



# MIRROR ON

Class and Social Grade



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At Channel 4, we've been running our award winning '**Mirror on the Industry**' project for 5 years. This is a study that audits TV advertising to see how diverse and representative it really is.

We are now building on the project with the '**Mirror on...**' series. A series of individual reports that take a closer look at some of the topics we evaluate in the wider study and dig deeper into the feelings and perceptions our audiences.

So far we have covered Body Diversity, Women's Safety and Neurodiversity. The next topic we're exploring in this series is **Class & Social Grade...**

We want to explore why social grade isn't fit for today's UK and delve into what brands are *\*really\** looking for when they ask for ABC1. We hope to reveal easier and more accurate approaches to identify audiences, and share provocations that inspire - there's never been a better time to change our ways.

We hope you find this report interesting, and for those of you who are time poor, you'll also find a one pager on the 4Sales website.



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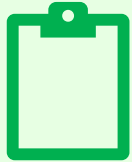




# Methodology



## 01. Industry Survey



Survey of 100 planners and buyers from across the media agency world



Aim: To understand what the industry knows about the Socioeconomic Grading system

## 02. Public Survey



Survey of 1000 UK participants (nat. rep sample)



Aim: To understand how the UK public feel about class and the Socioeconomic grading system used by marketers.



# Summary

- 01. Class is the last acceptable stereotype in the media industry.** It's extremely difficult to define and measure and hinges on a mix of unwritten, hidden codes that vary from person to person and are based on assumptions made on visual or audio cues.
- 02. Representation and portrayal of working class people in advertising is both low and poor.** This is due to advertising relying on shortcuts and visual cues, allowing stereotypes to prevail, the fact that advertising is believed to aspirational, and the lack of class diversity in the media industry.
- 03. Representation and portrayal of working class people can be improved** by increasing awareness of industry and personal biases, leveraging insight and thinking carefully about language and how the subjects in briefs are written and defined.
- 04. Understand Who You're buying** Social Grade is a useful but imperfect tool for targeting and changes to work, demography and households are having a profound impact on it.
- 05. Prioritise Inclusive Platforms** PSB TV is accessible to all and SEG targeting prioritises but does not exclude audiences. There is a significant hidden value here for advertisers.
- 06. Use Alternative Approaches** If you do want to target specifically - target who you mean to using Affluence, Affordability and Attention which are more inclusive and commercially relevant.



# 01

The Last Acceptable Stereotype?





“We are very, very lazy, and we think that we're at the cutting edge of culture, and that we inform it. We're not – we're at the back end of the pantomime horse, and we perpetuate it.”



Vicki Maguire, chief creative officer at Havas London



# The last 'acceptable' stereotype?

We've been running our Mirror on the Industry study and measuring how well represented minority groups are in TV advertising since 2018. A key component to this is an extensive audit of 1000 ads, where we code each individual ad and the characters appearing in them – are they representative of any minority group? Are they lead characters or in the background? Could their inclusion be classed as stereotypical or tokenistic?

To do this obviously requires using visual cues and viewing the ad as a normal TV viewer would. We've always tried to code for social grade to get a view on how lower social grades in particular are represented, but it's always been one of our greatest challenges – after all, how do we 100% accurately code a character as C2DE unless they walk into a room saying 'Hi, I'm a semi-skilled manual worker'?

The answer to this has always been to code using things like uniforms, environment and accent. However, working on this project has made us unpick this and question whether this is okay, or whether presentations of and assumptions made around social grade and class are the last remaining acceptable stereotypes in our industry – and what impact does this have on the ads being produced and broadcast to the nation?



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Stereotyping and preconceptions around class and social grade leads to two problems when it comes to advertising...



### **Representation & Planning**

Representation of lower social grades within advertising is low and inaccurate.

### **Targeting & Buying**

The buying and selling mechanisms used in advertising means that the Socioeconomic Grading system is the default trading mechanism and prioritises 'Upmarket' audiences.



# First, a note on terminology

Often these terms are used interchangeably, and although there is a relationship between them, they are different; with different definitions and implications. In this report we will be exploring the impact of both on the media landscape – class in relation to planning and representation and social grade in relation to buying and targeting.

## Class

... is a nebulous social construct which originated from hereditary status and power.

Broadly defined as Upper, Middle and Lower/Working.

**Tends to have an impact on planning and creativity – we argue this can be improved**

## Social Grade

... is a hierarchical system which segments individuals into a letter grouping based on the occupation of the chief income earner in the household.

A, B, C1, C2, D & E

**Tends to have an impact on buying – this can be challenged and evolved**



# 02

What is Class?





# What is Class?

Class is incredibly hard to describe due to the fact that it isn't defined by a single factor, it's not visible or binary, and means different things to different people.

Instead, it often hinges on a complex combination of factors including the words you use, your accent, how you dress, where you shop, what kinds of social affiliations you have and what you do for fun – in other words, a mix of unwritten, hidden codes that vary from person to person and are based on assumptions made on visual or audio cues.

**“Class in particular is all those hidden codes”**

*Andy Nairn, Founder of Lucky Generals*

Traditionally class is something you inherit and is dictated by what class your parents were. Broadly split into Upper, Middle and Working it's a hierarchical structure in which the movement and relationship between is managed by unwritten rules which dictate membership.

Later analysis of Class has broken these unwritten rules into broadly 3 types of capital:

**Social Capital** – our connections

**Cultural Capital** – our interests

**Economic Capital** – our finances

**This example from Dr Ruby Payne's 'A Framework for Understanding Poverty' effectively illustrates how some of these unspoken class codes are formed.**

**Food**

**Poverty:** “Did you have enough?”

Quantity important.

**Middle class:** “Did you like it?”

Quality important.

**Wealth:** “Was it presented well?”

Presentation important.



# Class rules aren't obvious but we're socialized to have an innate understanding of them

The rules of the British class system aren't very clear, but people often feel they have an innate sense of which class they belong to.

48%

of the UK population understand the UK 'class system'.

55%

agree 'it's clear to me which class I fit into'

These conflicting stats suggest that although its hard to explicitly define and explain class in the UK, we're socialised to understand the unwritten rules and where we fit within the system.

There is also an additional complexity in that class can be defined not just by what we were born, but also by who we become.

A 2021 study from the Social Mobility Commission revealed that around half of the public (48%) consider themselves to be working class, 36% middle class and 0% upper class and those aged 50 to 64 are the most likely to describe themselves as working class (54%).

Significant upward social mobility in the UK between the 1960-1990s means that many older people in the UK may now find themselves externally defined as belonging to a different class to the one they were born into (and the one they might identify with more strongly).

1/2

Of the UK see themselves as 'working class'

We found upper class and upper middle class are 46% more likely to believe that class is more based on what you become [60% vs 41%], and half as likely to believe class is pre-determined.

These discrepancies highlight the problem with defining and representing class – everyone is coming to it with different approaches, definitions, perspectives and preconceptions.



# The real-world Cost of Class

Although Class is a social construct, the rules of which are obscure – it has a real world impact on individuals and their life chances.

