experian®

Financial Strategy Segments

The Consumer Classification of Financial Behaviour in the UK

Financial Strategy Segments

Welcome to Financial Strategy Segments, the consumer classification of financial behaviour in the United Kingdom.

Customers in today's world vary enormously in terms of their financial needs.

Their choice of product or service provider is frequently dependent upon a complex mix of inter-related circumstances. These include not only their lifestage and affluence; but also includes product offering, price sensitivities, service needs, and the choice of channel through which they conduct their business.

Allied to these are the broader social and economic conditions that influence consumer confidence and attitudes toward investment and credit.

To keep pace with these changes in consumer behaviour, organisations need to have access to a wide range of information.

Experian has been providing information on consumer behaviour to the global financial services industry for over 30 years.

Our consumer databases are the largest and most comprehensive in the world, with our award-winning consumer segmentation being used by over 10,000 organisations across the world to provide insight and understanding on the behaviour of consumers.

This latest version of Financial Strategy Segments (FSS) is our fourth generation of behavioural classifications for financial service providers designed to help organisations optimise their relationships with consumers.

FSS helps you understand your customers and prospects by providing a comprehensive portrait of individuals and their financial behaviour. The classification is unique in distinguishing the financial behaviour of all adults and households in the UK.

FSS enables you to identify your highest value customers, to benchmark performance, identify opportunities for new products and services, to understand regional and local variations in product consumption and tailor communication for prompt response.

Financial Strategy Segments

To communicate effectively with consumers it is important to segment their behaviour at the level at which the financial decision is made. This may be as an individual or collectively as a household.

Classifying consumers purely on the basis of the neighbourhoods in which they live fails to account for the increasingly complex pattern of people's financial behaviour.

FSS addresses this problem by distinguishing between the financial behaviour of individuals and the households in which they live.

It recognises that many financial transactions such as acquiring a pension plan or applying for a loan are personal – driven by an individual's aspirations and personal preferences. Other transactions such as obtaining a mortgage or purchasing home insurance are more closely associated with the household.

FSS provides insight on the types of financial product or service consumed, and segments behaviour on the basis of a person or household's net worth, equity, investments, indebtedness, credit risk, attitudes and preferred transactional channel.

The classification segments the total population of the UK into 82 individual behavioural types. These are then aggregated to 45 household types and 13 household groups.

Providing a classification that discriminates the behaviour of individuals and households ensures that you can target your services more effectively and improves response to communication.

How is Financial Strategy Segments built?

The data used to build FSS has been chosen for its ability to accurately describe financial behaviour. It is characterised by its volume, quality, consistency and sustainability.

To qualify for use within the classification the data must meet the following criteria:

- Identify and describe consumer segments by individual or household
- Maximise discrimination
- Allow for the identification of a wide range of financial behaviours
- Be updated annually to ensure the classification maintains an accurate and consistent view of financial behaviour at any point in time

The information selected must be capable of distinguishing behaviour around a series of key dimensions including demographics, personal equity, investments, borrowings, debt, attitude, aspiration and channel choice.

In building the classification Experian has incorporated key behavioural data from MORI's Financial Survey.

MORI Financial Services is the UK's leading provider of financial market research. The MORI Financial Survey is one the nation's longest, most consistently run financial tracking studies. It provides detailed information on people's use of financial services and enables Experian to identify individual product preferences and transactional behaviour. Using this data, Experian has built a series of person and household level propensity models, which are used to augment our understanding of consumer behaviour.

MFS
MORI FINANCIAL SERVICES

Data components

Quantitative data

Over 300 data variables have been used to build FSS. These are summarised in the chart opposite, and include:

Publicly available data

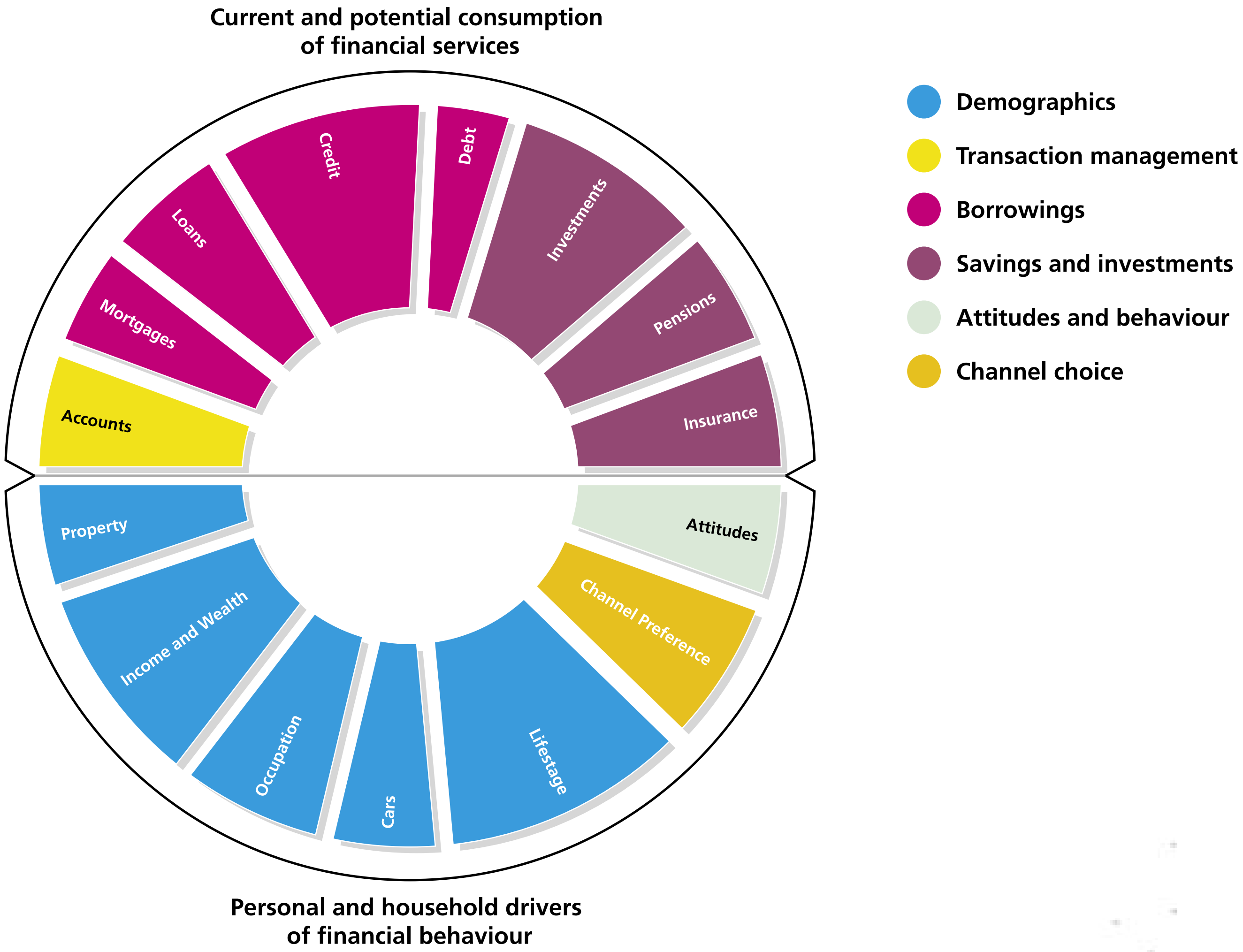
- Office of National Statistics (ONS) Census
- The 'edited' electoral roll – this includes the provision of updates from the monthly 'rolling' electoral roll
- Post Office Address File
- Company Directors database
- Shareholders register
- Council Tax
- Consumer credit activity
- Property sales
- MORI Financial Survey propensity models

