

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

VII. INDUSTRY EDUCATIONAL COURSES - LONG TERM

F. U.W. Extension And Executive Development

10. Miscellaneous Undated Lectures Sponsored by
U.W. Extension

- a. "Office Space Market Segmentation and
Analysis", Presented at Real Estate
Market Segmentation and Analysis
Seminar, The Wisconsin Center, Madison:
(pp. 3-5 missing)

Real Estate Market Segmentation and Analysis
A Seminar Sponsored by U. of Wis.-Extension
Department of Engineering
THE WISCONSIN CENTER

Office Space Market Segmentation
Instructor: Prof. James A. Graaskamp

- I. Initial premises and concepts
 - A. Free enterprise is the art of creating a temporary monopoly by providing a unique solution to a need or resolution of an irritation, anxiety, or fear.
 - B. There is no such thing as an office market, therefore, but rather a large variety of special subgroups of office users, each of which have unique priorities and linkage requirements.
 - C. In this light one can evaluate various strategies of marketing office space for the degree of control (risk management) each permits of the revenue assumptions which convert space-time to money-time:
 1. The overspill theory - aggregate demand and supply
 2. The interception theory - linkage to channeled movement
 3. The piracy theory - capitalizing on irritations
 4. The market control theory - naming the prospect
 - D. Site in search of a market or market in search of a site.
- II. The owner of a site in search of a market enjoys fewer options because the attributes of a site and the building have already segmented and reduced his marketing alternatives.
 - A. Static attributes of the site - physical dimensions, access, size, shape, A class or B class space
 - B. Dynamic attributes - behavioral relationships to the site - visibility, people flows, background
 - C. Linkages to demand generators
 1. Space users who primarily visit clients
 2. Space users whose clients primarily visit them
 - D. Define the competitive trade area of competitive office alternatives (Madison case)
 - E. Testing the implicit assumptions of site and building among potential customers for significant misfits (the Chicago case)
- III. The case of a market in search of a site
 - A. What may be the correct unit of sale, rent modular, or method of measuring profit among tenants.
 1. Sales per square foot or per office
 2. Revenue per room or per event
 3. Space per doctor or per clinic

- B. Related to the revenue unit is identification of who will sign the check to rent or buy:
 - 1. The home office vice-president or the district manager
 - 2. The salesman or his employer
 - 3. The ticket buyer or the promoter of the event
 - C. Assuming a revenue unit and a customer prospect, name the competitive alternatives.
 - 1. Define and measure the quantity of competitive space
 - 2. Define the attributes of competitive space to determine competitive standards.
 - 3. Analyze the source of customers for competitive space and the marketing strategy employed.
 - D. To search for the competitive edge, survey the competitive alternative tenants by name:
 - 1. The reverse directory
 - 2. The building directory
 - 3. Determine relocation motivation
 - 4. Determine remaining dissatisfactions
 - 5. Determine who is left at the previous locations (the yellow section of the phone book)
 - 6. Determine, where possible, which linkages are primary determinants for which kinds of office space users.
 - 7. Determine compatibility of market segments (need for homogeneity or heterogeneity)
 - E. Survey techniques which are applicable and cheap
 - 1. Direct interview of a representative sample
 - 2. Professional telephone interview survey
 - 3. Direct mail survey to properly constructed mailing list
 - 4. The use of the survey is to set up a series of segmentation ratios and identify preferences which may identify a competitive edge.
- IV. Product of market and merchandising research should be both a pre-architectural program and a prospect list.
- A. The theme and market target
 - B. Product size, mix, and price
 - C. Product features by competitive standard and competitive edge
 - D. Market potential, capture rate, and elasticity of demand, if any
 - E. Negative static or dynamic site factors to be neutralized by design
 - F. Marketing-investment trade-offs

Total population for surrounding counties	x .0046	Average Sunday participation rate	x .9	trips per year	1.86	days per trip
Three + people per room	x 2.5%	conservative capture rate	= 208	rooms per average weekend day		

- C. Our first two speakers will suggest how to use aggregate data effectively and how to segment that data to identify a specific consumer group.
- D. This afternoon we will explore methods for profiling the needs of particular consumer groups and segmenting the supply side available as alternatives for a particular consumer group.
- E. Segmentation of the supply side is interested in defining a special subset of competitive alternatives, then measuring the amount of supply, and finally identification of a supply gap which could be served.
1. Define the competitive standard.
 2. Identify a competitive edge.
- F. The ultimate objective of market segmentation is to take the risk out of the key variable to development success by defining:
1. A consumer with an unmet need
 2. The number of those consumers in the market
 3. The primary motivations of those consumers
 4. The means of those consumers to provide effective demand for a product
 5. The location, product, and competitive edge which will permit monopoly pricing and an acceptable capture rate