"The Class Ceiling: Why it Pays to be Privileged" by Sam Friedman and Daniel Laurison explores the enduring influence of social class on career success in modern society. Drawing on extensive research, the book reveals that despite efforts to promote meritocracy, social class still significantly impacts people's professional lives. Working class people earn less on average than their middle class peers even when working in the same profession. Intersectionality plays a huge role, and those with multiple disadvantages are more likely to struggle to gain entry to elite professions, or earn as much in those professions.

It's also something that doesn't appear to be being challenged... In a world that is changing, social class is the forgotten diversity metric. Research conducted by the University of Exeter has revealed that only 12 of the FTSE 100 companies are genuinely committed to addressing social class disparities in their hiring practices and promoting equality. The study highlights a concerning lack of effort among top employers in providing equal opportunities to individuals from diverse socio-economic backgrounds. Shockingly, the analysis uncovered that nearly 50% of the United Kingdom's largest corporations failed to include any reference to socio-economic background in their diversity strategies or annual reports.

**+16%**

People from middle upper class backgrounds earn 16% more than working class in the same set of jobs

**12%**

Of FTSE 100 companies have made substantial efforts to improve social class diversity.

## The Class Ceiling

Why it Pays to be Privileged



# 03

## Representation of Class in the UK





# The complexity of class and the hidden social codes it entails means it's incredibly difficult to both represent and track in advertising

The complexity of 'class' as a concept, the hidden rules that it consists of, and the resulting impact it has on the creative industry and the ads we produce means that 'lower social grade characters' are some of the most poorly represented out of all the minority groups we audited as part of our Mirror on the Industry study.

**We believe this is down to three key factors that we will explore in this chapter:**

**1**

**Class is difficult to easily convey in a 30 second ad – relies on stereotypical visual cues and viewer biases**

**2**

**Advertising is often aspirational, and it is assumed that people aspire to middle or upper class lifestyles.**

**3**

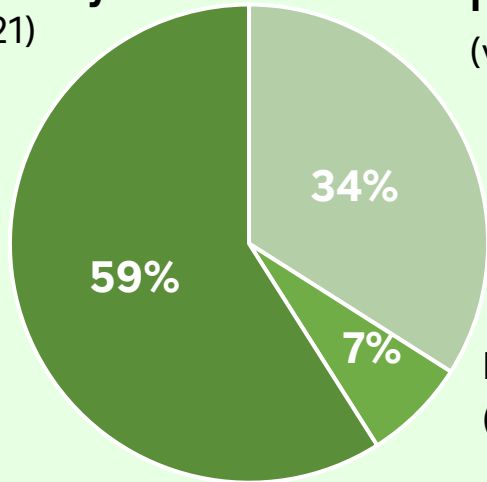
**The advertising and creative industry has a well documented class problem resulting in ads lacking authentic working class input**





# 1. Our ad audit highlighted both how difficult and stereotypical working class representation is

**Impossible to say**  
(vs. 77% 2021)

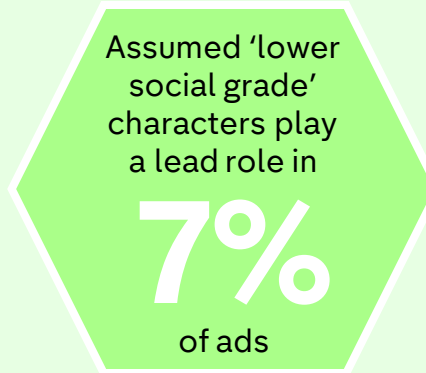


**Higher**  
(vs. 17% 2021)

**Lower**  
(vs. 6% 2021)

Analysing the coding showed that the majority of this character classification came down to the environment or dress that the characters were shown in. This is the most stark indication of the hidden class rules in action. However, having an 'upmarket home' or wearing smart clothes are not listed anywhere as a feature of being upper/middle class. Therefore can we assume when advertisers say 'upmarket' or 'well dressed' they really mean to exclude working class? And is it okay that advertising perpetuates the stereotype that working class people don't have nice homes or wear smart clothes?

The results from our most recent MOTI audit highlight how difficult social grade and class are as a concept to represent in ads, given that it was impossible to tell in 59% of all characters coded. However, out of those where it can be assumed, there is an obvious skew towards 'higher' social grade – which most would interpret to be middle/upper class.



	Higher social grade	Lower social grade
In an upmarket home	<b>48%</b>	<b>1%</b>
Wearing smart clothes	<b>16%</b>	<b>4%</b>
Wearing uniform	<b>3%</b>	<b>16%</b>



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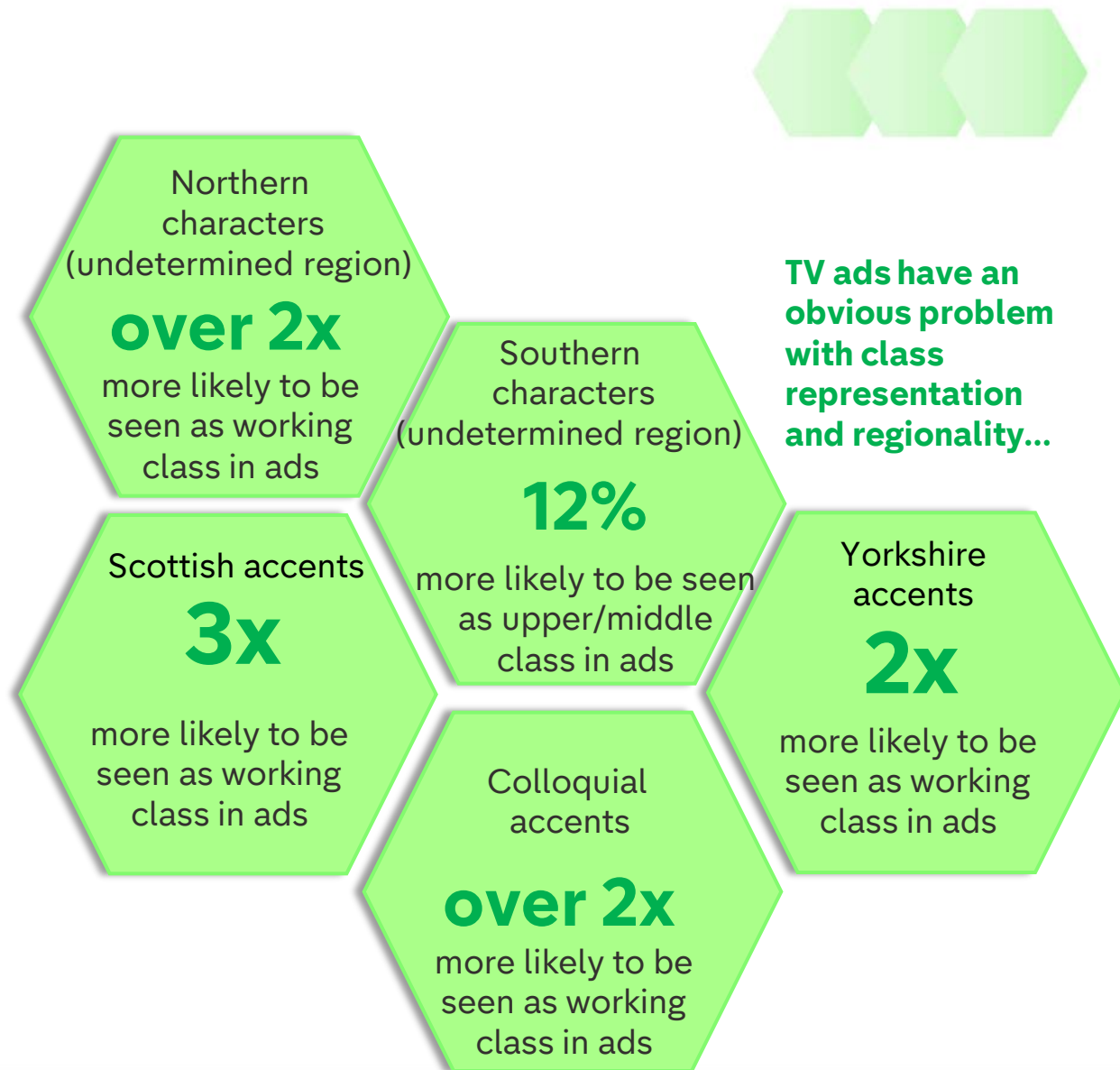




