

SECTION 1: DEMOGRAPHICS & GROWTH REPORT

The Consultants were charged with these primary tasks related to engaging and understanding the Round Rock community:

- Analysis of City demographics and growth trends in general; and
- Analysis of City demographics and growth trends as they pertain to Library services.

In order to address these tasks, the Consultant team gathered data for analysis in these distinct areas:

- **Current & Future Demographics**, including age, gender, race, education, housing, and income data of Round Rock from the U.S. Census, and a deeper analysis of these same metrics from a third-party demographics provider;
- **Economics**, including statistical data pertaining to Round Rock demographics and recent rankings of the area, as compared to other communities; and
- **Customer Analytics**, based upon psychographics and market segmentation data provided by the Customer Analytics Consultant for the project.

Subsections for each of these headings are included in this Section of the Report.

CURRENT & FUTURE DEMOGRAPHICS

Round Rock's estimated population in 2011 was 104,664 according to the United States Census Bureau.¹ This was a 4.8 percent increase from the 2010 Census population of 99,887. As of 2010, the population distribution by age cohort was:

Under age 5	8.8%
Under age 18	31.1%
Ages 18 to 64	54.7%
Age 65 and over	5.4%

Females accounted for 50.8 percent of the population. The ethnicity within Round Rock was:

¹ *State & County QuickFacts*, revised January 10, 2013.

White persons	70.8%
Black persons	9.8%
American Indian and Alaska Native persons	0.7%
Native Hawaiian/other Pacific Islander persons	0.1%
Persons reporting two or more races	3.8%
Persons of Hispanic or Latino origin ²	29.0%
White persons not Hispanic	54.0%

Education attainment level:

High School graduate or higher	91.4%
Bachelor's Degree or higher	37.0%

With regard to housing and housing conditions:

Living in same house one year or more	77.4%
Number of housing units	37,223
Number of multi-unit housing units	28.7%
Homeownership rate	61.2%
Median value of owner-occupied housing units	\$168,300
Number of households	34,311
Persons per household	2.83
Median household income	\$72,108
Persons below poverty level	6.3%

Community Analysis from Third-Party Data

Business Decision is a market research firm that mines local, state, and regional business and demographic data. Their complete analysis of Round Rock can be found in Appendix 1.1 (two pages, presented in portrait format). Highlights of the data indicate that Round Rock is:

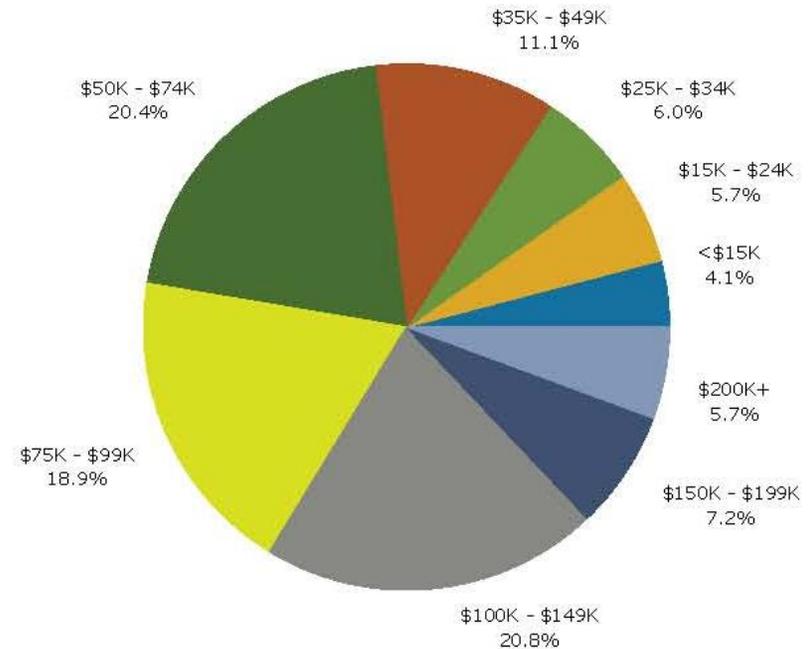
- **A high growth area:**
 - Between 2000 and 2010, the growth was 47%; and
 - From 2010 to 2015 the growth is expected to be as high as 23%.

