

National SME Fraud Segmentation 2012

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Executive summary

- This document contains information on the market segments for small and medium sized enterprises (SMEs), based on attitudes and behaviours towards fraud and internet crime.
- 26 qualitative and 2,400 quantitative interviews were undertaken with key SME decision makers exploring how, when and why SMEs fall vulnerable to fraud and internet crime.
- Six distinct SME segments were identified based on an analysis of awareness of fraud, perceived risk and actual risk
- The segmentation is to be used by the National Fraud Authority (NFA), Department for Business Innovations & Skills (BIS) and their partners for:
 - **Insight and Understanding** of SME fraud and internet crime risks
 - **Prevention Strategies** to help SMEs better protect against fraud
 - **Communications** to target at-risk segments, raise awareness and encourage behaviour change
 - **Measurement** of behaviour change and the impact of campaigns
- The segmentation can also be used by wider public or private sector to append to their own customer data, gain a better understanding of how attitudes and behaviours influence susceptibility to fraud and develop prevention strategies as a solution.

Building the segments

The segments were built using three key dimensions

Awareness

How aware are SMEs of different types of fraud?

Perceived Risk

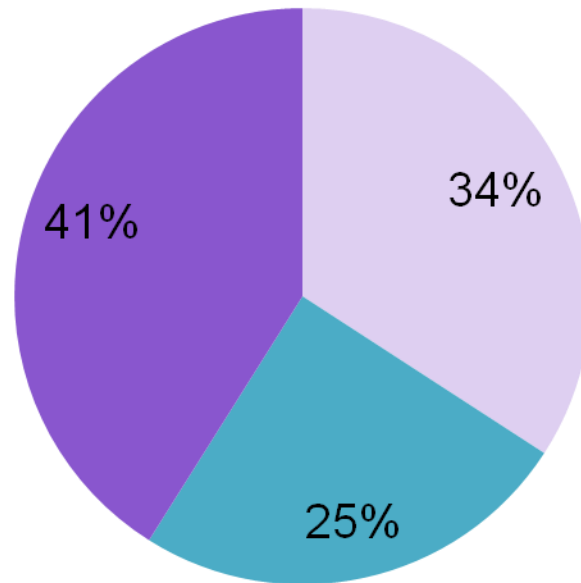
How at risk of fraud do SMEs *think* they are?

Actual Risk

How at risk of fraud are SMEs *actually*?

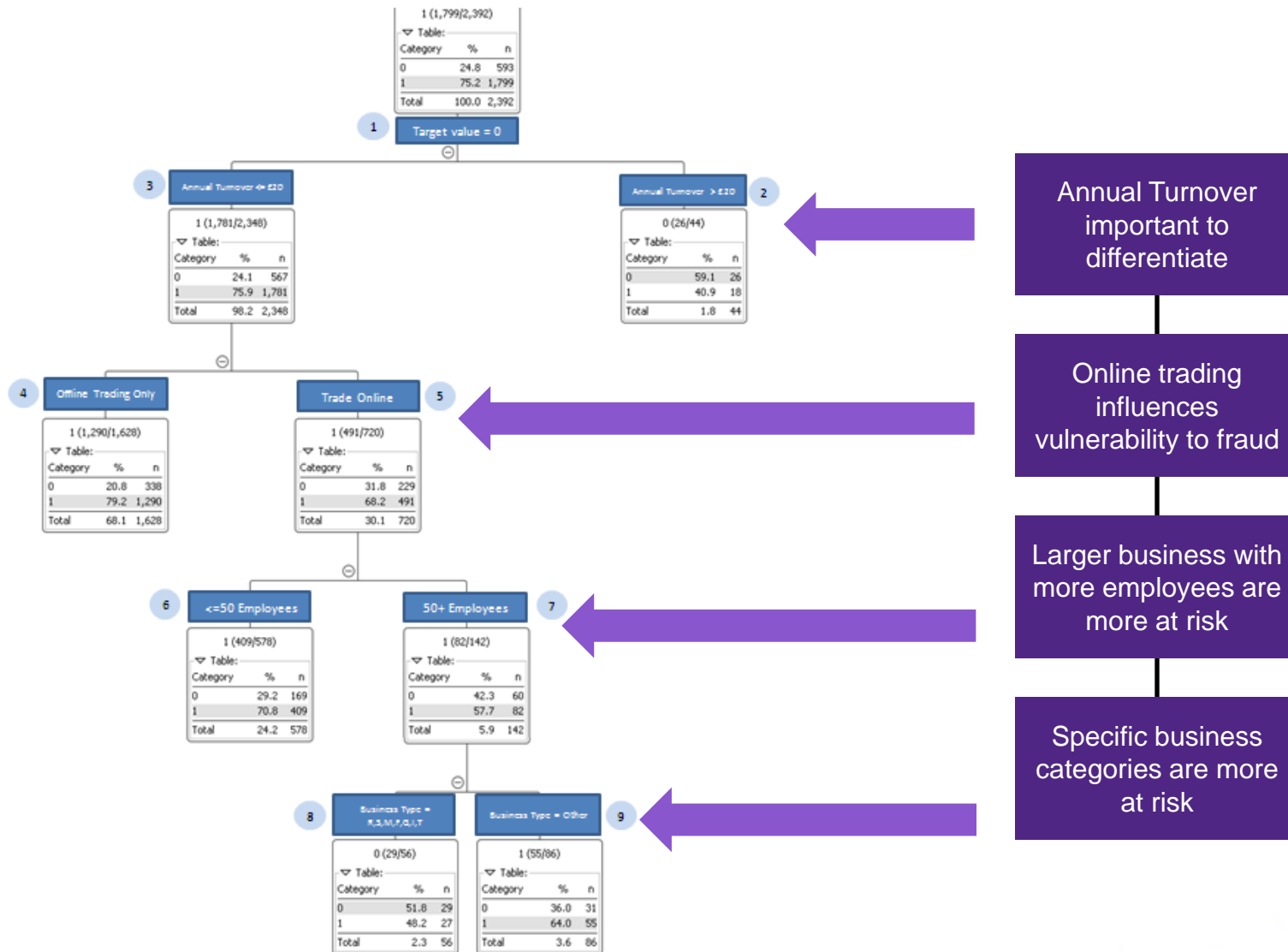
Factoring in actual risk – 25% surveyed have experienced fraud in last 12 months

Experience of Fraud

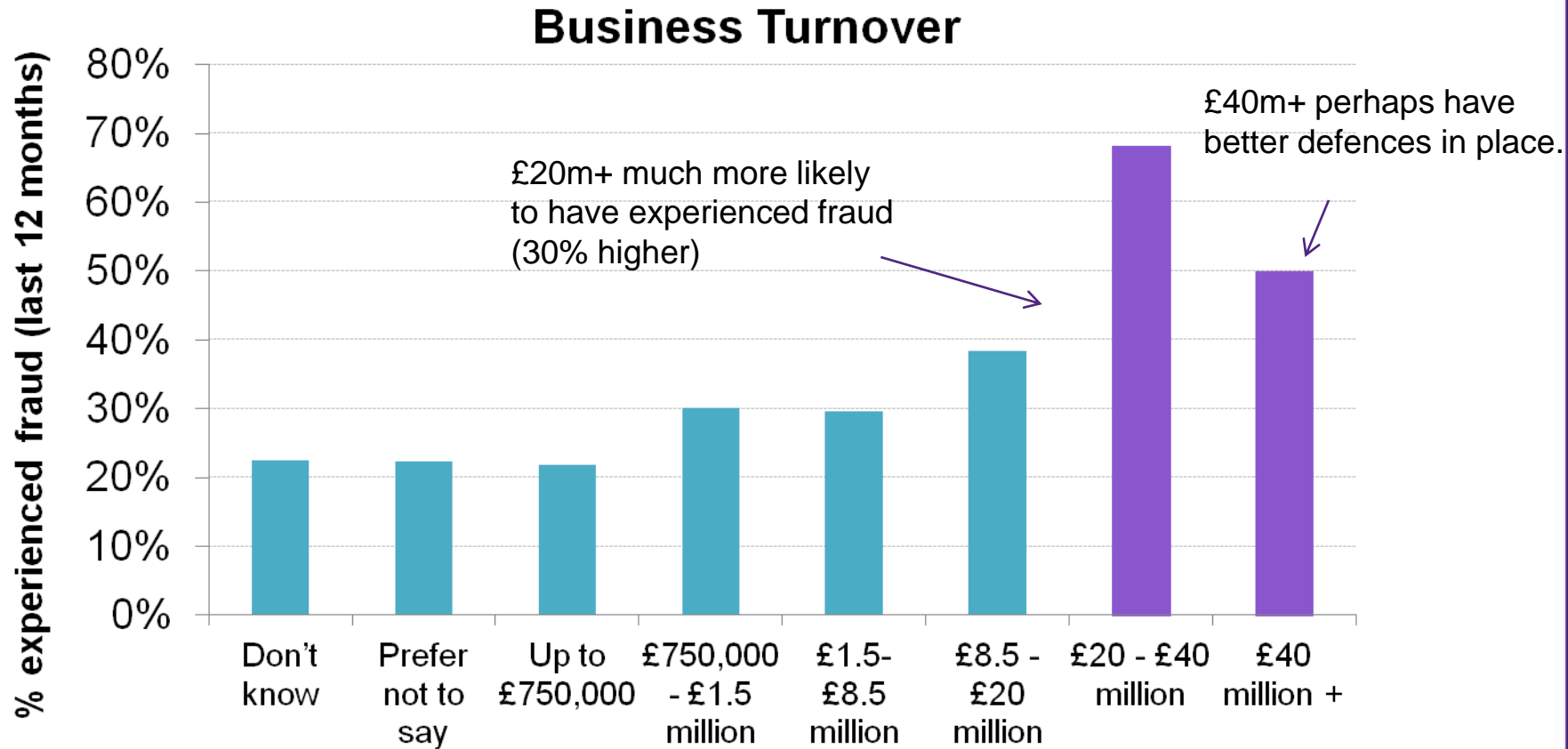


- Never Experienced Fraud
- Experienced Fraud in last 12 Months
- Experienced Fraud (Ever)

We have used a decision tree to identify factors that make businesses susceptible to fraud



£20 - £40 million turnover most at risk

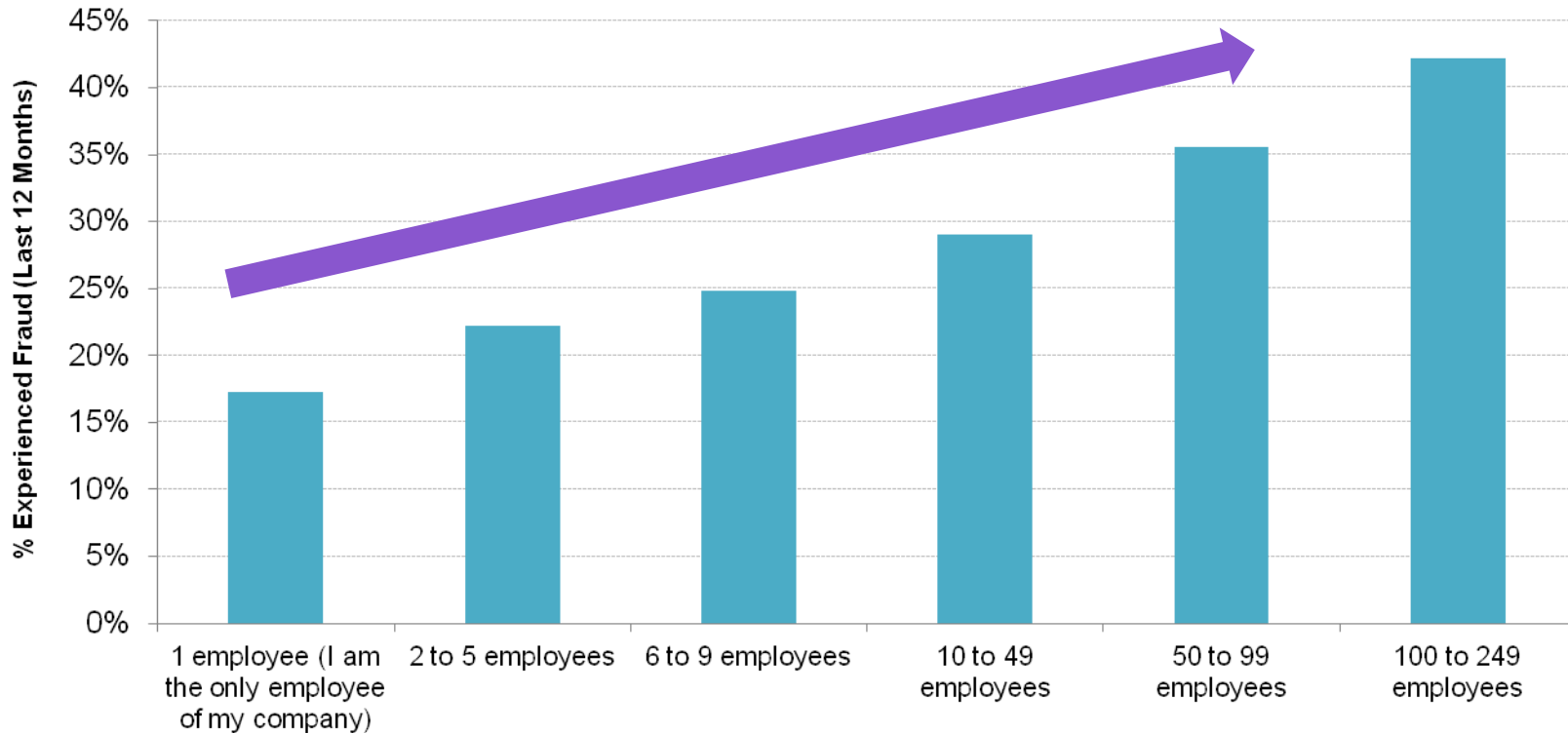


There's a key point in a business' turnover that makes them more vulnerable – significant increase in risk at £20m+

Of those experiencing fraud, online traders are more likely to be hit



Fraud experience relates directly to the size of business



High risk areas of business

Indexing Experience of fraud against average number of employees

	Account takeover	Card not present	Cheque	Computer Software Service	Computer hacking	Employee assets and inform	Fake invoice scams	Intellectual property and	Identity	Other types of
A - Agriculture, Forestry And Fishing	0	36	0	0	18	0	0	0	0	0
B - Mining And Quarrying	0	3	0	0	10	3	3	3	3	3
C - Manufacturing	4	15	12	8	37	15	23	19	14	8
D - Electricity, Gas, Steam And Air	6	6	6	12	18	12	12	0	6	6
F - Water Supply, Sewerage, Waste	7	13	7	7	26	0	7	0	0	0
F - Construction	22	39	39	31	79	44	44	26	26	31
G - Wholesale And Retail Trade, Repair	5	60	28	18	55	28	41	23	5	28
H - Transportation And Storage	6	17	8	11	28	20	14	6	6	14
I - Accommodation And Food Service	14	57	24	33	38	29	29	19	10	38
J - Information And Communication	23	55	14	37	142	32	46	46	37	18
K - Financial And Insurance Activities	16	23	10	7	49	23	16	7	10	7
L - Real Estate Activities	11	23	17	23	68	6	17	17	23	17
M - Professional, Scientific And	34	89	55	41	226	62	123	27	55	41
N - Administrative And Support Service	4	17	9	9	17	4	9	9	13	4
O - Public Administration And Defence,	3	1	0	1	1	1	0	1	0	0
P - Education	0	15	9	15	29	6	9	12	6	12
Q - Human Health And Social Work	9	15	6	6	30	15	18	6	9	18
R - Arts, Entertainment And Recreation	21	62	21	62	124	34	62	34	41	62
S - Other Service Activities	31	82	56	77	154	56	92	20	36	56
T - Activities Of Households As	0	0	0	0	8	0	0	5	0	0
U - Activities Of Extraterritorial	5	0	5	0	5	14	0	0	0	0

Intermediate Experience/ Risk

Very High Experience/ Risk

Indexing type of fraud against business classification
– volume of fraud in the last 12 months

Each quintile is assigned a probability of fraud

Without a model we expect **25%** of respondents to experience fraud

Starting point

1 (1,799/2,392)

Category	%	n
0	24.8	593
1	75.2	1,799
Total	100.0	2,392

Target value = 0

3 Annual Turnover <= £20

1 (1,781/2,348)

Category	%	n
0	24.1	567
1	75.9	1,781
Total	98.2	2,348

2 Annual Turnover > £20

0 (26/44)

Category	%	n
0	59.1	26
1	40.9	18
Total	1.8	44

59% Fraud
30% Cyber fraud

1

4 Offline Trading Only

1 (1,290/1,628)

Category	%	n
0	20.8	338
1	79.2	1,290
Total	68.1	1,628

5 Trade Online

1 (491/720)

Category	%	n
0	31.8	229
1	68.2	491
Total	30.1	720

21% Fraud risk
12% Cyber fraud

5

6 <=50 Employees

1 (409/578)

Category	%	n
0	29.2	169
1	70.8	409
Total	24.2	578

7 50+ Employees

1 (82/142)

Category	%	n
0	42.3	60
1	57.7	82
Total	5.9	142

29% Fraud risk
16% Cyber fraud

4

8 Business Type = F,S,M,I,D,OUT

0 (29/56)

Category	%	n
0	51.8	29
1	48.2	27
Total	2.3	56

9 Business Type = Other

1 (55/86)

Category	%	n
0	36.0	31
1	64.0	55
Total	3.6	86

36% Fraud risk
19% Cyber fraud

3

52% Fraud Risk
32% Cyber fraud

2

Introducing the segments

The three dimensions uncover distinct attitudes between the segments



Segment A

We know about fraud and think we can spot it, so it won't happen to us



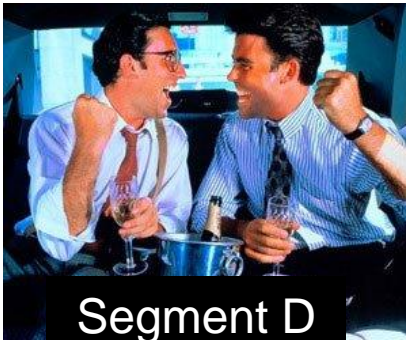
Segment B

We're worried about fraud but don't have the time or knowledge to know what to do



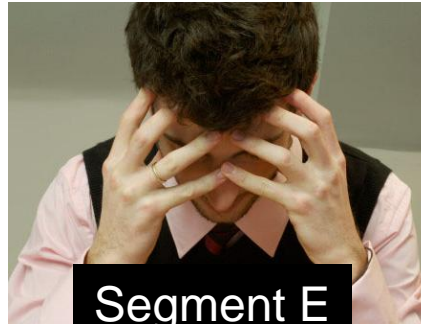
Segment C

We don't need to think about fraud on a day to day basis



Segment D

We've been hit by fraud but we've taken steps to protect ourselves, so we're safe



Segment E

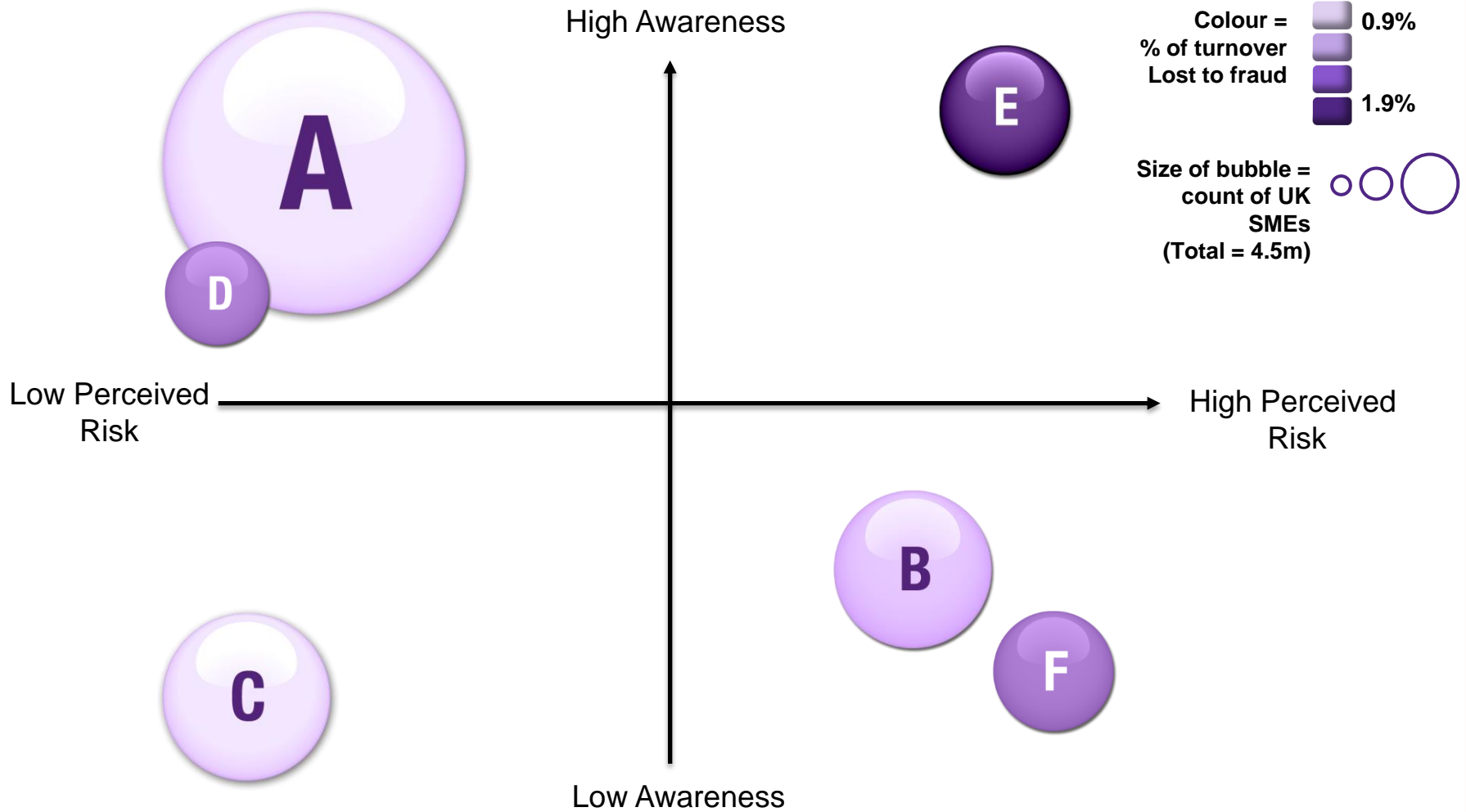
We've tried to protect ourselves and it didn't work so now what do we do?



