

MRSI
SHAPING TOMORROW, TODAY

ISEC
Indian Socio Economic Classification

THE NEW SOCIO-CULTURAL OUTLOOK

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Introduction to ISEC

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Comparing ISEC and NCCS

The Indian Socio-economic Classification

ISEC - a new construct



Stability

Should not need frequent updates



Discriminating

Each of the classes/tiers should behave differently



One definition

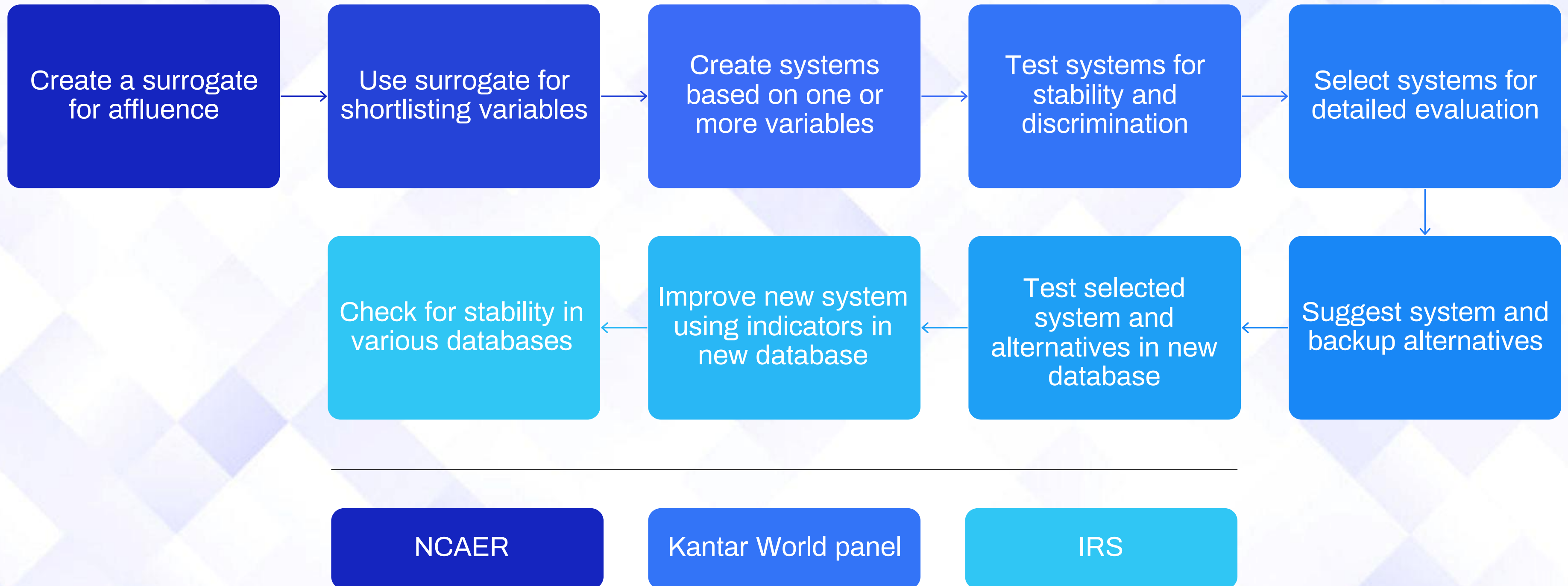
Should work for both Urban as well as Rural



Simple & Clear

Should be quick
Simple to answer
Not too intrusive

Designing ISEC (1) – the process



Designing ISEC (2)

– the Measures (household variables) evaluated

- Income
- Consumer Durables
- Housing and amenities

Income is not stable, nor are consumer durables, many aspects of housing and amenities have not been stable in the past.

- Occupation of Chief Wage Earner
- Education of various members

This leaves us with Only occupation, and education (in various forms; chief wage earner, highest, etc.,)

- Household Size
- Number of working members
- Ratio of working to non-working
- Presence, number of working women

These variables have a weak relationship with affluence – often direction is contrary to expectation. For example, family size correlates positively with affluence. Presence of working women associated with lower affluence.