Experian proprietary data

- Experian consumer surveys
- Pooled transactional data from Experian's business-to-consumer contributors
- Experian's Consumer Viewpoint database, which combines consumer identification data from all of Experian's businesses to provide a single customer view of every person and household in the UK

This information is updated annually and used to replenish our view of the classification each year.

Financial Strategy Segments data sources



Drivers of personal and household behaviour

Lifestage

- Gender
- Age
- Family structure
- Ethnic origin
- Lifestage
- Dependents
- Tenure
- Occupation
- Car ownership

Affluence

- Source of income
    - Salary
    - State benefits
    - Pensions
    - Investments
- Tax status
- Inheritance potential
- Property value and equity

Attitudes

- Attitude to credit and debt
- Attitude to investment risk
- Attitude to personal and family perils

Channel

- Sources of advice
- Level of financial sophistication
- Channel preferences
- Media preferences
- Supplier / brand loyalty

Current and potential service consumption

Transaction management

- Account and card mix
- Number of supplier relationships

Borrowings

- Indebtedness
- Affordability
- Attitudes to credit
- Short-term lending
  - Prime / sub-prime
  - Overdrafts
  - Credit cards
- Medium-term lending
  - Secured / unsecured
  - Purpose of loan
- Long-term lending
  - Mortgages
  - Other loans

Savings and investments

- Cash
  - Short-term deposits
  - Medium-term deposits
  - Tax shelters
- Non-cash
  - Bonds
  - Assurance policies
  - Unit trusts
  - Individual stocks
  - Advisory services
  - High risk / return products

Pension provisions

- State (SERPS)
- Employee
- Personal (SIPPS)

Insurance

- Personal and family insurance
- Life
- Critical illness
- Health
- Animal
- Personal finance
  - Card repayment protection
  - White goods insurance
- Car
  - Level
  - Claims protection
  - Breakdown insurance

Qualitative research

Supporting our statistical analysis is a comprehensive programme of market research. This draws upon the expertise of some of the UK's leading economists and social researchers to analyse the broader social and economic trends that drive social change and influence our financial behaviour.

The analysis is conducted in partnership with the Future Foundation Group, a leading consumer think tank on understanding social change.

The Future Foundation Group is a world authority on analysing and predicting changes in society, and the impact of these changes on the behaviour of consumers. It has been providing strategic support to financial institutions since 1996. Its broad understanding of attitudes, aspirations and consumer confidence is used within FSS to provide a suitable backcloth for our more detailed picture of personal and household financial behaviour.

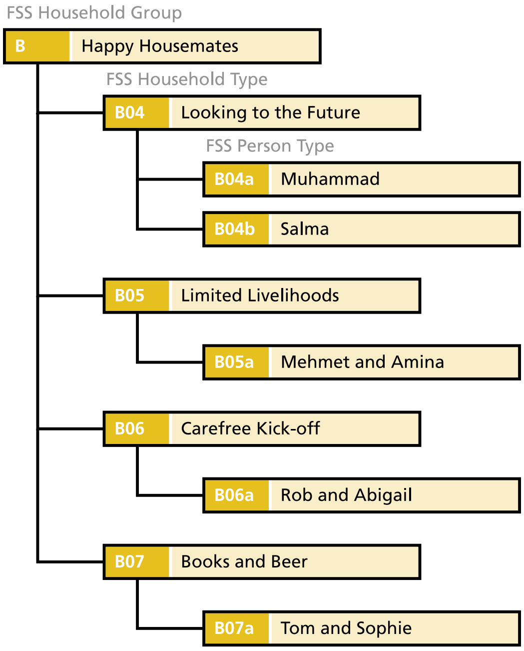
Accompanying this research are links to a number of other authoritative sources of media and market research, which build on our understanding of UK consumers. These include BMRB's Target Group Index (TGI), Family Expenditure Survey (FES), Forrester's Technographics and Internet User Monitor, Hitwise, the Consumer Credit Counselling Service and Experian's consumer surveys.

future foundation group

Resolution

FSS classifies the financial behaviour of individuals and households. This ensures that you can optimise your use of the classification at a level that is most appropriate to the product or service on offer.

82 person-level types aggregate into 45 household types and 13 groups to provide one integrated solution that covers the whole of the UK and makes the classification easy to implement.



A postcode allocation of FSS household types and groups is also available for those organisations that do not require access to the classification by address or individual.

Complementary data

FSS Demographics is a set of three separate, complementary variables – gender, age and affluence – which are provided in association with the FSS person and household types to help interpret the classification and support our view of financial behaviour.

FSS Propensity models provide access to each of the 150 person and household models used to derive FSS. This enables you to profile and enrich your customer information with any of the individual financial attributes used to create FSS.

FSS Daytime provides postcode estimates of daytime population for the whole of the United Kingdom. It is an invaluable source of information for any financial services organisation that relies upon an accurate understanding of weekday daytime populations, including their socio-economic composition.

Counts of total residential and daytime population are split by the 45 FSS household types and 13 groups to provide an accurate measure of daytime population for each FSS type and group.

FSS Factors is a distillation of the underlying data used to build FSS summarised into 6 continuous variables at postcode level. These include credit commitment; financial instability; investments; income and assets; income security; affordability. FSS Factors are designed for use in statistical modelling.

