Economic Cohorts

Segment households by what matters most — a 360° view of household economics

Economic Cohorts® is a breakthrough household segmentation system that leverages our unique and proprietary household economic information to segment households by what matters most — a 360° view of households' likely economics, including a more accurate and complete picture of total income, spending, financial durability, and credit capacity and usage.

Economic Cohorts is the first consumer segmentation system to provide marketers such a complete picture of the customer wallet in combination with all of the key demographic, behavioral and lifestyle attributes you expect from a first-class consumer segmentation system.

Plus, Economic Cohorts is designed to address the specific needs of your marketing department. It offers unmatched ability to help your firm differentiate consumers, match offers with appropriate customers and prospects, and then deliver relevant, targeted marketing messages to the right households.

By segmenting customers and prospects based on measures of household economics (income, spending, affluence, financial durability, and credit capacity), as well as lifestage, demographics, urbanicity, and consumer behaviors, Economic Cohorts incorporates the vital visibility into a household's potential ability to spend that is generally missing from consumer segmentation products, hindering those products' performance.

Economic Cohorts integrates with your own transactional data as well as all our other household-level economic marketing products. It is available in both an online and offline version.

Key benefits

Enables companies to identify top customer clusters, improve communications based on economic profiles, and target new clusters with desired economic potential and tendencies

Applicable across multiple online and offline channels

Leverages our unique and proprietary household economic information (income, spending, affluence, financial durability, and credit capacity)

Developed for use in non-FCRA applications across the customer lifecycle

Unlike any other segmentation system

Money and spending matter

Money and spending drive consumer behavior. In any economy, but particularly in our current environment, a view of household economics is essential to understanding how and what to market to whom. Economic Cohorts uniquely segments customers and prospects based on economic measures first. It differentiates households based on our proprietary measures of total income, spending, affluence, financial durability, and credit capacity in combination with lifestage, urbanicity, and demographics.

Unlike other segmentation solutions that rely on survey and/or Census-based data as the primary driver of their clustering methodology, Economic Cohorts is built on a foundation of proprietary economic data derived from multiple sources, including summary factors produced by our proprietary database of consumer investable assets.

Economic Cohorts building blocks and principal inputs

Economic Cohorts is built on a unique foundation of economic data derived from multiple sources, including factors derived from our proprietary database of consumer investable assets. This powerful resource serves as one of Economic Cohorts' core components.

We use our proprietary estimates of total household income, spending, affluence, and financial durability to segment households, as well as proprietary geographic factors that estimate population density, land use, cost-of-living and other geographic characteristics. Finally, Economic Cohorts incorporates ZIP+4 level aggregated credit data, as well as household demographics and syndicated research from leading data providers.

Economic Cohorts uniquely segments customers and prospects based on economic measures first.

A view of household economics is essential to understanding how and what to market to whom.

The building blocks of Economic Cohorts

Data type	Variable	Source
Economic capacity and potential	• **Total income:** Income from wages, investments, businesses, and retirement funds • **Spending power estimate:** An estimate of the amount of money a household has available to spend beyond cost-of-living expenses • **Intersection of income and spending** • **Affluence:** An indicator of a household's likely spending capacity relative to current debt obligations • **Financial durability:** Estimated ability for a household to keep spending, plus meet current and future financial obligations, even when under financial stress	Economic capacity measures: • **Income360®:** Continuous household-based dollar estimate of income uncapped up to $2.0 million • **Spending Power™:** Continuous household-based dollar value estimate of spending power uncapped up to $1.2 million • **Affluence Index™:** A continuous household-based score of 1 to 1000 that ranks households based on an analysis of their spending power and overall credit utilization • **Financial Durability Index™:** Offers a 1-1000 index of financial resilience
Demographics and home ownership	**Mainly life-stage:** • Age, marital status, children • Home ownership and value	**Equifax solutions and other compiled data sources** • Includes 2022 projections of the 2020 Census
Credit	**ZIP+4 credit summary:** • Number of credit accounts, credit balances • Mortgage data	**Equifax solutions**
Geography	**Geographic index framework:** • Town/city size, population density, neighborhood quality	**Equifax proprietary geographic framework**

The Economic Cohorts clusters are defined using a combination of the following household characteristics:

• **Economic capacity:** Economic Cohorts cluster assignments depend on the intersection of household income and spending, plus our measures of affluence and financial durability. Our Income360 model is a unique household-level income estimate that includes income from wages, investments, businesses, and retirement funds. Our spending power estimate is a modeled dollar amount of what a household has available to spend on discretionary items annually after accounting for cost-of-living expenses. The intersection of these two measures, plus our affluence and financial durability measures, helps determine cluster allocation.