Designing ISEC (3)

– selection of household variables

Several alternate variables sets evaluated

Single Variable

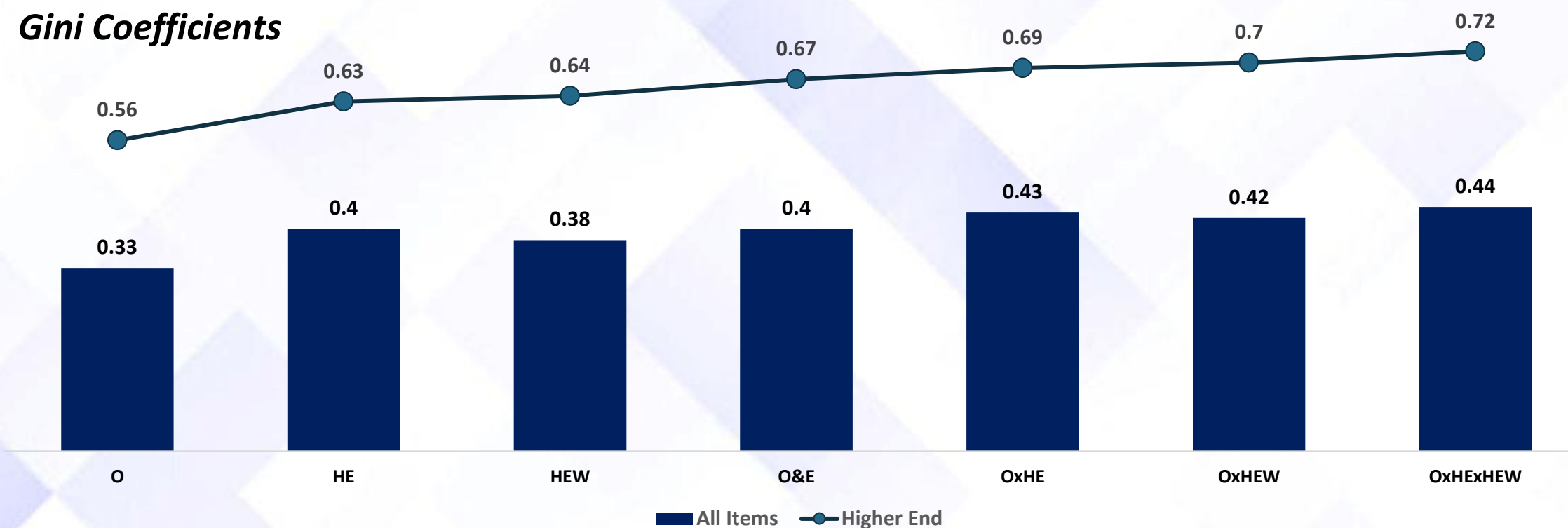
- Occupation of chief earner
- Education of chief earner
- Education of highest educated adult member
- Education of highest educated female adult member

Multiple Variables

- Occupation and education of chief earner
- Occupation and education of highest educated adult
- Occupation and education of highest educated female adult
- Occupation and education of chief earner plus education of highest educated female adult
- Occupation of chief earner plus education of highest educated female adult plus education of highest educated male adult



Education is more discriminating than Occupation, More variables give us more discrimination, O x HE x HEW is a little ahead of all other systems



Source – Kantar World panel

O – Occupation of chief earner **HE**- Education of highest educated adult **HEW** – Education of highest educated female adult. **O&E** – Occupation and Education of chief earner **O x HE** – Occupation x education of highest educated adult **O x HEW** – Occupation x Education of highest educated female adult **O x HE x HEW** – Occupation of chief earner x Education of highest educated male adult x Education of highest educated female adult

ISEC – the most optimum construct for classifying households



Chief wage earner's Occupation



Education of highest educated male adult



Education of highest educated female adult

1

Introduction to ISEC

2

Comparing NCCS and ISEC

What is NCCS?

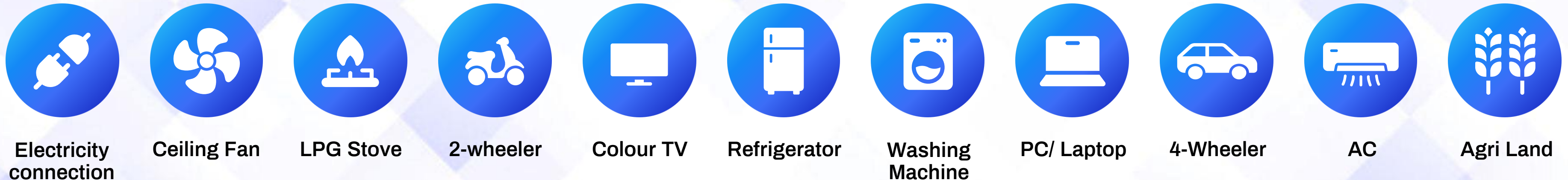


NCCS (New Consumer Classification System) is a method to classify households in India

Current NCCS classification is based on Education of CWE & ownership. There are 11 items, primarily durables, identified for arriving at the NCCS definition.