UK Consumer Dynamics is a database of over 540 attributes that describe the socio-economic and lifestyle characteristics of all adults and households in the UK. The variables are summarised into three components:

- Demographics – 27 person and household characteristics
- Classifications – 13 socio-demographic, regional and behavioural classifications
- Propensities – over 500 person and household consumer behaviour propensities

FSS is an important element to the portfolio of classifications and propensities held within the broader UK Consumer Dynamics database, providing a unique source of information on financial behaviour and a complete picture of consumer segmentation for every adult and household in the country.

Financial Strategy Segment groups and types

FSS classifies all adults in the UK into one of 82 individual types.
These are then aggregated to 45 household types and 13 household groups.

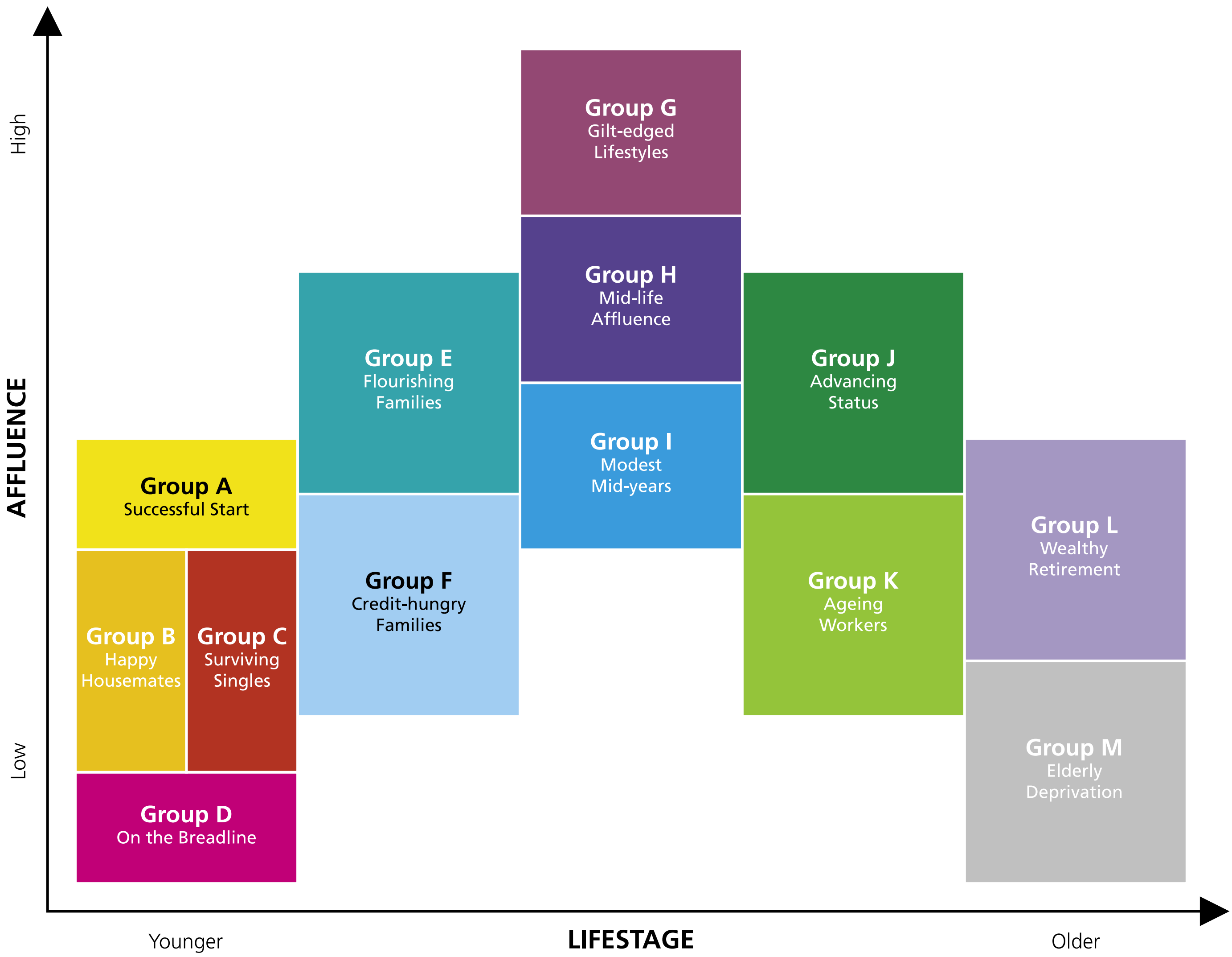
Group	Household Group Desc	UK HH%	Type	Household Type Description	UK HH%	Type	Person Type Description and Name	UK Pop%
A	Successful Start	6.33	A01	Up & coming elite	1.76	A01a	Up & coming elite – Toby	1.00
						A01b	Up & coming elite – Claudia	0.74
			A02	Professional solos	2.62	A02a	Professional solos – Mike	1.02
						A02b	Professional solos – Gill	1.02
			A03	Opportunities and overdrafts	1.95	A03a	Opportunities and overdrafts – Matt	1.15
						A03b	Opportunities and overdrafts – Jo	0.89
B	Happy Housemates	7.35	B04	Looking to the future	2.29	B04a	Looking to the future – Muhammad	1.52
						B04b	Looking to the future – Salma	1.23
			B05	Limited livelihoods	1.58	B05a	Limited livelihoods – Mehmet and Amina	1.51
			B06	Carefree kick-off	2.69	B06a	Carefree kick–off – Rob and Abigail	2.13
			B07	Books and beer	0.79	B07a	Books and beer – Tom and Sophie	0.86
C	Surviving Singles	6.07	C08	Getting by alone	2.90	C08a	Getting by alone – Jason	1.21
						C08b	Getting by alone – Tara	1.14
			C09	Solitary effort	3.17	C09a	Solitary effort – Pete or Jane	2.02
D	On the Breadline	8.28	D10	Straining the budget	3.09	D10a	Straining the budget – Lee or Kelly	1.96
			D11	Child-raising challenge	3.25	D11a	Child-raising challenge – Shane	1.12
						D11b	Child-raising challenge – Donna	1.92
			D12	Poor prospects	1.94	D12a	Poor prospects – Ahmed or Leanne	1.44
E	Flourishing Families	8.00	E13	Fully committed funds	1.18	E13a	Fully committed funds – Giles	0.62
						E13b	Fully committed funds – Philippa	0.58
			E14	Independent investors	1.81	E14a	Independent investors – Sanjay	1.09
						E14b	Independent investors – Alison	1.07
			E15	Confident consumers	1.11	E15a	Confident consumers – Justin and Kirstie	1.19
			E16	Family focused finance	1.17	E16a	Family focused finance – Spencer	0.64
						E16b	Family focused finance – Justine	0.64
			E17	Work-life balance	2.73	E17a	Work-life balance – Glenn	1.56
						E17b	Work-life balance – Tania	1.56
F	Credit-hungry Families	9.18	F18	Overspending optimists	1.81	F18a	Overspending optimists – Darren	0.95
						F18b	Overspending optimists – Claire	1.03
			F19	Savvy big spenders	2.18	F19a	Savvy big spenders – Shaun	1.21
						F19b	Savvy big spenders – Tracy	1.31
			F20	Downscale mortgagees	2.16	F20a	Downscale mortgagees – Dale	1.01
						F20b	Downscale mortgagees – Lyndsey	1.27
			F21	Hocked to the hilt	3.02	F21a	Hocked to the hilt – Wayne	1.83
						F21b	Hocked to the hilt – Annemarie	1.96
G	Gilt-edged Lifestyles	4.73	G22	Cream of the crop	0.58	G22a	Cream of the crop – Rupert and Camilla	0.68
			G23	Corporate top dogs	1.01	G23a	Corporate top dogs – Roger and Penelope	0.92
						G23b	Corporate top dogs – Oliver and Bryony	0.47
			G24	Smart money	0.88	G24a	Smart money – Deepak	0.59
						G24b	Smart money – Nisha	0.54
			G25	Property tycoons	0.67	G25a	Property tycoons – Robin and Tessa	0.88
			G26	Conservative accumulators	1.59	G26a	Conservative accumulators – Benedict	0.65
						G26b	Conservative accumulators – Felicity	0.63
						G26c	Conservative accumulators – Joshua and Rosie	0.62
H	Mid-life Affluence	6.36	H27	Asset-rich achievers	1.97	H27a	Asset-rich achievers – Gerald and Celia	1.75
						H27b	Asset-rich achievers – Bethany and Euan	0.37
			H28	Dependable comfort	2.29	H28a	Dependable comfort – Clive	1.12
						H28b	Dependable comfort – Marilyn	1.04
						H28c	Dependable comfort – Holly and Benjamin	0.97
			H29	Rat race escapees	2.10	H29a	Rat race escapees – Angus	0.88
						H29b	Rat race escapees – Bethan	0.84
						H29c	Rat race escapees – Rhys and Rhian	0.73
I	Modest Mid-years	6.50	I30	Conventional progression	2.94	I30a	Conventional progression – Graham	1.43
						I30b	Conventional progression – Linda	1.37
						I30c	Conventional progression – Gemma and Luke	1.21
			I31	Cautious borrowers	3.56	I31a	Cautious borrowers – Stephen	1.70
						I31b	Cautious borrowers – Denise	1.66
						I31c	Cautious borrowers – Carly and Aaron	1.63