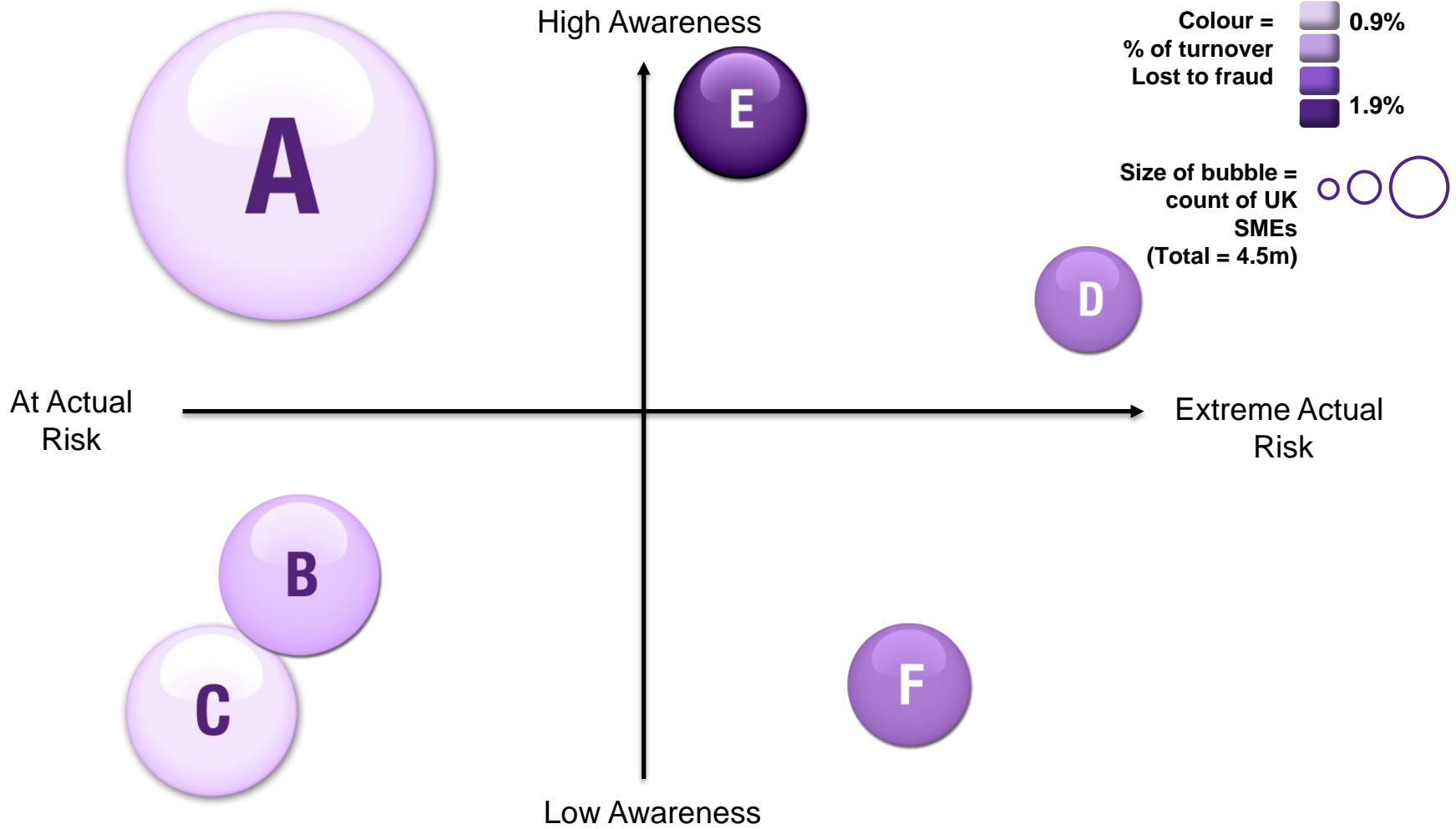
Segment F

Fraud's inevitable, we'll deal with it when it happens

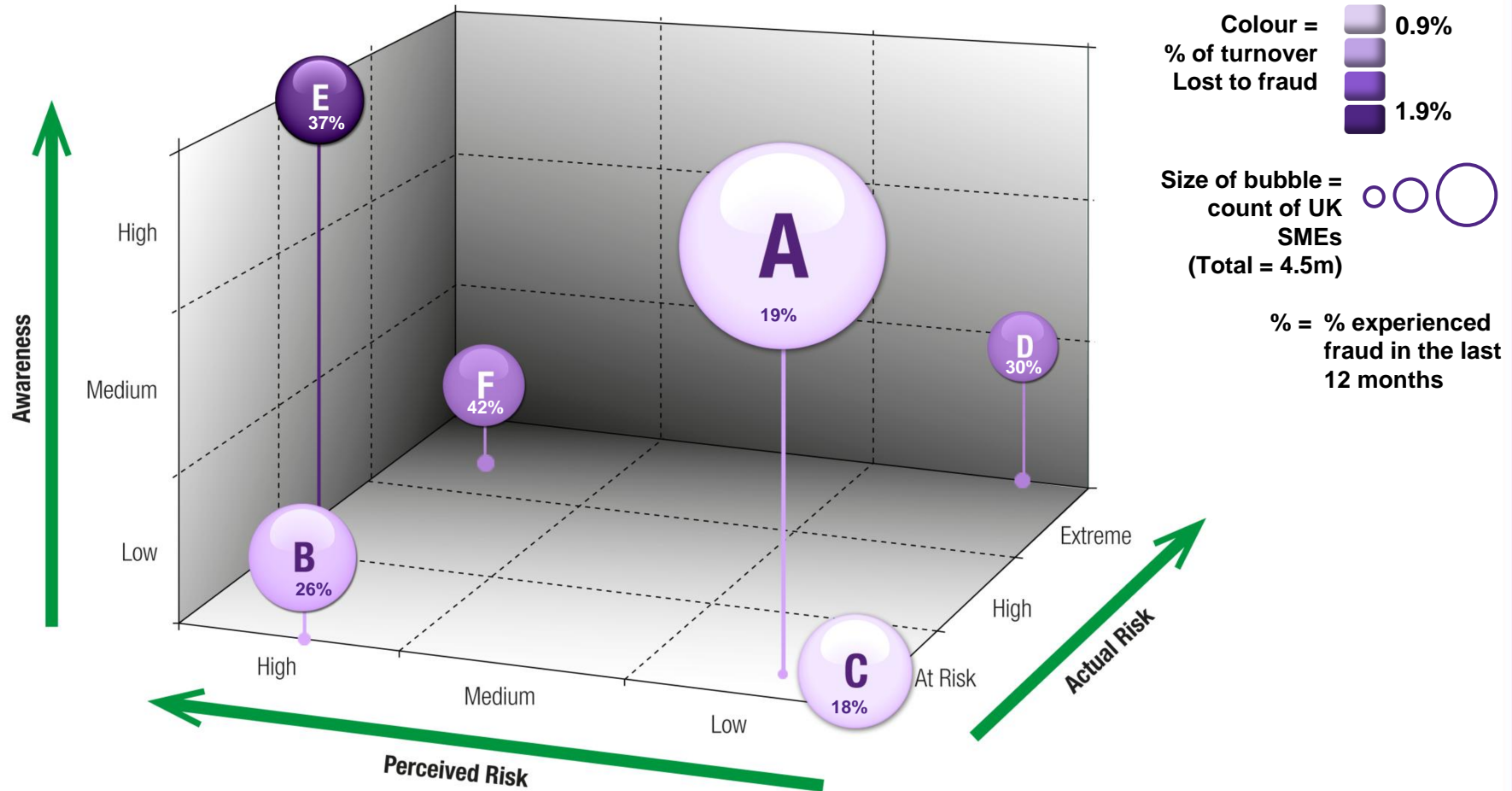
Awareness and perceived risk



Awareness and actual risk



How the segments map across all 3 dimensions



N.B. % of fraud experienced in the last 12 months can be lower than their actual risk level due to their defences e.g. Under Siege are at the most risk but have only experienced slightly above average % fraud in the last 12 months

Segment details

Segment A

Segment A



“We know a lot about fraud and the methods”

“Fraud isn’t likely to happen to me”



We’re knowledgeable about fraud and think we can spot it so it won’t happen to us

Segment A’s attitudes come from the fact that although they are highly aware of fraud types, they have had relatively low experience of it. They think their awareness will serve them well in the future to spot and stop fraud, even though this won’t be enough by itself.



Segment A

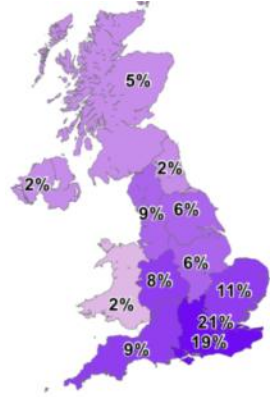
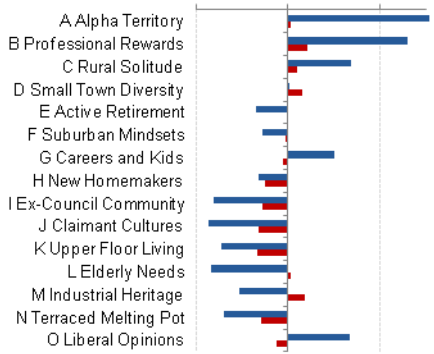


UK enterprises: 1.8M (40%) | Total turnover: £474bn (32%) | Total fraud: £5.1bn (27%) | Fraud penetration: 19%



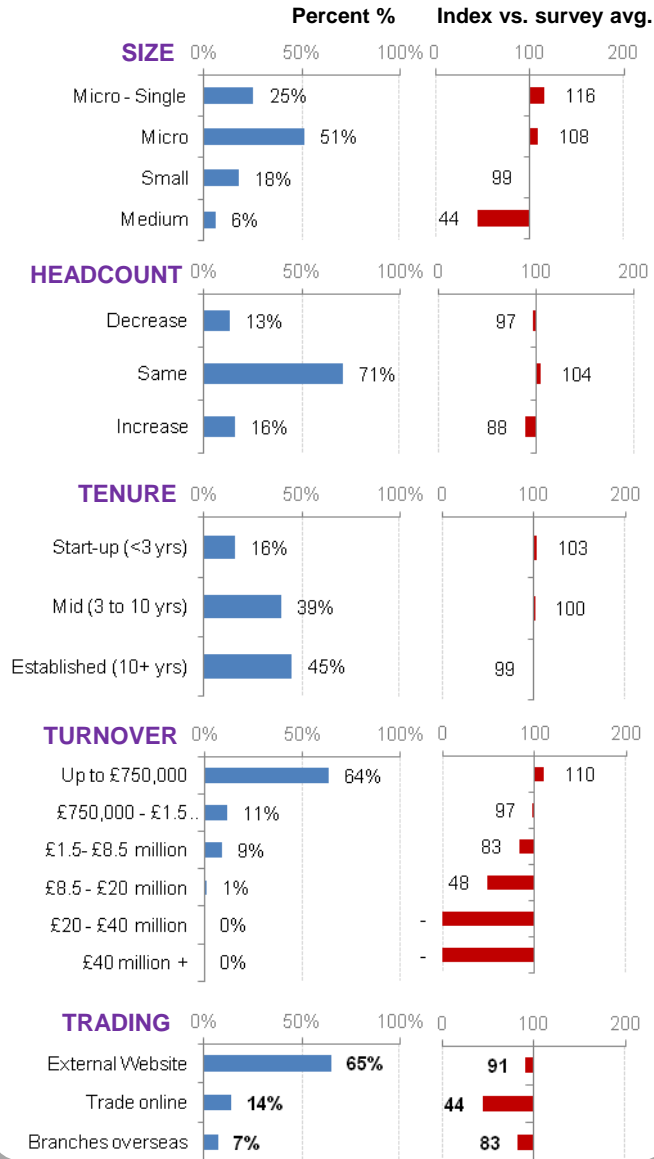
Annual fraud: £5.1bn (1.1 % of turnover)

MOSAIC Group profile

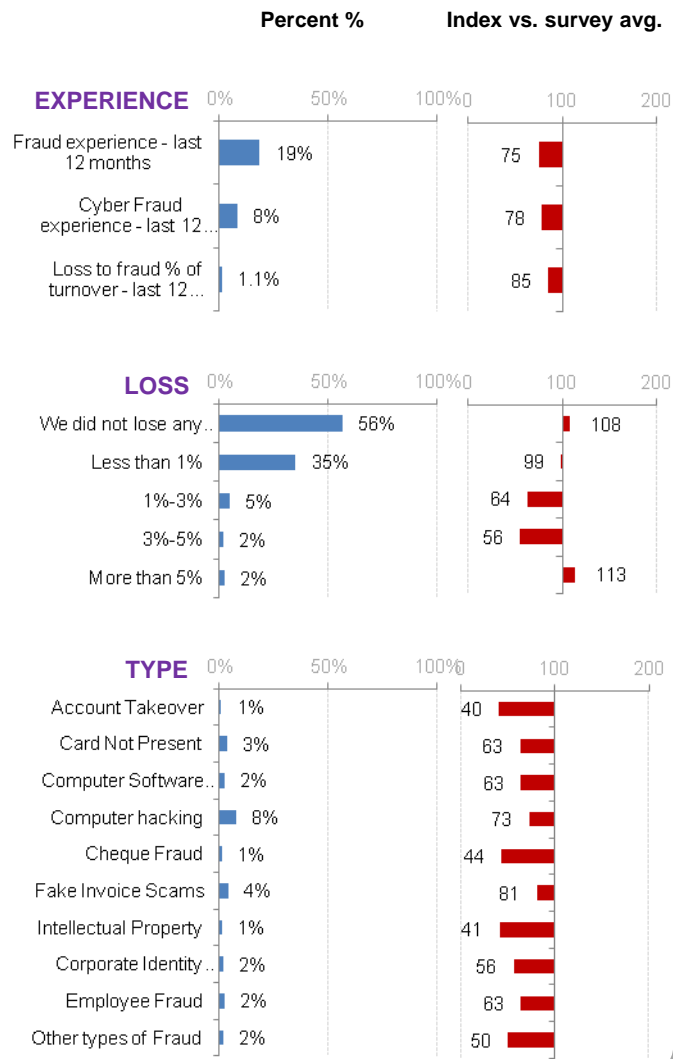


% = regional share of SMEs

SME ATTRIBUTES



SME FRAUD EXPERIENCE



Segment A



- Key sectors
 - J - Information And Communication
 - M - Professional, Scientific And Technical Activities
 - N - Administrative And Support Service Activities

- Key attitudes
 - Feel they know a lot about fraud and fraudulent methods
 - Think fraud is unlikely to happen at their company
 - Believe they have enough security in place to protect themselves

- Key actions/inactions
 - Don't use consultants for fraud advice
 - Don't take every precaution as their experience of fraud hasn't been that serious or widespread

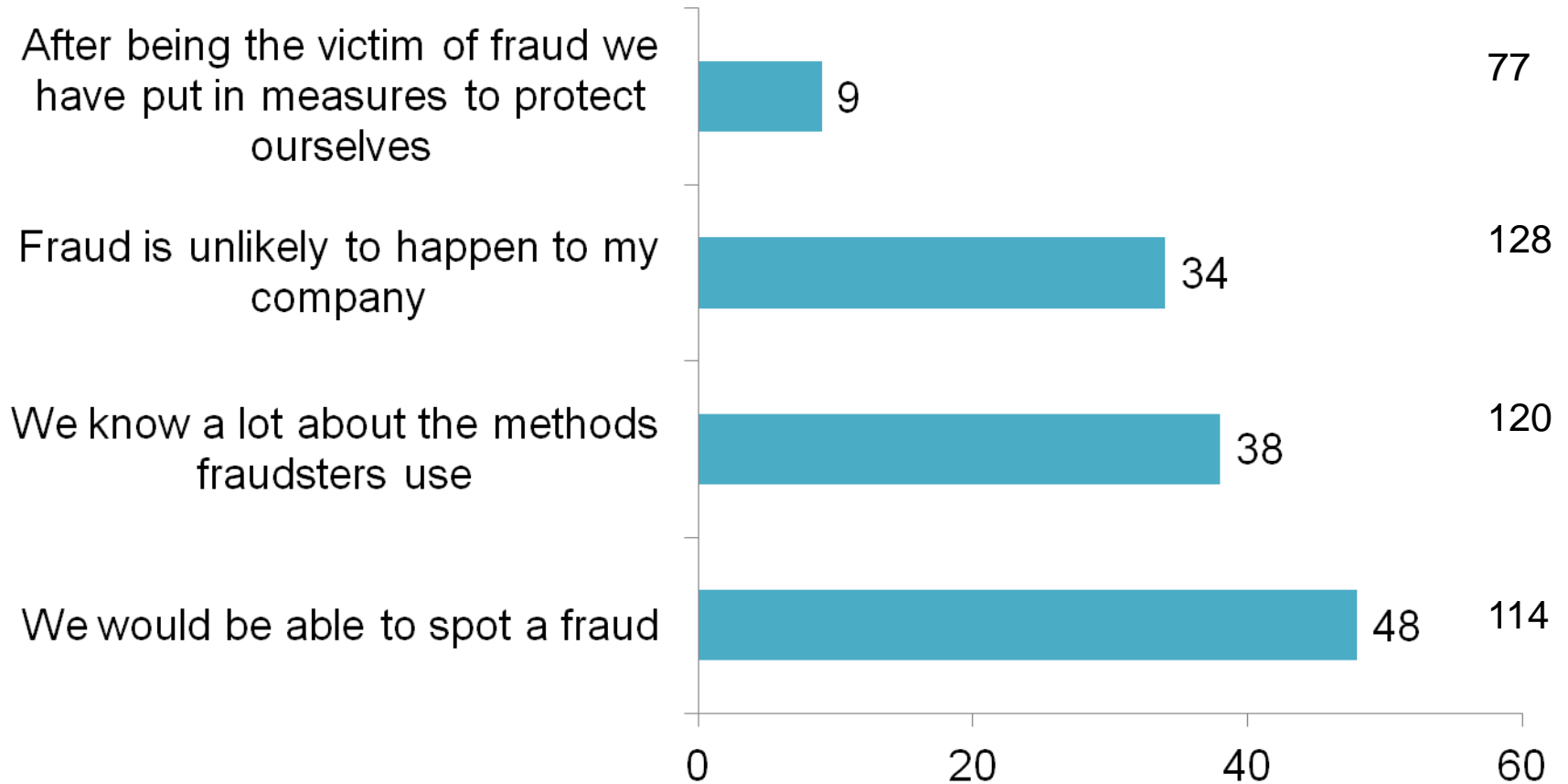
“I can't see out of the people we work with who would be fraudulent”

“We haven't done a risk assessment; it would be too large and formalised for such a small business”

Segment A: Key attitudes

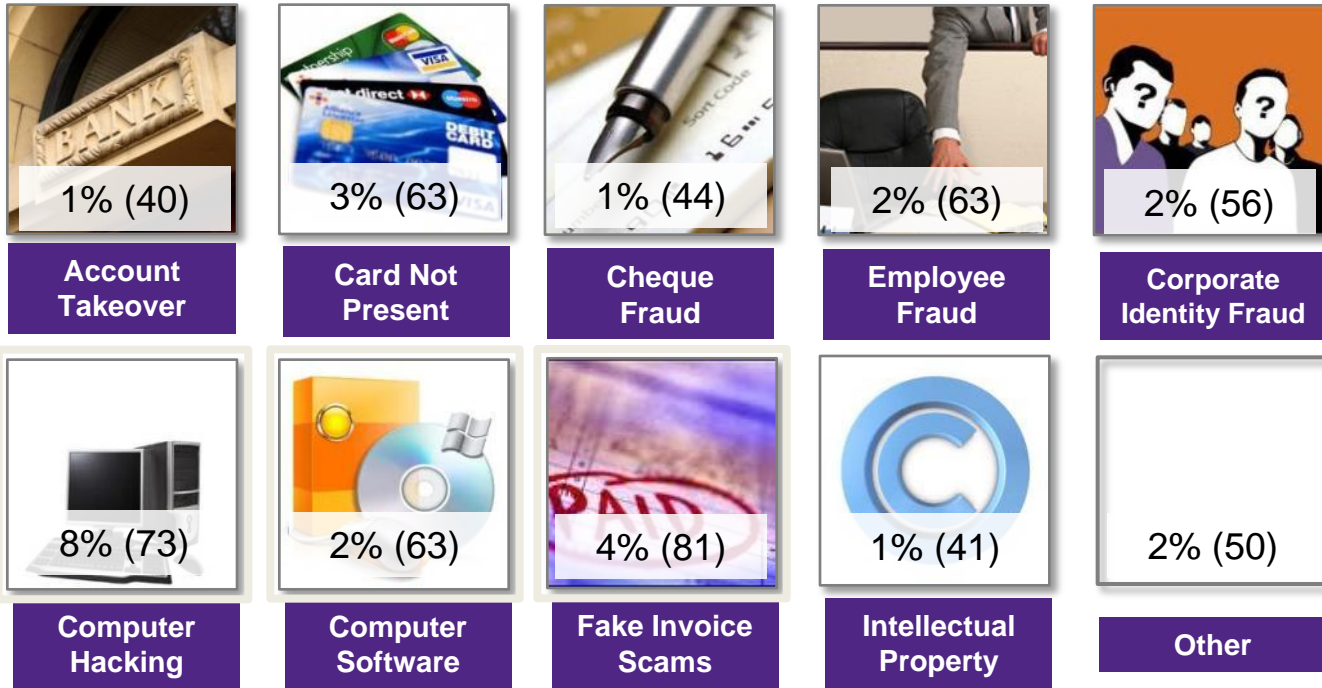
% Definitely and tend to agree

Index vs. survey avg.



