**Newgrove**

# Introducing the Radar Geodemographic Classification of Neighbourhoods

# Radar is a brand new three tier segmentation system built from the latest sources of demographic and lifestyle data.

## Radar

**Radar classifies the population and households of England & Wales into Categories, Groups & Types based on the characteristics of the local area.**

At the highest level there are six Lifestage (A-F) and four Wealth (1-4) Categories. Lifestage is a function of age and presence of children. Wealth is a measure of affluence, derived from household income, occupation & employment, as well as property and household deprivation data.

The Radar category codes combine to create 24 Radar Groups (A1 to F4). The Groups describe areas in terms of both Lifestage & Wealth. These are independent measures of Age & Income – two of the most common drivers of customer segmentation systems.

The 24 Radar Groups provide an manageable number of segments for

profiling customers and mapping areas. The full Radar classification includes a set of 80 geodemographic clusters which are recommended for in-depth customer profiling analysis.

The 80 Radar Types are useful for Customer Insight purposes and ideal for profiling large customer datasets. Each type has a distinct name and profile, and these can be used as proxy customer segments for pinpoint targeting of prospects.

Newgrove have made Radar Categories & Groups freely available in Periscope® while Radar Types can be included for an additional licence fee.

# Data Sources

Radar uses a range of data sources to create a comprehensive multi-dimensional set of variables for clustering.

These include:

- 2021 Census – the latest, most robust and comprehensive source of information on households and population in England & Wales.

- Land Registry – data on Property Prices, Sales Volumes and Council Tax Bands.

- Proprietary databases of postcode level scores for Wealth & Presence of Children, which themselves are derived from a number of other datasets.

Around 300 characteristics from across these sources were analysed to identify the key variables that would provide maximum discrimination for clustering.

A variety of different statistical techniques and data transformations were tested and a huge number of different cluster solutions were built and compared before the optimum solution was chosen. Radar is the final result.

# Radar Categories

There are 6 Lifestage (A-F) and 4 Wealth (1-4) Categories in Radar.
When combined these categories create 24 Radar Lifestage & Wealth
Groups.

## Radar Lifestage Category

Radar classifies neighbourhoods into 6 Lifestage Categories, based on age and presence of
children. This high-level segmentation makes use of a proprietary postcode database of Family
scores. These scores are highly correlated to variables like the presence of dependent children,
household size, children aged 0-4, 5-10 and 11-14, families with children claiming child benefit, and
those buying their property with a mortgage and properties with 5 or 6 rooms.