J	Advancing Status	7.83	J32	Venerable workforce	2.32	J32a	Venerable workforce – Leslie and Rosa	2.14
						J32b	Venerable workforce – Gwen and Eddie	1.02
			J33	Family values	3.02	J33a	Family values – Melvyn	1.45
						J33b	Family values – Glenis	1.42
						J33c	Family values – Adam and Katie	0.93
			J34	On course for retirement	2.49	J34a	On course for retirement – Roy and Valerie	2.12
K	Ageing Workers	10.68	K35	Inadequate provisions	2.38	K35a	Inadequate provisions – Archibald and Kathleen	2.08
						K35b	Inadequate provisions – Sinead and Ciaran	1.23
			K36	Pennywise economy	2.68	K36a	Pennywise economy – Terence	1.21
						K36b	Pennywise economy – Marlene	1.20
						K36c	Pennywise economy – Ryan and Kayleigh	0.91
			K37	Sunset singles	2.68	K37a	Sunset singles – Maureen or Rodney	1.82
			K38	Seasoned state reliance	2.95	K38a	Seasoned state reliance – Brian	1.24
						K38b	Seasoned state reliance – Noreen	1.26
						K38c	Seasoned state reliance – Stacey and Craig	1.13
L	Wealthy Retirement	8.78	L39	Greys in the pink	2.03	L39a	Greys in the pink – Edgar and Sybil	1.45
			L40	Well-off down-traders	0.74	L40a	Well-off down–traders – Lionel or Ursula	0.45
			L41	Vintage couples	3.04	L41a	Vintage couples – Sidney	1.58
						L41b	Vintage couples – Betty	1.56
			L42	Low cash flow elders	2.97	L42a	Low cash flow elders – Reginald or Peggy	1.57
M	Elderly Deprivation	9.92	M43	Old-fashioned prudence	4.54	M43a	Old-fashioned prudence – Herbert	0.93
						M43b	Old-fashioned prudence – Ivy	1.91
			M44	Shoestring seniors	2.05	M44a	Shoestring seniors – Horace or Jessie	1.31
			M45	Pensioners in need	3.33	M45a	Pensioners in need – Clarence or Elsie	1.97