² According to the Census Bureau "Hispanics may be of any race, so also are included in applicable race categories."

- **A wealthy community:**
 - 73% make over \$50,000 per year;
 - Only 16% make less than \$35,000;
 - The average annual income is \$98,000; and
 - 69% work in white collar jobs.
- **A highly educated community:**
 - Over 67 % of the population over 25 years old have at least some college credits; and
 - Almost 32% have a college degree or a graduate degree – the number one predictor of library usage.
- **A young community:**
 - The median age is 32.3;
 - Only 5% of the population is retirement age; and
 - 34% are pre-kindergarten or school age – the number two predictor of library usage.
- **A family-dominant community:**
 - 56 % of households have children – the number three predictor of library usage.
- **A highly mobile population:**
 - Only 3 % of population do not own a car; and
 - 50.5% have two cars.
- **A consumer society:**
 - Residents spend almost 50% more than the national average on most items, except for apparel, which ranks at the national average.

Community Demographics Conclusions. Round Rock is a young, diverse, predominately high to middle-income community – with one-third of the households earning over \$100,000 annually. The percentage of residents with a high school or higher education is quite high, but not so for those with a college degree. Single-family housing is the living style of choice, but there are a significant number of rental units that is consistent with fast-growing cities. Only time will tell if the single-family housing stock increases and the City becomes more stable in terms of its residents.

2011 Household Income



Graph of 2011 Round Rock Household Income from Business Decision demographics analysis, presented in Appendix 1.2 of this Report, Sources: U.S. Census Bureau, Esri forecasts for 2011 & 2016

Future Population Projections

The estimated population for Round Rock in 2013 is 104,805, according to the official City of Round Rock population projections. This is a 1.3 percent increase from the 2011 Census Bureau estimate.

Library Service Area Population Projections. Beginning with 2013, the Consultants projected the total service area population for the Round Rock Public Library, based on the official City of Round Rock population projections, plus the number of non-resident users. The number of non-resident users was projected using historic figures from Round Rock Public Library.

Current & Future Demographics

The 20-year population forecasts for the years 2013 through 2033 used throughout this Report by the Consultants for planning purposes are:

<i>year</i>	<i>City of Round Rock population</i>	<i>non-resident user population</i>	<i>total service area population</i>
2013	104,805	5,682	110,487
2014	107,635	5,687	113,322
2015	110,757	5,693	116,450
2016	113,968	5,699	119,667
2017	117,160	5,704	122,864
2018	120,440	5,710	126,150
2019	123,812	5,722	129,534
2020	127,279	5,733	133,012
2021	130,461	5,744	136,205
2022	133,723	5,756	139,479
2023	137,066	5,767	142,833
2024	140,492	5,779	146,271
2025	143,302	5,791	149,093
2026	146,168	5,802	151,970
2027	149,092	5,814	154,906
2028	152,073	5,825	157,898
2029	155,115	5,837	160,952
2030	158,217	5,849	164,066
2031	161,381	5,860	167,242
2032	164,609	5,872	170,481
2033	167,901	5,884	173,785

These projections are based upon the following statistics and assumptions:

- The number of non-resident cardholders who borrowed items in FY2011 was 5,676;
- Non-resident cardholders are projected to increase 1.0% per year through 2017;

- Non-resident cardholders are projected to 2.0% per year from 2018 to 2033, in anticipation of the new RRPL Main Library opening by FY2018; and
- City of Round Rock population is projected to increase 2.0% per year from 2031 to 2033.

See Appendix 1.2 for population projections and growth assumptions upon which those projections are based.

Future Growth Conclusions. Reputable sources agree that Round Rock is growing, and all indications are that the growth will continue for the foreseeable future. There is a difference between the near-term annual growth rates (2011 to 2016) projected by the City of Round Rock – averaging around 2.80% – and the third-party demographics firm Esri/Business Decision – at around 3.16%.