As and when a consumer acquires durable, NCCS of that household is likely to change.

List of items considered for classification



The Changing landscape of India

97% of Indian households have electricity, up from **88%**

And therefore, the penetration of many durables has changed significantly in the country

NFHS Survey, 2021 vs. 2015-16

59% of Indian households are using clean cooking fuel, up from **44%**

As a result, utensil cleaning, cooking and presence of presence of cookware also has improved

NFHS Survey, 2021 vs. 2015-16

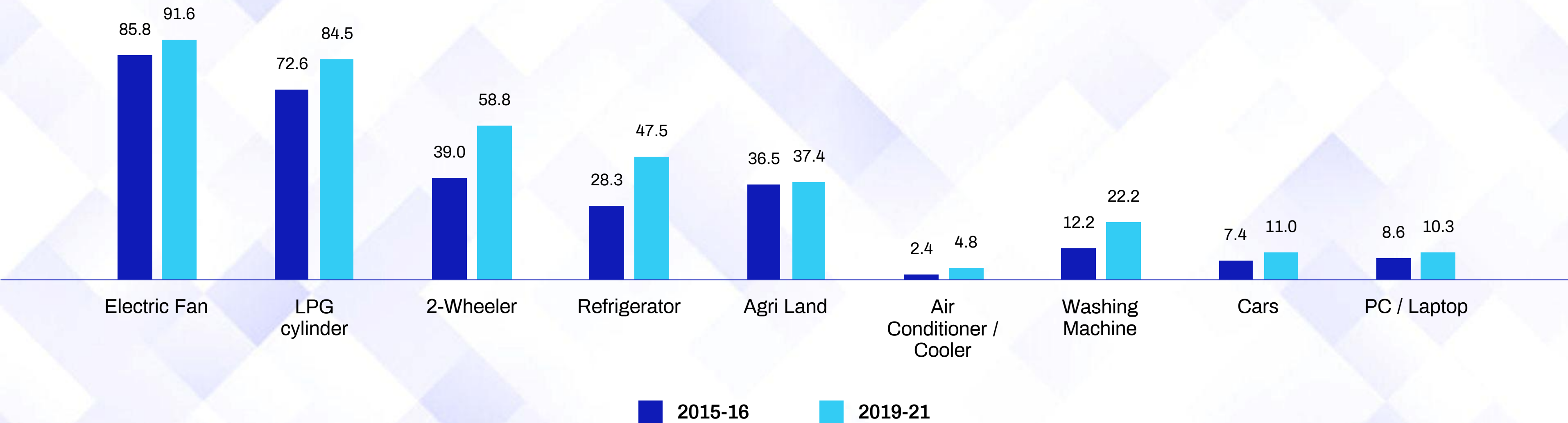
69% of households have unshared toilets up from **48%**