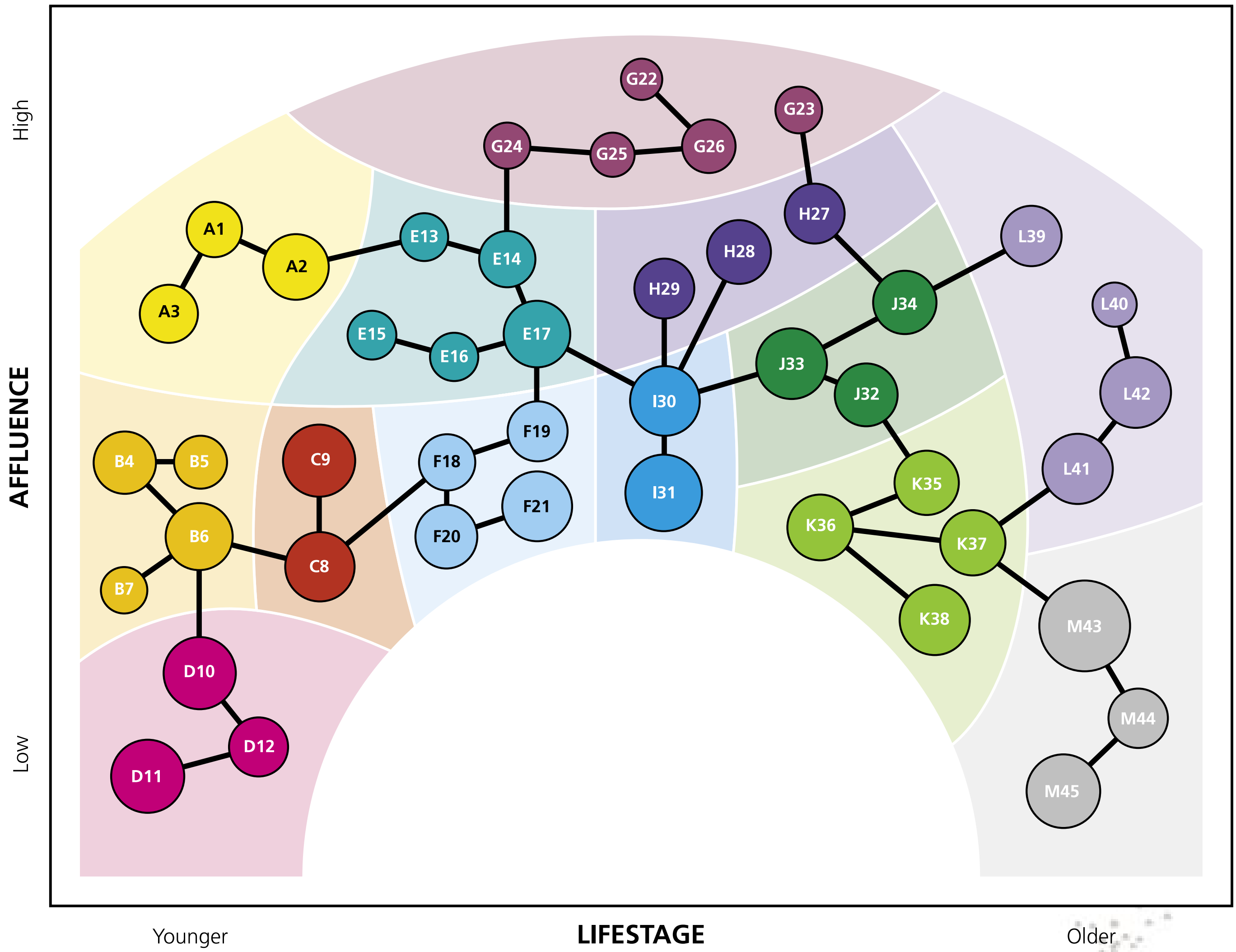
The Financial Strategy Segments
Key Dimensions and Family Tree

The FSS Family Tree maps the FSS household groups and types using the key dimensions of age and affluence. This illustrates the polarities in the financial status of each group and type, as well as showing the linkages between each of the segments.

Financial Strategy Segments Key Dimensions



Financial Strategy Segments Family Tree



Financial Strategy Segments groups and types

Group A: Successful Start

6.33% of UK households (Types A01 – A03)

Successful Start describes young professionals in their twenties and thirties, mostly single and child-free. All earn good salaries and are progressing well in their careers, and with few responsibilities except the rent or mortgage, they have considerable disposable incomes.

Young and wealthy, Successful Start enjoy spending their money on a luxury lifestyle. They work hard and play hard: long hours in the office are followed by evenings spent socialising and eating out. They buy quality wines and champagnes, have a designer wardrobe and the latest mobile handsets and audio-visual technology.

Some are willing to spend beyond their means to achieve this lifestyle, taking on loans for expensive holidays, home improvements and luxury cars. The younger ones may still have student debts outstanding. Many have more than four credit cards (including gold cards), as well as various store cards for the likes of Waitrose and Marks & Spencer.

Although not particularly careful spenders, Successful Start try to save regularly and may have started paying into a pension, whether personal or a company scheme. They look for profitable investments and like to speculate – they feel comfortable taking risks, often gambling their money, be it on the stock market, at the races or playing on internet casinos.

A section of this group consists of young professional couples with very small children. They are reliant on nurseries to allow both parents to continue working and building their careers, and childcare costs are considerable.

With busy lives, it can be difficult to find time to manage finances, and Successful Start can end up paying unnecessary charges. Being young and working long hours, this group is particularly receptive to online banking, enjoying the ease with which they can arrange mortgages, open accounts or simply pay their bills.

Group B: Happy Housemates

7.35% of UK households (Types B04 – B07)

Happy Housemates are young people in the early stages of establishing their careers and setting up home. Most live in rented accommodation, either on their own, cohabiting or sharing with friends. A proportion still studies full-time and can be found in major student enclaves. This group is generally based in and around major cities such as London or Birmingham.

Being young and starting out in their careers, they tend to earn modest salaries. However, Happy Housemates have a strong belief that their personal economic situation will improve.

They currently enjoy spending their money, living for the day, and very few, if any, make regular savings or have any investments. The majority believe they are too young to worry about and plan for retirement. They are more likely to make regular contributions to service debt repayments or to cover loans. Some are still paying off student loans, but this is a group of people who want to enjoy life – eating out, entertainment, holidays abroad and wearing the latest designer clothes will stretch their limited incomes and most will simply be spending beyond their means.

They fund this lifestyle using numerous credit cards and a current account overdraft. Most of these accounts were taken on when they were students, although Happy Housemates are savvy enough to switch providers when better deals come up or when credit cards are offered with 0% APR. They may even consider a loan to clear their credit card bill.

Internet and telephone banking are also important to this group, who often work long hours, but there is little take up of retail banking.

Group C: Surviving Singles

6.07% of UK households (Types C08 – C09)

Surviving Singles consists of young people on low incomes, living alone or sharing with friends. Most are single, some as a result of separation. Some are bringing up children on their own. There is a mix of tenure, with some renting and others owning lower value properties, predominantly in towns and coastal areas. Those who own their homes tend to have small mortgages, having bought their properties when prices were lower.

With incomes low, saving is difficult and most have little put away. Those that can afford it have a savings account or an ISA. They understand that they probably have insufficient funds saved for their retirement, and do their best to invest a small amount each month into a pension scheme. Surviving Singles worry about the future and how they would cope with any mishaps. A number have insurance to cover them in the event of an accident or illness as they have little family back up should things go wrong.

Vehicle insurance costs are about average for this group, covering their second-hand cars, bikes or scooters. Surviving Singles are prepared to shop around for the best deals on current accounts and credit cards. They buy their food and clothes at Tesco – and now they're happy to bank there. Those with Internet access will also consider online banking.