Segment A: Fraud experience

All Fraud 19% | Cyber fraud 8% | Loss to fraud 1.1%



Trust:

Colleagues, Business Contacts & Peers, Accountant

() = Indices against survey average

Segment A: Case study

Alison is a director at a small estate agent that has been in business for 17 years. She is aware of many fraud types but has never really experienced it. She is confident that her knowledge will stand her in good stead even though the company has taken few measures against fraud, except for having anti-virus software. She feels that internet crime poses a low threat to her business and that her IT company will protect her against fraud as much as possible.



“I haven’t done anything myself, but we do have anti-virus software”

“I feel that the risk from internet crime is very low at the moment”

Segment B



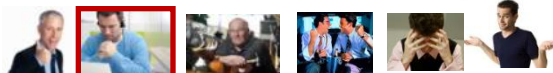
"I'm not very knowledgeable about fraud"

"We don't have the resources or time to deal with it"



We're worried but don't have the time or knowledge to know what to do

Segment B's attitudes come from the fact that although they have little awareness of different types of frauds, they perceive themselves to be highly at risk. Their lack of knowledge, coupled with severe time pressure, makes them feel like they're not in control.



Segment B

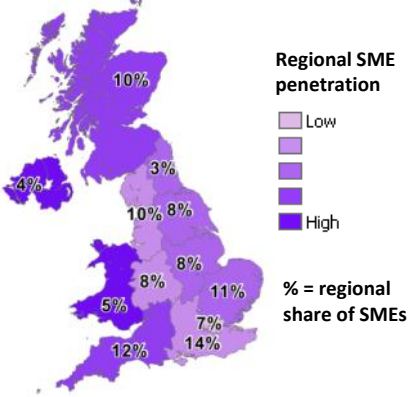
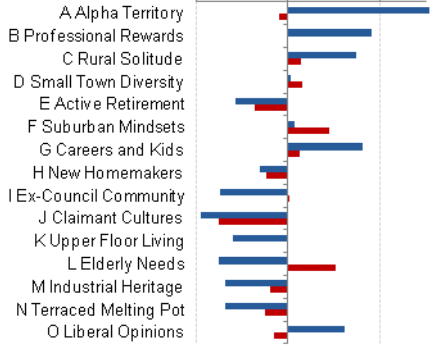


UK enterprises: 903K (20%) | Total turnover: £248bn (17%) | Total fraud: £3.0bn (16%) | Fraud penetration: 26%

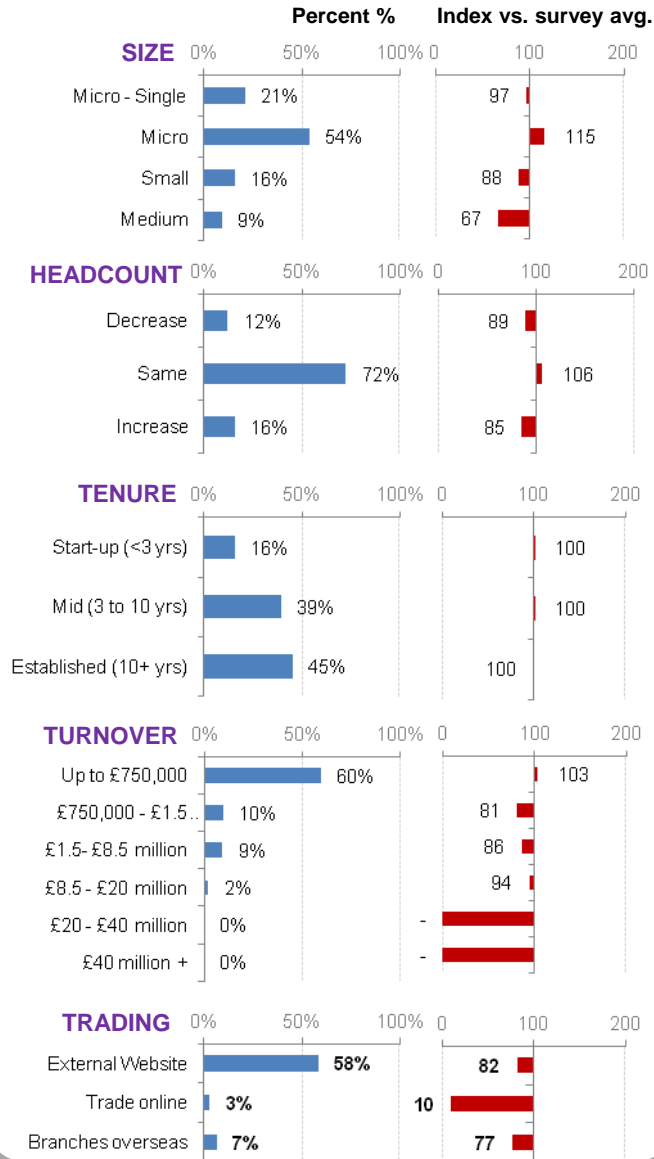


Annual fraud: £3.0bn (1.2% of turnover)

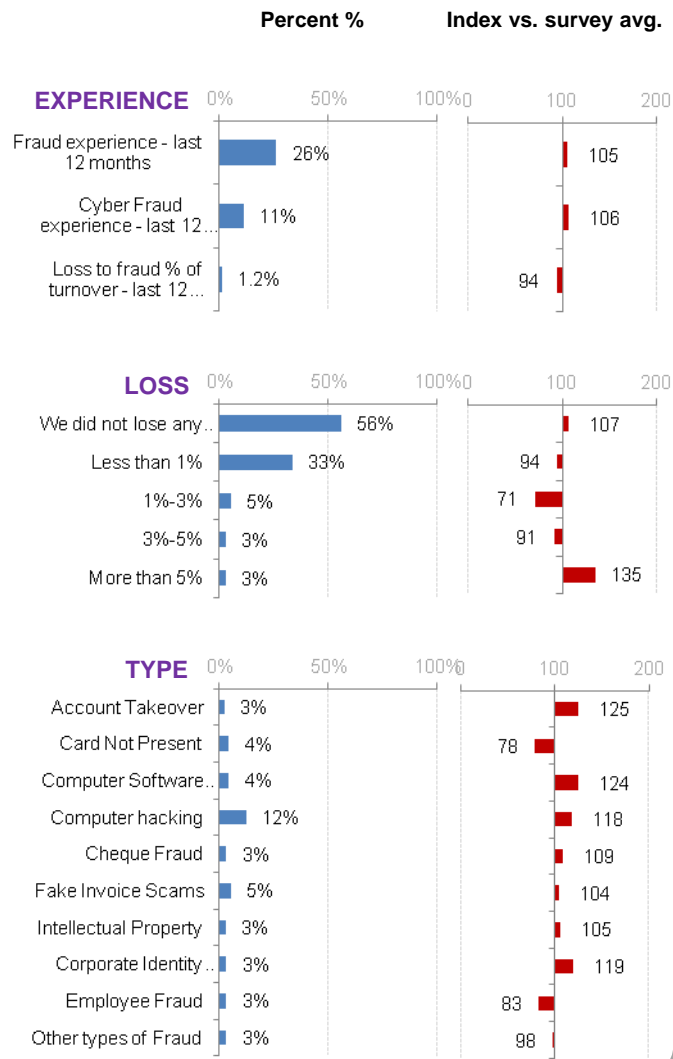
MOSAIC Group profile



SME ATTRIBUTES



SME FRAUD EXPERIENCE



Segment B



- Key sectors
 - F - Construction
 - D - Electricity, Gas, Steam And Air Conditioning Supply
 - A - Agriculture, Forestry And Fishing

- Key attitudes
 - Feel very at risk from fraud
 - Not knowledgeable about fraud and don't know what to do about it

- Key actions/inactions
 - Do not have the time or resources to plan their security properly
 - Do not take all of the precautionary measures possible
 - Do not keep themselves up to date on fraudulent activity
 - React to things as they happen

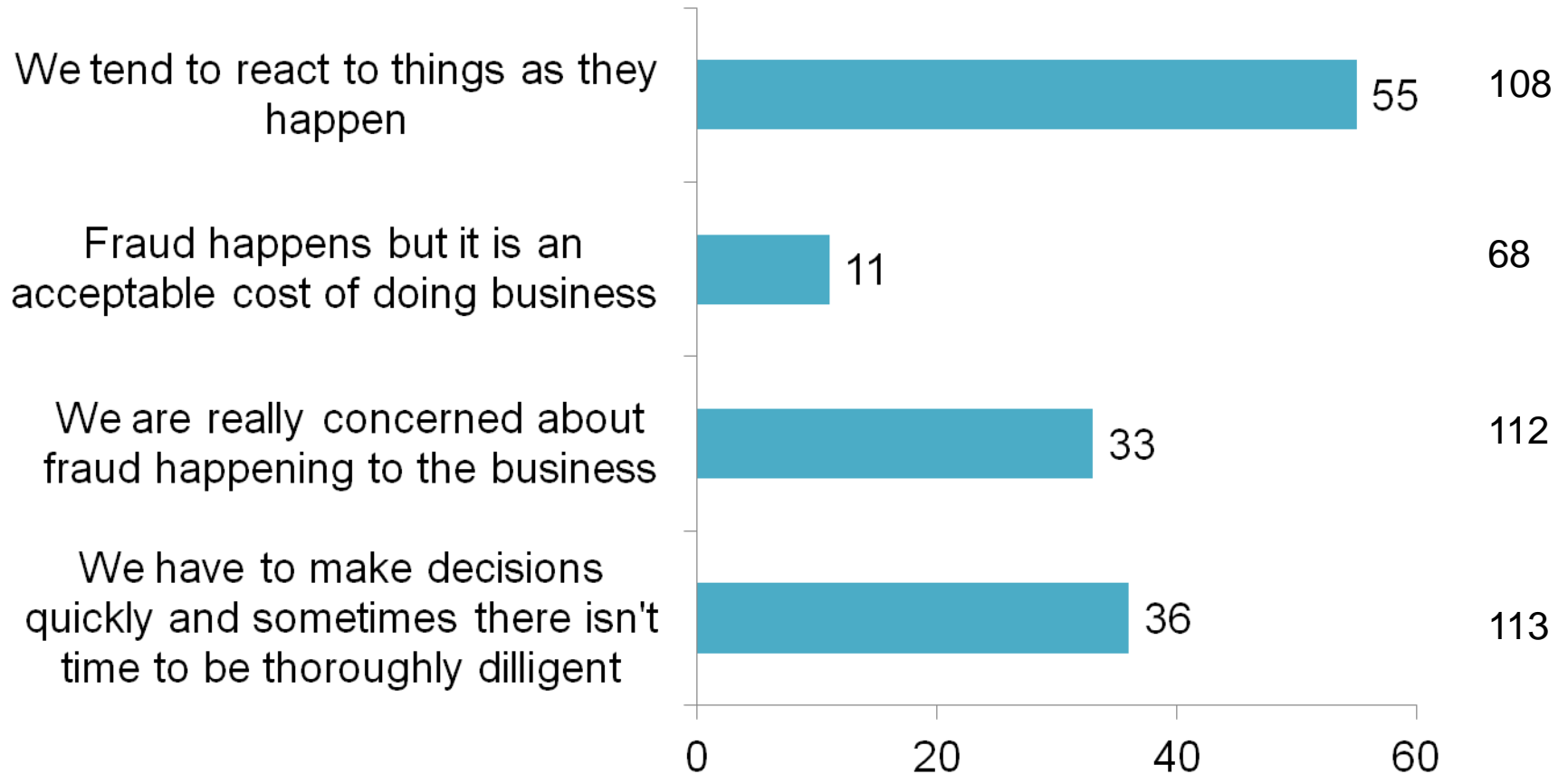
“We haven't got the money or the capabilities to protect ourselves properly”

“I use Streamline so I guess I am dependent on my credit card providers to make sure I am safe”

Segment B: Key attitudes

% Definitely and tend to agree

Index vs. survey avg.



Segment B: Fraud experience

All Fraud 26% | Cyber fraud 11% | Loss to fraud 1.2%



Trust: Police, Accountants

() = Indices against survey average

Segment B: Case study

Mark runs a small catering company. He is very time poor, feels that he has set up business very quickly and that he hasn't had time to attend to all parts of his company. He knows that fraud is something he needs to deal with but he doesn't really know about all the different types of fraud, though he is especially worried about card fraud as he is planning to start taking card payments online. He would like to protect himself further but is not sure where to go to get more advice.



“I know there are many things I need to attend to and protecting against fraud is one of those. I just haven't got the resource right now”

Segment C



“It’s not a threat to us”



“Fraud isn’t a common occurrence”

We don’t really need to think about fraud on a day to day basis

Segment C’s attitudes come from the fact that they have a low awareness of fraud and a low perceived risk. Fraud is not on their radar and it really is a case of out of sight out of mind.



Segment C

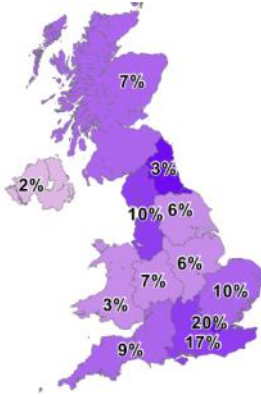
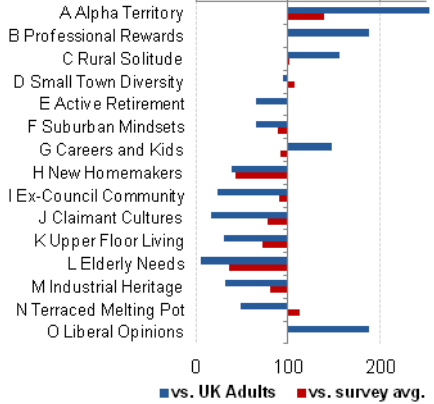


UK enterprises: 959K (21%) | Total turnover: £239bn (16%) | Total fraud: £2.2bn (12%) | Fraud penetration: 18%



Annual fraud: £2.2bn (0.9% of turnover)

MOSAIC Group profile

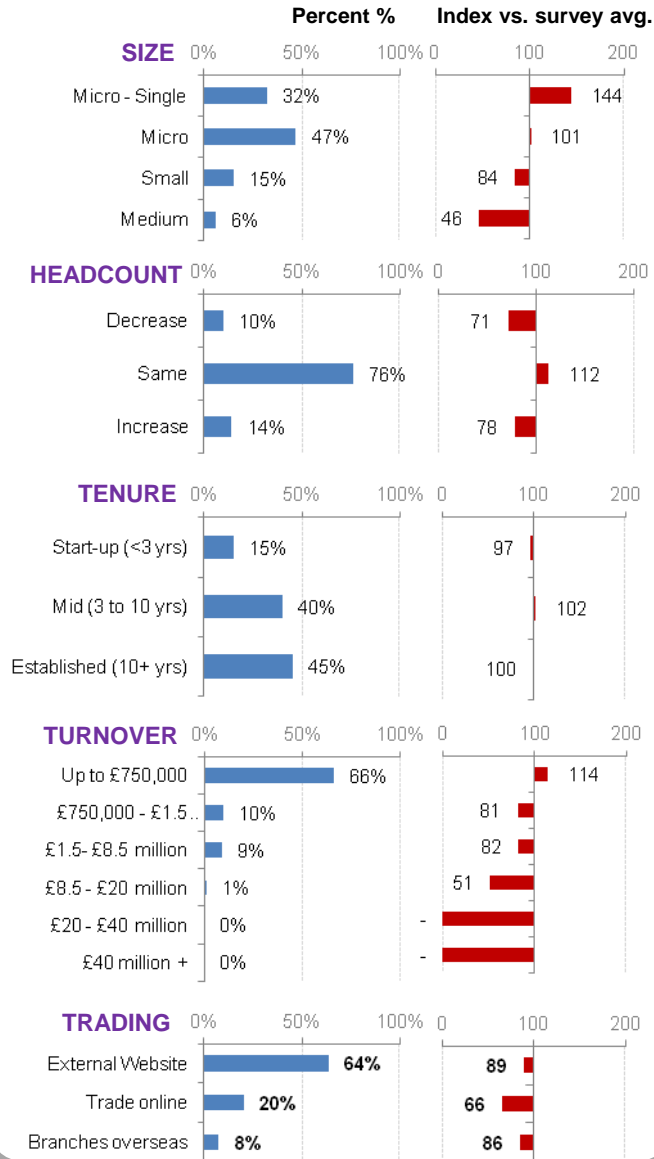


Regional SME penetration

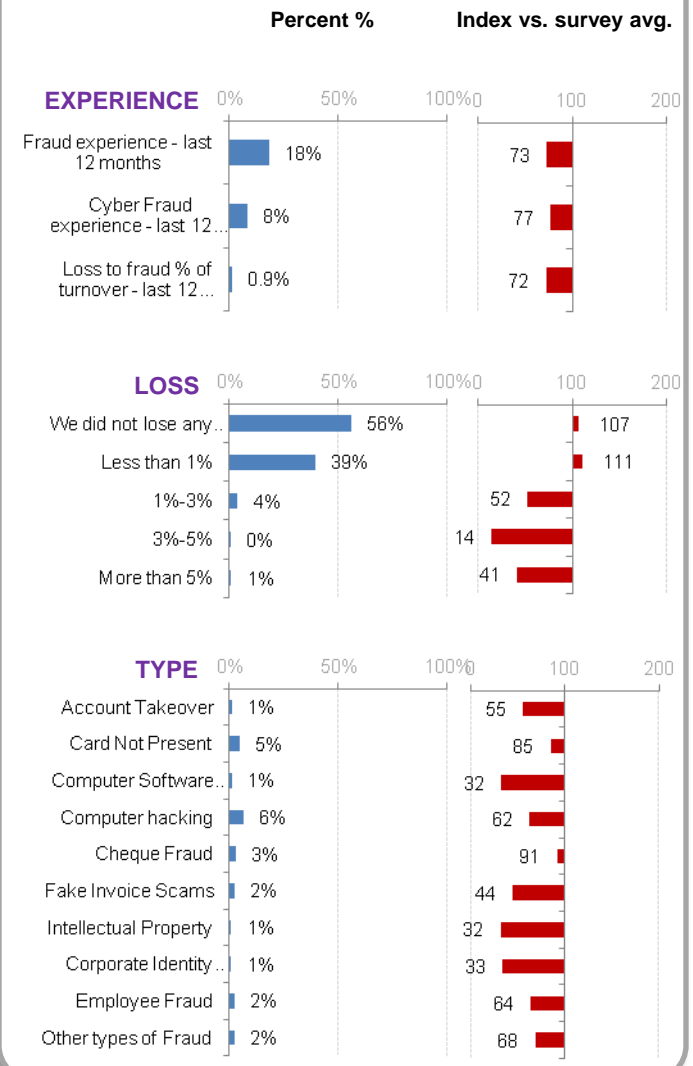
- Low
- High

% = regional share of SMEs

SME ATTRIBUTES



SME FRAUD EXPERIENCE



Segment C



- Key sectors
 - T - Activities Of Households As Employers,
 - R - Arts, Entertainment And Recreation
 - Q - Human Health And Social Work Activities

- Key attitudes
 - Fraud is not on their radar
 - They tend to think that fraud will not happen to their company
 - They don't feel that fraud is a common occurrence

- Key actions/inactions
 - They tend not to invest much in fraud defences, with neither external nor internal support
 - They don't think about fraud as a serious threat
 - They don't feel that they would change their business much if they suffered fraud

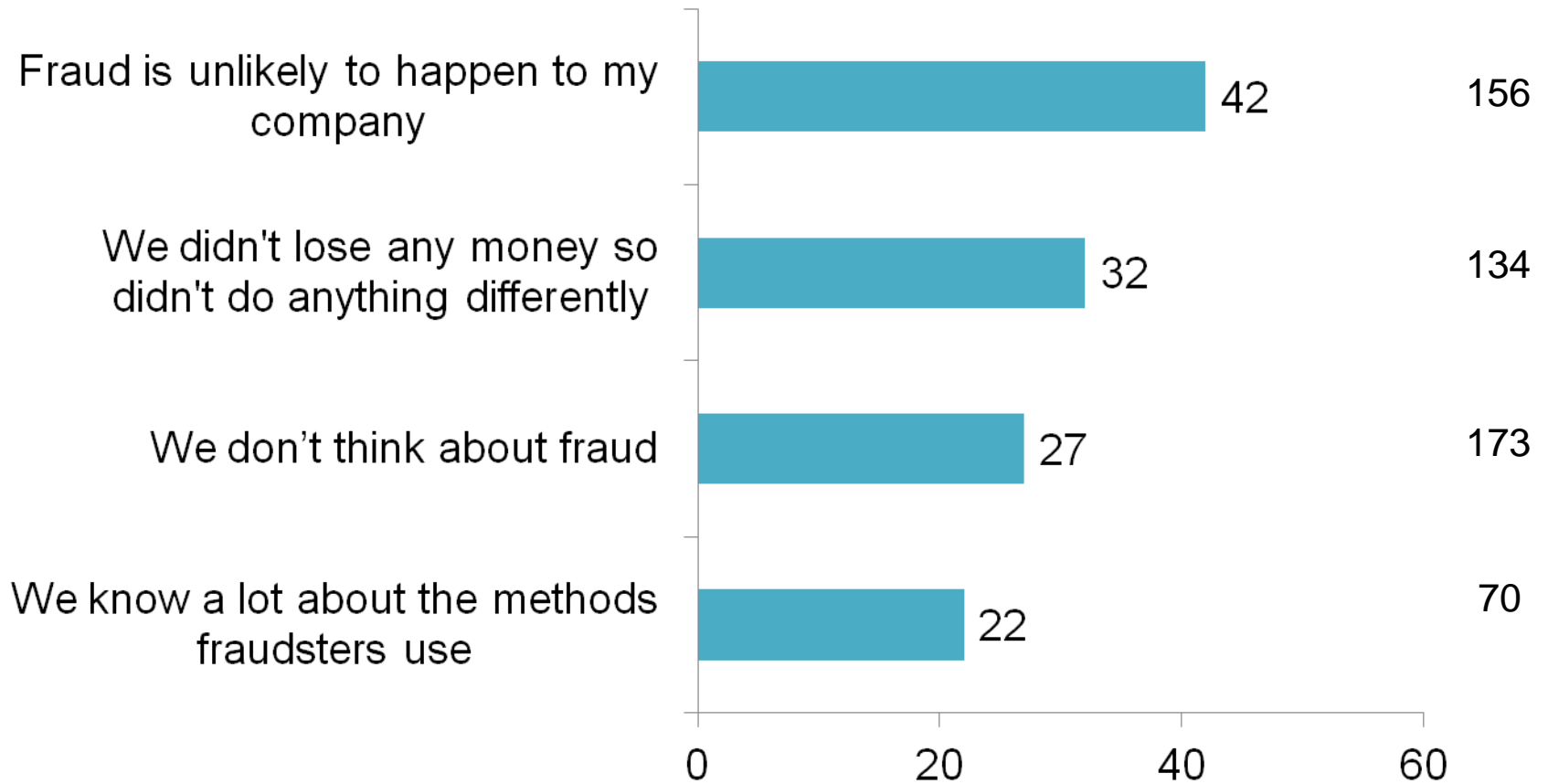
“When we migrate more of the business online we will be more worried, especially about payment processes”