Hence, there is an improvement in personal as well as home hygiene

NFHS Survey, 2021 vs. 2015-16

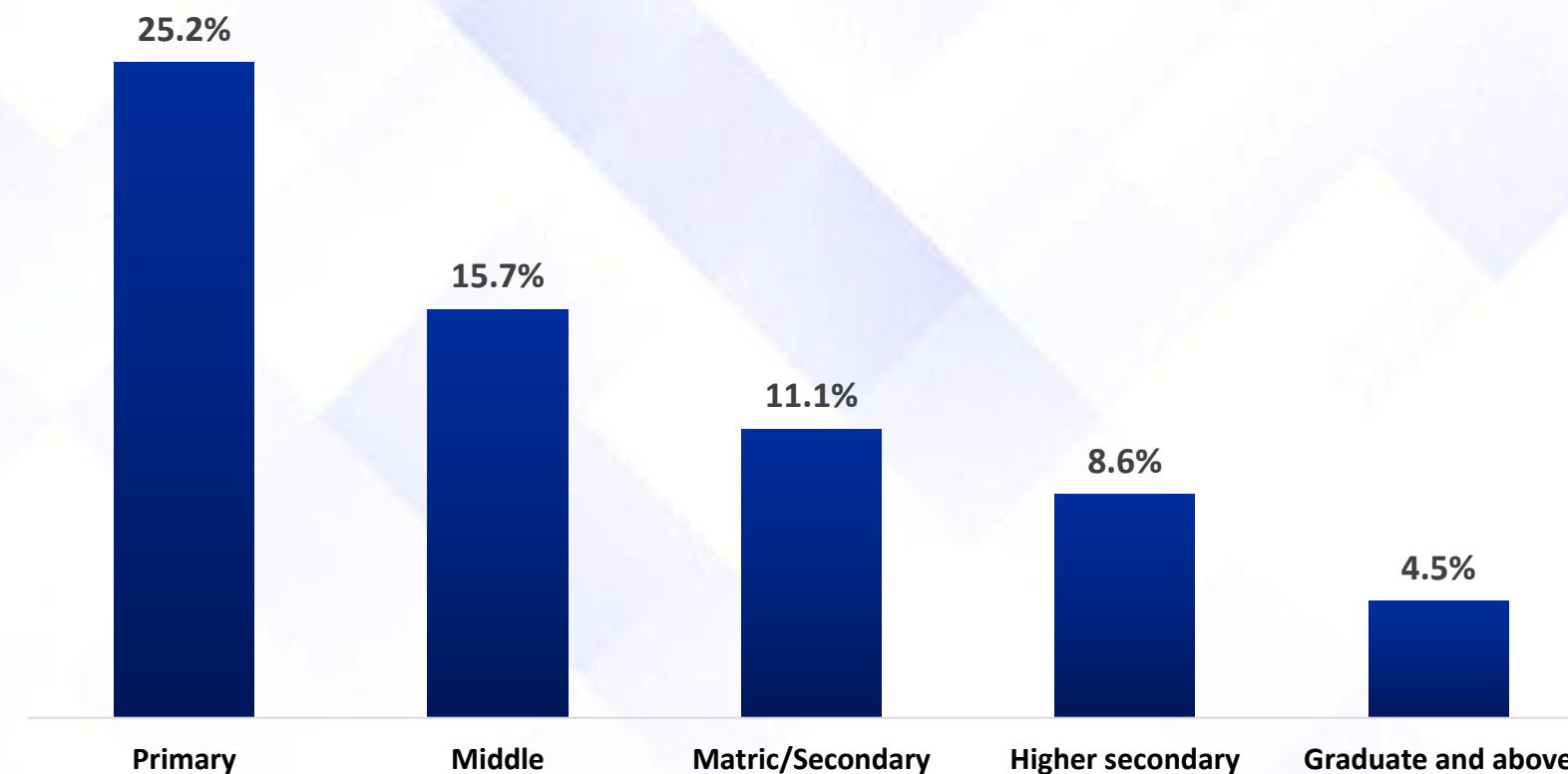
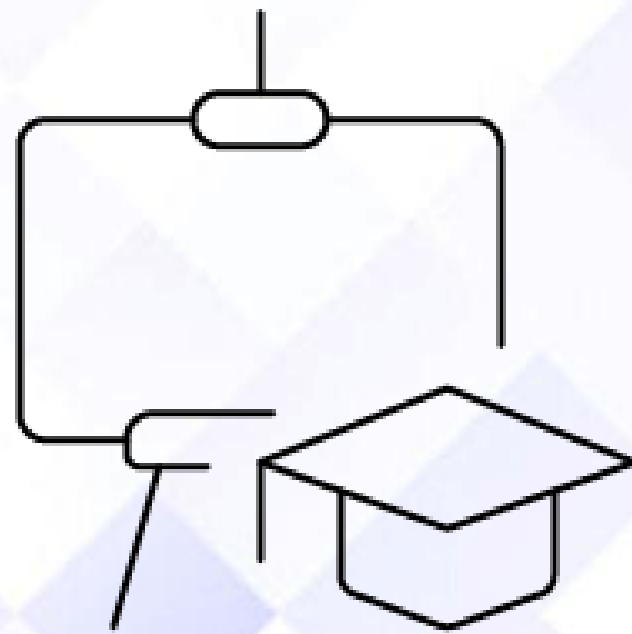
This has led to increased ownership of HH durables – hence using these will dilute discrimination