Although they are responsible consumers, Surviving Singles will take on credit. Generally, this is a personal loan to finance a major purchase such as a car, home improvements or a holiday, or it may be a secured loan to pay off other debts. Poor earnings means that some may face problems obtaining credit, or if they have it, they may struggle to make repayments.

Group D: On the Breadline

8.28% of UK households (Types D10 – D12)

On the Breadline describes young lone parents and single people who earn low incomes and live in the lowest value council or housing association accommodation. A high proportion of households have no full-time earner and the majority pay no tax.

Finances are extremely tight, so they seldom have anything available to set aside for savings. They are unsophisticated when it comes to banking and financial products and many only have the most basic accounts. They prefer to visit a branch for transactions and only occasionally change provider. Many have no insurance.

Perhaps because of their low incomes, people On the Breadline enjoy spending the little money they do have. Shopping is a hobby and they enjoy buying something new. They are happy to take on credit to maintain their consumer habit, which includes new clothes, mobiles and home entertainment. Credit is found through mail order catalogues, overdrafts or credit cards. They take out loans for larger purchases such as holidays. However, they can find it difficult to obtain credit and are the most likely to default.

For the necessities in life, On the Breadline householders will shop around at discount stores such as Lidl and Aldi. As they often have young families, they are high spenders on childcare products and services.

Despite their financial circumstances, most remain optimistic. Rather than worry about their lack of cash, many will have a flutter on the horses, play the lottery or pools, or go to bingo hoping for a windfall.

Group E: Flourishing Families

8.00% of UK households (Types E13 – E17)

Flourishing Families are couples earning good incomes, with young or school age children. They own quality family homes with high mortgages, so although they are well paid, disposable income is limited.

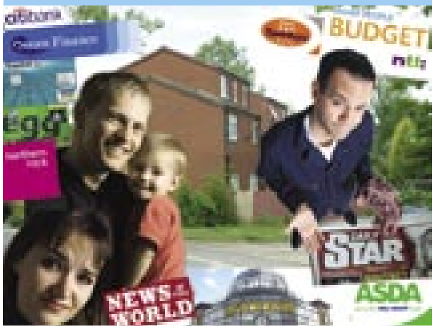
Despite many demands on their income, this group is future focused. They have pension schemes that they hope will provide long-term financial security and put money aside for their children. However, they are unlikely to be able to stretch to any further savings and investments.

Maintaining their sizeable financial commitments requires discipline and sometimes they have lapses. Flourishing Families want to be able to enjoy life – they earn good salaries and feel they deserve it. Sometimes the temptation to take holidays and buy new gadgets they can't really afford is too much to resist, which can lead to short-term cash flow problems. While they can normally keep on top of their credit cards, they sometimes struggle to pay the full amount each month. This means offers such as 0% APR can be attractive to this group.

Although time is tight with childcare and work commitments, this group will shop around for the best deals, using the Internet wherever possible to save money. They are financially astute and aware of the vulnerability of their high mortgage – they may well have mortgage protection insurance. They may also have private medical insurance through their employer.

Flourishing Families know that things will get easier. The children will get older and both parents will be able to work full-time. The mortgage will reduce as the years go by. This is an optimistic group, doing their best to make sound financial decisions.

Group F: Credit-hungry Families



9.18% of UK households (Types F18 – F21)

Credit-hungry Families have spent beyond their means and are dependent on credit to fund their lifestyles. Their incomes are below average and a good proportion of the money that comes in each month is taken up by existing debt.

They are typically couples, either married or cohabiting, in their twenties or thirties with young or school age children. They live in low-value housing, either semi-detached or terraced. Some have mortgages while others rent from the local authority.

They use credit extensively and in many guises. Credit cards are used for high street shopping, mail order catalogue credit to buy clothes for the children and hire purchase credit for the bigger items they can't quite afford, such as a new three-piece suite or a replacement second-hand car. They are rarely able pay off their credit card bill in full.

The problems don't arise from big purchases, but from living a lifestyle that matches the aspirations rather than the means of Credit-hungry Families. The cost of everyday living is always just beyond what they have coming in. The baby equipment, the new TV, doing up the living room – it all adds up. While they are not the most likely to have bad debt, there is a strong possibility that they will get into financial difficulties. They are also the most likely to take out a loan for debt consolidation.

Credit-hungry Families do what they can to keep everyday bills down – shopping at Asda or Morrisons, not using the mobile too much, and with their small houses the utility bills are not too high. But they have little or no savings and a low level of financial awareness. This makes for an uncertain financial future.

Group G: Gilt-edged Lifestyles

4.73% of UK households (Types G22 – G26)

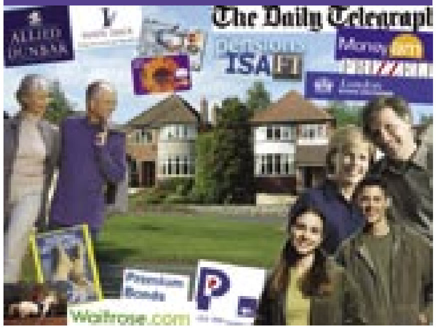
Gilt-edged Lifestyles contains the wealthiest sections of society. They earn the highest incomes and live in the most expensive homes – either large detached houses or upmarket metropolitan residences. They are directors of large companies, senior managers or business entrepreneurs and tend to be couples in their forties and fifties with older children.

Financially, they are very astute – they use financial advisers but also do their own research using the Internet and personal finance magazines. They invest heavily in shares, which they like to buy and sell online and are also likely to own a buy-to-let property and possibly a holiday home too. They pay extra into their pensions each month and are heading for a comfortable retirement. Many are in line for a major inheritance in the future.

Gilt-edged Lifestyles have many credit cards and store cards from upmarket shops. They are heavy users, buying premium products that meet their expensive tastes. They have little need for small or moderate amounts of credit as their income covers most of their requirements – if they go into debt, it will be for a large amount. Some have large mortgages still outstanding, which could make them vulnerable to changes in circumstances such as redundancy and ill health. However, they are usually well-protected with health and accident insurance.

Gilt-edged Lifestyles make purchases that are high quality, high status or time saving, or which have investment potential. Specialist insurance may be required for exclusive items. Each household owns several high-value cars, with insurance costs to match. New technology is integral to their lifestyle and they are the most likely to have online bank accounts. Mobile phone bills are very high as they use their phones constantly.

Group H: Mid-life Affluence



6.36% of UK households (Types H27 – H29)

Mid-life Affluence contains people in their late forties and fifties, with good incomes and low financial commitments. Their children are mostly grown up, though many are still in the family home.