# Our audit results were especially revealing when looking at accent and manner of speech

Our audit also highlighted that accent and manner of speech are often used as stereotypical signifiers of class in ads. This is a technique commonly acknowledged by media professionals, highlighting how the class issue we have in the ad industry is infiltrating our creatives and reinforcing negative biases – something we'll go into more later in the chapter.

*“What we do is we borrow from lazy stereotypes. When you're writing an ad for example, there's some lazy stereotyping around accents – always put a Scottish voice on a bank ad because [the stereotype says] they're really tight. If you want somebody to be a little bit thick, West Country accents. If you want to signify dirty-handed working class, stick a Brummie in it.”*





# Advertising cues for class reveal common ingrained biases on multiple levels

Characters coded as being 'lower social grade' in ads were

**55%**

more likely to be shown just going about their daily life – rather than in an aspirational setting

**50%**

more likely to be from an ethnic minority

**5x**

more likely to be shown in uniform

Exploring character intersectionality also unveiled further unconscious bias when it comes to TV ads. Obviously we code our ads in the way we expect a viewer to interpret them, accounting for the things we assume from visual cues. These stats therefore give an interesting insight on the biases at play in today's society. However, we also have to consider the semiotics of advertising – what signals are brands trying to send when they only portray certain characters in certain environments? And how much responsibility should we as an industry take for the deeply ingrained stereotypes prevalent in the public consciousness?



This example ad from Specsavers was coded as featuring working class characters. The setting, the uniform, the actor and the accent all fed into this decision and are indicative of the stereotypes we generally see at play here.



## 2. The Aspiration Myth

Another theory to explain the poor representation of working class characters in TV advertising is all around aspiration. Advertising is commonly believed to be aspirational – there to inspire consumers to buy products that will improve their lives and standing in the world. This is based on the idea that everyone aspires to ‘climb ladder’ – particularly those from working class backgrounds. However our research showed this is a myth in 2023:



**Only 17% of people strongly agreed they aspire to the occupations at the top of SEG lists**

When it comes to advertising, research shows that aspirational advertising’s success depends upon the gap between the viewer’s self-image and the idealized person in the ad. If the target audience feels the difference is unrealistic, the ad will instantly spark negative emotions from a loss of self-esteem, which spill over to the advertised brand and make them feel alienated. In a world of glossy influencers and fake social media worlds, this gap appears to be growing at an alarming rate, and brands don’t always relate to those from low or mid earning backgrounds who often use them most.

Obviously, aspirational ads will always make sense for some types of brand – think luxury cars for instance. But why do FMCG brands for example always need to be shown in glossy homes with slim, well dressed models?



**This example ad from Fairy illustrates this ‘aspiration effect’ in advertising and it’s link to class – it was audited as featuring upper/middle class characters due to the ‘upmarket’ home and well dressed actress – \* how many fairy customers are c2de**



# Authentic ads showing human connection will perform better and allow for broader representation

When we look at best in class examples of ads from recent years, they are creatives that represent all types of economic backgrounds, lifestyles and dialects. As an industry we need to move away from assuming that being 'aspirational' is the only way to inspire consumers and make the product desirable – authenticity is now key.



*"No brand right now... is better than Cadbury's at finding the magic in the ordinary"*

Tom Ewing,  
System 1



One brand successfully doing this for the past few years is Cadbury's with the "There's a glass and a half for everyone" series of ads. 'Garage' centres around an ordinary location, and an everyday transaction, with no music and minimal dialogue, the focus is on human connection and the joy it brings. The ad feels real and intimate, with characters that aren't designed to be 'aspirational' but also avoiding stereotypical working class tropes. It performed exceptionally well in testing across all metrics by System 1 and was warmly received across the industry.

2018's 'Mum's Birthday' is another great example of how focussing on human connection rather than aspirational glossiness allows for broader representation of different groups in society. Showing a little girl using various trinkets to buy some chocolate for her hardworking mum from a kindly shop owner. The ad won awards and was lauded for promoting social inclusion. Overall, since the campaign launched, annual sales have risen 22% (considerably above the 9% target) and generated £261m additional revenue a year – highlighting the commercial benefits that come from authentic representation.



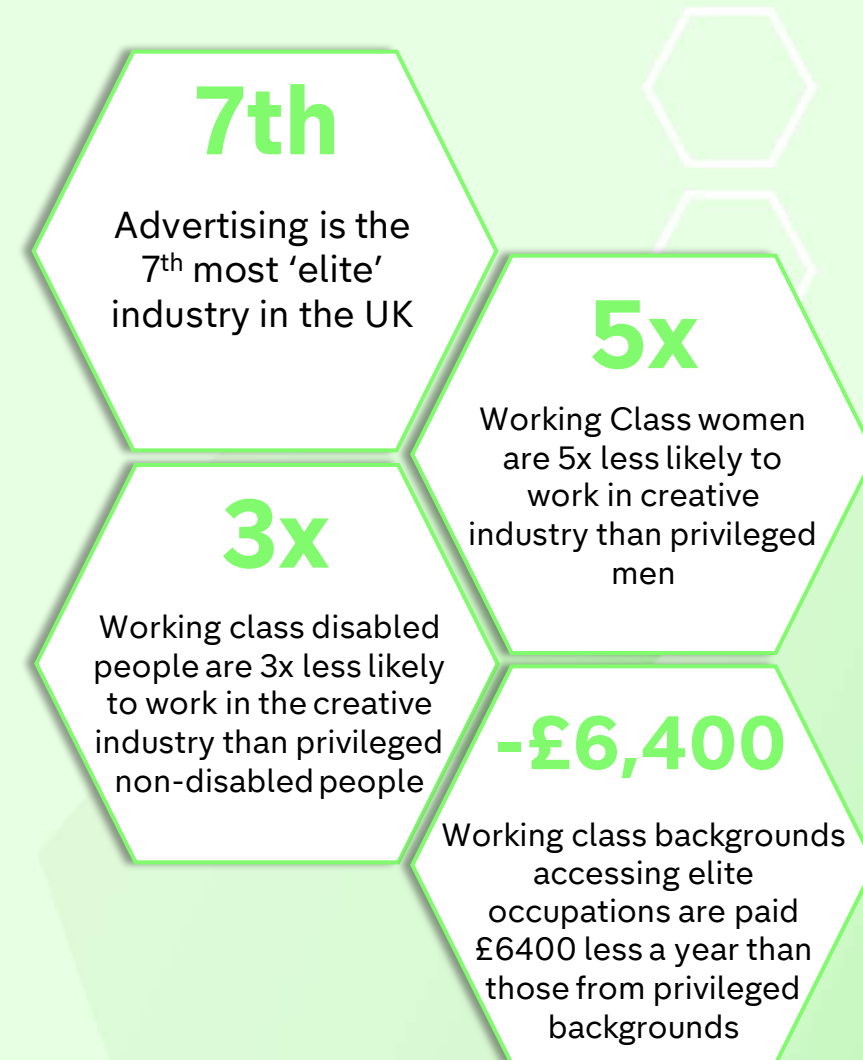
### 3. The advertising and creative industry are particularly affected by 'The Class Ceiling'