“We don't think we're a particularly high risk organisation; we don't see how people would invoice for more than they worked”

Segment C: Key attitudes

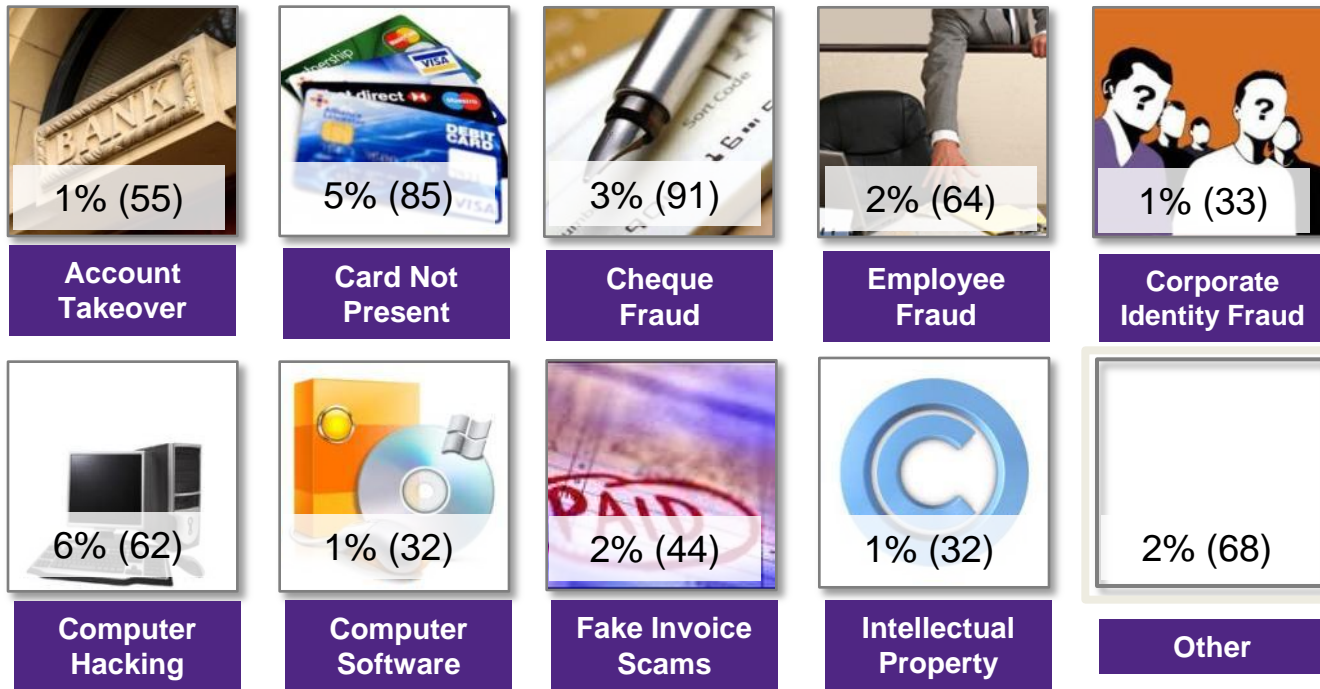
% Definitely and tend to agree

Index vs. survey avg.



Segment C: Fraud experience

All Fraud 18% | Cyber fraud 8% | Loss to fraud 0.9%



Trust:

Colleagues, Business Contacts & Peers, Friends & Family, Accountants

() = Indices against survey average

Segment C: Case study

Rebecca is the co-owner of a company that makes bespoke windows for private customers which has been in business for many years. She doesn't really know much about fraud, as their company has never experienced it. She doesn't really think about it very much either. The company shred documents but that's about the only measure they take against fraud.



“We know most of our customers and go round to their houses so we trust them”

“I've heard of money laundering but I don't know about any other types of fraud”

Segment D



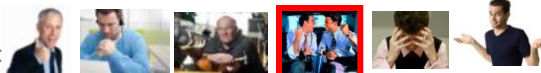
“We have IT consultants who look after us”



“We have enough security in place”

We’ve been under siege but now we’ve taken necessary steps to protect ourselves

Segment D’s attitudes come from the fact that following previous experience of fraud, they have put prevention measures in place and now feel well protected. Despite this perception, they remain more at risk and lose more per business than any other segment.



Segment D

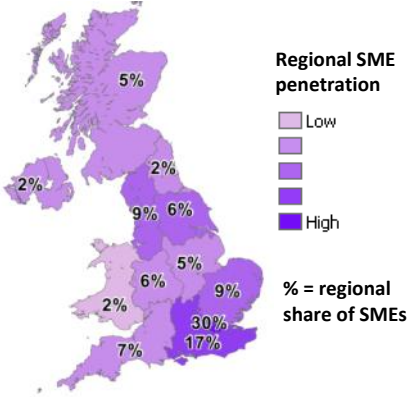
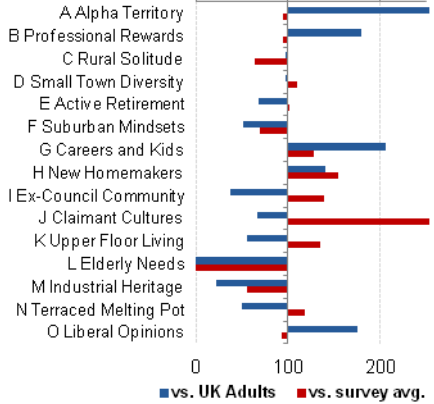


UK enterprises: 138K (3%) | Total turnover: £153bn (10%) | Total fraud: £2.4bn (12%) | Fraud penetration: 30%

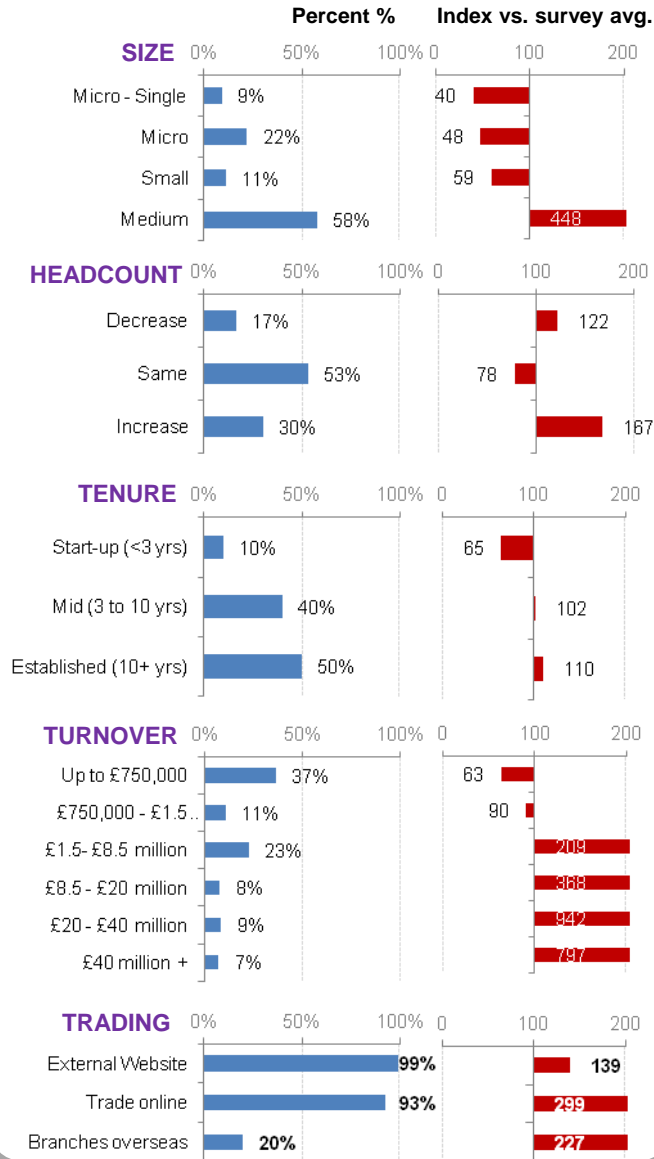


Annual fraud: £2.4bn (1.5% of turnover)

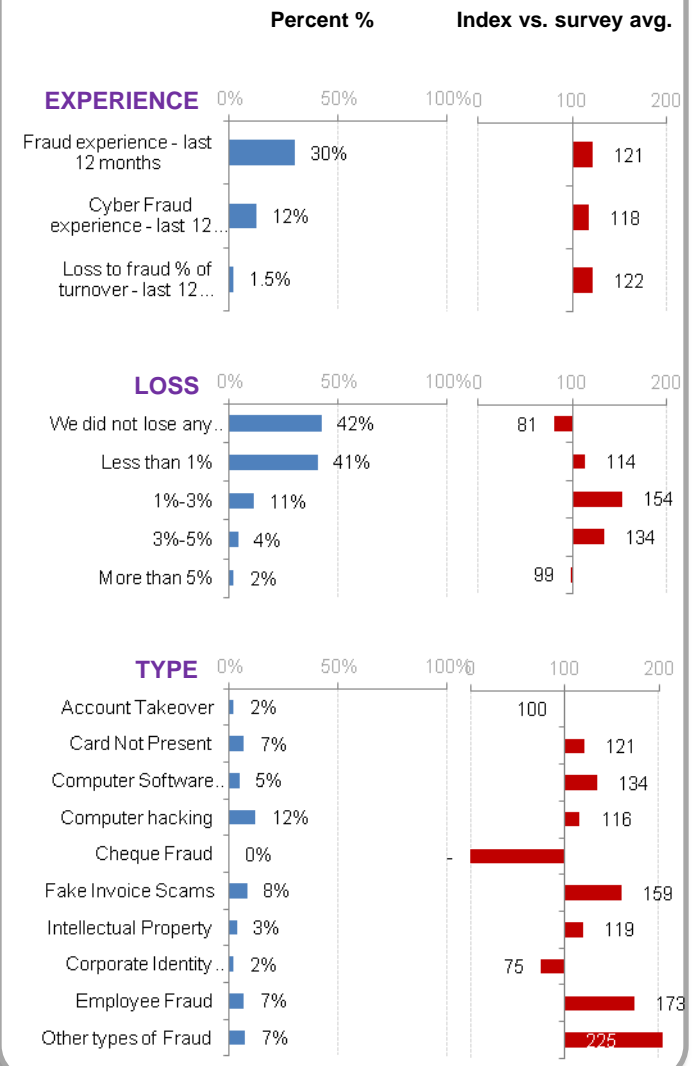
MOSAIC Group profile



SME ATTRIBUTES



SME FRAUD EXPERIENCE



Segment D



- Key sectors
 - J - Information And Communication
 - K - Financial And Insurance Activities
 - L - Real Estate Activities

- Key attitudes
 - Think that the precautions they take will protect them, even though this segment is the most at risk from fraud
 - Believe they know a lot about fraud and can spot attempted frauds in progress

- Key actions / inactions
 - Proactive and don't react to things as they happen
 - Often have IT consultants who look after their company online
 - Empowered and take personal responsibility for fraud

“The only bad point about working online is the underlying investment needed to keep systems secure”

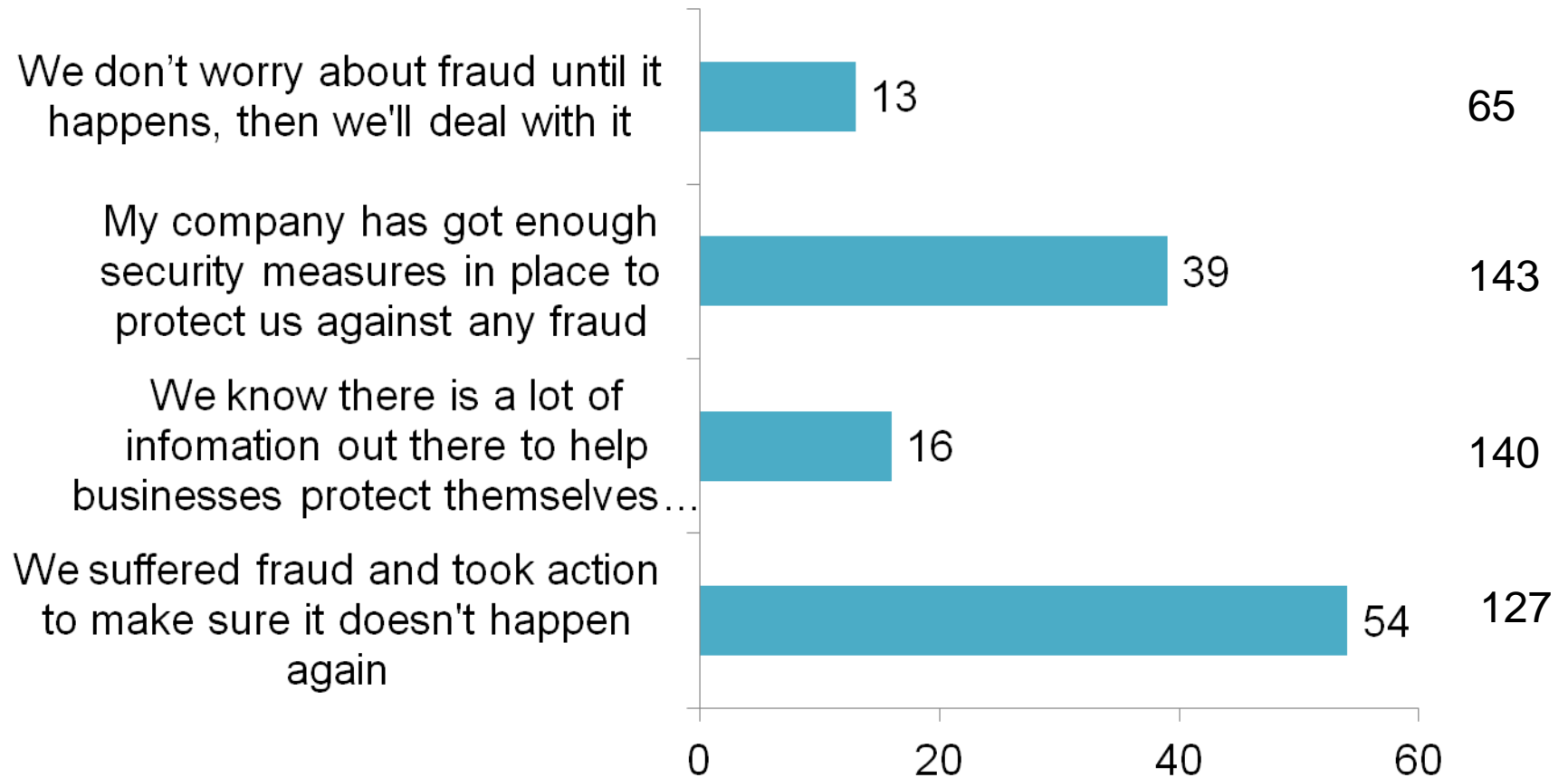
“We have companies who regularly test our systems so they can't be compromised”

“We use Google Streetview to double check whether new suppliers actually exist”

Segment D: Key attitudes

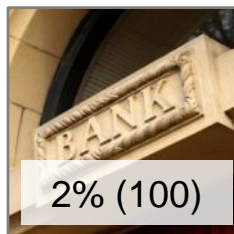
% Definitely and tend to agree

Index vs. survey avg.



Segment D: Fraud experience

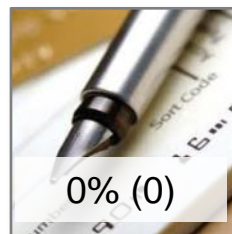
All Fraud 30% | Cyber fraud 12% | Loss to fraud 1.5%



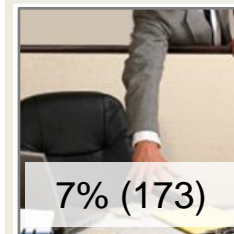
Account
Takeover



Card Not
Present



Cheque
Fraud



Employee
Fraud



Corporate
Identity Fraud



Computer
Hacking



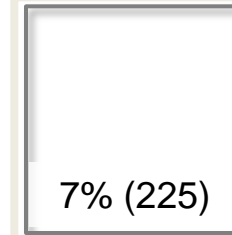
Computer
Software



Fake Invoice
Scams



Intellectual
Property



Other

Trust:

Colleagues, Business Contacts & Peers, Lawyer/Solicitor, IT Provider

() = Indices against survey average

Segment D: Case study

Andy is the IT Director for a travel company with 200 employees. He is aware of many types of fraud and indeed they have been the victim of employee fraud in the past when an employee booked tickets for friends and family. They are now confident that the company is protected. They have many controls in place to protect against fraud, especially as this is demanded by their clients. All staff are now subject to background checks and are trained to look out for fraud. They even check employees' home computers. The company have regular audits against fraud which are checked by an external auditor.

"We are not at risk from hardware attacks as we use three different companies that do penetrative tests monthly"

"We have lots of controls in place as our clients are law firms who demand it"

Segment E

“Whatever I do to protect myself, it’s never enough”



“We are very at risk”

We’ve tried to protect ourselves and it didn’t work so now what do we do?

Segment E’s attitudes come from the fact that they feel past attempts to protect themselves from fraud haven’t worked. They continue to lose a high percentage of turnover to fraud and feel further efforts would not be fruitful.



Segment E

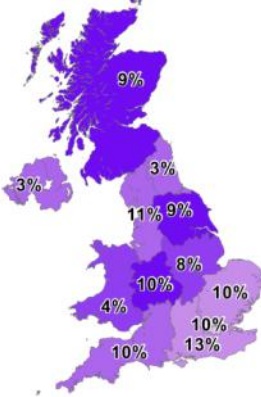
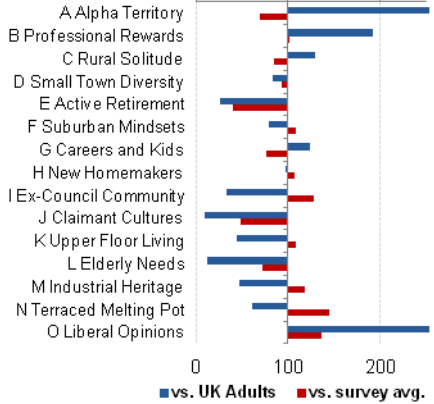


UK enterprises: 362K (8%) | Total turnover: £199bn (13%) | Total fraud: £3.8bn (20%) | Fraud penetration: 37%



Annual fraud: £3.8bn (1.9% of turnover)

