

# Claritas P\$YCLE® Premier CY/FY Distributions 2024 Release Notes

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## CONTENTS

- Product Overview
- What's New
- Methodology
- Data Description
- Current-Year Estimates
- Five-Year Estimates
- Technical Support
- Legal Notifications

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## PRODUCT OVERVIEW

P\$YCLE® Premier represents the next generation of P\$YCLE. This segmentation system, created specifically for financial marketers, classifies every U.S. household into one of 60 consumer segments based in part on the income producing assets (IPA) of that household. P\$YCLE Premier offers an extensive set of ancillary databases and links to third-party data. This allows marketers to use data outside of their own customer files to pinpoint products and services that their best customers are most likely to use, as well as locate their best customers on the ground. This powerful segmentation system enables marketers to create a complete portrait of their customers by answering these important questions:

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

P\$YCLE Premier's external links allow for company-wide integration of a single customer concept. Beyond coding customer records for consumer targeting applications, Claritas provides estimates of markets, trade areas, and profile databases for behaviors. These behaviors range from leisure time preferences to shopping and eating to favorite magazines and TV shows, all of which can help craft ad messaging and media strategy. Components of the P\$YCLE Premier system can be grouped by the stage of customer analysis, as shown below:

CUSTOMER ANALYSIS STAGE	P\$YCLE PREMIER COMPONENT USED
Coding customer records	Household-level coding Geodemographic coding and/or fill in
Comparing coded customer records to trade area	Current-year segment distributions Five-year segment distributions
Determining segment characteristics for demographics, lifestyle, media, and other behaviors	Claritas Household Demographic Profiles Claritas Neighborhood Demographic Profiles Claritas Technology Behavior Profiles Claritas Energy Behavior Profiles Claritas Financial Product Profiles Claritas Insurance Product Profiles Claritas Consumer Profiles Claritas Income Producing Assets and Net Worth Profiles Claritas Television Premium Profiles Claritas Online Premium Profiles Custom surveys or databases

## WHAT'S NEW

Claritas P\$YCLE® Premier, created specifically for financial marketers, classifies every U.S. household into one of 60 consumer segments based in part on the income producing assets (IPA) of that household. The 2024 vintage of the P\$YCLE® Premier distributions provide the most current estimates of the number of households with a specific segment assignment in each standard geography.

## METHODOLOGY

The methodology that serves as the basis for P\$YCLE Premier culminated years of research and development in a groundbreaking methodology that allows marketers to seamlessly shift from ZIP Code level to block group level to ZIP+4 level, all the way down to the ZIP+6 and individual household level—all with the same set of 60 segments. This single set of segments affords marketers the benefits of household level detail in applications such as direct mail, while at the same time maintaining the broad market linkages, usability, and cost-effectiveness of geodemographics for applications such as market sizing.

With P\$YCLE Premier, Claritas broke with traditional clustering algorithms to embrace technology that yields better segmentation results. P\$YCLE Premier was created using a proprietary method developed by Claritas statisticians called Multivariate Divisive Partitioning (MDP). The MDP process borrows and extends a tree partitioning method that creates the segments based on demographics that matter most to households' behaviors. This technique extends the simple

CART process to simultaneously optimize across 250 distinct behaviors at once. This advancement allowed Claritas to take full advantage of the nearly 10,000 behaviors and hundreds of demographic predictor variables at different geographic levels, including household, that are available. The MDP process is run hundreds of times, varying the sets of behaviors, the predictor variable sets, and several other parameters to ensure that the resulting segments represent behaviorally important groupings.

In addition to the geodemographic and behavioral data that was used in the development of the previous version of P\$YCLE, there are two innovative features playing key roles in the P\$YCLE Premier model. The first is property-level housing data for value and characteristics and the second is a technology score, which measures a household's use of technology in their daily activities. These two measures influence the P\$YCLE Premier segment assignment for a household or geography.

The first feature is a big data source of property-level home value and property characteristics from a third-party provider that covers more than 99% of U.S. properties. This dataset is sourced from tax assessor databases and includes various property-level attributes such as sales price, tax amount, total value, and the outstanding mortgage attached to the property (loan amount and duration). The inclusion of this home value data allows Claritas to extend the breaks in our Income Producing Asset Indicator dataset, a driver in P\$YCLE Premier, to \$3MM+. This allows for unprecedented distinction and definition of high wealth segments in P\$YCLE Premier.

