does not extend to prospecting. My own Stevens Institute of Technology alumni directory includes the warning: "...use of this directory for any other purpose...or using the addresses or other information contained in this directory for any private, commercial or political mailing is strictly prohibited..." In any case, alumni are best cultivated in face-to-face situations at local alumni events or reunions.

Despite its risks, the Internet can be an excellent research tool, provided you remember three rules:

1. Always read the Terms and Conditions as well as any other legal and privacy notices on the Web site;
2. Only use the sites for the purposes originally intended by the Web site;
3. Secure approval from your branch, compliance or administrative manager before proceeding.

BRYCE SANDERS is president of Perceptive Business Solutions Inc. which provides HNW client acquisition training to the financial services industry. The author of *Captivating the Wealthy Investor*—available on Amazon—he has been published in the U.S. and the U.K.