Household Penetration of durables



Source – Kantar World panel

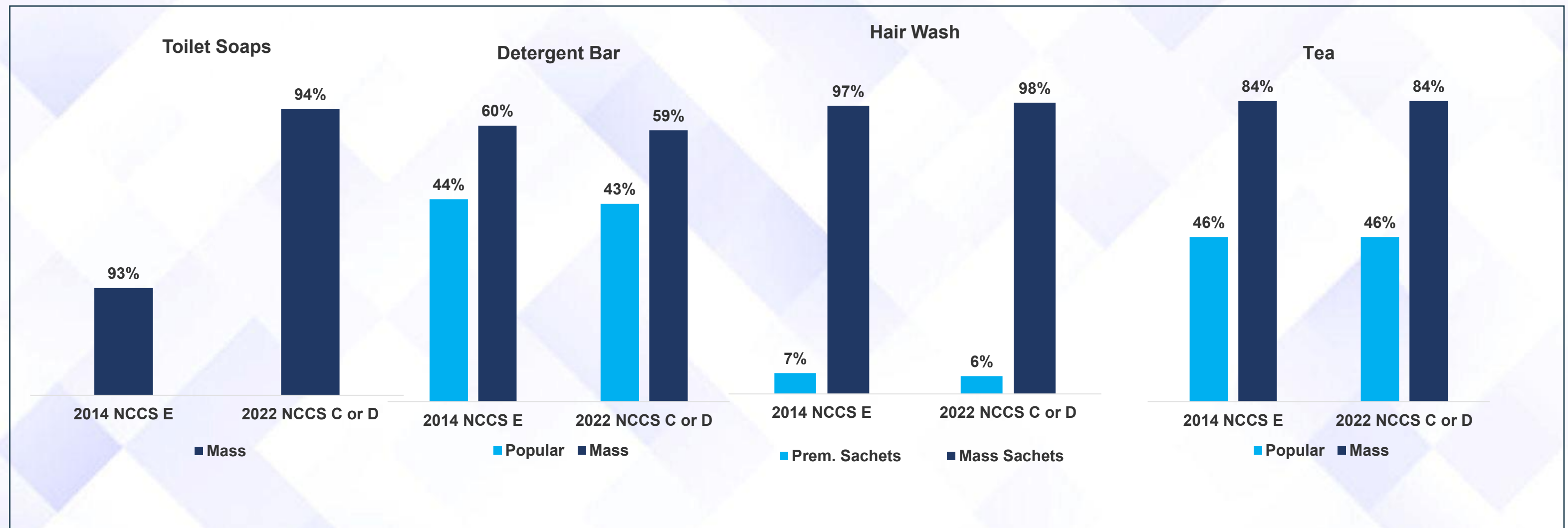
With higher education % currently low there is still headroom left for the ISEC education variable to discriminate



Source – Census 2011

Shift in NCCS did not imply a change in buying behaviour Therefore, NCCS also becoming less relevant

NCCS E shoppers in 2014 when they moved to NCCS C or D in 2022



Premium brands: Avg Price per unit is equal to or >120 when indexed to category

Mid brands: Avg Price per unit is >80 to <120 when indexed to category

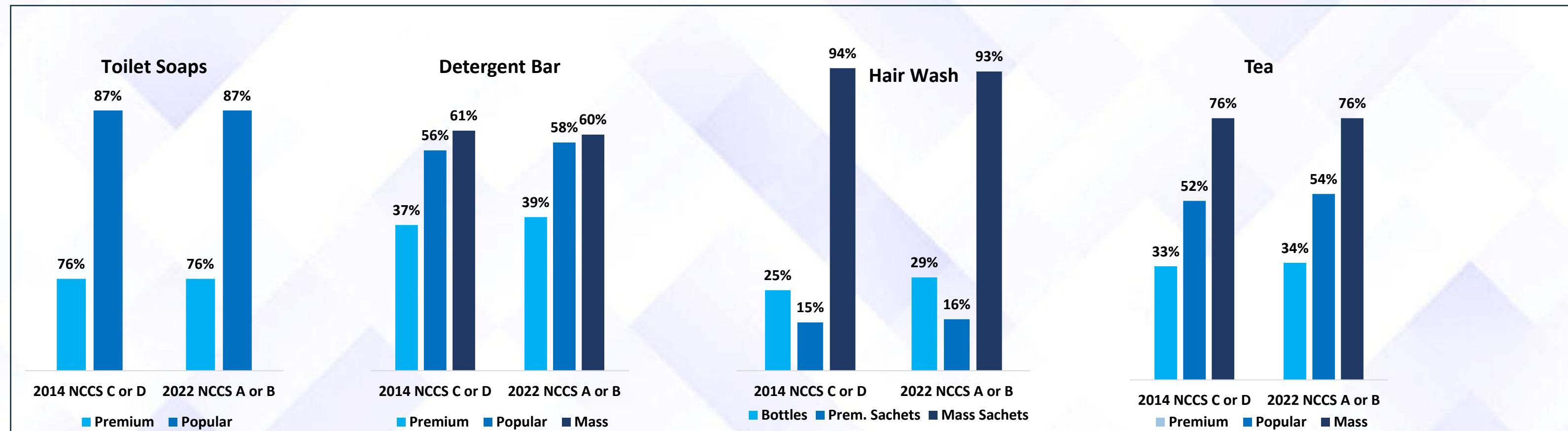
Mass Brands: Avg Price per unit is equal to or <80 when indexed to category