The second feature introduced with P\$YCLE Premier is a measure of technology use that identifies the extent to which a household has embraced technology in their everyday lives. A technology model was developed utilizing more than 100 technology related behaviors from several Claritas and third-party surveys. These behaviors include use of specific devices as well as specific activities engaged in by the household across various devices and channels. The technology use of each segment within the P\$YCLE Premier system is described in terms of how the households within the segment scored relative to the average technology score. P\$YCLE Premier segments are described as High, Above Average, Average, Below Average or Low in terms of their use of technology.

## Assessing the Role of Income Producing Assets

A distinguishing feature of P\$YCLE Premier is its use of the Claritas Income Producing Assets Indicators model, a proprietary Claritas model that estimates the liquid assets of a household based on responses to the Claritas Financial Track survey of financial behaviors—the largest financial survey in the industry—for which Claritas has actual dollar measures from each survey respondent, and permission to use this data for market research purposes. From the survey base, information for nearly 150,000 households (rolling three years of quarterly surveys) is anonymized, summarized, and used to construct balance information for a variety of financial

products and services that are core to income-producing assets (IPA). No individual respondent survey data is released with the P\$YCLE Premier model.

Strongly correlated to age and income, IPA measures liquid wealth such as cash, checking accounts, savings products such as savings accounts, money market accounts and CDs, investment products such as stock and mutual funds, retirement accounts, and other asset classes that are relatively easy to redeem and move—and for which marketers can readily compete.

The Claritas Income Producing Assets Indicators model now uses the 2019 Survey of Consumer Finances (SCF), a triennial cross-sectional survey of U.S. families conducted by the Federal Reserve Board, to adjust IPA distributions. Using the 2019 SCF, which has an oversample of wealthy families and a weighting scheme that corrects for under-coverage at top breaks, has enabled Claritas to provide accurate and stable estimates at the top of the IPA distributions. Coupling this with the addition of property-level home value, IPA breaks now extend to \$3MM+, allowing for unprecedented distinction and a more focused understanding of high wealth segments.

These improvements to the IPA Indicators model allow the identification of seven IPA classes used to define and describe the P\$YCLE Premier segments.

- Millionaires
- Elite
- High
- Above average
- Moderate
- Below average
- Low

The values for these classes (except for Millionaires) will vary over time, to prevent arbitrary segment reassignments when markets rise and fall.

As shown, P\$YCLE Premier uses a broad spectrum of demographic and lifestyle information to describe households and geography, enabling companies to better understand and anticipate customer buying behaviors. P\$YCLE 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, making this a privacy safe solution.

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## DATA DESCRIPTION

This document addresses the data available in the 2024 release of the Claritas P\$YCLE® Premier current-year (CY) and five-year (FY) distributions.

### Data Source

The CY and FY distributions are generated from P\$YCLE® Premier assignments at the ZIP+4-level. Segment household distributions for each individual block group are derived from the household counts and P\$YCLE 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 access the segment distributions for purposes such as determining market potential, creating profile bases, and identifying target segments within markets.

### Household Definition

It is important to understand how different data providers count households differently, depending on their purpose. For example, the U.S. Census Bureau counts as a household all the people who occupy a housing unit as their usual place of residence. These people may or may not be related, but to be counted as a single household, they must have their home address in common.

For a compiled list provider such as Epsilon Targeting, the purpose is to make it as easy as possible for companies to acquire additional data about their existing customers and buy mailing lists of prospects. Because the customer name is so critical to this process, Epsilon Targeting counts as a separate household every unique last name at a unique address. This means that the Epsilon estimate of the number of households in any geography is generally larger than that of the Census Bureau for the same geography.

For example, if Pat Valentine and Chris Robertson both live at 814 Scott Street Covington, KY 41011, they would be counted as a single household for the purpose of the Census Bureau and Claritas demographic update. Since the couple has different last names, Epsilon Targeting might count them as two households in order to get a name/address match on either person in the TotalSource Plus file. If the couple were married and had the same last name, Epsilon Targeting could more easily consider them a single household because the last name match is one of the keys to being able to collapse individuals and append household-level data.

This is important because Claritas has long adopted the Census Bureau standard of counting all those at an address who consider it their usual place of residence as a single household. This household definition is used to create Claritas household counts.

