Driving Your Business Toward Segmentation Success

As pharmaceutical brands more frequently turn to segmentation studies to guide targeting and messaging, marketers must keep clear objectives in mind to maximize the value of their segmentation efforts.

BY MARK MILLER

To improve on consumer marketing efforts, pharmaceutical brands regularly turn to segmentation studies to guide targeting, messaging and program design as it pertains to acquisition and adherence efforts. A tremendous amount of time and money is spent in segmentation study design which includes: deciding what data to collect and how it will be gathered; developing methods of data analysis; developing typing tools; and assessing how to apply the segmentation results.

However, brands are often challenged in how best to create actionable segments. Effectively applying your segmentation results requires knowing, at a detailed level, what you intend to do with the results and aligning disparate data/studies behind your brand goals.

Getting it right the first time

There are many approaches to developing segments: attitudinal, needs, value, demographic and behavioral based segments. There is no one approach that is right for every brand. Approaches will differ based on a combination of brand goals, segmentation requirements, available data and cost constraints. The opportunity does exist to combine all of these approaches into a single framework that accounts for the identifiable consumer attributes.

Whichever approach you adopt, the keys to a successful design include:
1. Keep business objectives in mind
2. Don't profile for the sake of profiling
3. Involve brand teams in an active role alongside the market research team
4. Know what to expect

Keep business objectives in mind

A brand in the oncology category developed a segmentation scheme that categorized users into five different healthcare-related personality segments believed to be associated with conversion and adherent behavior. A short, 10-question tool was used to identify segment allocation for stylized communication. However, it became clear after analyzing patient Rx behavior that the personality differences between the segments did not predict the behavior that the brand wanted to change; in this instance, it predicted adherence. More than half of individuals within all five personality based segments fell short of "good" adherence (See Figure 1).

Let's ponder this question: If your goal is to demonstrate that a Ferrari, Lamborghini and Lotus are better performing cars than a Kia and Volkswagen, does the color of the car impact behavior? The answer is obviously no, even though a simplistic correlation would pick up on the fact that sports cars

are often red. The desired approach is to understand the root causes of car performance, not the descriptive information. This convincing analogy from Andrea LaFountain, a behavioral physiologist and chief executive officer of Mindfield Solutions, emphasizes the need for brands to look for the latent behavioral characteristics of individuals and the impact that these behaviors have in influencing brand choice and disease management.

In the oncology example, the segmentation study should have been designed with the end goal of identifying patients who exhibit adherent behavior rather than finding distinct healthcare personality segments.

Narrowing the list of variables

Segment profiling dimensions include (but are not limited to): market size, geo-demographic characteristics, medication usage, self-care behaviors, bio-metrics, insurance coverage/usage, needs/attitudes/behaviors and media consumption. Because there is so much rich data, profiles can often be overwhelming and do not lend themselves well to the task at had. Oftentimes, key profiling data is overlooked. Profiling attributes should therefore be organized/viewed with clear goals in mind. While it's impossible to know up front which specific dimensions to use for profiling, once the segments have been identified and defined it will be easier to narrow the list of profiling variables to the truly relevant ones.

For example, if your task is to develop an online acquisition media buy for an unbranded disease education program and your targeting strategy is to reach prospects that have a high probability of being diagnosed, your profiling efforts may warrant an online behavioral assessment for the "Undiagnosed-High Probability of Getting Diagnosed" segment. The online assessment may entail assessing social networking sites, how the target segment engage with third party disease management Web sites, etc. Knowing what you intend to do with segment profiles will guide you in the type of data to capture.

Leveraging segmentation approaches

Recognizing the brand's existing targeting strategy and incorporating it as part of a segmentation effort is a must. This requirement can be demonstrated through this example: As part of annual brand planning, a brand servicing the diabetes market wanted to validate its existing approach to targeting and segmentation. The client had conducted a previous *attitudinal* segmentation study which focused on:

- Identifying and characterizing consumer segments
- Uncovering beliefs for each segment. The client wanted to uncover clearly-articulated beliefs for each segment that explained the combination of needs, attitudes and behaviors that drive individual treatment, product usage, and brand choice decisions
- Leveraging these insights to prioritize consumer segments and develop acquisition and retention marketing strategies specifically tailored to the hot buttons of each priority consumer segment
- Enable the brand team to identify relevant patient segments with high accuracy and coverage typing tools (8-10 questions)

What the study did not recognize was the brand's established a-priori segments. The marketing team had distinct clinical segments of focus; communications addressed the consumers stage in the clinical "treatment journey." Unbranded communications focused on oral anti-diabetic drug (OAD) users. Branded campaigns focused on switching competitive users. An adherence program was designed around two user segments: New Starts and Continuing Users.

