

Nielsen Claritas

**Nielsen
Financial CLOUT
Methodology**

August 2009

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Introduction

The Nielsen Financial CLOUT data set provides geography-based estimates of market penetration and user household dollar volume for a wide range of financial products and services. Products include basic banking and financial services such as checking, savings, CDs, investments, and insurance products, as well as additional services, such as investment management. Financial CLOUT[®] allows you to identify the potential demand for financial products and services by geographic area.

The databases were generated using statistical models developed from the Nielsen Market Audit, the nation's largest syndicated database of household financial behavior. Both current-year estimates and five-year projections are available.

Survey Data

The Financial CLOUT data set is developed using three years of proprietary Market Audit[®] survey results. The Market Audit survey is a syndicated study of household financial behavior that provides comprehensive and accurate information about consumer consumption of financial services. Each year, the Market Audit program collects information from approximately 75,000 respondents across the nation about all of their financial account relationships with all financial institutions, both traditional and nontraditional. The interviews are conducted year-round to provide continuous, consistent, and unbiased market information for financial services products.

The Market Audit is currently comprised of online surveys (prior to 2005, telephone interviews were used) to measure household financial product usage, balance information, and institutional relationships for financial accounts and products. In addition to product use, product balance/value, and institution information, the survey also tracks attitudinal and distribution channel information. The Market Audit survey is completed throughout the year in waves. Each wave is designed to generate a national representative sample of U.S. households. Respondents from each wave are treated as independent households.

For additional information about the Nielsen Market Audit survey please contact your account team.

Data Development

Nielsen uses a proprietary comprehensive methodology to create the most accurate financial-specific data set possible. First, questionnaire responses are processed, cross checked, and profiled at the household level. Results are then reviewed for data anomalies prior to the model implementation process.

After responses have been profiled at the household level, results are geographically balanced. Balancing the survey results enables Nielsen to create reliable projections against known local and national demographic information. Weights are applied to each local area based on demographic information.

Model Specification

Financial CLOUT is a modeled data set developed using advanced multivariate regression techniques. Potential model inputs are chosen from a comprehensive list of household-level information mined from the Market Audit survey. Results are

then extrapolated to the nation for usage and demand responses to financial product questions.

Block Group Calculations

Nielsen uses survey results and demographically-defined information to estimate usage and dollar balances of financial products or services. The model estimates block group consumption in a three-step process.

First, financial product usage is calculated using logistic regression techniques. The regression method employs Market Audit survey responses based upon respondents' demographic characteristics such as household ownership, household income, household age, and presence of children. The resulting values represent the propensity of a household in each dimension to use a financial product. The resulting usage propensities aid in calculating the number of households expected to use the product by various demographic characteristics.

Second, balances for each product are calculated. The balance amounts are averaged across households by demographic characteristics and then related to the usage propensity calculated in the first step. The resulting amount represents an expected total dollar balance in each block group across the nation.

Third, the expected number of households to use the product and average balance estimates are adjusted based on a series of most recent quarters of Market Audit survey results. The third part of the process (applying control totals) reduces the tendency of creating a lagged estimate.

As designed, the methodology maintains stability, accuracy and statistical integrity for both demographic cohorts and micro-geographies. The process results in estimates that align more closely with market changes such as those seen in times of financial recession or fiscal booms.

Five-Year Projections

Current-year estimated market penetration and volume are generated for all block groups using the Nielsen current-year estimated demographic variables by applying a geo-demographic estimation technique. Five-year projected market penetration and volume are then generated for all block groups using the Nielsen five-year projected demographic variables as inputs into the models.

Data Verification

Nielsen is the leading expert in developing marketing information and applications based on geo-demographic and business information. Each year, Nielsen generates the Nielsen Claritas Update Demographics—the industry benchmark for demographic estimation. The update includes current-year household and population counts for numerous demographic variables, including distinct household characteristics and population information. Nielsen demographers and statisticians are among the industry leaders, and represent decades of experience in the field of geography-based demographic estimation.

The Financial CLOUT production process leverages the renowned Claritas Update Demographics™ by applying block group-level data elements to each household model developed from the Market Audit survey. The result is an accurate database of estimated household market penetration and volume aggregated to the block group level of geography. These estimates are then aggregated to larger census, postal, and marketing geographies using proven, proprietary Nielsen methodologies.