Regardless, as the city grows, so must the Round Rock Public Library. The RRPL is used a great deal by the community. From every sector of the community the Consultants engaged with, there is real support for the institution (see Section 2 of this Report). Growth will cost, and the bulk of that cost will have come out of the pockets of Round Rock residents and business establishments. There is no silver bullet waiting in the wings.

ECONOMICS

Round Rock ranked number 70 on *Money* magazine’s 2008 list of the best places to live in the country. Kiplinger, in its “Best Places to Live, Work and Play,” ranked Round Rock sixth. Round Rock was named by the Milken Institute as the second “best performing city” in the country.³ As the home of Dell Computer headquarters, Round Rock is recognized a driving force for economic development throughout Central Texas.

According to *CNN Money*, Round Rock’s economic metrics compare most favorably with other locales in CNN’s “Best Places to Live” compilation. Statistically, Round Rock compares favorably in many areas, and not so well in others:

<i>measurement</i>	<i>Round Rock</i>	<i>best places average</i>
Median family income	\$85,059	\$93,313
Family purchasing power	\$101,381	\$84,862
Job growth	45.2%	18.6%
Median price home	\$193,931	\$293,712
Average property tax	\$3,850	\$4,072
Higher education institutions within 30 mile radius	10	40
Libraries within 15 mile radius	46	90
Accredited museums	1	11
Median age	30.5	36.0
Married	62.2%	57.5%
Divorced	8.5%	8.3%
Racial diversity ⁴	105.3	104.0

The Round Rock Economic Development Partnership, a division of the Chamber of Commerce founded in 2004, is funded

³ The Milken Institute is a non-profit think tank that believes in the power of capital markets to solve urgent social and economic challenges and improve lives.

⁴ 100 is the national average. The higher the number, the greater the diversity.

through a public/private partnership between the City and an investors group of the Chamber. The Chamber of Commerce also has committees that offer volunteer input and participation in the economic development program.

Other economic statistics of note include:

Number of business firms in the city	8,137
Number of female-owned firms	2,712
Number of Hispanic-owned firms	1,172
Number of black-owned firms	545
Number of Asian-owned firms	610
Unemployment rate	6.8%
Persons working in:	
Management, Business, Finance	19.0%
Professional and Related Services	23.6%
Sales and Office	10.3%
Farming, Fishery, and Forestry	28.6%
Construction	0.2%
Production and Transportation	8.5%, 9.7%

Economic Conclusions

Strong economics leads to the availability of quality education and healthcare, accessible retail, restaurants, parks, libraries, and neighborhoods – all of which add to the quality of life in a given community. These quality of life issues entice business establishments to want to come to Round Rock, and encourage them and their employees to want to stay in Round Rock and make it their permanent home.

There is little doubt that the economy in Round Rock is strong. Living in Round Rock is not expensive. However, low tax rates are unlikely to remain if those quality of life issues that are primarily funded by taxes are to be strengthened.

CUSTOMER ANALYTICS & MARKET SEGMENTATION

The City of Round Rock hired Buxton Company to provide market segmentation analysis as RRPL’s Customer Analytics Consultant. Buxton Company uses the MosaicUSA® market segmentation system developed by data partner Experian to help their clients better understand their existing customers, as well as how to reach new ones. The Mosaic system categorizes every U.S. household into one of 71 unique market segments. Each segment has been assigned an alphanumeric code, a descriptive name, and a brief profile.

The Customer Analytics (CA) Consultants analyzed which market segments were represented in Round Rock, where these segments reside within the Round Rock city limits, and which categories of library materials and/or programs these segments tend to enjoy. The Consultants used this information to help identify the best locations in Round Rock for future libraries. More information about these segments can be found in Appendix 1.3 of this Report, as well as at www.experian/mosaic.