**Lifestage Categories:**

A.  Young Singles

B.  Nursery Families

C.  School Families

D.  Mature Families

E.  Empty Nesters

F.  Retired
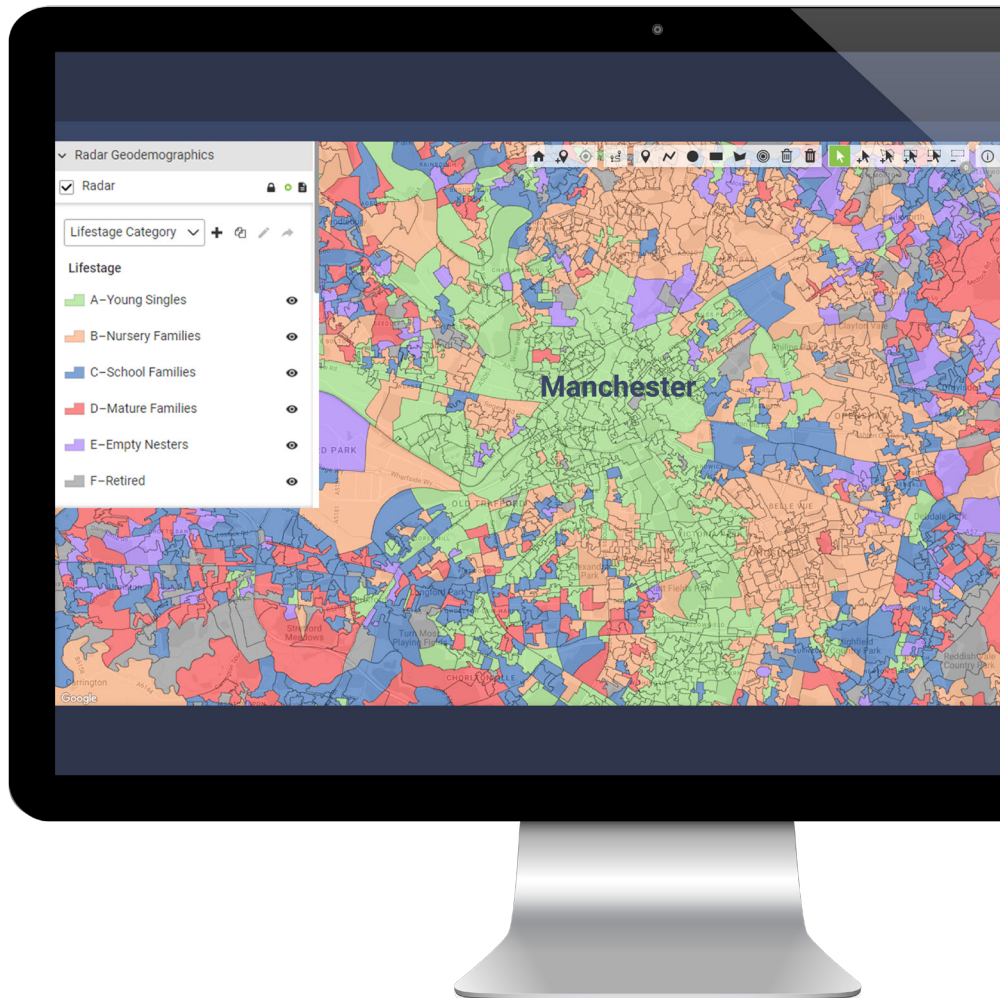
**A summary description and the percentage of households in England & Wales for each Lifestage Category is provided below:**

### A. Young Singles (13.8%)

This group consists of young singles and childless couples. These neighbourhoods are mainly concentrated within major cities, particularly London, with many residents living in rented accommodation or being first time buyers. As they tend to be young or strongly career oriented, geographical mobility is very high. Again, because of their age, households within this lifestage are often students, of which there has been an increase in recent years, or they are just on the first rungs of the career ladder and so do not command top salaries. If some of these households do attain high earnings, then this is often because both partners in a couple are able to hold down well-paid full-time jobs.

### B. Nursery Families (11.7%)

This group consists of families where many of the children are still young pre-schoolers, babies or toddlers. This is often a stage in life which is difficult financially. It may be difficult for both partners to work and it is often the case that the main breadwinner is still quite young and not commanding a very high salary or wage. Moreover, there could be a mortgage to pay as well as all the new and additional costs associated with nursery provision and caring for the family. For those who cannot afford a place of their own or pay a substantial city rent, council accommodation is often the only alternative and this may be of quite poor quality.

### C. School Families (16.5%)

This group consists of families made up of many couples in their 30s & early 40s with children of school age. For professional and white-collar groups this is a time of life which often represents a rise in earnings because they now hold more senior and responsible positions. It is also a time when the burdens of looking after the family are easing a little and it is sometimes possible for both partners to work. For these reasons many of the Types within this Lifestage Category are a little more prosperous and enjoy full and active lives.

### D. Mature Families (17.7%)

This is a Category of older couples and singles where the family is growing up. They are areas where the teenagers make up a high proportion of the all the children present. For many, earnings are at their lifetime peak and this allows for a reasonably prosperous and comfortable lifestyle.

### E. Empty Nesters (21.4%)

In general, this is a fairly affluent group that is increasing in size with the aging population. These are people who are largely still working despite being close to retirement age, yet they are less likely to still have children living at home.   Many Empty Nesters have now paid off the mortgage and this gives them the freedom to undertake major home improvements, go on that long planned for dream holiday, or help the kids financially. It is also a chance to renew those neglected hobbies and interests. However, not everybody in this Category is affluent, and it does also contain some poorer neighbourhoods.

