

Postcode Measures of Wealth & Consumer Activity

1. Introduction

Information is the key to marketing success. The more information you have about people the more successful you are likely to be in finding and retaining customers. TRAC has built a unique product that measures both the level of wealth and consumer activity for all areas in the United Kingdom. The two measures or predictors are held as a series of numeric scores for each full postcode. These can be added and applied to any database or list by means of a simple postcode match. The measures can be used in combination and can be used in a wide variety of marketing activities to help improve the effectiveness of campaign activity.

2. Information Held

The scores were derived from a variety of data sources. The wealth score was built from information about earnings (ONS 2003 Ward Estimates of Household Income), the presence of larger detached properties (2001 Census), 2007 Council Tax Property Bands and also occupational and unemployment data. The consumer activity score comes from data on product holdings, levels of residential property sales, levels of new car ownership and insurance ratings. The wealth indicator is held on the directory for 2,357,448 postcodes and the consumer activity for 2,336,068 postcodes.

Each predictor is held in two formats. The first is a standardised numeric score with a mean of zero and a standard deviation of one. Thus a large positive score for the postcode denotes the presence of many affluent households in the postcode, whilst a large negative score denotes the presence of few wealthy households. The numeric score tells you exactly how far up or down the scale any given postcode falls. A wealth score of +1.96 or more, for example, would tell you that this postcode comes within the top 2.5% of the country in terms of the wealth rating. The consumer activity score can be interpreted in exactly the same way. Both of these scores can be used directly in analysis and statistical modelling. The second format in which the information is held is as a banded ranking. Each postcode score is grouped into one of twenty possible bands so that approximately 5% of all households in the country fall within each band. A band one ranking for wealth for example, denotes that the postcode in question contains some of the most affluent households in the country, whilst a band 20 ranking shows that the postcode contains some of the least affluent households in the country. Using the banded rankings it is possible to overlay these onto any file of names and addresses and generate a profile by simply comparing the proportion of the file in each of the bands against the expected 5%.

3. Potential Applications for the Data

The possible uses for this data are many and varied. One application would be to improve the targeting of mailing campaigns. A second obvious application would be to use the data in the generation of small area segmentation systems such as Geo-Demographic cluster solutions. A third possible application would be to use the data in profiling and propensity modelling. A fourth, might be in the area of mapping for site location and catchment area analysis. Obviously the data can be and should be used in combination with other information to maximise effectiveness.

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