• **Demographics/age:** Clusters are associated with four major age breaks: under 34 (Younger), 35-54 (Working Years), 55-64 (Pre-retirement), and 65+ (Retired). Life-cycle/lifestage, marital status, presence of children, home ownership and home value are also considered.

• **Credit data:** Industry-leading credit information from Equifax, anonymized and aggregated, is factored into the cluster construction. This includes aggregated mortgage information.

• **Geographic information/urbanicity:** Cluster definitions take level of household urbanicity into account.

Our Income360 model is a unique household-level income estimate that includes income from wages, investments, businesses, and retirement funds.

Once clusters are defined, additional descriptive data is added to each cluster:

- **Consumer and media behaviors and preferences:** Economic Cohorts ties to syndicated market research in order to provide marketers important information to help them better select marketing channels and strategies that will allow them to effectively reach target clusters. The types of behavioral data considered include media preferences, attitudes toward advertising, television channel preferences, Internet usage, and shopping habits.
- **Attitudes and lifestyle:** Economic Cohorts also ties to syndicated market research in order to provide marketers relevant information to help them better understand, speak to, and ultimately appeal to each cluster. Key attitudes and lifestyle information includes general opinions, leisure activities, health and fitness-related attitudes, and travel and entertainment patterns.

The result is a descriptive and actionable segmentation tool that helps marketers reach and interact appropriately with distinct groups of customers and prospects.

Unique financial metrics included for each cluster
Economic Cohorts offers unique financial metrics for each of the 71 clusters. The annotated pictures below explain the various cluster profile components:

Cluster name
Group code
Cluster code

Key indicators
(Lifestage, income, spending, and credit)

Cluster description

Demographic summary

Economic summary

Detailed demographics
(Age, marital status, children, education, and occupation)

Demographics and economics

Leisure and interests
(Hobbies and activities)

Media
(Preferences, TV, and internet)

Attitudes
(Financial, auto, buying, health, interests, tech, travel, and ads)

Lifestyle
(Auto, entertainment, buying, and travel)

Key applications for Economic Cohorts

Economic Cohorts can be used in a range of multi-channel applications, including your efforts to:

- Profile customers
- Prospect for new customers
- Conduct market analyses
- Identify optimal cross-sell/up-sell opportunities
- Define product strategy and distribution
- Improve CRM and loyalty efforts
- Target campaigns
- Tailor positioning, creative and messaging
- Choose marketing channels and media placement
- Maximize online ad targeting and site optimization

Economic Cohorts deliverables

We can deliver Economic Cohorts in a way that meets your company's specific needs.

- **File enhancement/coding — Analyze and segment households:**
  - Append your customer or prospect file with Economic Cohorts cluster codes for modeling, segmentation, and marketing campaigns
  - Includes Economic Cohorts National Profile and Cluster Profiles for each of 71 clusters
- **Geographic market sizing:**
  - Household counts by cluster and distribution of clusters for desired geographies (state, county, CBSA, block group, ZIP) delivered via Excel
  - Geographic market sizing sizes, ranks, and prioritizes markets to enhance opportunity assessment, performance analysis, and resource allocation

Economic Cohorts Digital enables firms to bridge their online and offline marketing strategies.

- Online — Analyze and verify online audiences and target online ads:
  - Use Economic Cohorts Digital Targeting segments to reach desired audiences online
  - Measure and analyze site visitors through the lens of Economic Cohorts
  - Use Economic Cohorts online for real-time differentiation of customers and prospects for online target marketing and site content optimization

We look forward to working with your firm to enhance your segmentation and targeting strategies. Contact us to learn more.

USISmarketing@equifax.com • equifax.com/DDM