### F. Retired (18.9% )

This Category contains neighbourhoods dominated by older people who have retired – one of the fastest growing sections of the population.  On retirement many couples face a choice, do they move to a more desirable area or do they stay in the home in which they have lived for many years?  Some choose to move and live out their retirement in another area, often by the sea or close to family, but others remain in the family home either through choice or expediency. This is one of the key differences between the Types in this Category.

Another difference is household composition: does more than one person still live in the family home and how active are they?  Can they still maintain the home and garden and do they still run a car?  Financially, this Retired Category are often portrayed as affluent because they have paid off the mortgage and their children have all grown up and left home. However the reality for many is that old age is a struggle coping with health issues and inadequate resources to pay for anything beyond life's essentials.
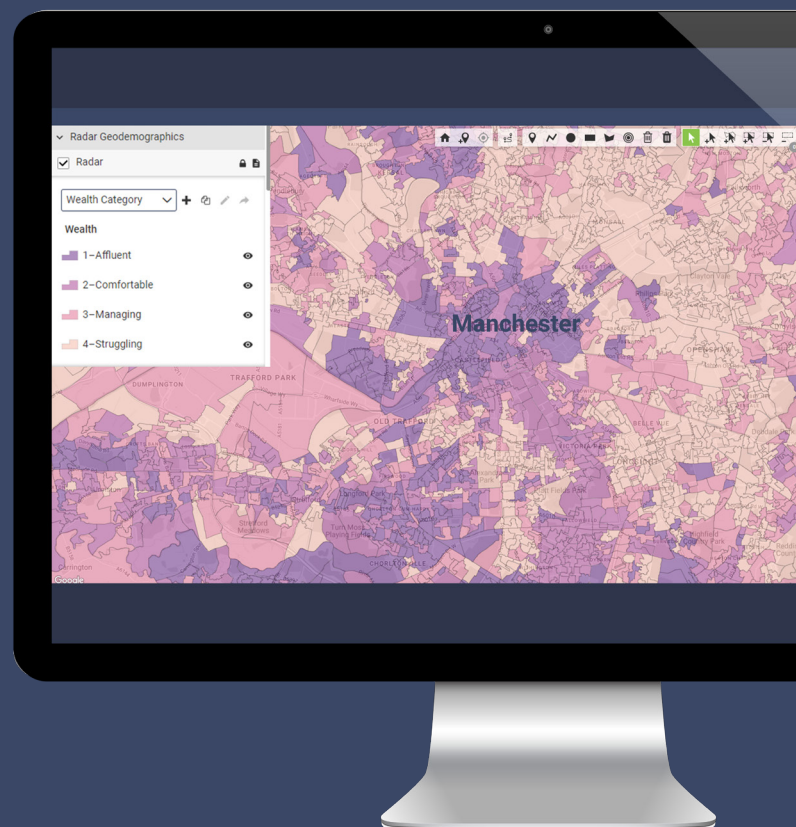
## Radar Wealth Category

Radar also allocates areas into 4 quartiles of Wealth — from the most to the least affluent. This segmentation is based on a variety of data sources used to calculate a Wealth score every UK postcode, including:

- Land Registry House Price Information up to January 2023

- ONS Modelled Estimates of Household Income

- 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.

- 2021 Mortgage Lending Data from the Council of Mortgage Lenders

- 2021 DWP data on Families Claiming Child Benefit

- Council Tax band information for Lower Level Super Output Areas (LSOAs).

