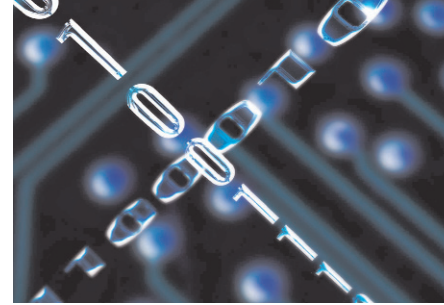


InfoBase-X[®] Affordability

Affordability Segmentation



As well as producing a suite of highly predictive and descriptive variables in the Affordability Solution Pack, Acxiom has developed an over-arching Affordability segmentation solution.

A combination of influencing factors in determining a household's level of affordability such as credit behaviour, risk and indebtedness, outgoings and overheads, wealth, affluence and economic stability have been uniquely combined to provide a powerful segmentation which summarises this information and allocates every UK household into one of 40 segments.

Acxiom's national consumer database, InfoBase Lifestyle Universe, has been combined with information from the Expenditure and Food Survey, the Minimum Income Standards Report, postcode level CCJ data, individual level default and CCJ data, unemployment rate and change data and information from the Department of Work and Pensions on benefit claimants.

In short, principal components analysis was used to summarise independent variables ensuring that highly correlated individual variables were not entered into the clustering process, adding unnecessary weight. The result is a balanced model taking into account all contributing factors. The unique profiles of the segments show how the underlying household compositions, employment status and income impact on levels of outgoings and discretionary income.

The resulting segmentation categorises every UK household across an economic

wellbeing spectrum ranging from those households that are more likely to be affected by economic climate changes and those who are unlikely to be affected at all.

The Affordability Segmentation offers the user the benefit of predictive and descriptive power to understand key segments of their customer and prospect bases. The simple coding structure and pen-portraits allow the user to understand key groups at a glance. In turn, this knowledge enables more effective management of groups of similar households and drives more efficient and compelling communication. Used in conjunction with other key Affordability measures it can be a valuable tool to assist in strategic planning, including developing acquisition and retention strategies.

Acxiom's stringent validation processes have been used to measure against a hold-out sample and performance metrics calculated to determine discrimination on independent survey files and client datasets across different industries and business challenges.

Deployed across Acxiom's InfoBase Lifestyle Universe, the Affordability segmentation, along with the full variable suite, is updated quarterly, dynamically reflecting changes to UK households and areas.

The InfoBase-X Affordability Segmentation offers the user the benefit of predictive and descriptive power to understand key segments of their customer and prospect bases.

LOW  **Economic Wellbeing Spectrum**  **HIGH**

Affordability cluster codes

AP139 AP137 AS335 AP133 AF531 AM429 AP127 AF325 AF423 AX421 AF419 AP117 AM315 AP113 AF211 AM209 AM107 AX107 AX205 AM103 AX101
AM440 AF538 AF536 AM534 AM532 AM530 AS428 AP226 AM424 AF422 AP120 AM218 AF316 AS214 AM312 AP110 AS208 AS106 AF104 AP102



Spend way beyond their means

Debt problems

More than 100% committed to bills, rent and food

No discretionary income

Highly sensitive financial situation



Reasonable standard of living

Re-prioritise spending to feel more financially secure

Typically money left over each month but becoming more cautious



Highly Affluent

Highly Indulgent

High discretionary income acts as buffer

Could cut back on spending if necessary

LIKELY  **Affected by Economic Climate**  **UNLIKELY**

For more information about Acxiom's InfoBase-X®
Affordability solution call us on 0800 035 2755