Poor representation of working classes within advertising can also be explained when we look at the make up of the industry where the 'Class Ceiling' problem is particularly prominent.

Advertising is the 7<sup>th</sup> 'most elite' industry in the UK, and renowned for being hard to gain entry to, resulting in specific types of employee, from similar backgrounds, regions and education being largely responsible for this country's creative output.

**"People just being limited at every station, [from] interview through their progress through this industry, and then they just get wasted and lost to our industry and do one of the many other cool things that they could be doing in life."**

*Andy Nairn, Founder at Lucky Generals*





# Lack of industry diversity means limited perspectives when it comes to class, which affects creatives

This limited talent pool, operating within an echo chamber and guided by the inbuilt biases we all have, means that the creative industry is ill-equipped to tell the stories of working class people, or represent them in an authentic, nuanced way. As this quotes here illustrates, ads offer limited portrayal of working class people, arguably because they are not informed by the true lived experiences of those people.

**“Ads make out working class means you live on the breadline 24/7. It’s not a fair representation”**  
*Quant respondent*

**“It’s very often portrayed in a very black and white way. There needs to be a lot more nuance”**  
*Quant respondent*

**“Advertising is really, really bad – we’re our own echo chamber and that echo chamber is well spoken, and for well spoken, we read being intelligent,”**  
*Vicki Maguire, chief creative officer at Havas London*

As we outline in Mirror on the Industry, advertising has a huge responsibility in shaping the nation’s cultural references and influencing their perspectives, so this class skew and lack of cognitive diversity plays a major role perpetuating the enduring stereotypes we see at play when it comes to class. Planners and creatives need to address their own biases, and the industry needs to nurture working class talent in order to improve representation and portrayal of class in the UK.



# Audiences are acutely aware of the representation problems and stereotypes at play – and they want change

Our research in this space always reveals that the public are more aware of the problems with representation than the industry like to admit – and this is particularly the case with class. The pandemic and the cost of living crisis have added to the sense of fatigue many of our respondents have when it comes to portraying and speaking to working class families. They are acutely aware that brands revert to showing the same 'generic aspirational families' and appreciate any that attempt to tackle the real nuances of society in the UK today.

***“There is representation that lower class are inferior to middle and upper class which is totally unfair. Some of the best people are lower class”***

“It's always the same generic aspirational families”

***“I think lower working class is mainly associated with negatively and stereotypes”***

“Ads rely heavily on underclass stereotypes, and the wealthy rich. Those in the middle and working/middle are under represented. Class has changed a lot. The middle class and working class have merged and this is not reflected on TV”

“TV advertisement are very generic and don't go into the depths of exploring different classes”





# What can we do?

When thinking about planning we need to:

1.

## **Increase awareness of internal biases**

Challenge stereotypical thinking – what are you really trying to portray through accent/uniform etc?

2.

## **Leverage insight to tell a wider range of stories**

Speak to people from different backgrounds, regions and lifestyles to be authentic rather than aspirational

3.

## **Think about language on briefs**

Terms like 'upmarket' and 'downmarket' perpetuate stereotypes – are they really needed?



# 04

What is Social Grade?





# The Birth of Social Grade

The current Social Grade system used in across advertising and television was created by The National Readership Survey in 1956.

It was developed as a way to formalise the social class system and categorise consumers for market research and advertising purposes. They combined and refined the class classifications used by social reformers such as Booth and Rowntree to create a simpler and more practical social grade system known as the "A,B,C1,C2,D,E" classification system.

Over time, this social grading system has gained widespread acceptance and became a standard method for segmenting the UK population – usually into two groups – the more commercially desirable ABC1's and the less desirable C2DEs.