Source – Kantar World panel

The same observed for the upper strata shifts

These are making the targeting less sharp for marketers

NCCS E shoppers in 2014 when they moved to NCCS C or D in 2022



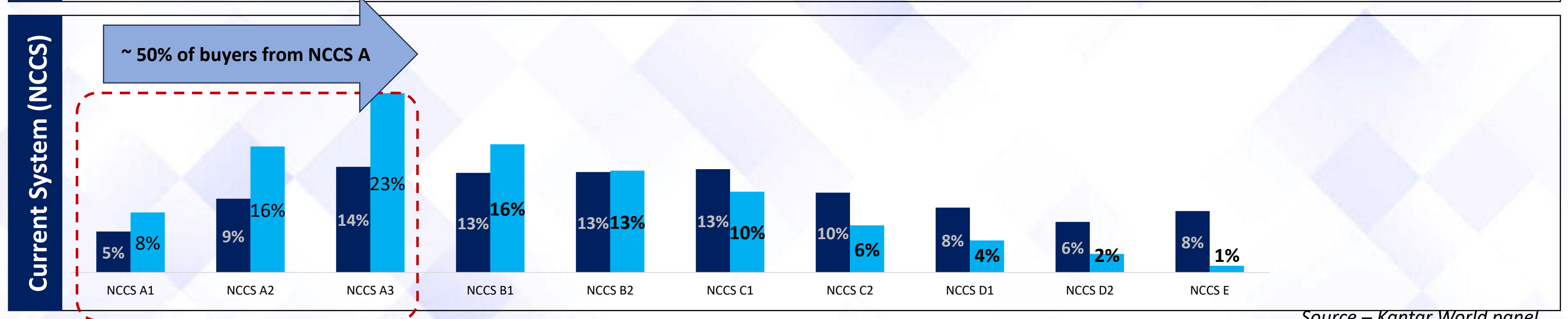
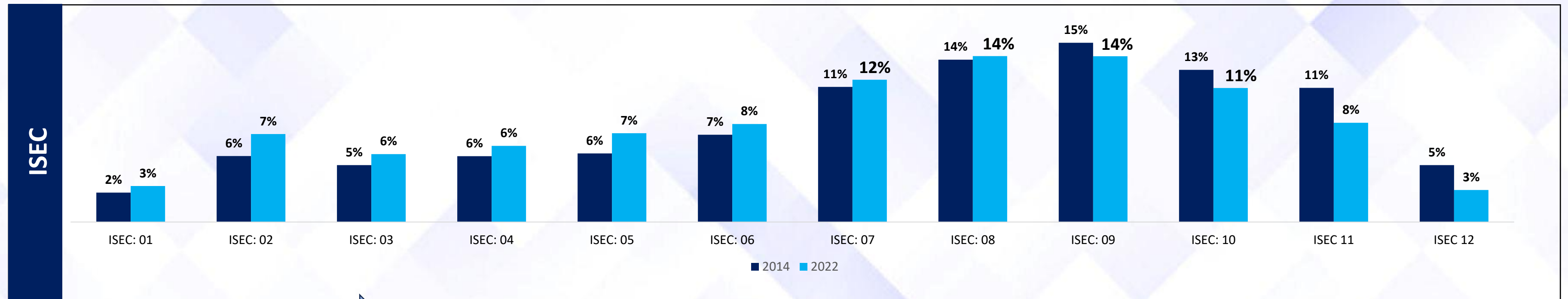
Premium brands: Avg Price per unit is equal to or >120 when indexed to category

Mid brands: Avg Price per unit is >80 to <120 when indexed to category

Mass Brands: Avg Price per unit is equal to or <80 when indexed to category

Source – Kantar World panel

Mass soaps have now become upper NCCS products, but ISEC is more stable and behaves as expected for the Mass segment

