

Claritas Pop-Facts Demographics

Considering Effective Buying Income



Evaluating Buying Power

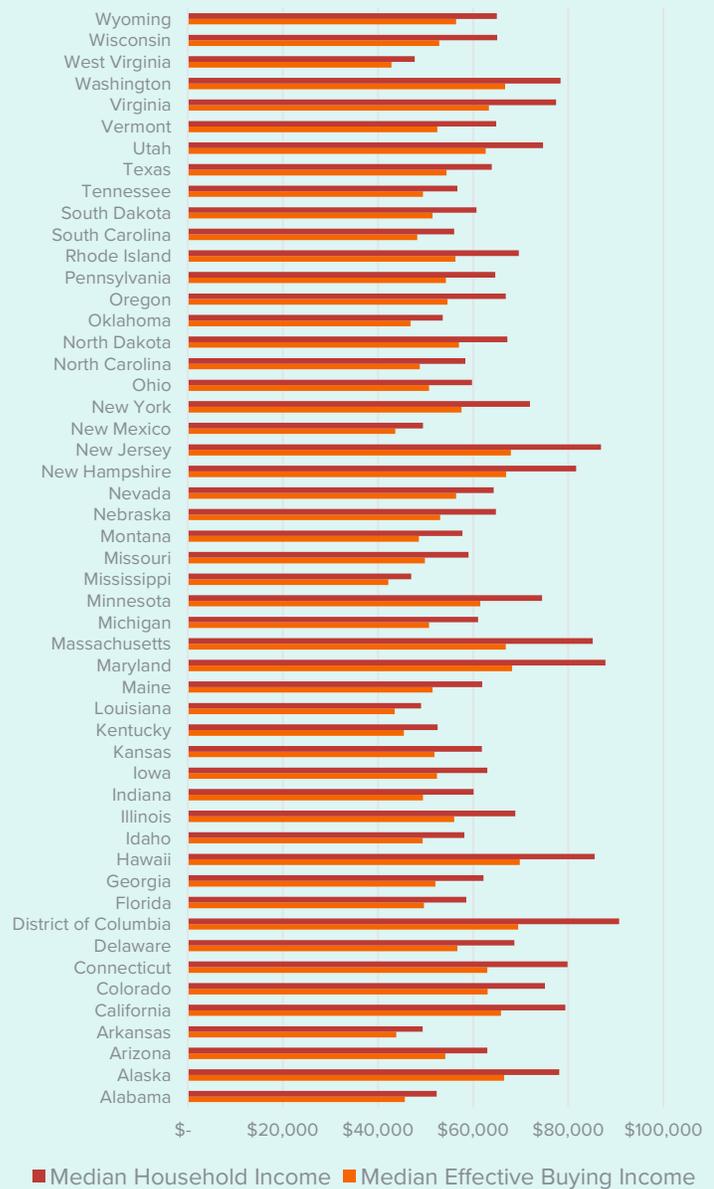
Household income is the most commonly used type of data when it comes to measuring wealth, but for companies looking to gauge their customers' ability to spend, effective buying income can be a valuable tool. For a deeper understanding of your best customers and smarter targeting, we offer both types of income data in Claritas Pop-Facts.

Effective buying income is income after taxes, so it can provide smarter insights into the amount of money customers have available for purchases, which are especially useful heading into a holiday shopping season.

Claritas effective buying income estimates are produced as derivatives of household income, based on the correspondence between before tax and after tax income identified for each state from the Census Bureau's Current Population Survey (CPS). The CPS data provides before tax to after tax income rates of change specific to households with before tax income in selected income ranges—and specific to each state. These rates of change are applied to Claritas household income estimates to estimate the movement of households to lower income ranges after deductions for taxes, which include deductions for federal income taxes, state taxes, FICA, annual property taxes and federal retirement payroll deductions.

When comparing the two measures, the differences can be quite eye opening. The chart on the right shows the comparison between the Pop-Facts® 2020 median household income and median effective buying income estimates for each state. The District of Columbia has the biggest difference in values, so let's take a closer look at some local data for this area to see what types of insights we can gain.

