

# CLARITAS P\$YCLE® CY DISTRIBUTIONS

## RELEASE NOTES FOR ENVISION5

### DATA VINTAGE

2019

### BASE LEVEL GEOGRAPHY

ZIP+4

### UPDATE FREQUENCY

Annually

### VARIABLES

Segments 58

Lifestages 12

To view the complete list of variables please visit:

[environicsanalytics.com/en-us/variables](https://environicsanalytics.com/en-us/variables)

### WHAT IT IS

Claritas P\$YCLE®, the premiere segmentation system for marketers of financial services and luxury items, classifies every U.S. household into one of 58 consumer segments based on the financial behaviors and wealth of a household. P\$YCLE offers the most extensive set of links to third-party data of any household segmentation system in the industry, allowing 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. P\$YCLE gives marketers the ability to construct a complete portrait of their customers, 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 P\$YCLE external links allow for company-wide integration of a single customer concept. Beyond coding customer records for analysis, users can also get 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, all of which can help craft ad messaging and media strategy.

The distributions are generated from P\$YCLE assignments at the ZIP+4-level. Segment household distributions for each individual block group are derived from the household counts and P\$YCLE 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 use these segment distributions for help with things like determining market potential, creating profile bases and identifying target 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 searched in the landscape to improve statistical model performance. To that end, Claritas developed a proprietary methodology called Multi-source Aggregation and Distributional Alignment, which changed the way households are measured and assigned to P\$YCLE 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 via the MADA process and then balanced against an annual demographic update (which is informed by estimates produced by the Census Bureau and, in some cases, various state demographers). 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.

The P\$YCLE model provides detailed assignments by building a stable roster of addresses and associated mailing characteristics against which analysts can consistently assess national distributions.

The segmentation solutions use a broad spectrum of demographic and lifestyle information to describe households and geography, enabling companies to better understand and anticipate customer buying behaviors. Claritas’ segmentation systems place 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.

Industry standard modeling practices are used along with a minimum number of demographic factors to assign households to a segment. P\$YCLE was designed to classify households based on consumer purchasing behaviors. Thus, Claritas uses data that describe overall life stage such as presence of children and household size. Race and ethnicity are not factors in Claritas’ analysis or models. However, Claritas’ 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 included this in its descriptions for product marketers, even though they are not drivers of household segment assignment.

## USING SEGMENTATION TO ESTIMATE DEMOGRAPHICS

P\$YCLE segmentation products provide 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 Midlife Highlife (15) and Big Spenders (09), 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, Midlife Highlife (15) 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. But this is still an estimate based on nationwide averages—in Miami, Midlife Highlife

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 Midlife Highlife households in Miami will likely be higher than average, it will still be proportionally higher than the percentage of Hispanic/Latino Big Spenders (O9) 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.



Banks and other financial institutions can identify trade areas for potential expansion based on where target P\$YCLE segments are present.



By using profile products such as Financial Product Profiles to understand how households behave in the marketplace; which savings products they use, average balances and how they acquire them.

## SAMPLE QUESTIONS IT CAN ANSWER

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