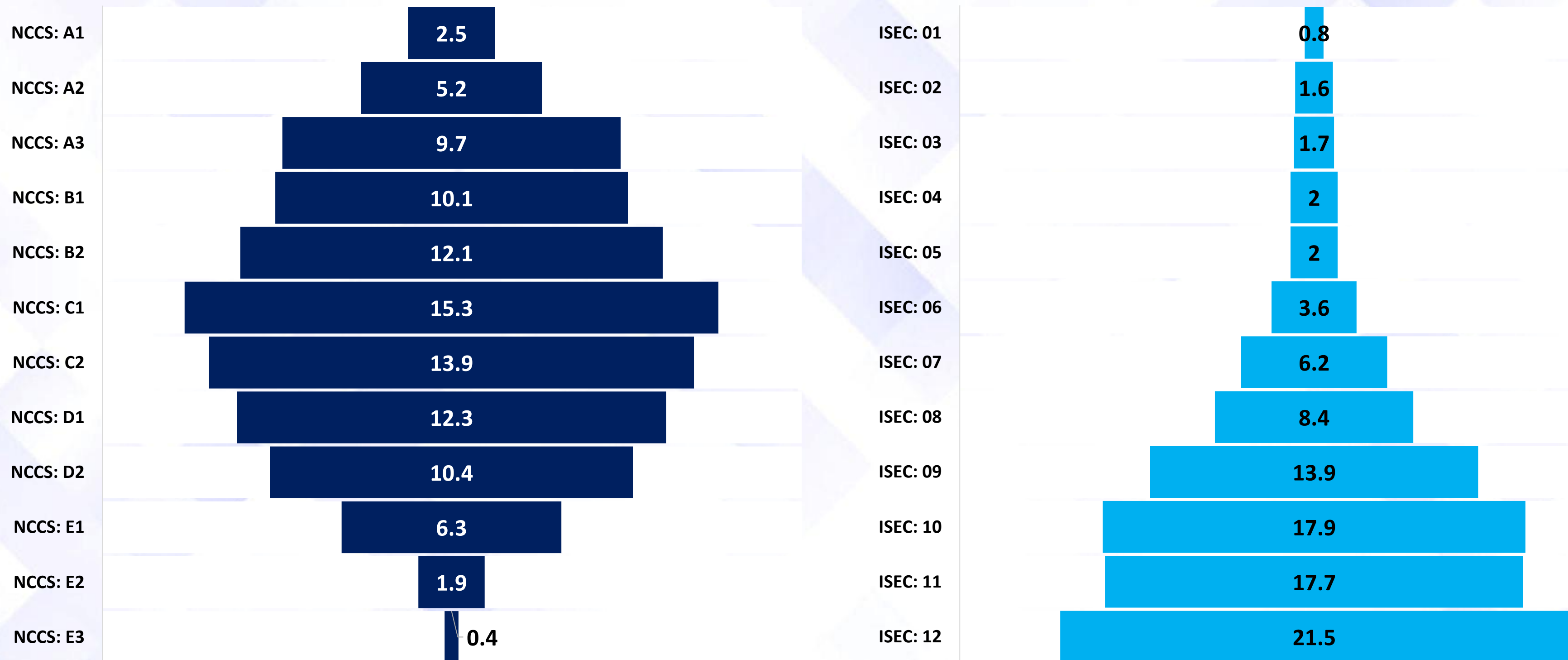


Source – Kantar World panel

*Mass defined as Average Price per unit is equal to or <80 when indexed to category