With successful careers as professionals or as small business owners, this group is now very well placed for retirement, with a high net worth. They have made regular savings, coupled with lump sum investments from inheritances or bonuses. Their investments include stocks and shares, investment trusts, personal pension schemes, ISAs and premium bonds, and they may also own a second property. On top of this, their mortgage is likely to have been paid off some years ago, and their home is now worth a considerable sum.

Mid-life Affluence people support their children by paying student fees and by giving them a helping hand onto the property ladder. If children are still at school, there may be school fees to pay.

Car ownership is higher in this group than any other; they often have three or more. But through a combination of their age and good postcodes, their insurance costs are the lowest. They may own a vehicle for their business.

This group is the most unresponsive to telemarketing and direct mail, but is open to new technology and the Internet. They are the most likely to open accounts by post rather than in person, which may be due to the fact that they live in a more rural setting.

They spend their money on quality goods and enhancing their quality of life – they enjoy good food and looking after the home and garden. They are likely to research larger purchases carefully, perhaps online. Credit cards are seen as a useful money management tool and they are likely to have several.

Group I: Modest Mid-years

6.50% of UK households (Types I30 – I31)

Modest Mid-years are typically couples in their forties and early fifties with financially dependent teenage or older children living in the home. They may also be looking after an elderly relative at home. Incomes are below average but households with more than one earner are comfortable.

They live in modest owner-occupied housing, and although they have a number of years to go on the mortgage, the payments are reasonable. Their net worth tends to be roughly neutral, with modest savings offset by the outstanding mortgage. A few unlucky ones may be facing an endowment shortfall. They don't have a great deal in the way of investments and need to be careful if they are to achieve the level of retirement income they would like. Some have a company pension and others have the possibility of a modest inheritance.

Modest Mid-years are unsophisticated financial consumers and can end up paying more charges than necessary through poor money management. Some may use their credit card as short-term credit and they use loans to help them finance big items, such as a car. While generally sensible with credit, it can sometimes become a problem. Although they are not particularly aware of the savings options open to them, they will change accounts if they are made aware of the benefits.

Their children help them to keep up with the times and to learn about the Internet, but they also cost money. The family may have to run more than one car and the kids need to keep up with the latest computer games and must-have accessories. However, Modest Mid-years are proud of their children's achievements and are prepared to provide further financial support if it means they can gain more qualifications.

Group J: Advancing Status

7.83% of UK households (Types J32 – J34)

Advancing Status are financially comfortable couples in their late fifties and early sixties. A few have taken early retirement but most are still working. They live in mid-range detached or semi-detached homes and have above-average incomes. Their children are grown up but some are still living at home – if they are studying, they may still be dependent on their parents, but others contribute to the household income. There may also be elderly parents to support.

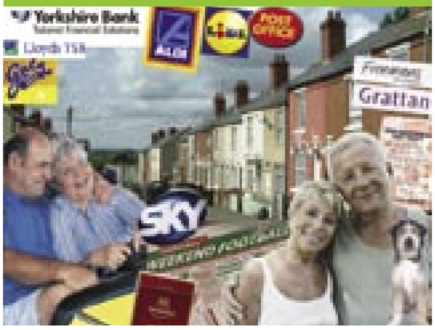
This group aren't high fliers but they have had respectable careers and are satisfied with the way they have provided for their families. They have saved carefully, building up a reasonable portfolio of investments, including some shares, and they continue to put away what they can. They try to use their full ISA allowance each year.

The mortgage is either paid or nearly paid off, which leaves a bit extra to save each month. This usually goes into low-risk investments, as this group won't take financial risks at this stage in life. Some have already received a modest inheritance and others are likely to inherit in the future.

Advancing status households are not big users of credit but will take out a loan at a competitive rate for major purchases. They will consider store cards for their favourite shops, such as John Lewis or Marks & Spencer, if they see the benefits and find it convenient. Credit cards are used primarily for cash flow.

Advancing status are still time poor, juggling the needs of work and family. This makes them unlikely to switch accounts or cards unless they are seriously fed up with their supplier. They have adequate insurance, and the need for personal insurance is receding as their children become independent.

Group K: Ageing Workers



10.68% of UK households (Types K35 – K38)

Ageing Workers are in their later working years, living in low value terraces and semis. Most rent from the council, while the home owners bought their properties many years ago, often from the council and at significant discounts, so mortgage payments are small. Some older children still live at home and contribute to the family kitty, but salaries tend to be low and total household income remains limited.

This group is financially unaware. They have avoided serious debt but have had little to spare for saving or investing. They may have a few shares obtained when their banks and insurance companies demutualised. Savings for retirement are generally inadequate and a significant proportion has no pension provision at all.

Ageing Workers are not big users of financial services – a basic current account meets most of their needs. If they have a credit card, they are likely to use it as an easy but expensive form of short-term credit, helping to stretch their finances. Mail order credit is another option. If they do take out a loan, it will be for a small amount, though there is still the potential for difficulties if ill health stops them from working.

Ageing Workers get by as best they can by living and working day to day. They try to keep the bills down but can be tempted by a bargain offered through the post. Cable television is a necessary luxury as the sports and movie channels form a big part of their entertainment. They make the odd bet, buy lottery tickets and do the pools. Shopping at Lidl or Aldi keeps food costs down. Where they can, they help out their children financially, particularly if there are grandchildren.

Group L: Wealthy Retirement

8.78% of UK households (Types L39 – L42)

Wealthy Retirement householders are enjoying their golden sunset years. Decades of careful money management have paid off and the comfortable retirement they planned for has become a reality.

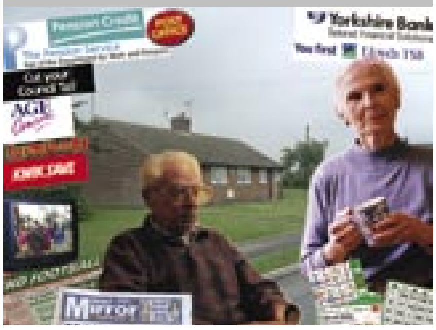
These couples and singles own their homes outright. Some have moved to a retirement area or closer to their grown-up children, which may have freed up extra cash to supplement their pensions. Although these people seem rich on paper, with significant investments and high-value homes, their monthly income is not exceptionally high. But with few commitments, they have the disposable cash to enjoy their remaining years. Their finances are all in order and they have made a will.