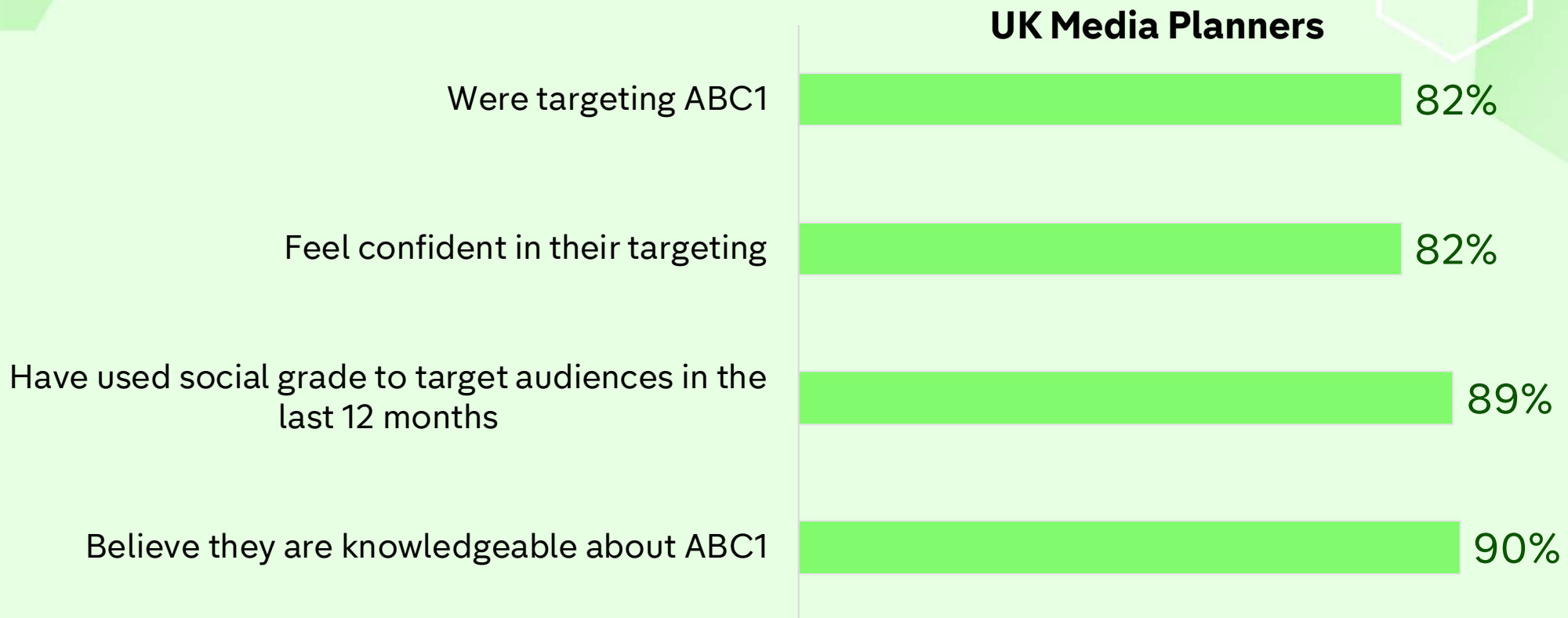
**1956**

Introduction of the 'CIE' Chief Income Earner.





# SEG is regularly used to target media and we believe we know what we're doing





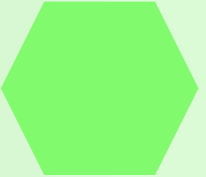
# Can you identify the right social grade?

Our agency partners seemed so confident that they understood socioeconomic grade – that we put them to the test by asking them to identify which of professions belonged to which socioeconomic grade in our survey (examples of a few of these below). We found that income served as a red herring to our experts – where they are more likely to assume wealth and income influence SEG classification, not simply occupation. In fact, just over half (56%) of our experts correctly identified the definition of SEG as the profession of the main income earner in the household. Even more interestingly, the proportion of experts getting this correct has barely changed since we originally ran this survey 7 years ago.

Industry Experts

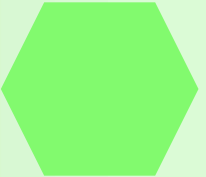
Rufus earns £90,000 per year. He's a collector of fine wine and vintage cars, when he isn't busy working as a Senior Partner in a top law firm.

ABC1  
100%



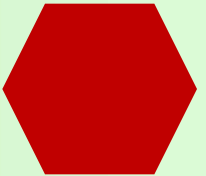
Rachel's a part time hairdresser on £15k, but luckily she inherited a £5m house in Hampstead last year so now only works part time to stay close to her mates, the rest of the time she's living the high life

C2DE  
52%



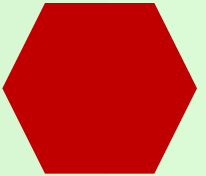
Natasha earns £18,000 per year. She's obsessed with Geordie Shore – she never misses an episode. Natasha is an HR assistant in a stationary company.

ABC1  
68%



Cheryl is a struggling medical student who wants to be a doctor just like her dad is. Living at home, she works part time to fund her university lifestyle of boozing and sometimes studying.

ABC1  
61%





# Occupation, not income.

Being based on occupation, not income, drives the misperception of Social Grade.

Social Grade is **based on the occupation** of the main income earner, and although there is a correlation between occupation and income, it is not accounted for in the SEG model. Only just over half of the industry participants we spoke to knew this.

**56%**

correctly identified the definition of SEG as the profession of the **main income earner in the household.**

Everyone in a household receives the same social grade of the main income earner, even if their occupation grade is 'higher'.

In the modern world of dual and multi-income households – advertisers are missing out on the true picture of household finances.



## The Social Economic Grade classification is as follows; based on the CIF (Chief Income Earner)

**A:** Higher managerial, administrative, or professional occupations. This category includes individuals in senior roles, such as CEOs, doctors, lawyers, professors, and other high-ranking professionals.

**B:** Intermediate managerial, administrative, or professional occupations. This group comprises individuals in mid-level management positions, including middle managers, teachers, nurses, and other professionals.

**C1:** Supervisory or clerical and junior managerial, administrative, or professional occupations. This category includes individuals in supervisory roles, office workers, and junior managers.

**C2:** Skilled manual workers. This group consists of individuals working in skilled trades, such as electricians, plumbers, and carpenters.

**D:** Semi-skilled and unskilled manual workers. This category comprises individuals in roles that require limited skills or training, such as factory workers, laborers, and machine operators.

**E:** Casual or lowest-grade workers, pensioners, and others who depend on the welfare state for their income. This group includes people with low incomes, pensioners, and individuals reliant on government assistance.



# The SEG system doesn't do what we think it does...

## Capture Class

50%

Of **ABC1's** identify with being **working** class or **under class**.

## Include Income

17%

C2DE have an income over 40k (vs. 29% ABC1)

## Show Specificity

60%

Of the UK Population are classified as ABC1

We think these results are because the SEG system doesn't capture what we think it does. It doesn't capture class, include income or show specificity.



### **Class**

In terms of class, our relationship with class is complicated, and as explored in the previous chapter, the class we identify with doesn't always match up to the one which others assign to us – and we found this also to be true of the social grading system. We found that half of people who are classified as ABC1 in our study identified as being working class, and 37% of C2DE's identified as being upper or middle class.

### **Income**

As demonstrated with the industry quiz – SEG doesn't include income despite being based on the main income earner. Often ABC1 and affluence are used interchangeably – and although there is a relationship between socioeconomic grade and income, it is not definitive and in fact 17% of C2DEs have an income of over 40k, and a plumber and a junior doctor in the UK earn on average the same amount, around 45k.

### **Specificity**

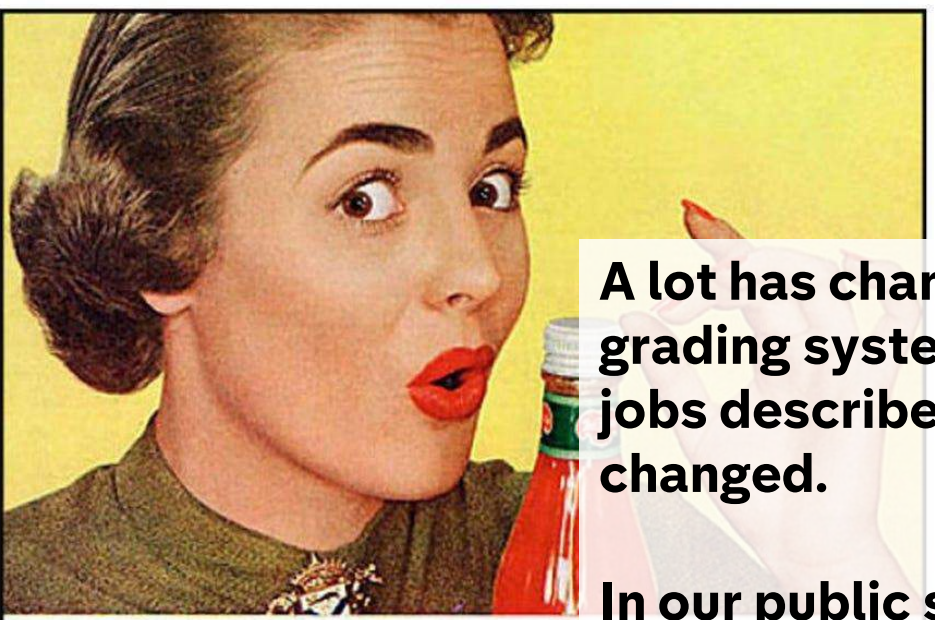
ABC1 is often assumed to be specific – capturing a niche audience – but in fact ABC1 now represents more than 60% of the UK population – only 4 out of 10 of our agency experts knew this about the SEG system.