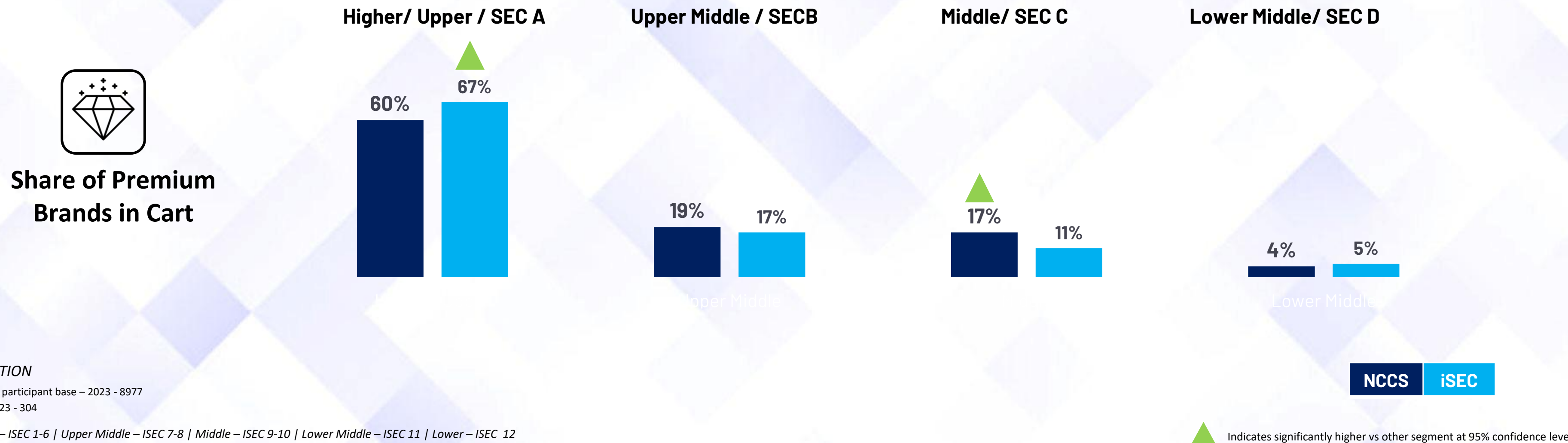
High/ Upper – ISEC 1-6 | Upper Middle – ISEC 7-8 | Middle – ISEC 9-10 | Lower Middle – ISEC 11 | Lower – ISEC 12

NCCS is spindle shaped, ISEC is pyramidical - better distribution and more refined targeting



Digital behaviour (1)

– Premium brands show better discrimination in ISEC, in NCCS their usage is higher in middle and lower



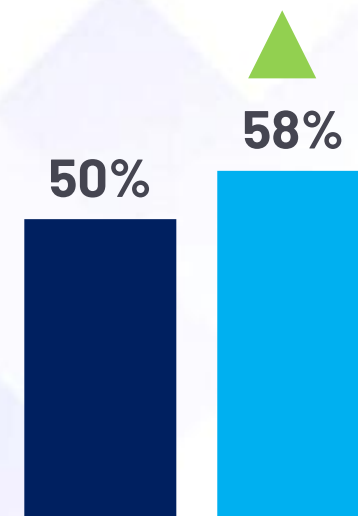
Digital behaviour (2)

- Premium Apps also show better discrimination in ISEC, in NCCS their usage is higher in lower

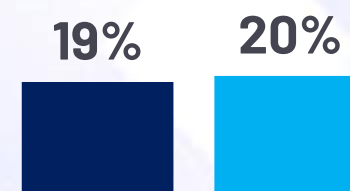


Ajo

Higher/ Upper / SEC A

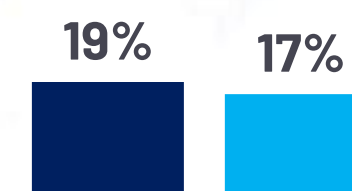


Upper Middle / SECB

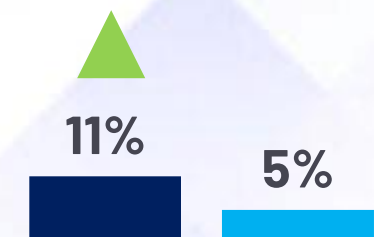


Upper Middle

Middle/ SEC C



Lower Middle/ SEC D



Lower Middle

NCCS

iSEC



Indicates significantly higher vs other segment at 95% confidence level

Source – VTION

Overall survey participant base – 2023 - 8977

Ajo User base – 2023 - 894

High/ Upper – ISEC 1-6 | Upper Middle – ISEC 7-8 | Middle – ISEC 9-10 | Lower Middle – ISEC 11 | Lower – ISEC 12

Hence the requirement for ISEC



Stability

ISEC more stable vs NCCS
in All India and across
TCL's



Discriminating

ISEC showing better
discrimination than NCCS
across tiers and multiple
categories and price points



One definition

Both ISEC and NCCS are
at par on this with a single
definition



Simple & Clear

Both ISEC and NCCS are
close
ISEC questions less
intrusive

ISEC Committee

Chair : **Shuvadip Banerjee**, Chief Digital Marketing Officer, ITC

Members : **Nitin Kamat**, Chief Growth & Partnerships Officer, TAM Media
Prashant Koller, Leader - Consumer & Marketing Insights and Analytics, NielsenIQ

With the support of

MRSI President : **Paru Minocha** Managing Director, South Asia, Insights Division, KANTAR

MRSI Secretariat : **Mitali Chowhan**, Director General
Sonali Kumar, Consultant



SPECIAL THANKS

- Ashutosh Sinha
- Praveen Tripathi
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