Wealthy Retirement householders keep a close eye on their investments. They are loyal when it comes to basic financial services, sticking with the same current account and credit card providers for the long haul. They may have one or more credit cards but always pay off the full amount each month – they could easily afford and obtain more credit, but debt is not part of their mindset.

They are considered spenders, looking for quality and value. Their money goes into hobbies such as gardening, reading, walking or adult education, and into looking after their car. They also like to take holidays, maybe a cruise – holiday cover may be expensive due to existing medical conditions, but this is all part of making the most of their retirement. They are careful to have adequate insurance to cover their home and contents.

Some have become silver surfers, embracing the Internet as a useful resource. However, they are wary of online financial transactions and are more likely to buy from a shop. They are very negative towards direct mail and telemarketing and are among the most likely to belong to the TPS and MPS.

Group M: Elderly Deprivation



9.92% of UK households (Types M43 – M45)

Elderly Deprivation pensioners are almost completely dependent on the state for their income – it is important that they claim all the benefits to which they are entitled. They live in small council flats and bungalows purpose-built for the elderly. Most now live alone although their children may live nearby. This group is predominantly female.

Without a car and too infirm to walk or travel far by public transport, they are completely reliant on local stores for shopping, such as the corner shop or a local Farm Foods or Kwik Save. Price, comfort and familiarity are the main drivers behind their purchasing decisions.

Traditionally, these people collect their pension in cash from the post office. They may have a savings account at a local bank where they put away a few pounds if they can. They are unlikely to take out a loan as the repayments would be too difficult to cover and because they don’t make big purchases – any debt they do take on will be for small amounts. They may have one credit card with an institution they have been loyal to for years.

If they have insurance, it will be for funeral cover so that they are not a burden on their families when they die. They would often rather pay an agent at the door than use more modern methods. New technology is beyond them – even the phone can feel intimidating. They are much happier with face-to-face contact, which means they are unlikely to respond to direct mail or phone offers.

Elderly Deprivation have to manage their finances carefully to pay for the basic necessities. They are cautious with their money, though it’s hard to remember where every penny goes. They try to keep their bills down – especially the utilities. Lottery tickets and bingo are popular.

Visualisation

To help illustrate the classification and make FSS easy to understand, we have created a set of comprehensive support materials.

FSS Multi Media Guide – an interactive guide available for loading onto your own PC. It provides a rich and colourful guide to the classification using photographs, sound, text descriptions, animation and a library of profiles of product purchasing habits and financial behaviour.

FSS E-Handbook – a detailed electronic and printed guide that provides a background to the typology and lists the variables used to build the classification, along with a key to the structure of the groups and types, and detailed illustrations of the financial characteristics of each consumer segment.

Delivery

Coding services

FSS can be matched to an organisation's database of customer names and addresses using Experian's bureau service. This utilises the latest and most sophisticated name and address matching technology to validate and clean records and maximise match rates. This removes the need to employ your own name and address matching software in-house.

Consumer name and address files are matched to Experian's universe of adults and households, coded and returned enriched with FSS groups and types.

Data is provided in any format or on any media required.

Data directories

FSS Directory is a uniquely formatted and compressed data file of all UK household addresses inclusive of their FSS code. Simple text matching of a customer's address with Experian's FSS household directory allows each customer record to be enriched with the appropriate FSS household code. This ensures that a customer's address can be coded with FSS without the need to employ full address matching software.

Coding systems

Matchcode UK is a PC or server-based application that allows for accurate and rapid batch processing of large volumes of name and address data for enhancement. Matchcode can append all of Experian's enhancement data including FSS.

Intact is the UK's most comprehensive and dynamic internet-based data management tool. It cleans, verifies, suppresses and enhances business and consumer data, enabling clients to improve the quality of their information for consumer mailings and prospect targeting. Address data may be enhanced with a series of suppression flags, and consumer classification data including FSS.

Experian software

iMarketer is high performance analytical software that allows for real-time analysis of large data sets to assist in the interrogation of consumer and transactional data.

Micromodeller is a PC-based data mining tool. It allows you to undertake more detailed analysis and mining of large volumes of customer information on your own PC. It can be provided inclusive of FSS to assist in modelling and forecasting consumer behaviour.

Micromarketer is an integrated PC-based tool for customer profiling, local area analysis and mapping. It can be provided inclusive of household FSS to enable local market planning, geographical analysis and profiling of consumer data.

eMarketer is a powerful web-based application that brings the skills of consumer segmentation and geographical analysis within easy reach of the business community. eMarketer enables catchment definition, profiling and reporting to be delivered over the web as a set of customised high quality maps and reports for ease of interpretation and analysis.

Prospect Locator provides online access to information for all the UK's 20 million household addresses for list selection and direct mail. Addresses can be selected using geographic, lifestyle or consumer classification data including FSS. Data is delivered to your desktop via email and is ready for immediate use.

Bureau services

Access to Experian's consumer classifications is also available through our bureau and consultancy services.

We recognise that many clients prefer to use our expertise in interpreting customer data on a project specific basis. To support you in the use of FSS, Experian has created the **Consumer Insight, Analysis and Consultancy Team.** This team of consultants and analysts will help you undertake more detailed predictive modelling and analysis of your consumer data using FSS, and help optimise your use of the classification.

Experian's Business Strategies Division

Experian's Business Strategies Division provides an unrivalled understanding of consumers, markets and economies in the UK and around the world, past, present and future. It leads the market in consumer profiling and market segmentation, economic forecasting and public policy research, supporting businesses, policy makers and investors in making tactical and strategic decisions. As part of the Experian group, it has access to a wealth of research data and innovative software solutions.
The division's economic research team is one of the largest in the country, devoted to analysing national, regional and local economies for a range of public and private sector clients. Its statisticians, econometricians, sociologists, geographers, market researchers and economists carry out extensive research into the underlying drivers of social, economic and market change.

For more information, visit
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Experian

Experian is a global leader in providing information solutions to organisations and consumers. It helps organisations find, develop and manage profitable customer relationships by providing information, decision-making solutions and processing services. It empowers consumers to understand, manage and protect their personal information and assets. Experian works with more than 50,000 clients across diverse industries, including financial services, telecommunications, healthcare, insurance, retail and catalogue, automotive, manufacturing, leisure, utilities, e-commerce, property and government. Experian is a subsidiary of GUS plc and has headquarters in Nottingham, UK, and Costa Mesa, California. Its 12,000 people in 26 countries support clients in more than 60 countries. Annual sales exceed £1.3 billion.

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