

Why LSM is giving way to SEM - How we live vs. what we have

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[ProActive](#)™, the dedicated activation agency of leading marketing and Out of Home media owner, [Provantage](#), consistently gathers measured insight into consumer habits, economic segments and behaviours. LSM (Living Standards Measure) has traditionally served as the accepted audience measurement benchmark for many years. However, Proactive is upholding new industry standards by moving towards SEM (Socio-Economic Measure), which is becoming more widely used. ProActive explains why SEM is becoming increasingly more prevalent in the South African context.



Makhetsi Phakoa, head of client service and sales at ProActive, explains the shift from LSM to SEM: *“Many economic analysts argue that what people own is not always an accurate reflection of their standard of living – particularly given the fact that most South Africans have a large amount of debt and live beyond their means.”*

“The prevailing opinion is that LSM misrepresents and oversimplifies the South African household landscape. SEM relies less on durable goods and more on household and community infrastructure, which changes less gradually. The only four durables included are deep freezer, microwave oven, floor polisher or vacuum cleaner and washing machine.”

With the shift from LSM to SEM – which is relatively new – many brand custodians are not as familiar with SEM and what it means for their brands, begging the question, *“How do you plan and engage around SEM?”*

Phakoa answers, *“Each economic segment is unique in how they live different daily lives, have other ambitions, needs, wants, behaviours and interact with various touchpoints daily. SEM quantifies these variables more accurately, translating segmental data into answers about where and how to engage with different market segments.”*

ProActive aims to understand audiences on a deeper, more personal level to create a differentiated and relevant brand experience for each segment. This data-informed approach is the backbone of the company’s strategy. ProActive has also highlighted ideal activation strategies per segment, which can be personalised to drive different objectives.

“Everything evolves; this much we already know. The media landscape is changing; platforms change and audiences develop continuously. SEM metrics help us tailor interactions, communications, media, messaging and activation strategies – to make a real impact,” says Phakoa.

Why SEM is replacing LSM

“SEM speaks to how South Africans live, and not what they have”

According to ProActive, one of the primary reasons to move from LSMs to SEMs is to reflect South African society more accurately.

SEM metrics limit the number of variables included to 14, compared to 29 in LSM, meaning that questionnaires are shorter and easier to administer. Several inaccuracies within the LSM model have also become more evident in recent years.

For example, LSM classifies rural living as part of the lower LSM bracket, with urban living on the upper end of the scale. However, there are prominent areas for improvement here, particularly because the gap between rural and urban lifestyles is narrowing with technological advancements.

The 14 SEM Inputs

SEM was developed using data from the [Establishment Survey](#), a nationally representative survey of 25,000 adults across South Africa annually.

Correspondence analysis determined the most differentiating variables drawn from various sources. Each person is given a score between 0 and 100, depending on what items they have in their household and what public services they have access to.

- Built-in kitchen sink
- Water source/Hot running water
- Type of toilet
- Motor car
- Microwave oven
- Washing machine
- Deep freezer – which is free-standing or a side-by-side fridge and freezer
- Floor polisher or vacuum cleaner
- Type of roof material
- Type of floor material
- Number of sleeping rooms
- Home security service
- Post office near where they live
- Police station near where they live

For ease of use, SEM classifications are broken down into 10 groups – SEM 1-10. For simpler targeting, they are also broken down into five clusters, and then further broken down into three “supergroups” for macro targeting.

“Understanding an audience is at the core of any brand’s growth. It’s what drives effective marketing strategies, increases brand equity and ultimately improves a company’s bottom line. But ‘understanding’ isn’t a destination. It’s a journey. It’s a process of constant review, refinement and readjustment,” adds Phakoa.

ProActive has drilled down even further to statistically highlight how each segment differs in terms of demographics, psychographics, daily journeys and daily impactful touchpoints that brands can take advantage of when connecting with these audiences.

Phakoa concludes, “While the media industry is undergoing extraordinary change, the fundamentals of planning, measuring and evaluating great campaigns are still the same.

“Understanding your audiences in depth is crucial, as are studying their relationships with brands and investing wisely to optimise conversion. The shift from LSMs to SEMs allows us to segment more effectively, based on a more detailed understanding of South Africa’s unique economy.”

The big takeout is SEM is here to stay. And ProActive’s access to activation insights and trends enables them to cater to diverse markets, delivering effective, impactful, strategically sound activations with measurable ROI for brands.

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