MOSAIC Group profile

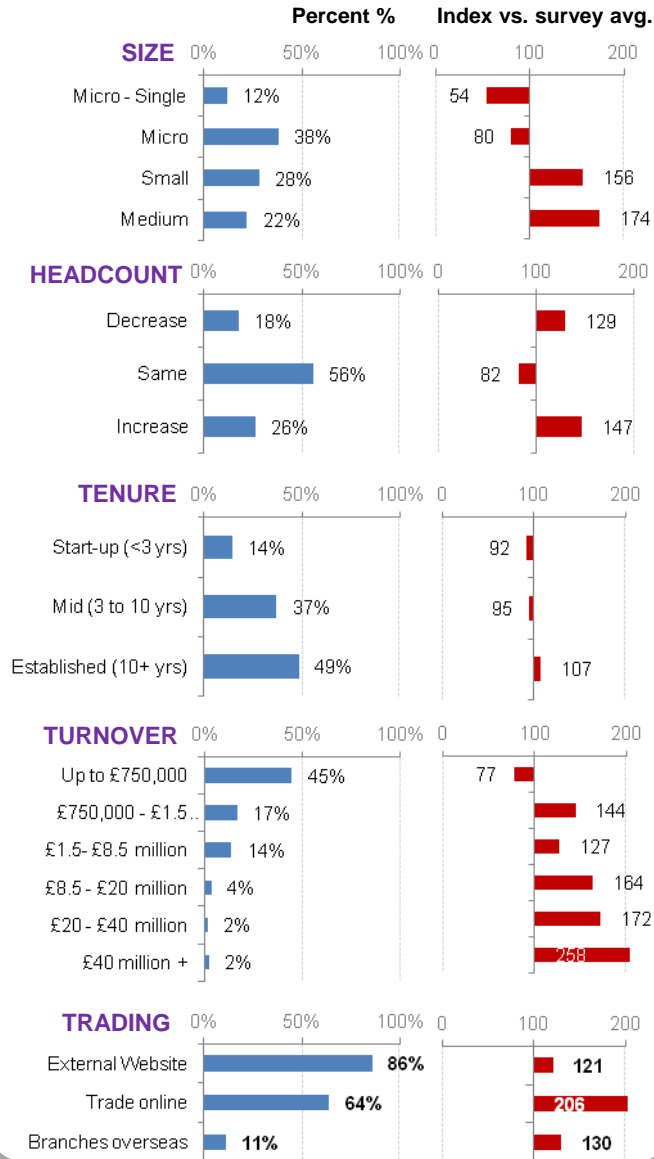


Regional SME penetration

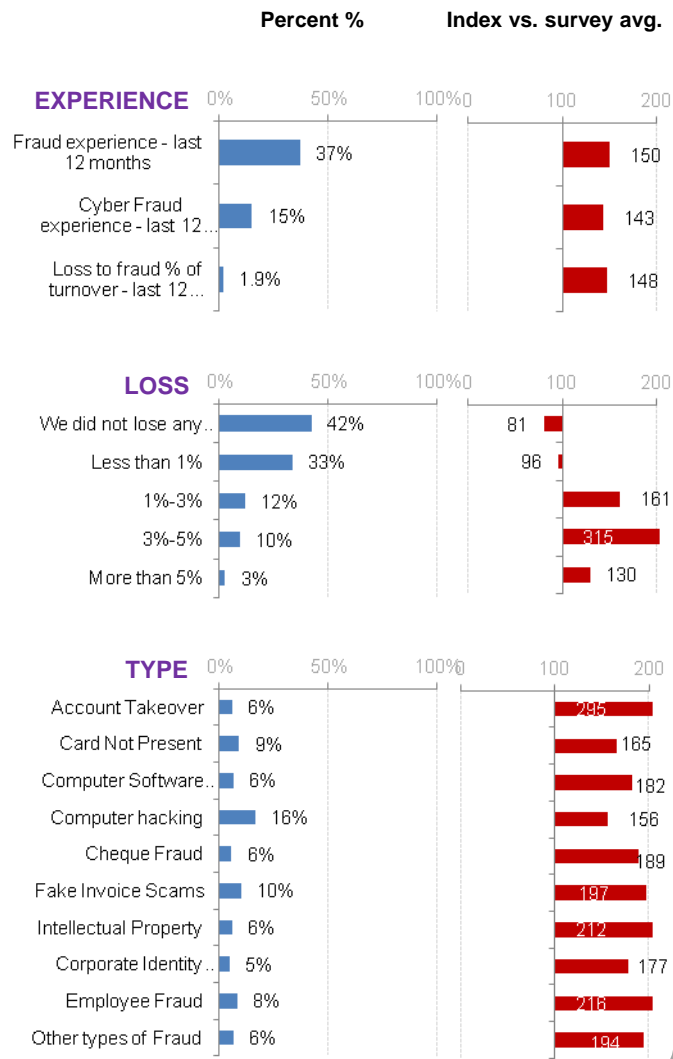
- Low
- Medium
- High

% = regional share of SMEs

SME ATTRIBUTES



SME FRAUD EXPERIENCE



Segment E



- Key sectors
 - G - Wholesale And Retail Trade, Repair Of Motor Vehicles
 - I - Accommodation And Food Service Activities
 - H - Transportation And Storage

- Key attitudes
 - Feel very at risk from fraud
 - Aware of common types of fraudulent activity
 - Whatever they do, they think it's not enough to protect against everything

- Key actions/inactions
 - Have taken precautionary measures in the event of fraud
 - Have lost a high percentage of turnover to fraud
 - Kept up-to-date on common types of fraud
 - Feel that banks should be more proactive to help them

“I try to put things in place e.g. having an IT guy, but I don't feel as if I'm one step behind or in front”

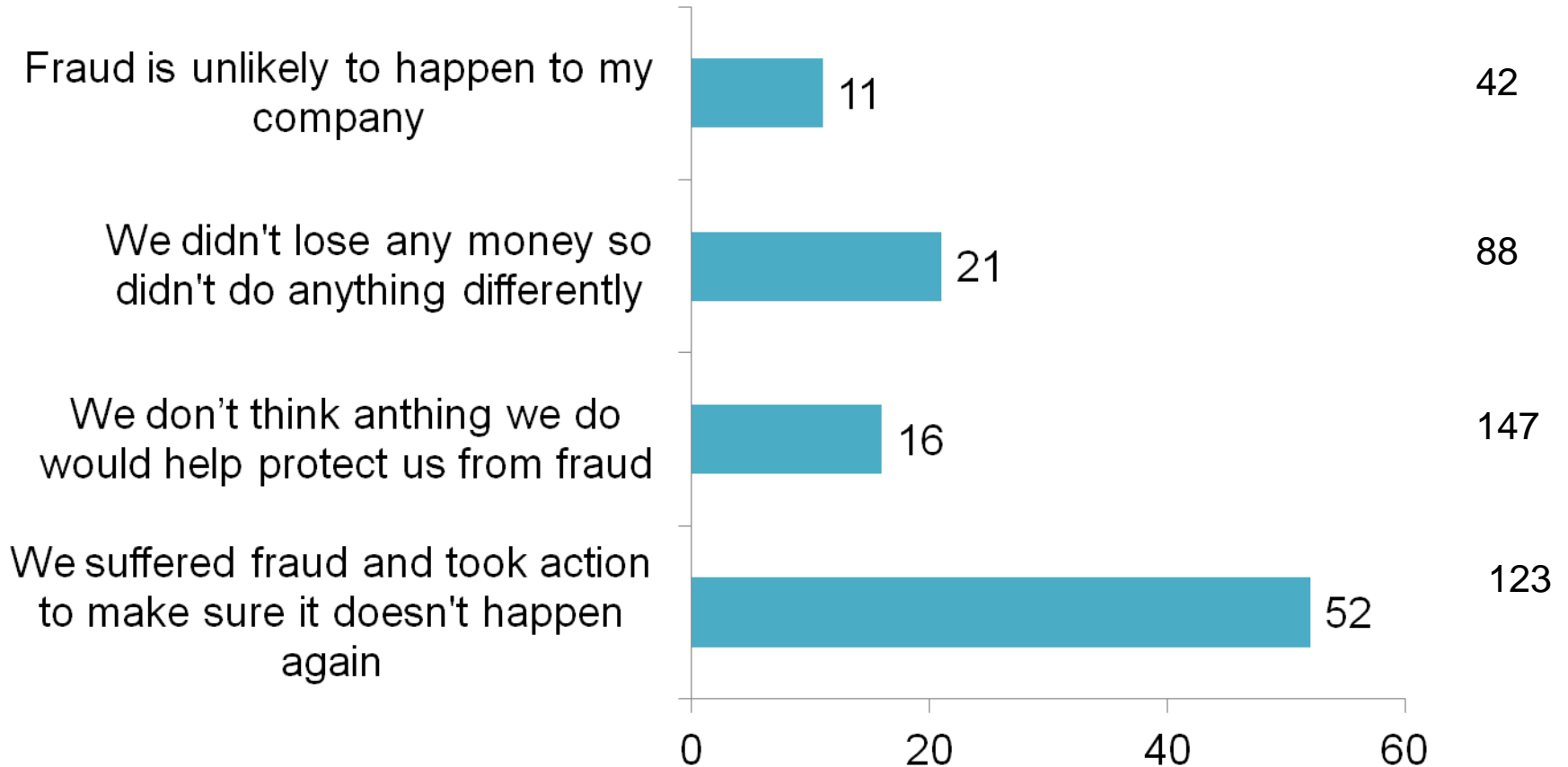
“Fraud is well dealt with on a personal level as the bank take care of it and there is no loss, but with a company we are treated differently”

“The banks should do more and be more proactive and be more responsible for transactions”

Segment E: Key attitudes

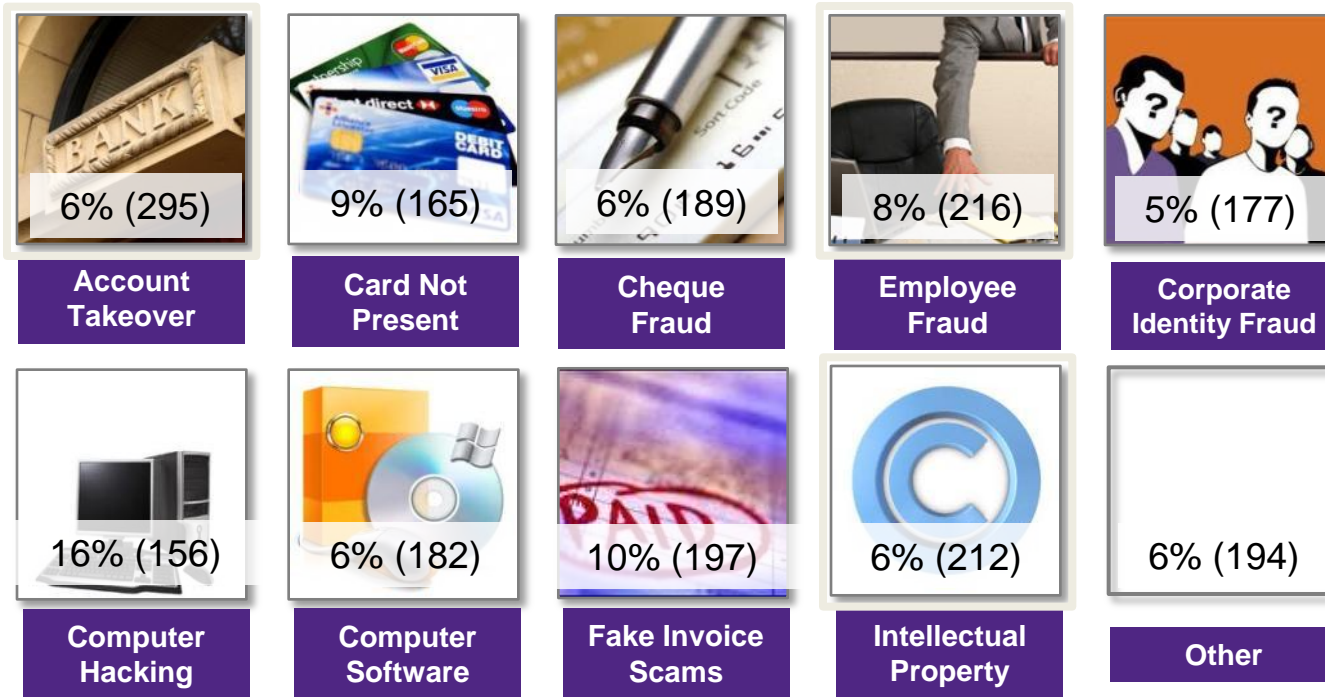
% Definitely and tend to agree

Index vs. survey avg.



Segment E: Fraud experience

All Fraud 37% | Cyber fraud 15% | Loss to fraud 1.9%



Trust:

Colleagues, Business Contacts & Peers, Friends & Family, Police

() = Indices against survey average

Segment E: Case study

Rupert is the Sales Director at a pharmaceutical company that has been around for 60 years. After losing money from fraud the company took specific action to protect themselves. However, the problems have continued including having their computer system hacked into and recently being the victim of a fake invoice scam. He feels frustrated and helpless and thinks the banks do not do enough to protect him against fraud.



“I think it’s the fault of the banks for not doing enough”

“There doesn’t seem to be any help or companies that we can go to for assistance with fraud”

Segment F

“Being at risk from fraud is inevitable”



“I don't worry about it until it happens”

Fraud's just a fact of life
that we will deal with at the time

Segment F's attitudes come from the fact that even though they are aware and feel at risk from fraud, they are not motivated to act. They feel fraud is a part of every day life and it has a high penetration, but they are still unlikely to put proactive prevention measures in place.



Segment F

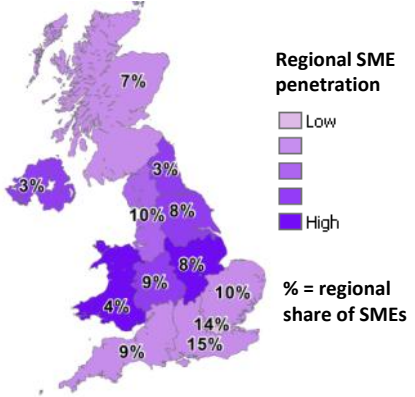
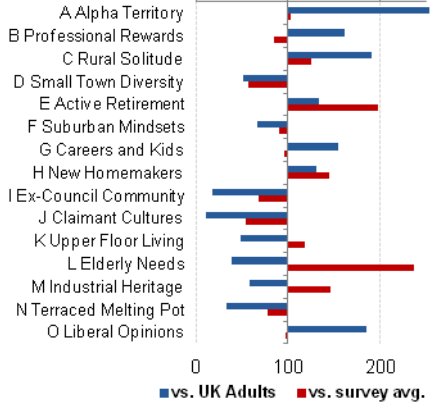


UK enterprises: 372K (8%) | Total turnover: £175bn (12%) | Total fraud: £2.5bn (13%) | Fraud penetration: 42%

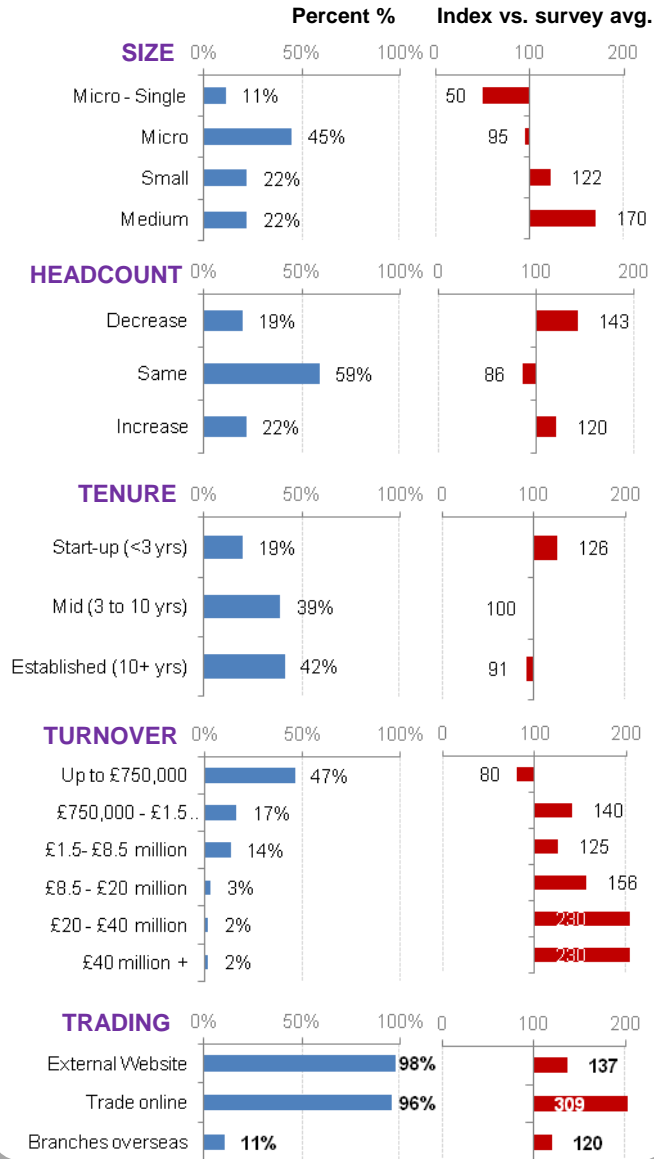


Annual fraud: £2.5bn (1.4 % of turnover)

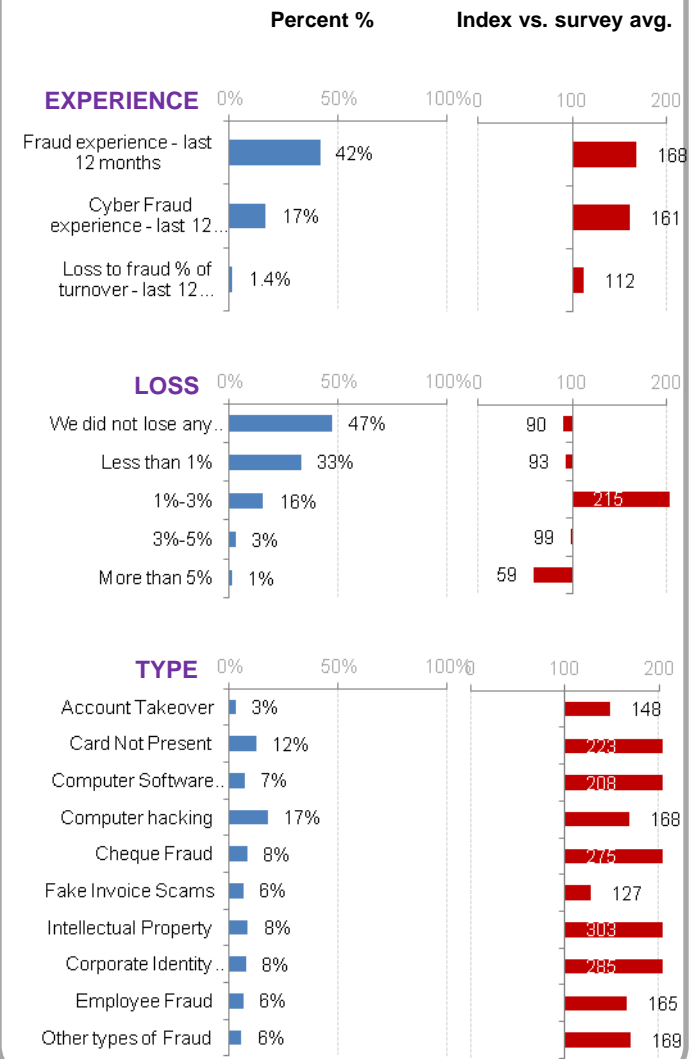
MOSAIC Group profile



SME ATTRIBUTES



SME FRAUD EXPERIENCE



Segment F



- Key sectors
 - G - Wholesale And Retail Trade, Repair Of Motor Vehicles
 - H - Transportation And Storage
 - I - Accommodation And Food Service Activities
- Key attitudes
 - They don't feel that fraud is a big deal and think they are no more at risk than anyone else
 - They feel being at risk is just an inevitable part of doing business today
 - They are not really aware of all the different types of fraud
- Key actions/inactions
 - They aren't as organised and careful in their working practices as they could be
 - They tend to react to things as they happen
 - They assume their IT companies will take care of fraud for them

“We are at risk no more or less than anyone else”

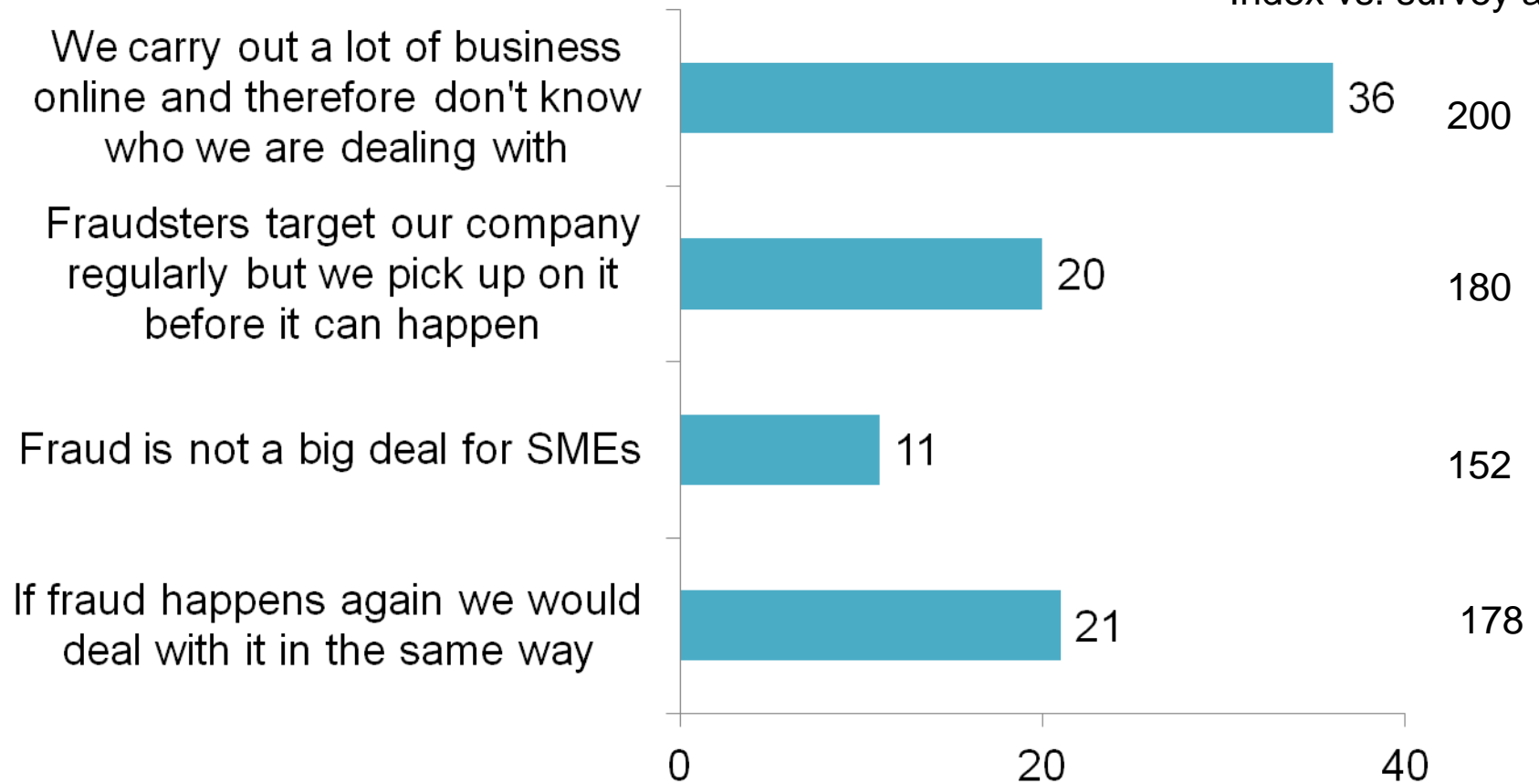
“We shred our documents, not really anything else to be honest. I put my faith in Barclays and Paypal to do it for us.”