# 05

Is SEG still fit for purpose?







A lot has changed since the 1950s when the original grading system was introduced, but in that time the jobs described in the definitions have barely changed.

In our public survey, 80% of participants disagreed that the jobs included within the SEG classifications felt relevant to them and their jobs.

And this is despite the UK, and the world at large, going through some dramatic sociological, economic and technological changes in that time.

So, what are these changes – and how might they be affecting the SEG system?



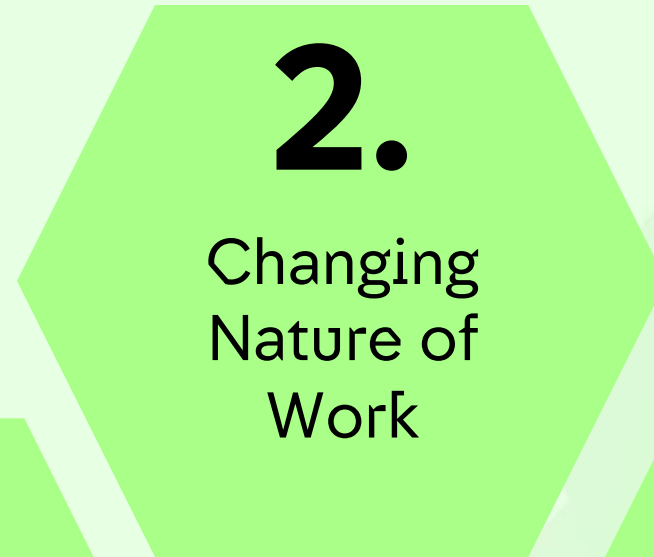
Please... let your wife come into the living room!





# 3 Influential Factors on Social Grade

There are 3 key influential changes we think are crucial to cover in this report – each of which has an impact on how relevant it is to focus the definition of a household's economic status purely on the occupation of the highest income earner in a household.





# 1.

## Changing Household Composition





# Changing household composition



## The rise of Dual Income Households

The one income household model is out of date – since the SEG system was launched at the end of the 1950s the number of women in the workforce has more than doubled. This has had profound implications for the economic makeup of households in the UK. The dual-income household is now the most common household type – with almost 7 in 10 couples with children have both parents working.

This means that both the spending and decision making dynamic within couples has changed – and this has even been reflected in the BARB definitions where the previously termed ‘Housewife’ has now been changed to houseperson to better reflect that the main shopper in a household is now no longer a woman by default.

68%

Of couples with children, are both in employment vs. 49% in 1975.

2x

More women are in the workforce now (72%) vs. 1950s (35%).

1 in 3

UK adults live in multi-generational households – over 9 million homes.

## Multi-Generational Households

One of the most rapidly growing household types in the UK are those where adult children are living with their parents for longer. 4.9M Adult children now live at home with their parents, up 14.7% vs. 2011 and it’s estimated that 9 in 10 of these adult children contribute to the household expenses.

In the modern world of dual and multi-income households – advertisers are missing out on the true picture of household finances and purchase decision making processes.

## The rise of Multi-Income Households

Increasing pressure on the economy and the lack of affordable housing means that a greater proportion of adults are sharing a household with either their family, or other adults with whom they are not romantically involved. This, again, has profound implications for the amount of disposable income within a household and the purchase habits and behaviours of that household.

91%

Of adult children living with their parents contribute to household expenses, with 47% claiming to cover more than half.



# 2.

## Changing Nature of Work





# Changing Nature of Work

**The changing nature of work since the 1950's is having a profound influence on the discriminatory power of the SEG system**

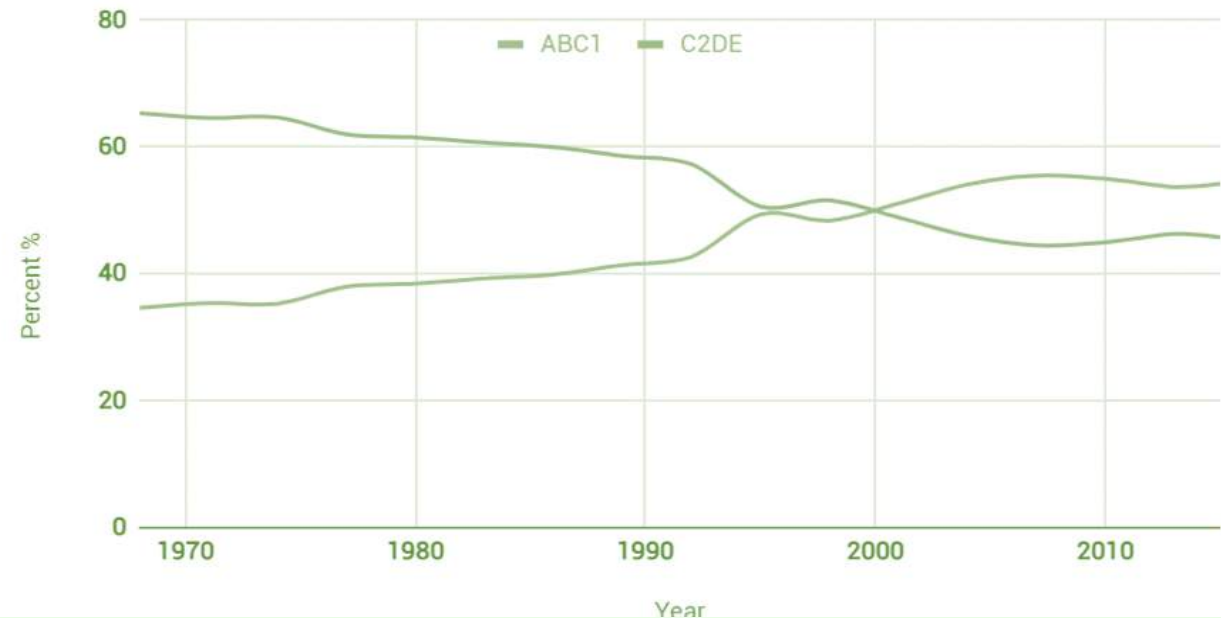
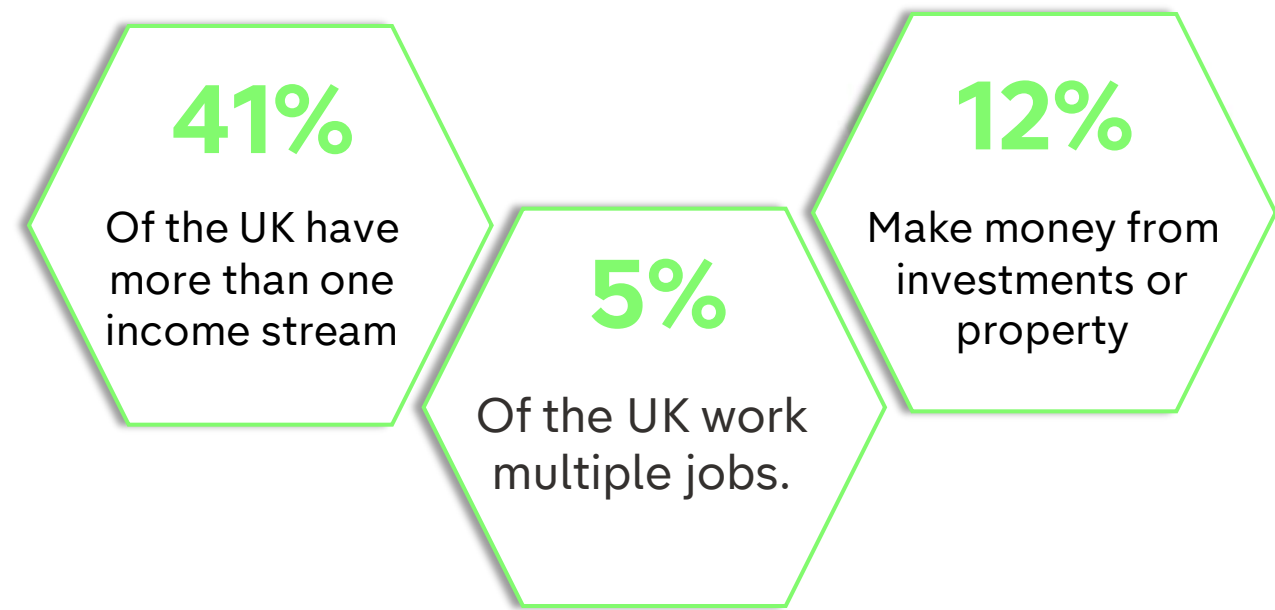
ABC1 is a larger proportion of society than it once was, growing +170% since 1970– this is due to the rapid growth in tertiary & quaternary sectors, and the shrinking of manual and traditionally 'working class' jobs.