**Wealth Categories:**

1. Affluent
   – wealthiest 25% of households

2. Comfortable

3. Managing

4. Struggling
   – least affluent 25% of households

The postcode Wealth score is highly correlated to the following proportions of residents, i.e. those in Professional occupations, AB social grades, living in detached properties with 7 or more rooms in council tax bands G,H or I, having a degree or higher qualifications, with 3 or more cars.
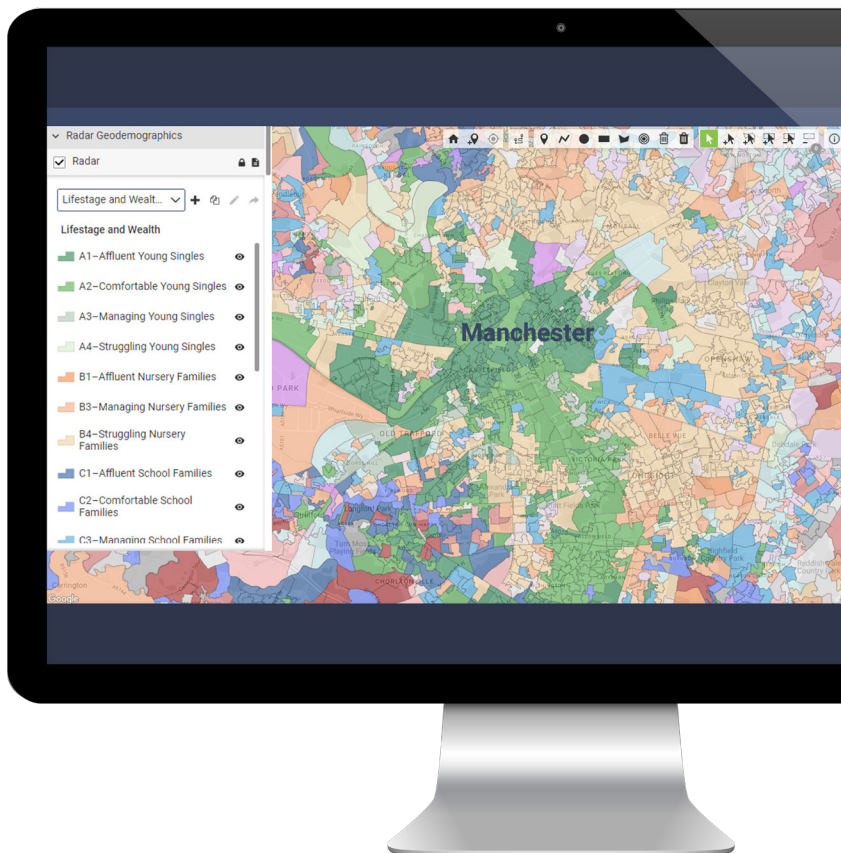
## Radar Groups – Lifestage & Wealth

By combining the 6 Lifestage & 4 Wealth Categories, Newgrove have derived the 24 Radar Groups. These are ideal for mapping in Periscope® as they provide sufficient detail without the complexity associated with profiling areas across the 80 Radar Types.

Radar groups are recommended for Insight reporting in Periscope to profile areas across both Lifestage & Wealth. By fusing the Radar Category codes, the following 24 Groups have been created.



**Lifestage & Wealth Categories:**

| | |
|---|---|
| A1 | Affluent Young Singles |
| A2 | Comfortable Young Singles |
| A3 | Managing Young Singles |
| A4 | Struggling Young Singles |
| B1 | Affluent Nursery Families |
| B2 | Comfortable Nursery Families |
| B3 | Managing Nursery Families |
| B4 | Struggling Nursery Families |
| C1 | Affluent School Families |
| C2 | Comfortable School Families |
| C3 | Managing School Families |
| C4 | Struggling School Families |
| D1 | Affluent Mature Families |
| D2 | Comfortable Mature Families |
| D3 | Managing Mature Families |
| D4 | Struggling Mature Families |
| E1 | Affluent Empty Nesters |
| E2 | Comfortable Empty Nesters |
| E3 | Managing Empty Nesters |
| E4 | Struggling Empty Nesters |
| F1 | Affluent Retired |
| F2 | Comfortable Retired |
| F3 | Managing Retired |
| F4 | Struggling Retired |

**The 24 Radar Groups are ideal for mapping & profiling in Periscope® as they classify areas by the combination of Lifestage & Wealth.**

# Radar Types

While Radar Categories & Groups provide a convenient way of summarising the demographic profile of an area, the real power of Radar comes from its classification of every neighbourhood into one of 80 Types.