Psychographics

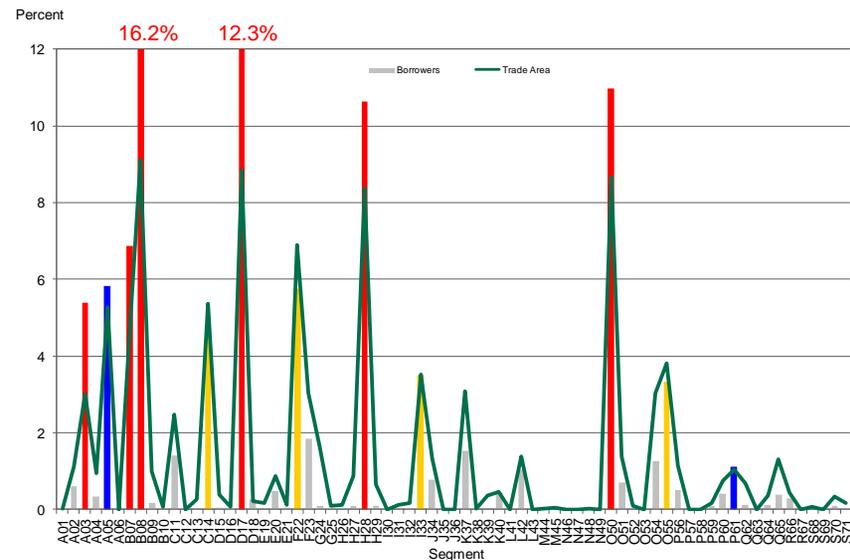
The CA Consultants combined the Mosaic system with the RRPL customer data and the Consultants’ GIS mapping software. They identified how long library customers typically drive to get to their library, and from where their trip(s) originate. The boundary defined by the average drive time determined the library’s “trade area.” The CA Consultants then analyzed which market segments were represented in the trade area, which segments tended to use – and which did not use – the library, and which broad categories of materials, such as adult non-fiction or children’s picture books, these segments tend to enjoy.

The CA Consultants subdivided these groups of RRPL customers into those most likely to use each product or service – primary customers; somewhat likely– secondary customers; and customers who use the library product or service less frequently – tertiary.

Determination of Core Library Customers

Round Rock Public Library cardholders were categorized as one of three types of core borrowers – or merely as cardholders, with little to no activity. To be a core borrower, a segment must comprise at least 1% of the borrower base. Core borrowers are differentiated in three categories, as follows:

- **Primary Core Borrowers.** Library cardholders who have a high likelihood of being RRPL users;
- **Secondary Core Borrowers.** Library cardholders who are likely to be RRPL users; and
- **Tertiary Core Borrowers.** Library cardholders who are less likely to be RRPL users, but should be considered opportunity segments that could be targeted to expand the Library’s customer base.



Graph of RRPL Core Customer percentages, by market segment:
 red bars = primary customers, blue bars = secondary, yellow bars = tertiary
 grey bars = other library cardholders, green line = total trade area percentages

Household Level Profile Summary

The CA Consultant's household level profile analysis applied their market data to RRPL's borrower data. At the overall borrower level, the CA Consultants found the following traits to be prevalent among cardholder households:

- Age range of 35 to 54;
- Income level of \$75,000+;
- Three or more persons in the household;
- Presence of children in the household; and
- Length of residency is six or more years.

Round Rock Public Library customers also have known interests in children's products, reading, personal travel, online shopping, and fitness. This information can be used to help improve understanding of borrower lifestyles and demographics, allowing for more effective communication and better targeted prospecting efforts.

Round Rock Public Library's Market Segments

Within the Round Rock city limits, 36 market segments make up 99% of Round Rock's households. More importantly, 12 segments make up more than 85% of RRPL's borrowing households. These 12 segments define the three types of core customers of the Round Rock Public Library.

Primary Core Borrowers. Library cardholders who have a high likelihood of being RRPL users include these six market segments:

A03: Kids & Cabernet. Prosperous, middle-aged married couples with children living child-focused lives in affluent suburbs, these households comprise about 5.4% of RRPL users. Key traits of these households are:

- Wealthy and well-educated;
- Suburban and conservative natures;
- Family-focused and safety-minded;

- Convenience and brand-conscious;
- Theme park trips; and
- Prosperous parents.

B07: Generational Soup. Key traits of these households of affluent couples and multi-generational families living a wide range of lifestyles in suburbia are:

- Well-educated and seasoned travelers;
- Responsible and fiscally prudent;
- Tech-savvy and online shoppers; and
- Family-centric in established neighborhoods.