2020 Median Household Income vs. Median Effective Buying Income by State

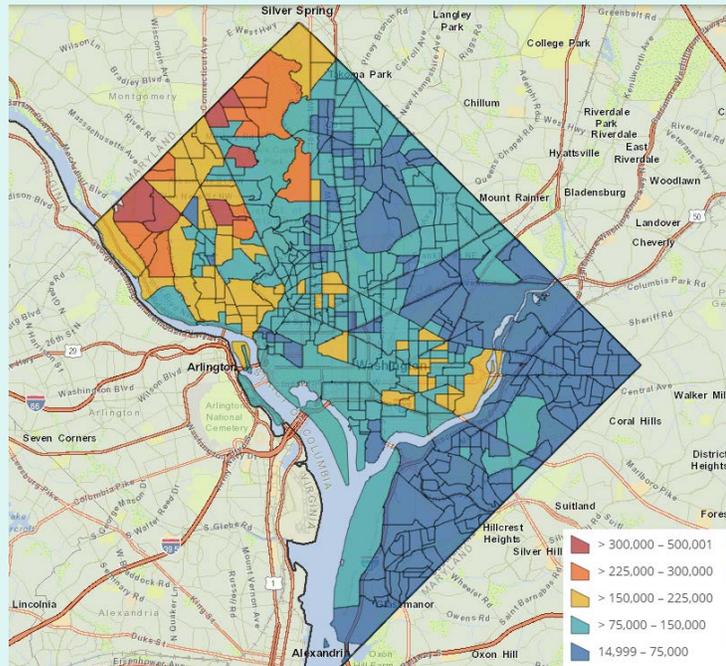


District of Columbia

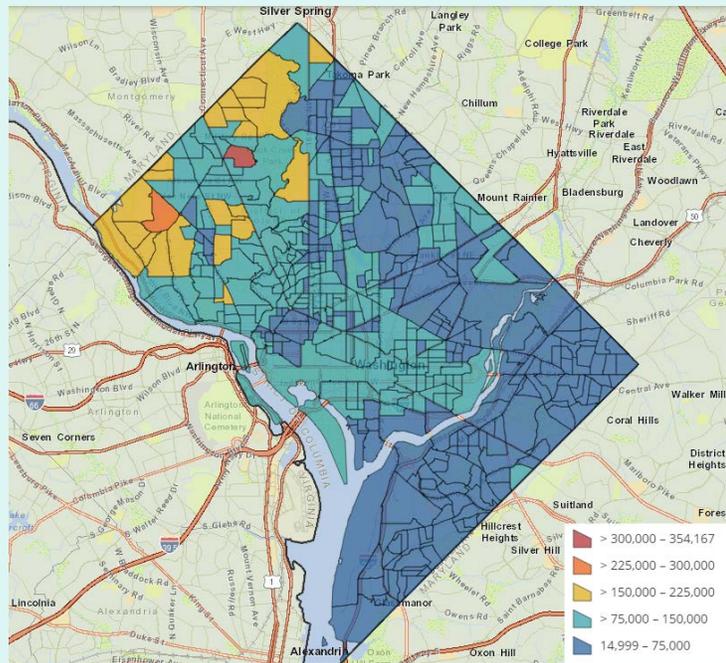
The District of Columbia, or Washington D.C., is an interesting geography in its own right. As our nation's capital, the District of Columbia is a federal district under the sole jurisdiction of the U.S. Congress and is not part of any state. However, it is treated as both a state equivalent and county equivalent by the U.S. Census Bureau and in Claritas products.

Using Pop-Facts Premier, we see that the estimated median household income for this area is \$90,695, while the estimated median effective buying income is only \$69,463. The maps on the left expand on this by illustrating differences in median household income and median effective buying income at the block group level. Additionally, the chart below illustrates differences in household counts for each household income and effective buying income range. Based on these results, residents of the District of Columbia have less money to spend after taxes than you may expect.

2020 Estimated Median Household Income by Block Group



2020 Estimated Median Effective Buying Income by Block Group



2020 Estimated Households by Household Income & Effective Buying Income



For more information contact your Claritas representative at 800.234.5973 or visit www.claritas.com