This set of distinct & homogeneous clusters is the heart of the Radar system. The 80 Types were identified using the latest AI clustering techniques to develop a robust and stable geodemographic segmentation of households & population.

For profiling large customer files or performing detailed area analysis, the 80 Radar Types offer maximum granularity for greater insight and more precise targeting. These 80 types are a set of mutually exclusive and distinct clusters of postcodes and output areas. Each type contains neighbourhoods that are statistically similar across the range of attributes used to build Radar.

Please email **info@newgrove.com** for more information on the full Radar classification of 80 geodemographic Types. This detailed dataset can be added as an extra layer in Periscope® or accessed as a postcode directory for matching and appending Radar cluster codes to a customer database.

**Radar is one of the first geodemographic classifications to be built from the latest Census21 data. It has been designed to be used for both profiling & mapping and is a cost-effective solution for a variety of other use cases across Location Planning and Customer Insight.**
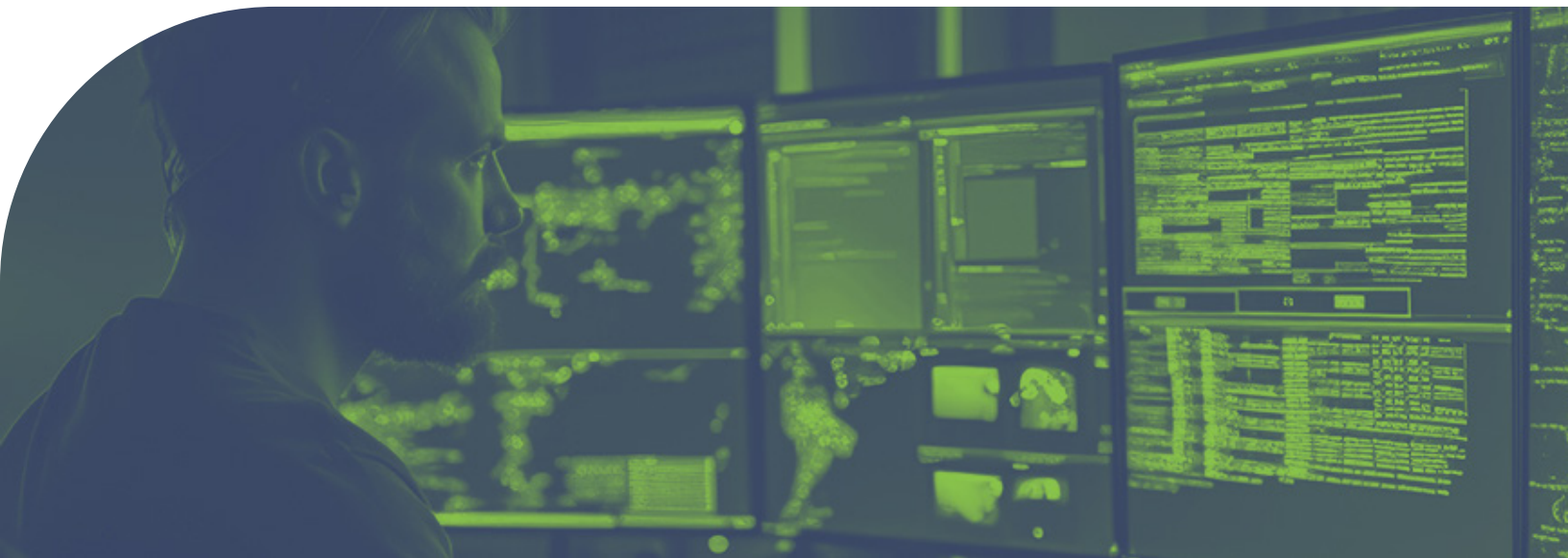
## Radar

**Radar is an essential tool for profiling customers and describing areas in terms of their demographic and lifestyle characteristics.**

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