“We have someone who does our web and he assures me that we are okay. I don't worry about it until the day it happens”

Segment F: Key attitudes

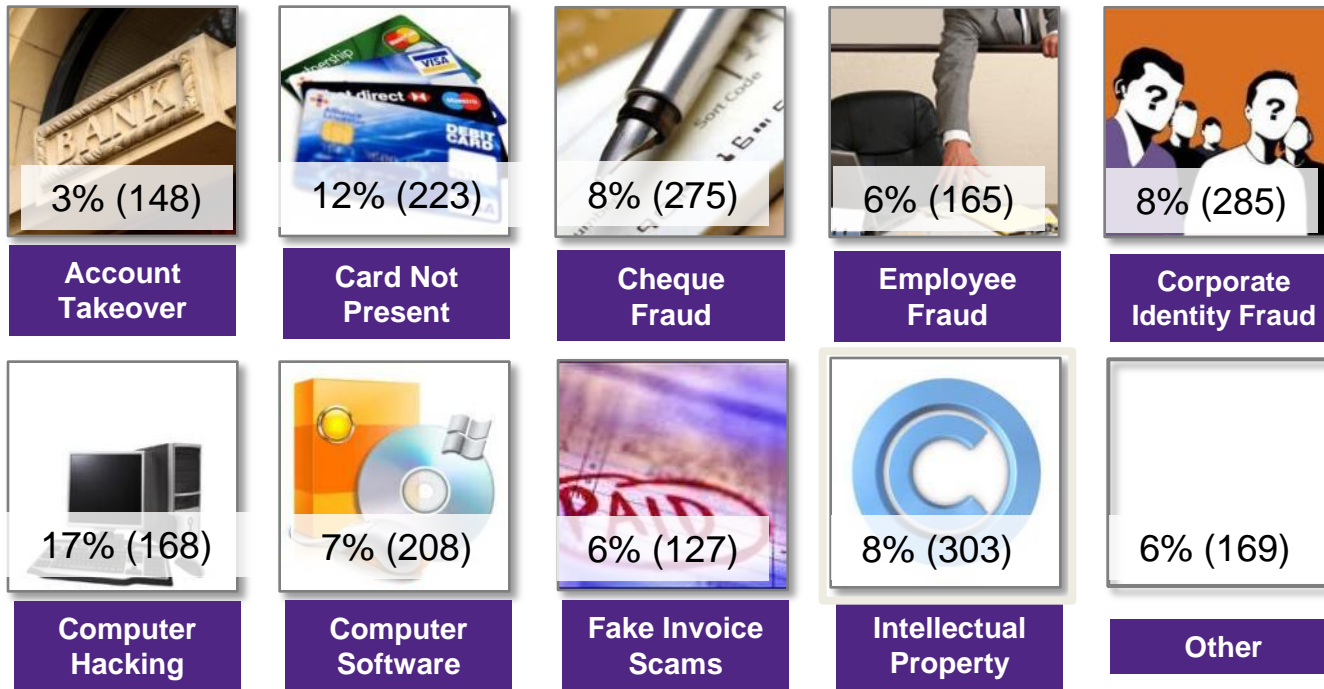
% Definitely and tend to agree

Index vs. survey avg.



Segment F: Fraud experience

All Fraud 42% | Cyber fraud 17% | Loss to fraud 1.4%



Trust: Colleagues, Business Contacts & Peers, Lawyer/Solicitor, Accountants

() = Indices against survey average

Segment F: Case study

John is a Sales Director at an exhibition and displays company that has been in business for 20 years. He has experienced fraud in the past, but it wasn't very serious as the company didn't lose any money. He feels fraud is a typical part of being in business today - things are always risky, whatever you do. He employs someone to do his IT and advise him on how to protect his business but is usually content to let things take their natural course.



“Not aware of supplier fraud, don't really know much about phishing e-mails either”

“We do have a firewall but that is it”

Communications strategy

Four key communication themes



Awareness

Create awareness for those who don't even have fraud on their radar or understand the different types



Challenging complacency

This is for segments that may have a false sense of security in thinking they have fraud under control



Create reassurance and give control

This is for segments that, while worried, don't feel they know where to go for help



Creating a sense of urgency to act

This is for segments that think fraud may hit them but that it won't really damage their business

Communications matrix

	Awareness	Create reassurance and give control	Challenge complacency	Create urgency
Segment A			Excellent fit	
Segment B	Good fit	Excellent fit		
Segment C	Excellent fit	Good fit		
Segment D			Excellent fit	Good fit
Segment E		Excellent fit		Good fit
Segment F	Good fit		Good fit	Excellent fit

Excellent fit
Good fit

Summary

	Key segment dimensions	Attitude summary	Key issue	Comms. themes
Segment A	High Awareness Low Perceived Risk At Risk	We're knowledgeable about fraud and think we can spot it so it won't happen to us	Knowledge alone won't protect them	Challenging complacency
Segment B	Low Awareness High Perceived Risk At Risk	We're worried about fraud but don't have the time or knowledge to know what to do	Lack time and confidence	Take Control
Segment C	Low Awareness Low Perceived Risk At Risk	We don't really need to think about fraud on a day to day basis	Fraud is not on their radar	Raise Awareness
Segment D	High Awareness Low Perceived Risk Extremely at Risk	We've been under siege from fraudsters but now we've taken necessary steps to protect ourselves	Low perceived risk is misplaced as they are still highly at risk	Challenging complacency
Segment E	High Awareness High Perceived Risk Highly at Risk	We've tried to protect ourselves and it didn't work so now what do we do?	Over coming sense of victim mentality	Take Control
Segment F	Low Awareness High Perceived Risk Highly at Risk	Fraud's just a fact of life that we will deal with at the time	They are on borrowed time	Create a sense of urgency to act

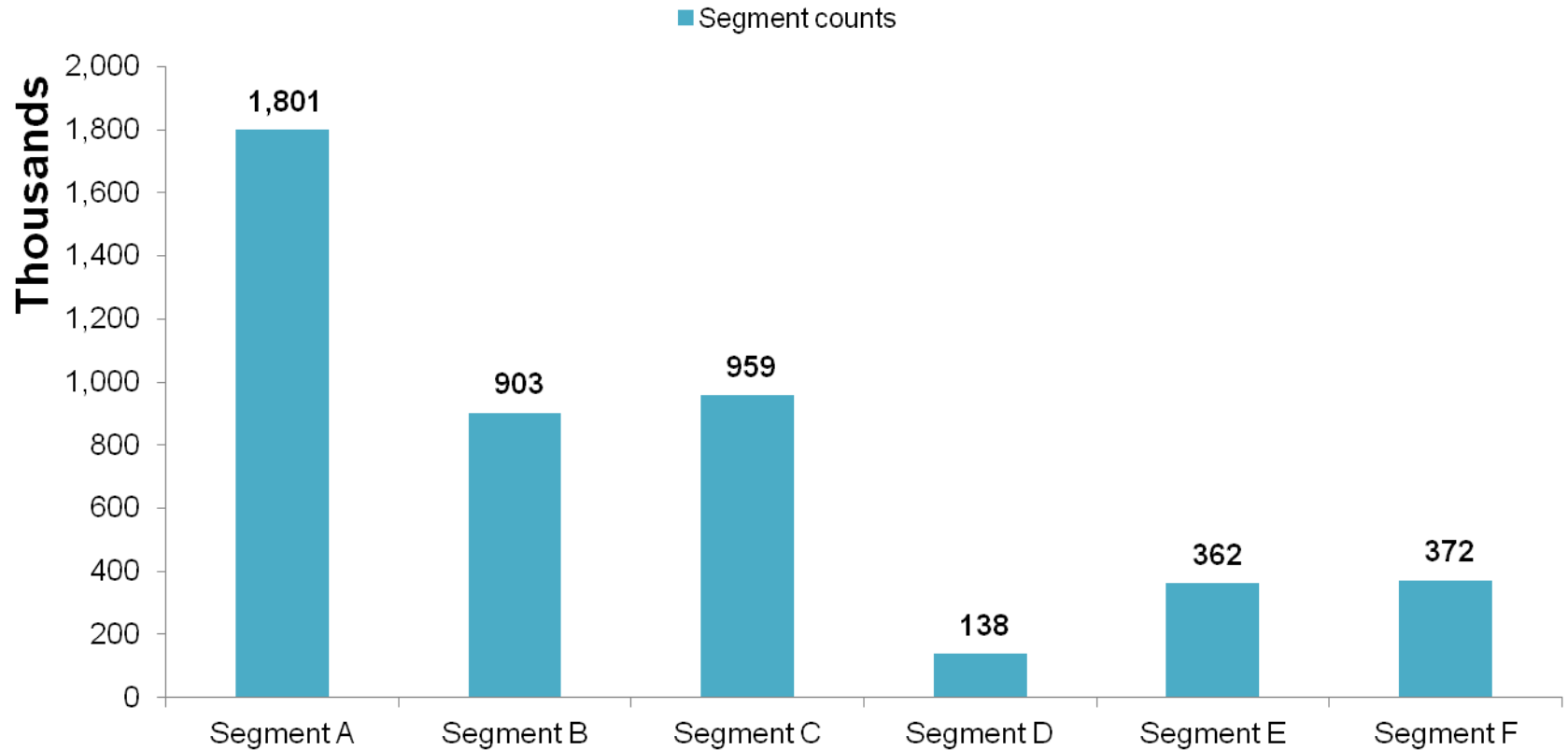
Segment comparisons

Segment comparisons

Key variables

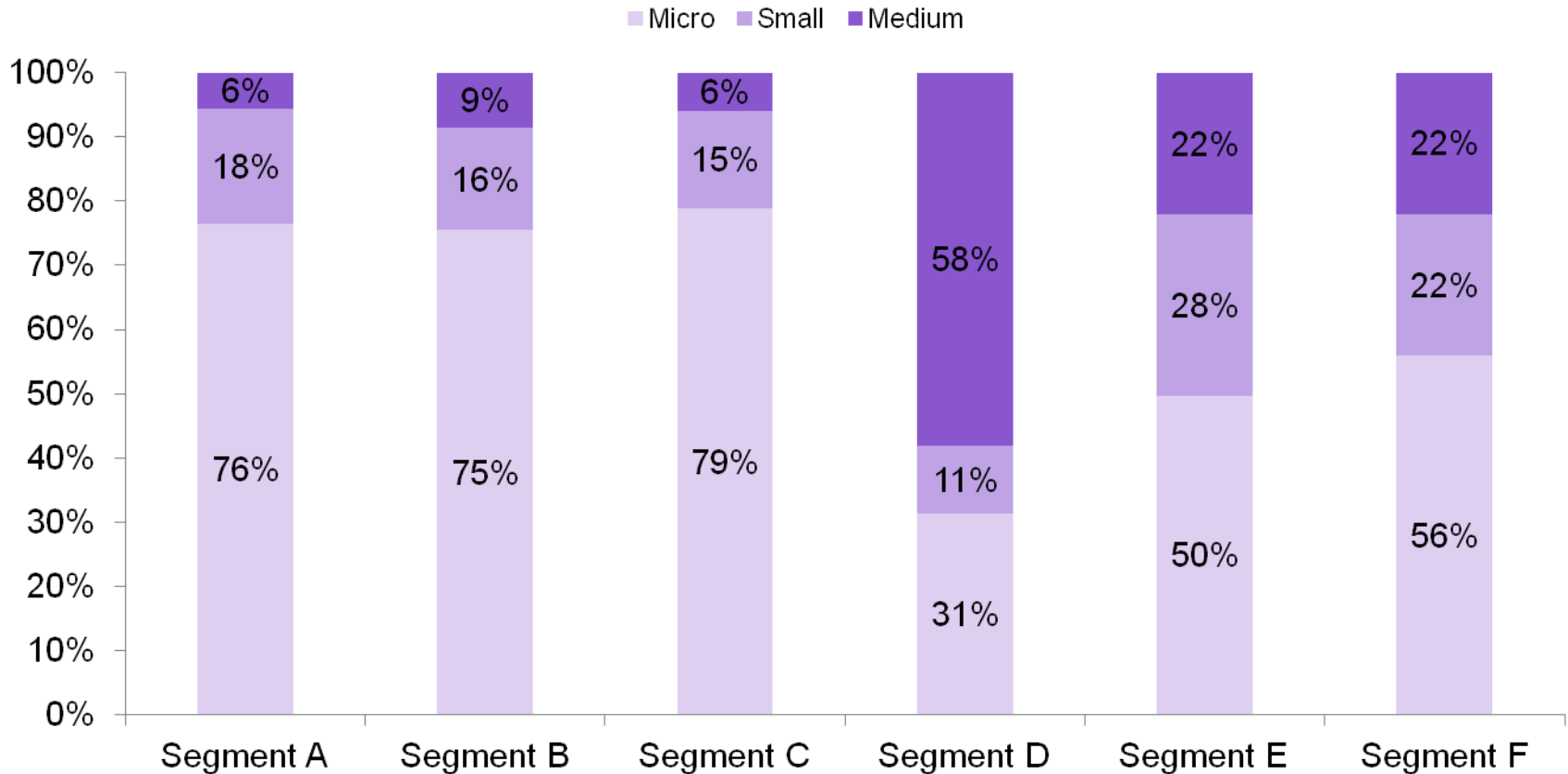
4.5 Million UK SMEs by segment

Counts of enterprises by segment

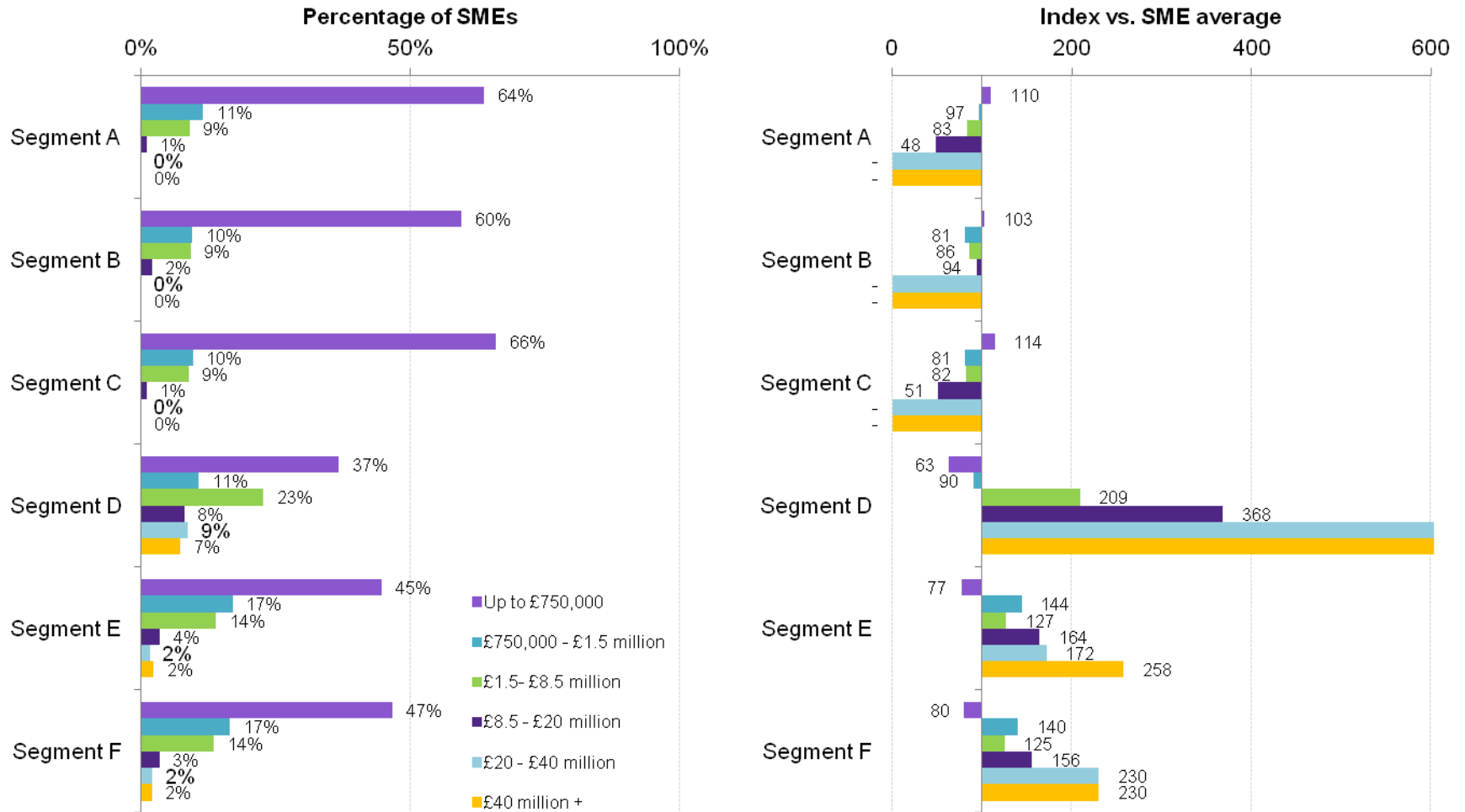


Segment D is made up of larger SMEs

Size of enterprise by segment

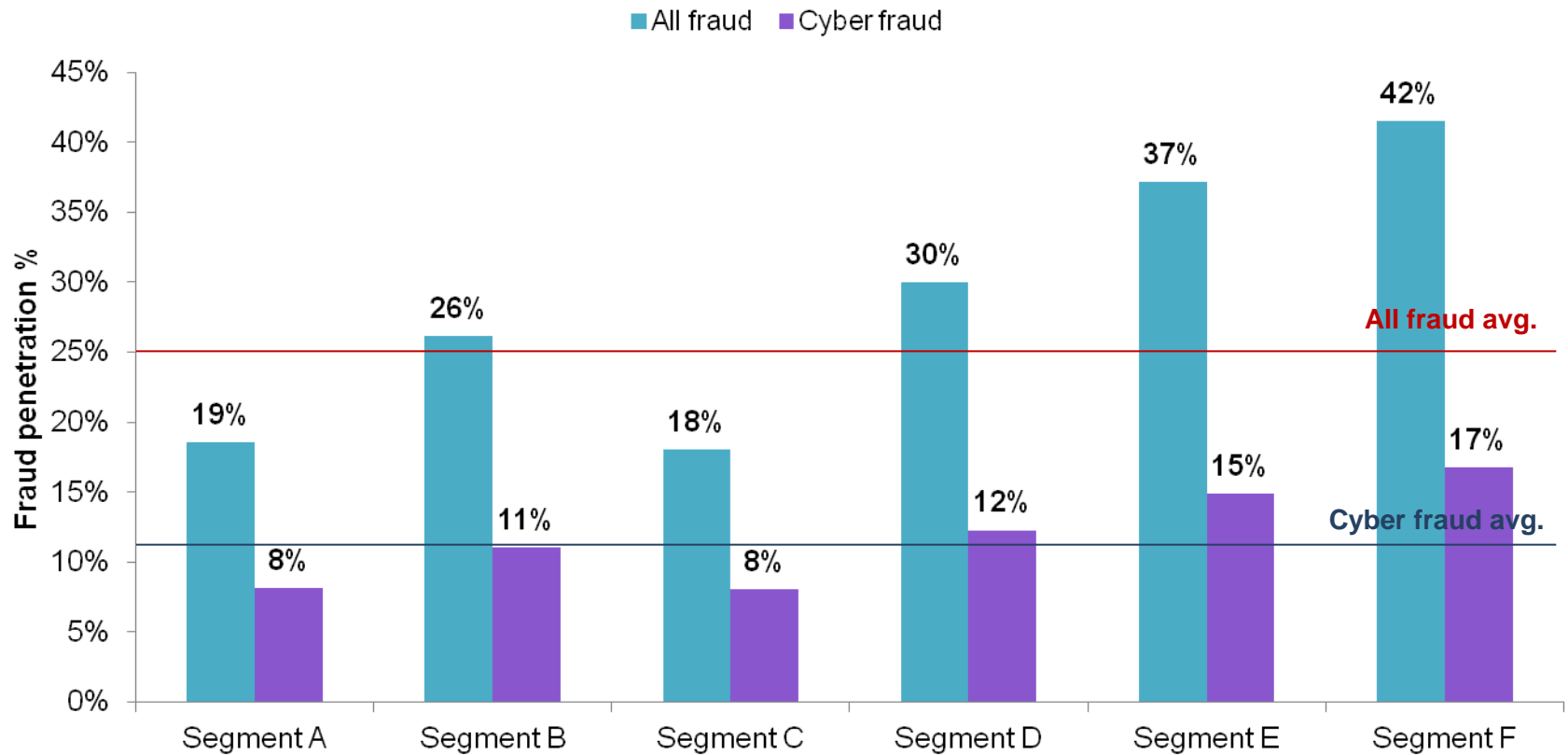


SME turnover by segment



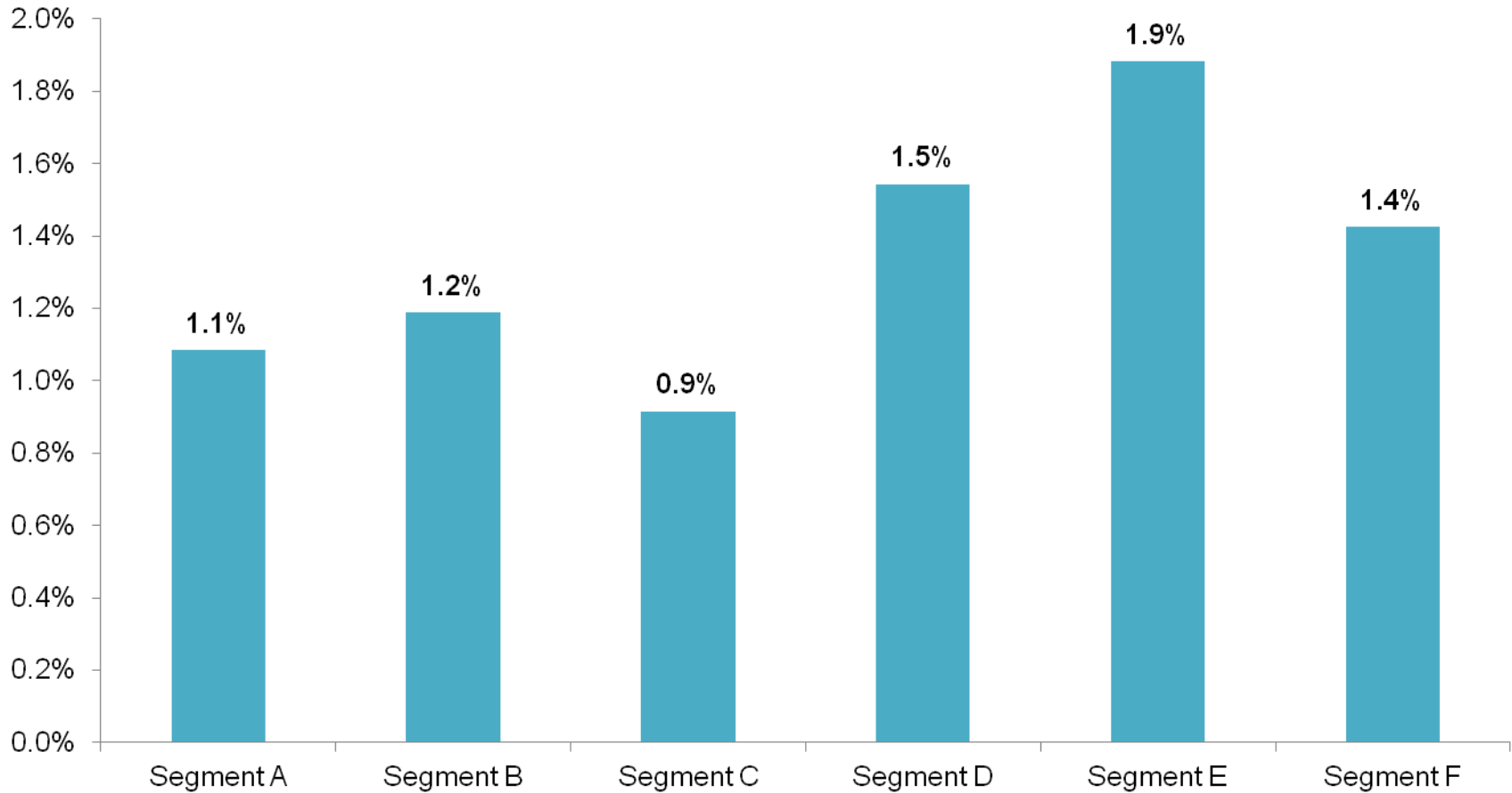
Segments E and F have experienced fraud the most in the last 12 months