B08: Babies & Bliss. Key traits of these middle-aged couples with large families and active lives in affluent suburban households are:

- Upscale and convenience-oriented;
- Athletic activities and young children;
- Conservative views and well-educated; and
- Price-sensitive and financially-savvy power shoppers.

D17: Cul de Sac Diversity. Ethnically-diverse, middle-aged families settled in new suburban neighborhoods. Key traits of these households are:

- Bilingual, community-minded, and tolerant;
- Main stream brands and children team sports;
- Career-focused and second generation success;
- Internet friendly and Internet convenience.

H28: Everyday Moderates. Key traits of these mid-scale, multi-cultural couples and families living in mid-tier metro suburban set households are:

- Value-oriented and coupon-centered;
- Sensible and casual;
- Content and appreciative of durability;
- Pragmatic and unpretentious; and
- Conformists and active internet users.

O50: Full Steam Ahead: Younger and middle-aged singles gravitating to second-tier cities. Key traits of these households are:

- Renters and aerobic sports;
- Dining out and shopping for entertainment;
- Digitally-savvy and online advertising responsive;
- Trendsetters and ambitious; and
- Early careers and community activism.

Secondary Core Borrowers. Library cardholders who are not as likely to be library users as the Primary Core, but still use the Library include these two market segments:

A05: Couples with Clout. Key traits of these middle-aged, childless couples living in affluent metro areas are:

- Financially secure and luxury;
- Risk takers and online receptivity;
- Global travelers and foodies;
- Fitness-minded and extreme sports; and
- Upscale and prosperous.

Majority household income range: \$150,000 to \$200,000

P61: Humble Beginnings. Key traits of these multi-ethnic singles and single-parent households with mid-scale incomes in apartment-dwelling households are:

- Devoted parents and renters with liberal views;
- Financially-challenged and budget-conscious;
- Electronics adopters and driven to impress; and
- Aspirational and Gen-Xers.

Tertiary Core Borrowers. Library cardholders who are less likely to be RRPL users, but who are opportunity segments include four market segments.

C14: Boomers & Boomerangs. Key traits of these baby boomer households with adults and their teenage/young adult children sharing suburban homes are:

- Heavy web users and convenience;
- Solid credit and budget-minded;
- Sports enthusiasts and diverse; and
- Family activities and eclectic lifestyles.

F22: Fast Track Couples. Key traits of these active, young, upper middle-class suburban households with couples and families living upwardly-mobile lifestyles are:

- Digital dependant and online receptive;
- Active credit users and technology adopters;
- Open-minded and status-conscious; and
- Younger adults into sports-oriented activities.

I33: Hispanic Harmony. Key traits of these middle-class Hispanic families living lively lifestyles in city-centric neighborhoods are:

- Healthy living and sports junkies;
- Generation X Hispanics in mid-sized cities;
- Young families with family-centered lifestyle; and
- Investment-averse bargain hunters and aspirational consumers.

O55: Family Troopers. Key traits of these families and single-parent households, often living near military bases are:

- Athletic and children's activities;
- Eclectic media consumers and television fans;
- Discount shoppers with limited finances and online advertising responsive; and
- Limited educations and nomadic lifestyles.

Other Market Segments Who Are Library Users

Nine other segments residing in the Round Rock area with a RRPL cardholder(s) residing in the household include:

A02: Platinum Prosperity. Wealthy and established empty-nesting couples residing in suburban and in-town homes.

C13: Silver Sophisticates. Mature, upscale couples and singles in suburban homes.

F23: Families Matter Most. Young, middle-class families in scenic suburbs leading active, family-focused lives.

J34: Aging in Place. Middle-class seniors living solid, suburban lifestyles.

K37: Wired for Success. Young, mid-scale singles and couples living socially-active city lives.

L42: Rooted Flower Power. Mid-scale baby boomer singles and couples rooted in established suburban communities and approaching retirement.

O51: Digital Dependents: Mix of Generation Y and X singles who live digital-driven, urban lifestyles.

