

## Ask Afrika explores SEL: The next level of socio-economic segmentation

*By Maria Petousis Ask Afrika's TGI Director*

The marketing world has long been challenged with developing a consistent means of segmenting populations into discrete groups based on their social and economic status. LSMs (Living Standards Measures) are common currency in the marketing and research landscape. Less known but equally, if not more useful, are TGI's SELs (Socio-Economic Levels) segmentation tool for which Ask Afrika own the local license. SELs is a valuable insights tool for marketers, researchers and brand owners alike, providing an understanding of not only a consumer's potential to spend, but the social context in which this potential is held.

The importance of local measures is rooted in providing marketers and researchers with a common reference point. Local measures are created on the basis of the local economic environment and respects national cultural concepts. These measures also take into account the evolution and marketability of certain categories and products within that environment.

With TGI Global SEL, TGI users worldwide are given a unique and consistent way of directly comparing segments of the population. Unlike most socio-economic grading which use the household basis, the Global TGI SEL is based on individual spending power.

The development of a global social economic classification system is not intended to replace or challenge the local definitions already in existence. Rather, the desire of global marketing and consumer insights teams to directly compare national social economic grades across countries has highlighted a significant need for the development of a standard global system. Along with the expansion of brands and media beyond the boundaries of individual countries, the need exists to make direct comparisons between the social economic status of brand users and potential users in different parts of the world.

Developing countries rarely use income as a measure of spending power due to limitations related to accurately collecting income data. Even in countries where income is considered a reliable and accurate measure of spending power, the issue remains that it does not take into account social influences such as the person's or household's social position within the population, which is considered a key influence in consumer behaviour. Socio-demographics play a large role in consumer behaviour. A Lottery winner is likely



to have a different approach to spending than the person born into a wealthy family, or the person who built their own profitable business from scratch.

### **So how does SEL differ from LSM?**

1. LSMs have been developed as a tool to measure macro or gross changes in the living standards of a given population over time. They are calculated from the collective living standard of a household, and all members of that household will fall into the same LSM group.

TGi SELs, on the other hand, are based on a score allocated to an individual, and different individuals in the same household can fall into different SEL groups.

2. Once allocated to a designated LSM group, an individual's propensity to be a valuable consumer is not able to be assessed. A young student, earning no income, but living in a household where the main earner has a substantial income, will be assumed to have the same value as a potential consumer as the head of the household.

With TGi SELs, the individual's potential to be a valuable consumer is reflected by the SEL group to which that person as an individual is allocated.

In essence, LSMs and SEL's measure different aspects, and they have different applications. LSM is a local measure based on a household level consumption and income. On the other hand, SEL provides a socio-economic view of the individual consumer which can be applied and compared globally.

### **TGi Global SEL in action**

Analysing a global brand, such as KFC, by SEL's, allows for cross-country comparisons as well as an understanding of the local market. Analysis of TGi data shows that the social economic profile of KFC consumers are fairly flat in the USA and slightly skewed to lower social economic individuals. In Great Britain and South Africa, the brand is positioned within the middle social economic groups. In China, the brand is skewed towards higher social economic profiles. This highlights the differing profiles of a brand, in terms of consumer potential, across different markets. This is an important consideration when adopting strategies to communicate with these individuals, grow within a market or retarget the brand.



Base: individuals aged 18+/In SA 16+  
Target: Visited in the last 12 months/In SA visited in the last 3 months  
(Index)

In summary, SEL groups are mainly based on consumption variables. It classifies individuals based on their consumer behaviour. It offers a harmonised approach to socio-economic classification across multiple markets and works alongside national classification systems.

## ENDS

### **About Ask Afrika:**

*Over a period of almost two decades, Ask Afrika has grown to be the largest independent South African market research company. The company focuses on local relevance, benchmarked against the global context. Ask Afrika is a member of WIN/Gallup International and ESOMAR. Apart from their large South African footprint, Ask Afrika also operates in a dozen African continental territories.*

*Ask Afrika is well known for delivering strategic and large scale field projects and for creating benchmarks for industry. With regards to service excellence Ask Afrika is the preferred research partner across industries to co-craft customer service strategies through meaningful research methodologies across the value chain and customer service touch points.*

*Their exclusive product suite includes the Ask Afrika Orange Index®, Trust Barometer™, Radio Moods™, TGI Icon Brands and TGI (the Target Group Index). Ask Afrika pride themselves on their exceptional service delivery and they have offices based in Pretoria, Stellenbosch and Austria. For more information please visit the website: [www.askafrika.co.za](http://www.askafrika.co.za).*

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