Postcode Measures of Wealth & Presence of Families

1. Introduction

Information is the key to marketing success. The more information you have about people the more successful you are likely to be in finding and retaining customers. TRAC has built a unique product that measures affluence, and presence of families for all postcodes in England and Wales. When 2022 Census data for Scotland is published the measures will be expanded to cover all Great Britain. The two measures or predictors are held as numeric scores for each full postcode and as banded semi-deciles. These can be added and applied to any database or list by means of a simple postcode match. The measures can be used in combination and with other data, for a wide variety of marketing activities to help inform and improve the effectiveness of campaign activity.

2. Information Held

The scores were derived from a variety of data sources.

a) Land Registry House Price Information up to January 2023
b) ONS Modelled Estimators of Household Income Earnings
c) 2021 Census data on a broad range of topics from age, occupation, social economic classification, employment status, educational qualifications, household composition, property type, car ownership, household size, number of rooms and other key variables.
d) 2021 Mortgage Lending Data from the Council of Mortgage Lenders
e) 2021 DWP data on Families Claiming Child Benefit
f) Council Tax band information for Lower Level Super Output areas

The wealth score is highly correlated to variables like, the proportion in professional occupations and social grades A and B, the proportion living in accommodation with 7 or more rooms, the proportion living in detached properties, the proportion with degree or higher qualifications, the proportion with 3 or more cars, the proportion in council tax bands G,H or I, and the median price paid for properties in the area in 2021 and 2022.

The family score is highly correlated to variables like the presence of dependent children, household size, the proportion of people aged 0-4 and 5-10, and 11-14, the proportion of families with children claiming child benefit, the proportion buying their property with a mortgage, the proportion of properties with 5 or 6 rooms.

Each predictor is held in two formats. The first is a standardised numeric score with a mean of zero and a standard deviation of one. Thus a large positive score for the postcode denotes the presence of many affluent households in the postcode, whilst a large negative score denotes the presence of few wealthy households. Similarly a large positive score on the family scale denotes the presence of many families. The numeric score tells you exactly how far up or down the scale any given postcode falls. A wealth score of +1.96 or more, for example, would tell you that this postcode comes within the top 2.5% of the country in terms of the wealth rating. The consumer activity score can be interpreted in exactly the same way. Both of these scores can be used directly in analysis and statistical modelling.

The second format in which the information is held is as a banded ranking. Each postcode score is grouped into one of twenty possible bands so that approximately 5% of all households in the country fall within each band – semi deciles. A band twenty ranking for wealth for example, denotes that the postcode in question contains some of the most affluent households in the country, whilst a band 1 ranking shows that the postcode contains some of the least affluent households in the country. Similarly for the family ranking. Using the banded rankings it is possible to overlay these onto any file of names and addresses and generate a profile by simply comparing the proportion of the file in each of the bands against the expected 5%.

The table below published by the Office of National Statistics shows the average annual household incomes of all households by decile group in 2018-2019. The boundary between the lowest and second lowest deciles is £13,748. To fall into the top 10% your household income would exceed £58,948.

Bottom	Decile Points
2nd	£13,748
3rd	£18,142
4th	£21,363
5th	£24,751
6th	£29,062
7th	£33,247
8th	£38,341
9th	£46,422
Top	£58,948

This provides an indicator as to the affluence of the different semi-decile bands.

The predictors are held in a directory of postcodes with one record per postcode. There are 2,376,017 postcode records, those on PAF in February 2023.

3. Potential Applications for the Data

The possible uses for this data are many and varied. In addition to providing insight, one possible application would be to improve the targeting of mailing campaigns. A second would be to use the data in the generation of small area segmentation systems such as Geo-Demographic cluster solutions. A third would be to use the data in profiling and propensity modelling. Another might be in the area of mapping for site location and catchment area analysis. Obviously the data can be and should be used in combination with other information to maximise effectiveness.

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