Manual jobs have become increasingly specialist in the modern manufacturing industry and other traditional trades (plumber, electrician) are relatively more highly paid than in the past.

This effect is slowing as social mobility become more difficult and the economy stops transitioning to service and technology roles. This does also mean, however, that it is becoming increasingly difficult to be socially mobile in the modern economy.

**Diversification of income streams means an individuals job might not be their only source of income.**

Compared to the single chief income earner model SEG is based on, our survey of the UK public found only 59% have one job as their only source of income. 41% of earners either try to make money in lots of different ways (24%), work multiple jobs (5%) or have other forms of income (e.g. investments or property) (12%).



# 3.

## Changing Demography





# Changing Demography

## The UK has an aging population

An often misunderstood and underrepresented audience – older people, especially pensions are often discounted when it comes to marketing and advertising.

Another myth of the SEG model is that it only captures working people – but in fact, only 45% of Pensioners are categorised as 'E'

A person will only be classified as 'E' if they are solely reliant on the state pension – if they have any other pension then they are classified as the highest paid profession they had before retirement.

**+7.3m**

more +55s by 2050, making up 40% of the UK population.

**23%**

of ABC1's are retired

**65%**

of Retired people are ABC1 (vs. 60% total pop).

## Misunderstanding of who really makes up the ABC1 Audience.

Older audiences are often overlooked and dismissed in advertising despite many having huge economic clout which only stands to grow as the population of the UK ages.

By 2040, older people will be spending 63p in every pound spent in the UK economy – up from 54p in 2018

Spending by those aged 65 and over increased by 75% between 2001 to 2018, compared with a 16% fall in spending by those aged 50 and under during the same period, according to the ILC report\*





# Is SEG fit for purpose?

So, taking all of this into account – is socioeconomic grade fit for purpose?

Well, we would say, it serves a purpose – but marketers would benefit from having a better understanding of who they are targeting when they're utilising the SEG system and the hidden value within it and in terms of what is commonly termed as wastage – those who are unintentionally reached with advertising, but who offer a commercial value in terms of being in a position to buy products or services.



Targeting ABC1 allows you to target 60% of the population, who on average are likely to earn more – but it doesn't tell you anything else about that persons household arrangements which can have a significant influence on their consumption habits and preferences.

Social Grade is a useful buying audience, but not a useful planning audience.

## SEG serves a purpose.



# Useful, but imperfect

SEG does have a discriminatory power and there is a correlation between social grade and total income.

But there is a weakness in the SEG system which dismisses individuals because their occupation isn't considered of value by the SEG system.

Will SEG be able to evolve with changes in demography, household composition and work?

**“While I know that TV is a bit of an archaic industry, and we need to net audiences out to their simplest terms in order to buy and plan a campaign - being so binary gets rid of all the nuances involved in class and money... people's salary + profession isn't necessarily linked to their class; and what about people who can move between classes?”**  
*Agency Participant*



# Alternatives to SEG

If you are interested in other more specific aspects of a persons commercial viability – there are alternatives to SEG which can allow you to be more specific in your targeting, and which don't discriminate purely on a persons job.

Three alternatives we've identified include:

1.

**AFFLUENCE**

**3x**

**Income above 40k** is a stronger predictor of disposable income vs. SEG

2.

**AFFORDABILITY**

**+33%**

**Home ownership** is a powerful indicator of financial security vs. SEG

3.

**ATTENTION**

**38%**

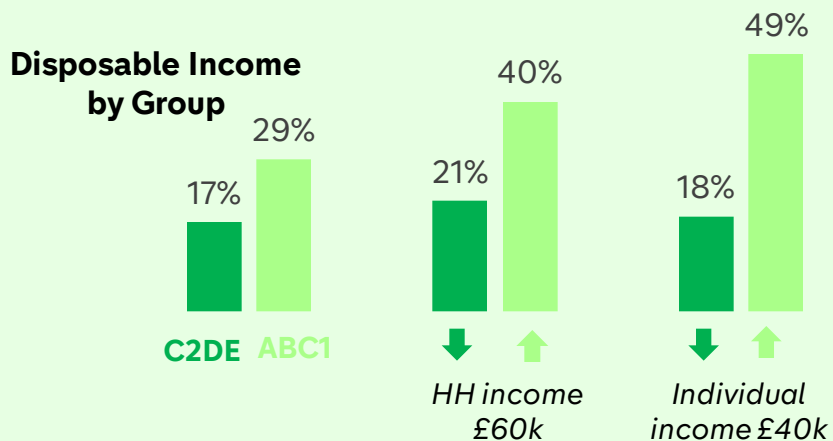
of the UK are **time rich**



# 1. Affluence

Social Grade and Affluence are often used interchangeably, but what do advertisers really mean by affluence? Marketers told us that often what they're really looking for when they're targeting ABC1 is individuals with a high level of disposable income.