Percentage who have experienced fraud in the last 12 months



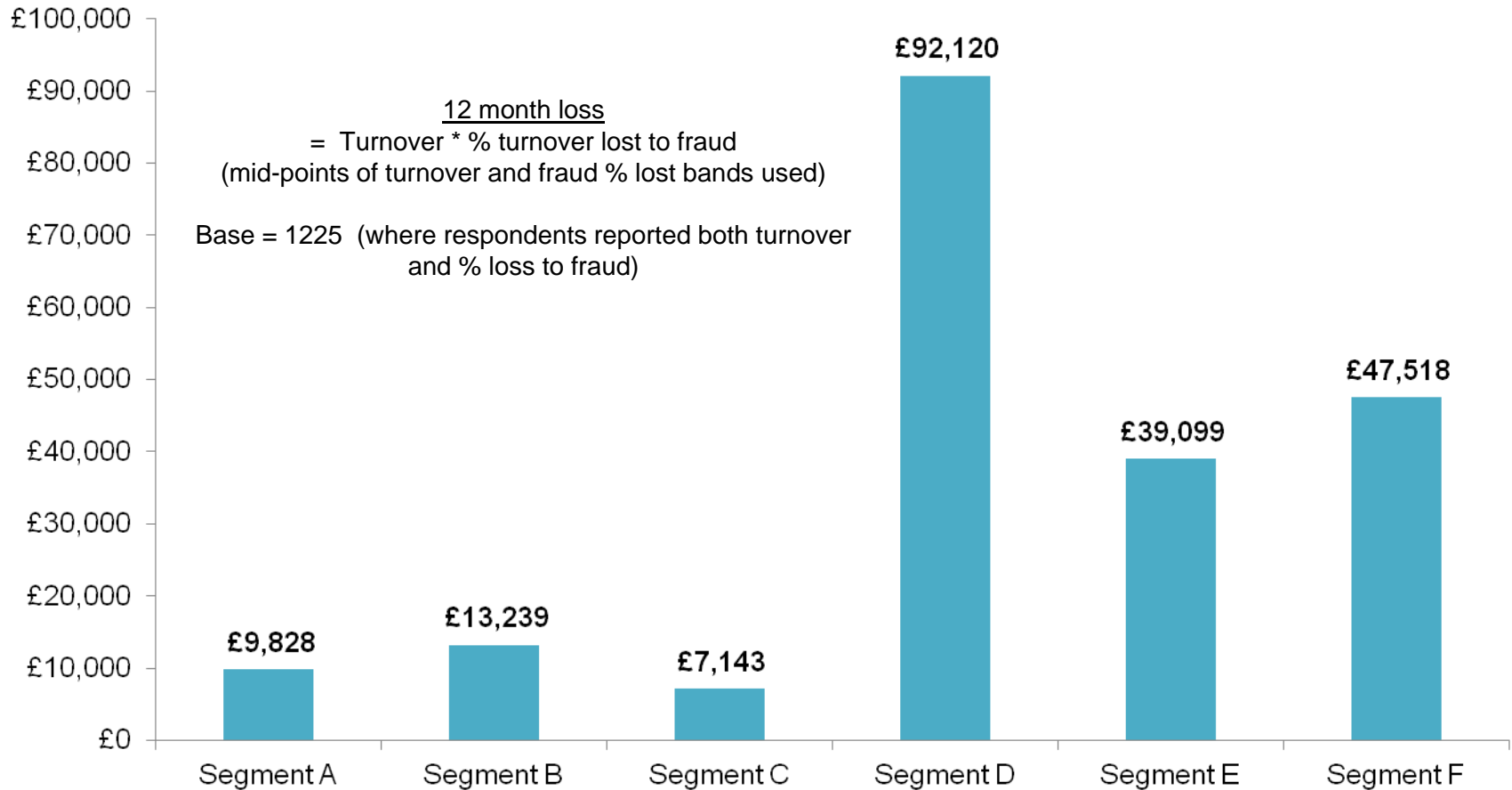
With Segment E losing the highest proportion of their turnover

Percentage of turnover lost to fraud by segment



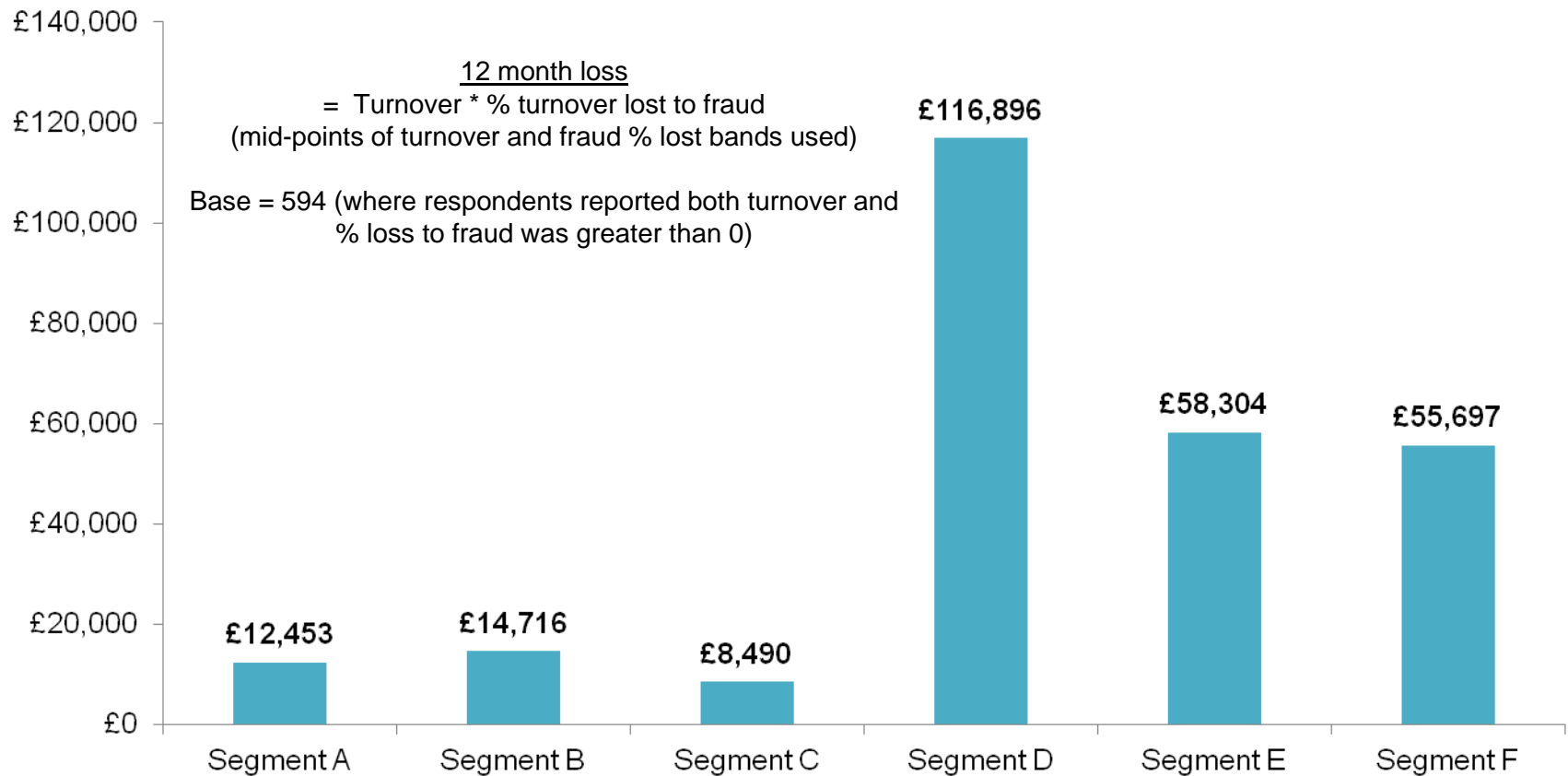
When they are hit, Segment D experiences the highest absolute loss

Average 12 month loss (per SME experiencing fraud)



When they are hit, Segment D experiences the highest absolute loss

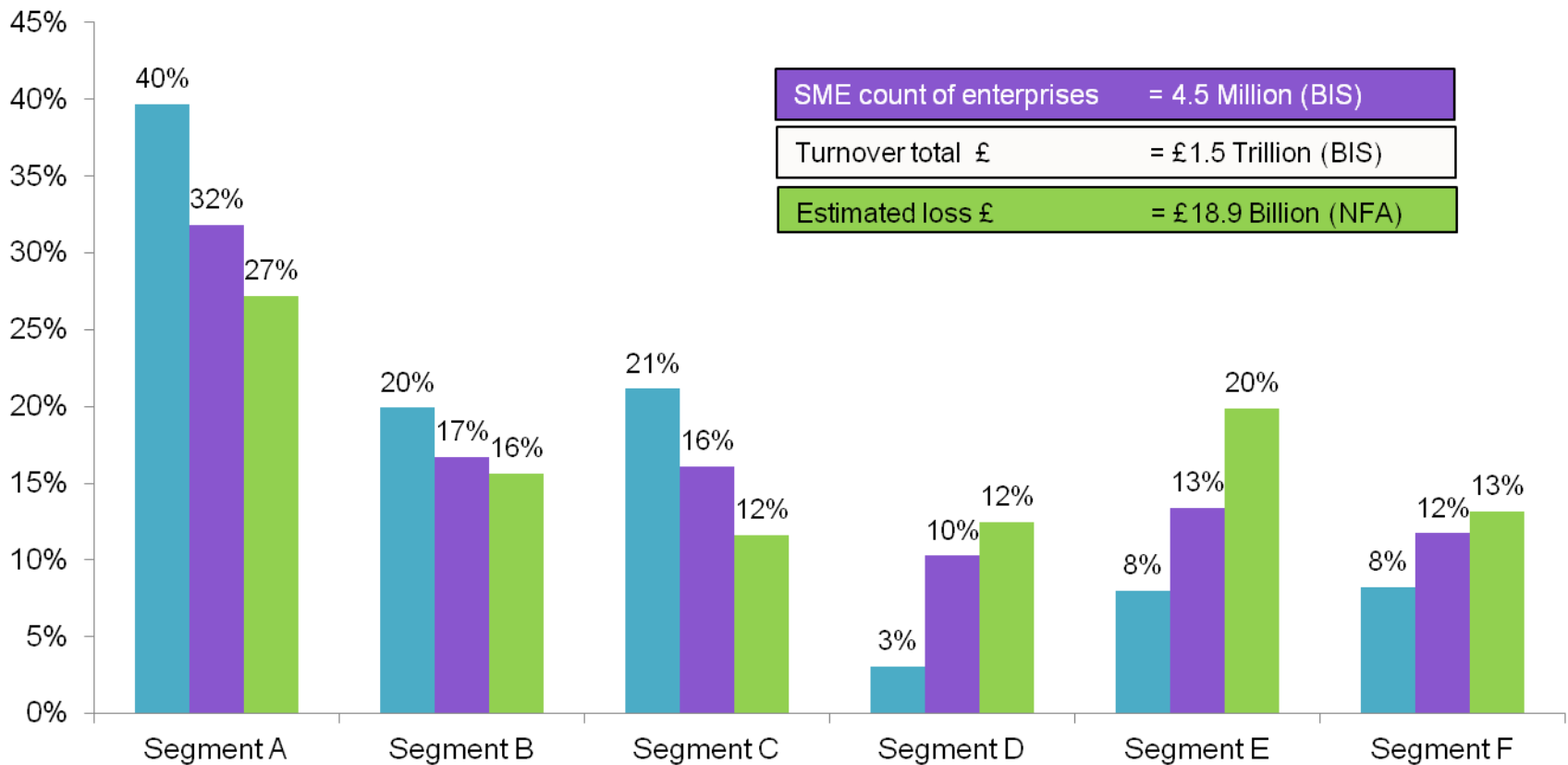
Average 12 month loss (per SME experiencing fraud and losing money)



UK market size: segment share of enterprises, turnover and fraud loss

Segment share %

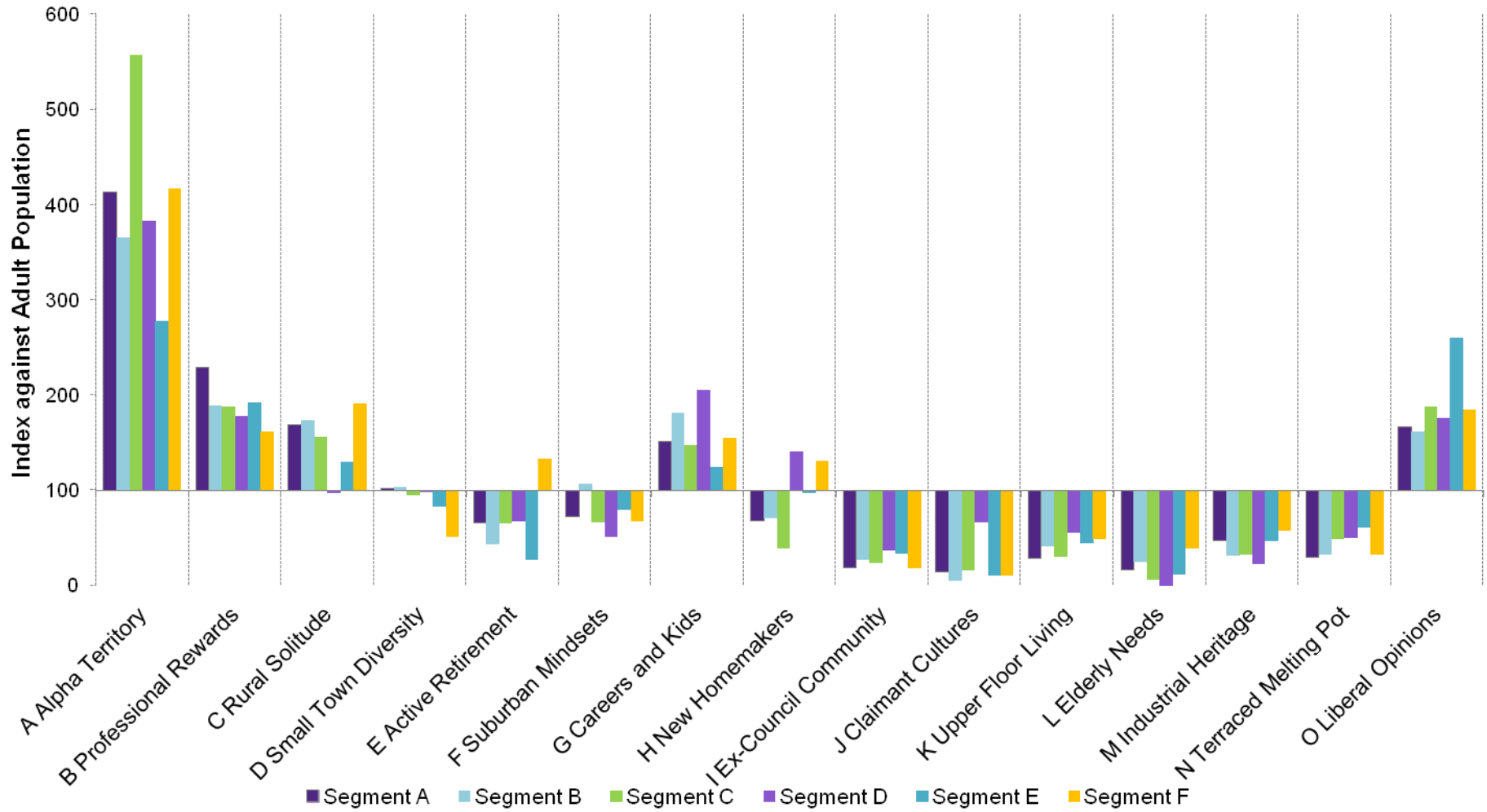
■ All SME ■ Turnover ■ Loss to fraud



Segment comparisons

Geo-demographics

High indexing MOSAIC groups are very similar across segments



Top 5 Mosaic groups

Alpha Territory



Index: 403

- Highest indexing age band 56 - 60
- Successful
- Rewarding careers
- Substantial wealth
- Influential
- Wealthy foreign nationals
- Fashionable areas of London
- Specialist advice
- Professional
- Well educated

Careers and Kids



Index: 161

- Highest indexing age band 31 - 35
- Families with Young Children
- Good incomes
- Comfortable homes
- Home life balance
- Ethical products
- Consumer credit
- Reliant on cars
- Internet and telephone banking
- New buildings

Professional Rewards



Index: 190

- Highest indexing age band 61 - 65
- Suburban
- Small businesses
- Senior positions
- Significant equity
- Married with children
- Comfortable
- Good education
- Theatre / arts
- Car ownership

Liberal Opinions



Index: 190

- Highest indexing age band 18 - 25
- Young singles
- Students
- Degree level education
- Creative jobs
- Vibrancy /Diversity
- Ethical products
- Internet searches
- Theatre and arts
- Cinema

Rural Solitude

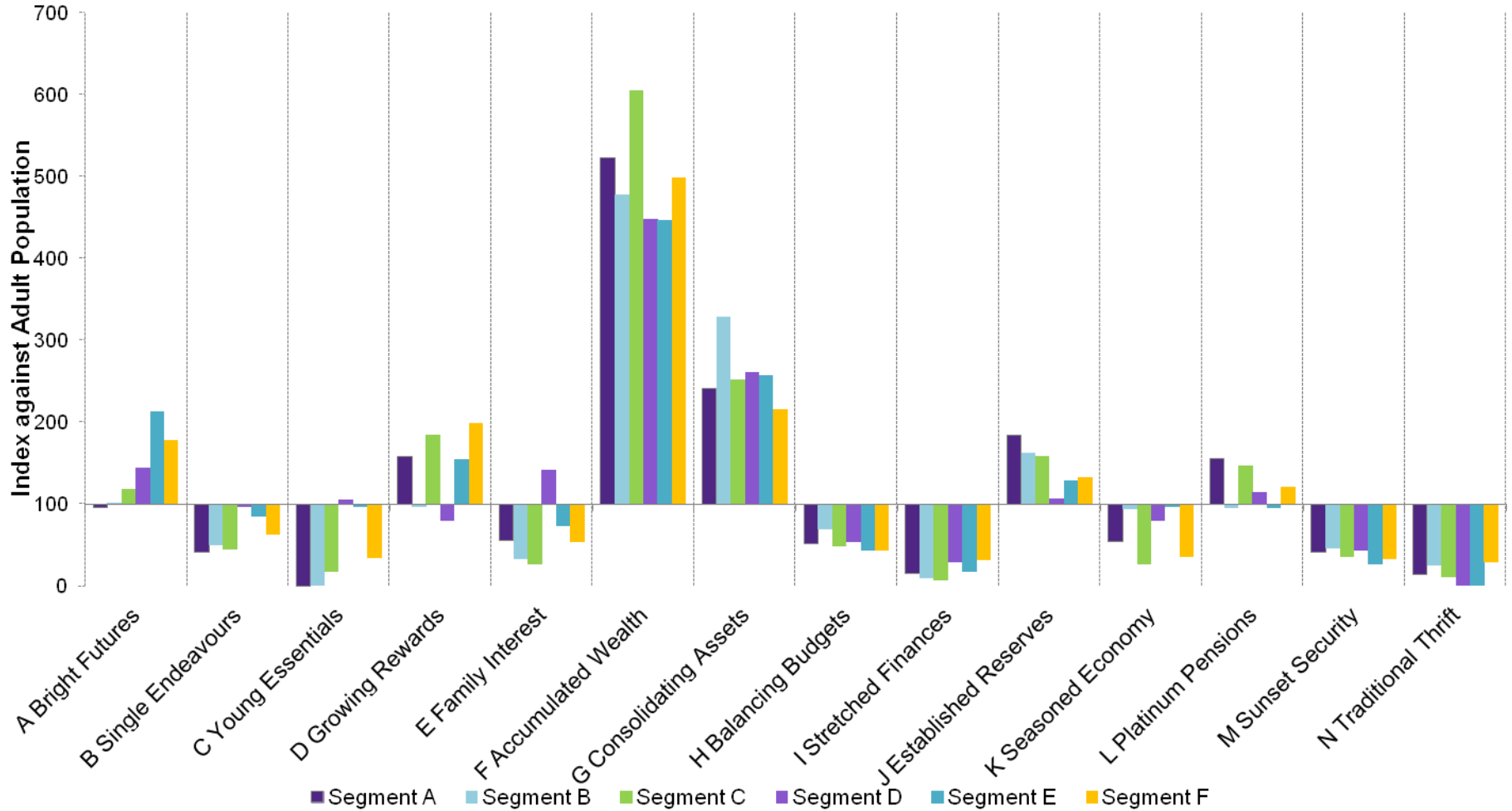


Index: 153

- Highest indexing age band 61 - 65
- Country pursuits
- High motor costs
- Large buildings
- Married
- Small businesses
- Farmers with Isolated farmhouses
- Community spirit
- Small villages
- Mature

