Prizm® premier ZIP+4 distributions
Release notes for envision5

Data Vintage
2019

Base Level geography
ZIP+4

Variables
Segments: 68
Social groups: 14
Lifestage groups: 11

Update frequency
Annually

To view the complete list of variables please visit:

environicsanalytics.com/en-us/variables

What it is

Claritas PRIZM® Premier, the latest version of the pioneering PRIZM segmentation system, classifies every U.S. household into one of 68 consumer segments based on household preferences for a broad range of products and behaviors. PRIZM Premier offers an extensive set of supplementary market research databases and links to third-party data. This allows marketers access to a wealth of research, which can be used to pinpoint the products and services that their best customers are most likely to use. PRIZM Premier's ability to link to third-party data allows marketers to construct a portrait of their customers by answering these important questions:

- Who are my ideal customers?
- What are they like?
- Where can I find them?
- How can I best reach them?

These PRIZM Premier external links allow for company-wide integration of a single customer concept. Beyond coding records for analysis, users can also find estimates of markets and trade areas for location analytics, as well as profile databases for behaviors ranging from leisure time preferences and shopping, to eating and consuming favorite magazines and TV shows, which can help marketers craft ad messaging and media strategy.

The distributions are generated from PRIZM Premier assignments at the ZIP+4-level. Segment household distributions for each individual block group are derived from the household counts and PRIZM Premier assignment associated with the ZIP+4s within that block group. The segment distributions can then be rolled up from block group to other geographies using cross reference files where necessary. Clients can access the segment distributions for purposes such as determining market potential, creating profile bases and identifying ideal segments within markets.

METHODOLOGY

The goal of model development is to offer the best predictive value for a behavior or characteristic for which the actual data is unknown or otherwise unavailable. New methods and data are constantly being evaluated to improve statistical model performance. To that end, Claritas developed a proprietary methodology called Multi-source Aggregation and Distributional Alignment (MADA), which changed the way households are measured and assigned to PRIZM Premier segments.

MADA is used for assessing national distributions, which begins with the demographic update, and is informed by additional data from Claritas Financial Track, Epsilon Targeting, Valassis Direct Mail Inc., InfoGROUP Inc. and TomTom North America Inc. Such data include, but are not limited to: age, income and presence of children. This information is acquired from third-party providers who have a legal right to provide such information and is either self-reported or modeled. This combination of data sources provides a unique competitive advantage in its segmentation assignment methodology, due to the unparalleled breadth and depth of address-level information. The result of the MADA process is the creation of the Claritas Master Address File-—a file of all households in the country (based on the U.S. Census Bureau's standard of counting)-—which serves as the benchmark for all coding processes.

To produce the count of households for each level of geography, initial estimates are created using the MADA process and then balanced against an annual demographic update, which is informed by estimates produced by the Census Bureau and other data providers. At the block group level, change is estimated based on sources including local estimates, trends in U.S. Postal Service deliverable address counts from Valassis and trends in consumer counts from the Epsilon Targeting TotalSource Plus™ database.

By building a stable roster of addresses and associated mailing characteristics against which analysts can consistently assess national distributions, the PRIZM Premier model provides the most detailed assignments available.

The segmentation solution uses a broad spectrum of demographic and lifestyle information to describe households and geography, enabling companies to better understand and anticipate customer buying behaviors. PRIZM Premier places each U.S. household into segments based on general consumer behavior and demographic characteristics. The segments are based on aggregated or modeled information that represent millions of households. No information about a unique individual or household is published or reported within segment assignments.

One set of factors that Claritas specifically choose not to use as drivers in analysis or models are race and ethnicity. However, research has found that, much as patterns of purchasing and other behaviors appear for these segments, patterns of race and ethnicity sometimes emerge as well. For this reason, and due to client demand, Claritas sometimes include references to race and ethnicity in its descriptions for product marketers, even though they are not drivers of household segment assignment. New with PRIZM Premier is the inclusion of technology use and household assets as driving factors in the classification of households. These two factors join the list of other demographic factors that have been a part of classifying households in earlier versions of PRIZM.

Using Segmentation to Estimate Demographics

PRIZM Premier provides an excellent high-level overview of segment demographics, allowing you to identify what messages will speak most powerfully to your best customers. This broad picture is populated by first creating segments like Executive Suites (10) and American Classics (49), and then identifying the average or most common characteristics of these segments overall.

Because these are nationwide averages, regional or population differences in how these segments express themselves may lead to variance in individual demographics. For example, let's say that nationwide, the segment Executive Suites (10) tends to be approximately eight percent Hispanic

or Latino. Using this, you can estimate the number of Hispanic or Latino potential customers that may exist in any given area. However, this is still an estimate based on nationwide averages -—in Miami, Executive Suites households will probably have a higher presence of Hispanics than the nationwide average due to the demographic makeup of that particular area. This same relationship exists for other demographics, such as households with children and age.

Generally speaking, however, most geographic areas should vary in proportion. So, for example, while the percentage of Hispanic Executive Suites households in Miami will likely be higher than the national average, it will also be proportionally higher than the percentage of Hispanic/Latino American Classics (49) households in Miami. Generally, the smaller the population being examined, the more pronounced these variances can be.

How IT'S used

To create target groups based on the segments present in existing or potential new trade areas or based on the segment assignment of existing customers.

Retailers are able to identify trade areas for potential expansion based on where target PRIZM Premier segments are present.

By using profile products such as Consumer Profiles to understand how households behave in the marketplace, including what they buy, where they buy and how they spend their time.

Sample Questions it can answer

- Who are my best customers by PRIZM Premier segments?
- Which PRIZM Premier segments are found within my trade area?
- Where can I find trade areas with the most households in my PRIZM Premier target groups?