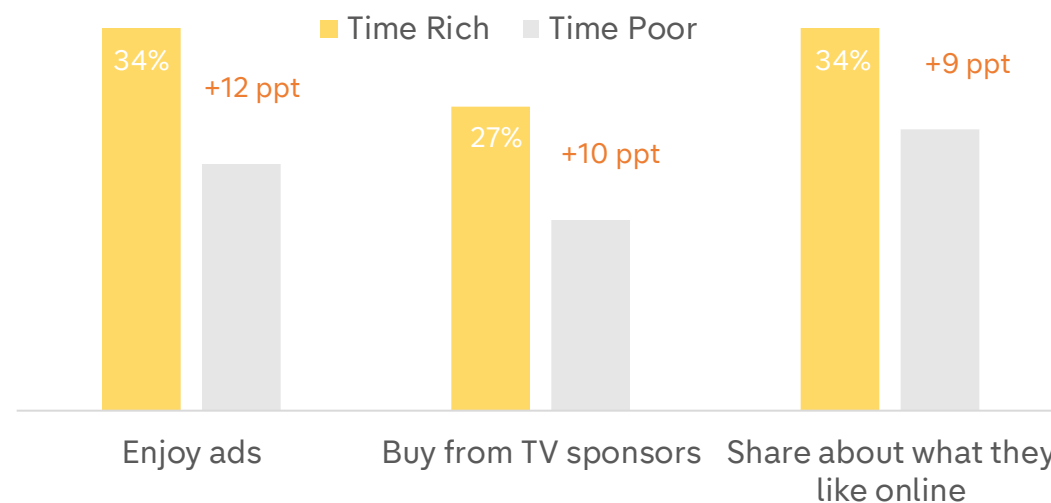
We found social grade isn't an effective way of finding the disposable income our industry is looking for. As the chart shows, the 'gap' between C2DE and ABC1 disposable income is small - with ABC1 only slightly higher than C2DE. For advertisers looking to target higher disposable income, targeting individual income over 40k is more accurate.



# 2. Attention



Our second target shifted to incorporate time - beyond feeling 'cash rich' enough to buy, who in the UK has the time richness to pay attention to advertising, and the appetite to engage with it?



While **affluence may buy you time**, we cannot assume that ABC1 automatically delivers more attention. Advertising is likely to reach C2DE to a similar level as ABC1 - and C2DE audiences also have time richness to tap into.

\*Time rich = having 3 or more hours of free time a day.

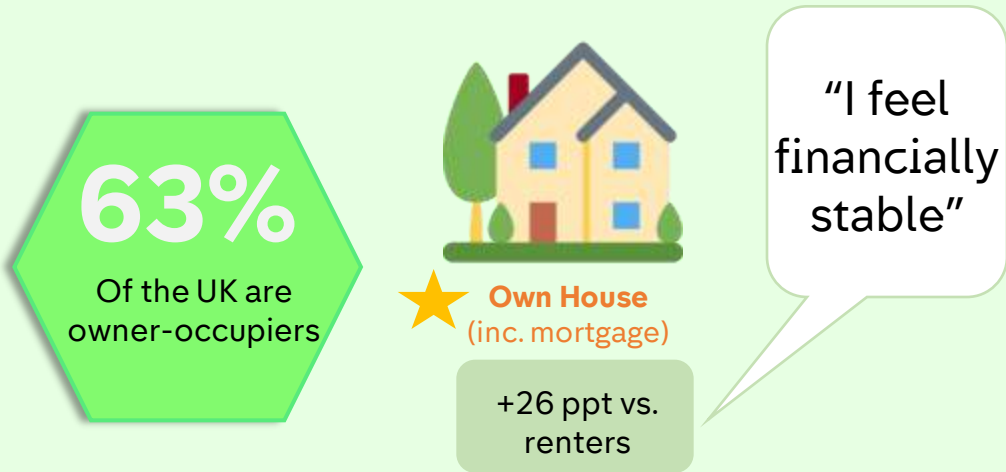


# 3. Affordability



Living within your means and feeling financially secure is increasingly important, especially within the context of the Cost of Living Crisis. Home ownership is a more powerful indicator of financial security than SEG, and captures the 37% of C2DE's and the 42% of ABC1's who own their own home. More inclusive?

Our industry may automatically assume that ABC1s are affluent and financially stable, but this isn't always the case in 2023. Living within your means, and feeling secure, is increasingly important.



Homeowners are also commercially valuable – they're +12% more likely to agree that I am prepared to pay more for products that make life easier, +18% more likely to agree they'd spend more on their passions and +28% more likely to agree It's worth paying extra for products that last longer.

The gap between owners and renters in their attitudes is on average +8% bigger than the gap in attitudes between ABC1 and C2DE.

### What types of brands might this target be relevant to?

This target captures individuals who are more able to afford big-ticket or luxury items, because they have the financial security to make big purchases within the context of longer term financial stability. Think of single purchases where beating competitors is key, like automotive.

# 06

## Considerations & Conclusions





# TV for Everyone

Inclusion isn't just about representation and portrayal – but also access.

And on this metric, TV (specifically ad-funded public service broadcasters) is actually one of the most inclusive advertising platforms you can buy.

Free to Air Ad-funded TV by it's nature doesn't exclude anyone at the point of viewing, but rather attracts viewers based on their interests and need states. By not being specifically exclusionary at the point of viewing it allows everyone to view regardless of their class or social grade.

Understanding the commercial context of advertising – where adverts are located in terms of content and context – is really key in understanding the commercial value of the viewing audience.

The way we price audiences isn't going to change overnight – but understanding that the system we have right now, might not be fit for the future is important in evolving how we trade audiences in the future.



**89%**

The percent of  
the UK TV  
reaches each  
week



There is still a relationship between class, affluence and social grade – but it has weakened over time. - **Buying audiences for the most part won't change – but it is worth understanding better who it is we are buying.**

## 1. Know Who You're Buying

SEG does have a discriminatory power and there is a correlation between social grade and total income.

But there is a weakness in the SEG system which misses valuable individuals because their occupation isn't considered high value by the SEG system.

We can't change the trading mechanism right now, but we can understand what the SEG system does and doesn't tell us about audiences.

## 2. Prioritise Inclusive Platforms

It's not just who you buy, but where you buy – ensuring the right content and context mix for your advertising is vital to reach the right audiences, regardless of Social Grade.

**Contextual Relevance**  
Audiences are 2x more likely to recall an ad when viewed next to contextually relevant content.

**TV is Perfect Environment**  
+34% in advertising's signalling power of quality compared to the average of advertising platforms

## 3. Alternative Approaches

**Affluence** – targeting income over 40K is 3 times stronger at predicting an individual's disposable income than SEG.

**Affordability** – we found that home owners are more financially stable – and home ownership is 33% better at predicting financial security than SEG.

**Attention** – we found that individuals who are time rich (so have 3 or more hours a day at leisure) are much more commercially receptive than those who are time poor.





# MIRROR ON

## Class and Social Grade

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