 **mosaic**
United Kingdom

High indexing FSS groups are also similar across segments



Top FSS groups

Accumulated Wealth



Index: 500

- Affluent families
- Highest income
- High status careers
- Expensive homes
- Wide range of investments
- Stocks and shares
- Equity ISAs
- Property as investment
- Good pension savings
- High insurance spend
- Sophisticated knowledge
- High use of internet
- Move money to find best returns

Growing Rewards



Index: 146

- Families in 30s and early 40s
- Growing children
- Two professional salaries
- High mortgage commitments
- Well educated
- High status jobs
- Quality detached homes
- Good start to savings
- High potential to increase investments
- Children's savings accounts
- High spend on insurance
- Life insurance
- Critical illness cover
- High use of internet

Consolidating Assets



Index: 260

- Families in 40s and early 50s
- Good start to investments
- Adding to savings regularly
- Growing equity in home
- Some support older children
- Above average salaries
- Good education
- Detached or semi family homes
- Cash ISAs
- Premium bonds
- Pension saving
- Regular internet users

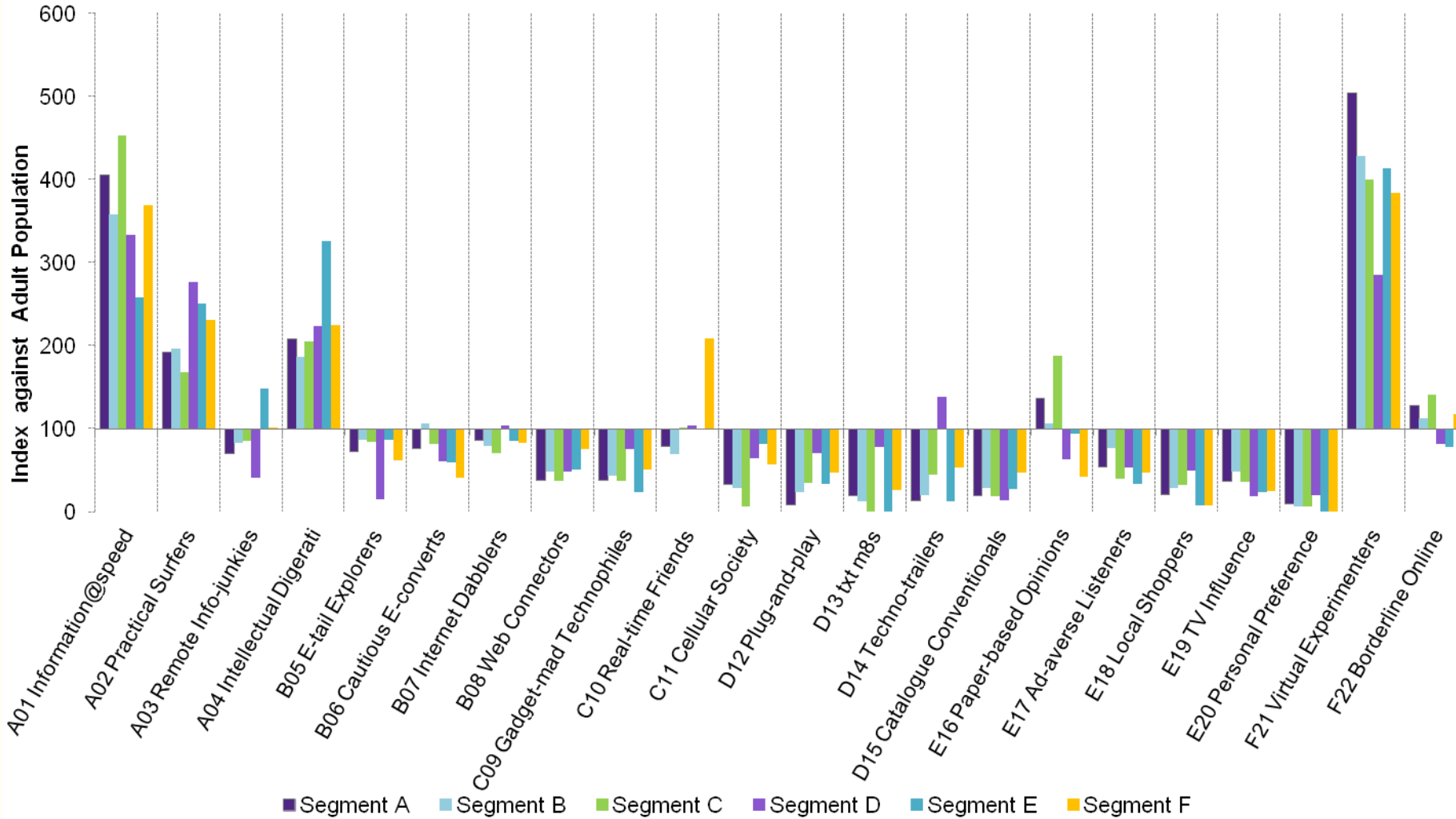
Established Reserves



Index: 146

- Aged in late 50s or early 60s
- Good salaries
- Some retired early or working part time
- Reducing financial commitments
- Respectable savings
- Some adult children to support
- Comfortable homes
- Own outright
- Savings for retirement
- Cash ISAs
- Premium bonds
- Good pension provision

Segments share very similar TrueTouch profiles



Top TrueTouch types

Information @ Speed



Index: 500

- Male 36-55
- Heavy internet users
- Latest technology
- Use web as information source
- Use remote ways to assess finance
- Magazines/telecommunication as source of information
- Radio/TV for business and general news
- Teletext and interactive TV for share prices
- Heavy use of mobiles for business productivity

Practical Surfers



Index: 229

- Male 36-55
- Use internet for practical purposes
- Confident in their own assessment of information
- Confident in financial matters
- No concerns with identity theft or security
- Heavy radio listeners
- Interactive TV for sports and business
- Influenced by financial TV ads and direct mail

Virtual Experimenter



Index:
403

- Married aged 55-65
- Learning to utilise modern technology
- Comfortable lifestyle
- High management positions
- Heavy readers of broadsheet newspapers
- No concern of identity theft or security
- Use telephone and internet for sales activity
- Heavy post users
- Adamant decision style

Intellectual Digerati



Index: 219

- Male or Female
- Single aged 26-45
- Rely on internet and mobiles
- Always use internet as first source of information
- Latest technology
- High mobile phone bills
- Mobile banking
- Listen to expert advice
- Light TV viewers
- Communication is always via technology

Top 3 types by segments

Segment	Mosaic	FSS	TrueTouch
Segment A	B07 Distinctive Success A03 Business Class A02 Voices of Authority	F19 Self-made Success F18 Asset Accruers F20 Golden Outlook	F21 Virtual Experimenters A01 Information@speed A04 Intellectual Digerati
Segment B	A03 Business Class B07 Distinctive Success A04 Serious Money	F19 Self-made Success F18 Asset Accruers G21 Sound Positions	F21 Virtual Experimenters A01 Information@speed A02 Practical Surfers
Segment C	A03 Business Class A02 Voices of Authority A04 Serious Money	F19 Self-made Success F20 Golden Outlook F18 Asset Accruers	A01 Information@speed F21 Virtual Experimenters A04 Intellectual Digerati
Segment D	A01 Global Power Brokers B07 Distinctive Success O63 Urban Cool	F17 Fast-track Fortunes F19 Self-made Success G21 Sound Positions	A01 Information@speed F21 Virtual Experimenters A02 Practical Surfers
Segment E	O61 Convivial Homeowners O64 Bright Young Things A04 Serious Money	F18 Asset Accruers F20 Golden Outlook G22 Single Accumulators	F21 Virtual Experimenters A04 Intellectual Digerati A01 Information@speed
Segment F	A03 Business Class A02 Voices of Authority O63 Urban Cool	A03 Early Settlers F17 Fast-track Fortunes F19 Self-made Success	F21 Virtual Experimenters A01 Information@speed A02 Practical Surfers

Mapping to the consumer segments

Consumer Segment 4 matches all SME segments (based on age, gender and geodemographics)



Segment 4: Risk takers seeking financial gain

MOSAIC UK

		Consumer Segments						
SME Business Segment		1	2	3	4	5	6	7
A		0.93	-0.43	-0.27	0.86	0.05	0.09	0.28
B		0.93	-0.44	-0.26	0.84	0.19	0.25	0.42
C		0.86	-0.46	-0.28	0.84	0.03	0.08	0.26
D		0.77	-0.56	-0.36	0.68	0.27	0.30	0.45
E		0.88	-0.48	-0.29	0.82	0.26	0.31	0.46
F		0.80	-0.70	-0.55	0.72	0.04	0.07	0.07

AGE

		Consumer Segments						
SME Business Segment		1	2	3	4	5	6	7
A		-0.54	0.63	0.66	0.74	0.09	0.09	-0.14
B		-0.37	0.57	0.54	0.80	0.09	0.09	-0.14
C		-0.54	0.63	0.66	0.74	0.09	0.09	-0.14
D		-0.26	0.23	0.14	0.86	0.26	0.26	-0.14
E		-0.26	0.23	0.14	0.86	0.26	0.26	-0.14
F		-0.26	0.23	0.14	0.86	0.26	0.26	-0.14

-1 = Negative correlation,
+1 = Highest positive correlation

GENDER

		Consumer Segments						
SME Business Segment		1	2	3	4	5	6	7
A		-1.00	-1.00	1.00	1.00	-1.00	1.00	-1.00
B		-1.00	-1.00	1.00	1.00	-1.00	1.00	-1.00
C		-1.00	-1.00	1.00	1.00	-1.00	1.00	-1.00
D		-1.00	-1.00	1.00	1.00	-1.00	1.00	-1.00
E		-1.00	-1.00	1.00	1.00	-1.00	1.00	-1.00
F		-1.00	-1.00	1.00	1.00	-1.00	1.00	-1.00

- Spearman's Rank correlation was used to find the differences between the two segment groups. The closer the figure to 1, the closer the relationship.

Consumer Segment 4: Risk takers seeking financial gain - summary

Segment 4 (21% of UK Adults)

Risk takers seeking financial gain

Affluent, opportunity seeking professional males – “because of greed I became a victim”



Who we are:



Age 36-55



Singles & Families



Affluent / comfortably off



Detached



Online banking & money management



Financially Aware

Experience, attitudes and awareness of fraud:



ID Fraud



Phishing emails



Bank Card Fraud



Property Investment Scams



Foreign money making investments



Confident & Assured



Risk seekers & financially impulsive

Key Requirements:

This is a confident and assured segment that profess financial competence and maturity – communications should demonstrate that risky behaviours and acting on impulse heighten the likelihood of material loss and are not the actions of competent professionals.

Total fraud loss*: £3.35bn

£2.70bn

Identity Fraud

£1.17bn

High Risk Investment Scams

£0.16bn

Property Investor Scams

Communication Preferences



Web



Email



Newspapers



Low Risk / Cautious Attitudes

Attitudes & Mindset "fraudwise"

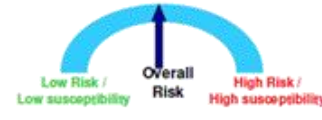
High Risk / Careless Attitudes



Low Risk / Precautionary Behaviours

Risk Avoidance Behaviours

High Risk / Careless Behaviours



Low Risk / Low susceptibility

Overall Risk

High Risk / High susceptibility

Consumer Segment 4: Risk takers seeking financial gain - profiles

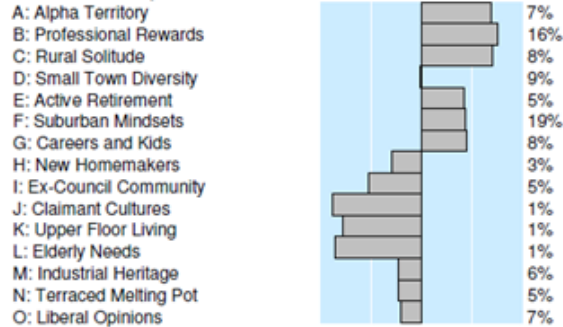
Segment 4 (21% of UK Adults)

Risk takers seeking financial gain

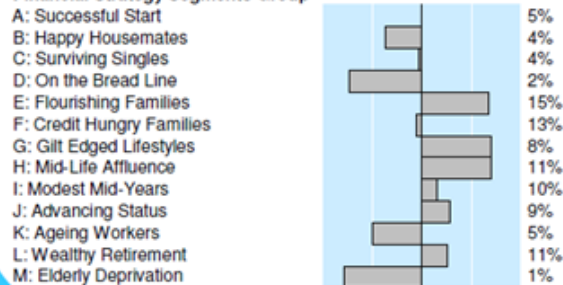
Affluent, opportunity-seeking professional males at risk - "because of greed"

Geo-demographic Profiles

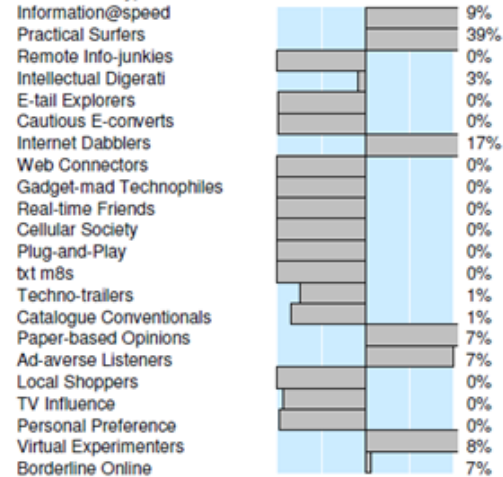
Mosaic UK Group



Financial Strategy Segments Group



TrueTouch Type

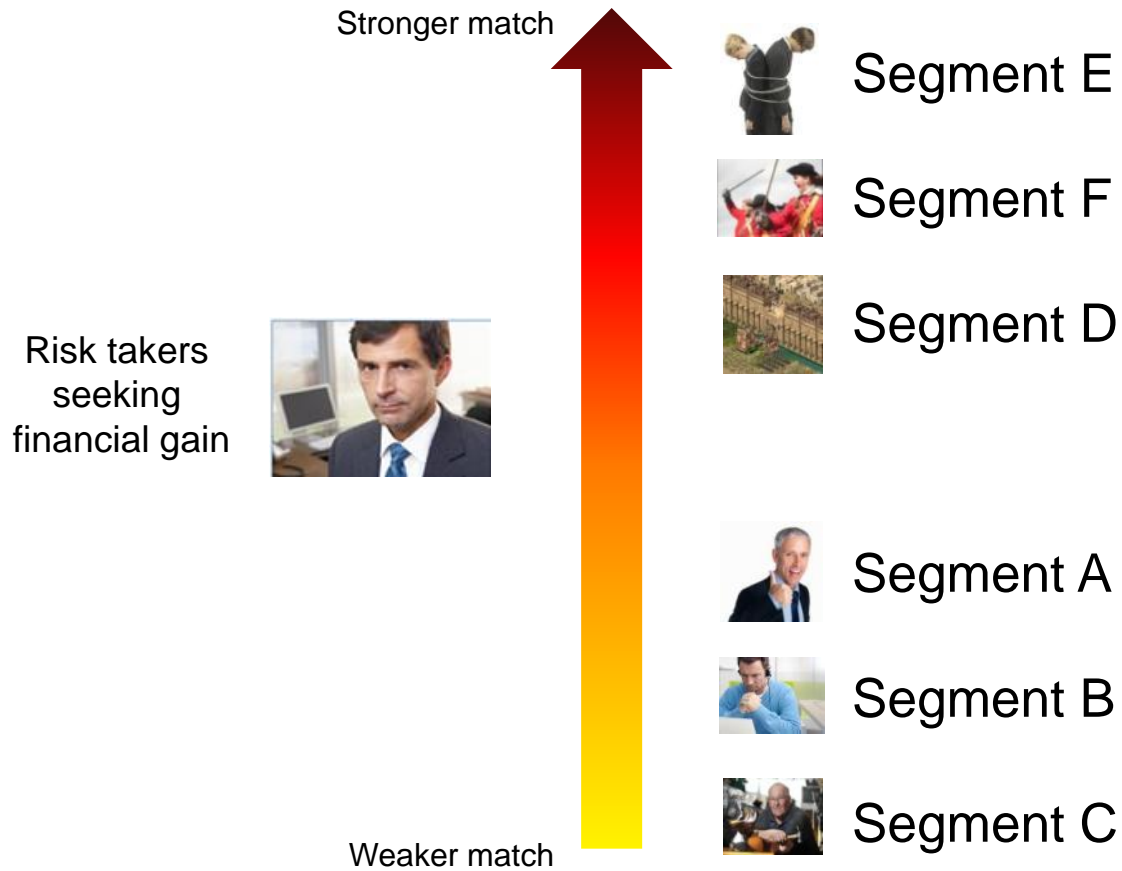


n = 2062 (fieldwork January-February 2011)

Consumer Segment 4: Match to SME segments based on attitudes

Consumer questions	SME questions
Fraud is unlikely to happen to me	Fraud is unlikely to happen to my company
Fraud is becoming more common	Fraud is becoming more common
I would know if I was exposed to fraud	We would be able to spot fraud
I feel I know a lot about fraud and the methods people use	We know a lot about the methods fraudsters use
You have to be a bit stupid/naive to fall for a fraud	We'd have to be stupid/naïve to fall for a fraud

Consumer segment 4: Match to SME segments based on attitudes



Appendix

Key segment dimension summary

	<u>Experience of fraud</u>	<u>Actual risk of fraud</u>	<u>Perceived risk of fraud</u>	<u>Awareness of fraud</u>
Segment A	Low	At Risk	Low	High
Segment B	Medium	At Risk	High	Low
Segment C	Low	At Risk	Low	Low
Segment D	Medium	Extreme	Low	Medium
Segment E	High	High	High	High
Segment F	High	Extreme	High	Low

Notes:




Fraud experience = Penetration of businesses having experience fraud in the last 12 months

Actual risk = Modelled risk based on business attributes – see Building the Segments

Perceived risk = whether the businesses thought they were at risk

Awareness = An aggregate score of how aware businesses were of 9 different types of fraud – see fraud definitions in appendix

The segmentation process

- Stage 1 - Qualitative stage
 - Telephone interviews to establish key attitudes to fraud
 - 26 SME business owners / key decision makers interviewed
 - Across a range of businesses by sectors, size and region.
- Stage 2 - Quantitative marketing survey
 - To test and establish hypotheses from stage 1
 - 2,400 respondents across a range of businesses by sectors, size and region.
- Stage 3 - Segmentation and modelling
 - Establish key segment dimensions using the quantitative survey data
 - Modelling actual risk using business attributes from the survey data
 - Cluster analysis to group like-minded SMEs on key dimensions

The segmentation process

- Stage 4 – Cross-referencing the SME fraud segments to the consumer fraud segments
 - Using geo-demographic profiles, age, gender and attitudes.



- Stage 5 – Fusion to Touchpoints 4 media planning tool
 - Segment individuals fused to Touchpoints individuals.

Additional data sources

- Fraud estimates
 - Annual Fraud Indicator – March 2012 -
<http://www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/annual-fraud-indicator/annual-fraud-indicator-2012?view=Binary>

- SME counts
 - Department for Business Innovation and Skills – October 2011
<http://www.bis.gov.uk/analysis/statistics/business-population-estimates>

- Market statistics:
 - SME enterprises: 4.5 Million (BIS)
 - SME 12-month fraud - £18.9 Billion (NFA)

SME definitions

SME size

- **Micro** = Single owner businesses and up to 9 employees
- **Small** = 10 to 49 employees
- **Medium** = 50 to 249 employees

Fraud type definitions

- **Account takeover** - when a fraudster gains control of an account and then makes unauthorised transactions.
- **Card not present fraud** - fraudulent use of credit/debit card details to purchase products or services in a non face-to-face setting
- **Cheque fraud** – where a fraudster pays for goods or services using a stolen or counterfeit cheque
- **Computer software service fraud** - where fraudsters impersonate legitimate software companies to get credit card information and passwords.
- **Computer hacking** – remotely breaking into computers/computer networks and accessing sensitive information (fraud occurs when money is lost as a result)
- **Employee fraud** - when fraud is committed by someone against the company they are working for. Examples include: diverting payments, ‘fiddling’ expenses and exploiting company assets and information (including customer data)
- **Fake invoice scams** - when fraudsters send fake invoices and requests for payment for goods and services that haven’t been ordered or received.
- **Intellectual property fraud and theft** – when fake goods are passed off as originals or plans, drawings or details of industrial processes are stolen.
- **Corporate identity fraud** – when company details are stolen used to commit fraud, such as opening bank accounts or ordering goods in your company’s name.