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While the brand's existing segmentation study could link clinical segments to the attitudinal segments, there was no agreement on how best to leverage these two segmentation approaches in combination.

The brand decided to create a cross-tab of the *five* attitudinal segments with the *five* a-priori clinical segments. Instead of creating CRM communications across 20 segments, the brand identified the dominant attitudinal segments within the clinical segments. The brand then developed a versioned communication and messaging strategy that focused on the dominant attitudinal segments within the clinical segments (See Figure 2). In the case of OAD users, Segment A & Segment B were sizeable enough and had different enough characteristics to warrant two versioned communications. Competitive Users all received the same versioned messaging which was skewed towards a combined persona of Segment B & Segment C. The New Starts (< 6 months) received communication biased towards

Figure 1: Medical Possession Ratio (MPR)*					
	Segment A	Segment B	Segment C	Segment D	Segment E
% Patients achieving "good" adherence (>80% MPR)%	45%	42%	43%	25%	25%

*MPR = number of pills dispensed over time

Segment C. Continuing Users also received a version biased towards Segment C.

The brand's approach was a practical approach to combining a-priori business segments with attitudinal segments. As this segment distribution exercise was validated in market, the brand felt that it was not necessary to ask seven typing questions at time of registration in addition to the clinical typing questions. This made for an easier online program registration process and allowed for a manageable number of versions.

While this exercise was conducted after the fact, getting appropriate brand team involvement sooner will help ensure that this work is a core part of the initial segmentation deliverable; that is, linking segmentation results to the brands goals and strategic imperatives.

Know what to expect

An important part of segmentation development entails outlining the segment behaviors that one can influence, the degree to which one can influence these behaviors and the impact that these behavioral changes have in driving top-line-growth. Knowing relative influence by segment will guide you in the appropriate allocation of spending by segment, what outbound channels of communication to consider and the appropriate co-pay discounting strategies.

It makes sense for brands to collect data that measures "Intent to Take Action" along with other measures. As an example, a brand captured "Intent to Take Action" (percent who are likely to ask for the brand) and related to "Reach/Awareness" (as provided by the advertising agency) and linked to "Script Fill Rates" (as determined via a patient-longitudinal-data analysis). The brand was thus in a position to determine likely conversion rates by prospect segment due to the planned direct-to-consumer marketing campaign.

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To the open road…..

The ultimate success of segmentation depends not only on the best in class design, but also on its acceptance by key personnel throughout the organization. A well-crafted segmentation that does not have broad support that permeates the enterprise will remain on the shelf as an academic exercise. Having a clearly stated idea of what you are looking for and why when conducting consumer segmentation will guarantee that your enterprise will get the true results it wants the first time. Following the tenets outlined in this article will help establish a clear link between the segmentation and the brand's business goals. The more clear this link, the greater the likelihood that the segmentation will be understood, accepted, and leveraged across the enterprise, thus making it a truly "actionable" segmentation and ensuring smooth roads ahead. **DTC**

Mark Miller is senior vice president of the strategic and analytic consulting group for healthcare at Epsilon, a full-service marketing company. Miller and his team collaborate with client brand teams to develop direct-to-consumer and direct-to-physician marketing campaigns. He can be reached by e-mail at mmiller@epsilon.com, or by telephone at (617) 571-7181.

Figure 2

Clinical Segment	Segment A	Segment B	Segment C	Segment D	Segment E
OAD Users	★	★			
Versioning	A1	A2	A1	A1	A1
Competitive Users		★	★		
Versioning	B1	B1	B1	B1	B1
BRAND <6 Months			★		
Versioning	C1	C1	C1	C1	C1
BRAND >6 Months			★		
Versioning	D1	D1	D1	D1	D1