O54: Striving Single Scene: Young, multi-ethnic singles living in Midwest and Southern city centers.

P60: Ciudad Strivers: Mid-scale Hispanic families and single parents in gateway communities.

Additional Market Segments Residing in Round Rock

The other 15 segments residing within the Round Rock city limits include:

A04: Picture Perfect Families. Established families of child-rearing households living in wealthy suburbs.

B09: Family Fun-tastic. Upscale, middle-aged families with older children pursuing busy kid-centered lives in satellite cities.

D18: Soulful Spenders. Upper middle-class African-American couples and families living in the expanding suburbs.

E20: No Place Like Home. Upper middle-class multi-generational households in exurban areas.

G24: Status Seeking Singles. Younger, upwardly-mobile singles living in mid-scale metro areas leading leisure-intensive lifestyles.

H27: Birkenstocks & Beemers. Upper middle-class, established couples living leisure lifestyles in small towns and cities.

H29: Destination Recreation. Middle-aged, midscale couples in rural towns and fringe suburbs working to enjoy their active lifestyles.

K40: Bohemian Groove. Older divorced and widowed individuals enjoying settled urban lives.

P56: Rolling the Dice. Middle-aged, mid-scale income singles and divorced individuals in secondary cities.

P59: Nuevo Horizons. Middle-aged, mid-scale income Hispanic families living mainly within US border cities.

Q62: Reaping Rewards. Relaxed, retired couples and widowed individuals in suburban homes living quiet lives.

Q64: Town Elders. Stable, minimalist seniors living in older residences and leading sedentary lifestyles.

Q65: Senior Discounts. Downscale, settles retirees in metro apartment communities.

R66: Dare to Dream. Young singles, couples, and single parents with lower incomes starting out in city apartments.

S70: Enduring Hardships. Middle-aged, down-scale singles and divorced individuals in transitional small town and ex-urban apartments.

Utility in Determining the Library's Core Business Plan

A matrix delineating the demand for core services at RRPL, by market segment, is used to craft the Core Business Plan for RRPL, as presented in Section 6 and Appendix 1.3 of this Report. The customer analytics data and preferences can be used in locating successful sites for future library facilities in Round Rock. This data can also be used in fine-tuning the mix of services provided at those locations, based on the core customer profiles of persons living in proximity to said locations.

Psychographic Conclusions. Over 35 percent of Round Rock Public Library core customers are found in the eight market segments with the highest household incomes, represented by three of the five primary core groups and one of the two secondary core groups. Over 52 percent of RRPL core customers are in the top 17 household income segments – with only five of the 52% being tertiary core customers. RRPL has achieved excellent market penetration with its primary core customers, with all six of those segments significantly exceeding the percentages of the service (trade) area population.

High income and family households are prevalent in the RRPL core customer profile, just as they are in the overall demographic profile of the greater Round Rock community. Specific customer interests that are prevalent are health and wellness, sports, travel, and technology.

Customer Retention. With only 12 of the 71 total U.S. market segments represented in the Library's core customer pool, RRPL can focus its marketing resources on relatively small group of interests. Retaining these customers should be a priority, but should not be difficult to achieve. Customer retention activities should include a continuation of the current programs and services geared toward the primary core and secondary core groups – with an expansion of programs and services directed in attracting more of the tertiary core groups.

Expanding the RRPL Customer Base. In terms of attracting marginal library users, only four non-core segments of current library customers rise to the level of one percent or more of total library cardholders. And only two of those appear to be real opportunity segments. At 1.5 percent of card holders, segment K37 Wired for Success is 3.0 percent of the service/trade area population, so RRPL has only penetrated about 50% of the available market in that segment. Similarly, segment O54 Striving Single Scene comprises less than 1.2 percent of card holders, and is also about 3.0 percent of the service/trade area population.

These opportunities for expanding the customer base are minimal, so in the short-term, it might be wise to focus the marketing efforts of RRPL on strengthening its relationships with its core customers. Specifically, efforts to convert the tertiary core customers into secondary or primary core customers might yield better dividends than elevating limited library users to frequent users, or non-users to users.