### Geographic Levels

P\$YCLE Premier CY and FY Distributions are created for the following standard geographic levels:

ACRONYM	GEOGRAPHY
AZP	All ZIP Codes, area & point
BGR	Census Block Group
CBSA	Core-Based Statistical Area
CNG	Congressional District
CSA	Combined Statistical Area
County	County
DMA	Designated Market Area
MCD	Minor Civil Division
Place	Place
State	State
TDZ	Three Digit ZIP Code
Tract	Census Tract
USA	USA
ZIP	Area ZIP Codes (i.e., have an associated geographic boundary)

## CURRENT-YEAR ESTIMATES

The Claritas P\$YCLE® Premier 2024 distribution of U.S. households below is based on the ZIP+4-level assignment summed to the block group geography. The 2024 Household Percent Comp column shows the current-year percent composition for each segment calculated as a percentage of total U.S. households.

P\$YCLE® PREMIER SEGMENT	LIFESTAGE GROUP	NICKNAME	2024 HH % COMP
01	M1	The Wealth Market	1.59%
02	M1	Business Class	1.96%
03	M1	Power Couples	1.48%
04	M1	Golden Agers	1.05%
05	M2	Capital Accumulators	1.09%
06	F1	Big Spenders	1.60%
07	M2	IRA Enthusiast	1.84%
08	M2	Savvy Savers	1.17%
09	M3	Booming Nests	2.01%
10	M2	Leasing Luxury	2.36%
11	Y1	McMansions & Merriment	1.40%
12	Y1	New Money	1.07%

P\$YCLE® PREMIER SEGMENT	LIFESTAGE GROUP	NICKNAME	2024 HH % COMP
13	M2	Ready, Set, Retire!	1.65%
14	F1	School Daze	1.64%
15	F1	Family Funding	1.23%
16	M3	Equity Earners	1.58%
17	M3	Leisure Land	1.68%
18	F1	Leveraged Life	1.72%
19	Y1	Fiscal Rookies	1.63%
20	M3	Home Sweet Equity	1.92%
21	M3	Comfortably Retired	1.62%
22	M3	Early-Bird Specials	1.29%
23	F2	Value Seekers	1.11%
24	Y1	Work Hard, Play Hard	1.08%
25	M4	Annuity Street	1.02%
26	M4	Pensions & Ports	1.84%
27	F2	Khakis & Credit	1.28%
28	Y1	Loan Rangers	1.39%
29	Y2	ATM Nation	1.05%
30	Y2	Daily Grinders	1.06%
31	Y2	Online Living	1.17%
32	Y2	Credit Country	1.57%
33	M4	Generation Save	1.90%
34	M4	Rocker & Recliner Retirees	1.33%
35	Y2	Striving & Thriving	1.06%
36	F2	Rural Roots	1.45%
37	F2	Fiscally Fit Families	1.40%
38	M4	Nesters & Investors	1.06%
39	F3	New Tech Traders	1.49%
40	F3	Drive-Thru Debits	1.84%
41	F3	Fast Cash Families	1.22%
42	Y3	Frugal Fledglings	2.28%
43	Y3	Metropolitan Ease	1.58%
44	Y3	Prudent Peak	2.46%
45	F3	Cash Back Consumers	1.20%
46	M5	Unwired Retired	3.46%
47	M5	Superstore Shoppers	2.83%

P\$YCLE® PREMIER SEGMENT	LIFESTAGE GROUP	NICKNAME	2024 HH % COMP
48	Y3	Transient Leasers	1.67%
49	M5	Penny Pinchers	1.45%
50	F3	Starter Homes	1.24%
51	F4	Digital & Dollar Stores	1.03%
52	F4	Family Steals & Deals	2.17%
53	F4	Off-the-Grid Grays	1.62%
54	Y3	Liquid Lessees	3.42%
55	F4	City Strivers	1.41%
56	M5	Fixed Finances	1.87%
57	F4	Minimum Way	1.47%
58	F4	Social Insecurity	2.54%
59	Y3	Counting Coins	4.22%
60	M5	Foundational Occupant	2.20%
		Total	100%

## FIVE-YEAR PROJECTIONS

The five-year projections are not forecasts, but rather projections using the current-year models with our five-year projected demographic estimates. The five-year projections are applied to the Claritas demographic update for 2029 household counts in the same manner that the current-year distributions are applied to the 2024 household counts.

## TECHNICAL SUPPORT

If you need further assistance, not provided in the release notes, please contact Environics Analytics between 9:00 a.m. and 8:00 p.m. (Monday through Friday, EST) at 888.339.3304 or [support@environicsanalytics.com](mailto:support@environicsanalytics.com).

## LEGAL NOTIFICATIONS

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