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Data Analytics for Managerial Decisions

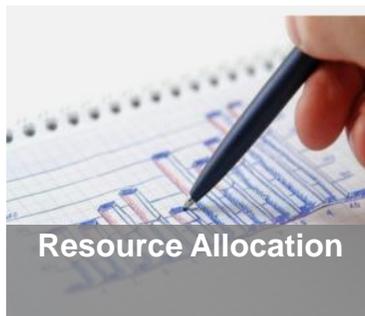Understand the world. Expand your world.

Why Segmentation?

- **SEGMENTATION** is a critical enabler to achieve business objectives and realize benefits

- **SEGMENTATION** is critical to identify white spaces for new products/offerings

- **SEGMENTATION** helps organizations to optimize their retention and acquisition strategy

- **SEGMENTATION** is often used to optimize pricing across different products

- **SEGMENTATION** enables organizations to become more customer-centric

- **MARKET DYNAMICS** make segmentation critical to business success.

Questions You Might Hear…

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These are only some of the issues that clients may raise that clue you in to appropriateness of segmentation

Growth & New Opportunities

Market Structure

Product Development

Channel Deployment

Resource Allocation

Retention & Acquisition

Marketing Activities

Pricing

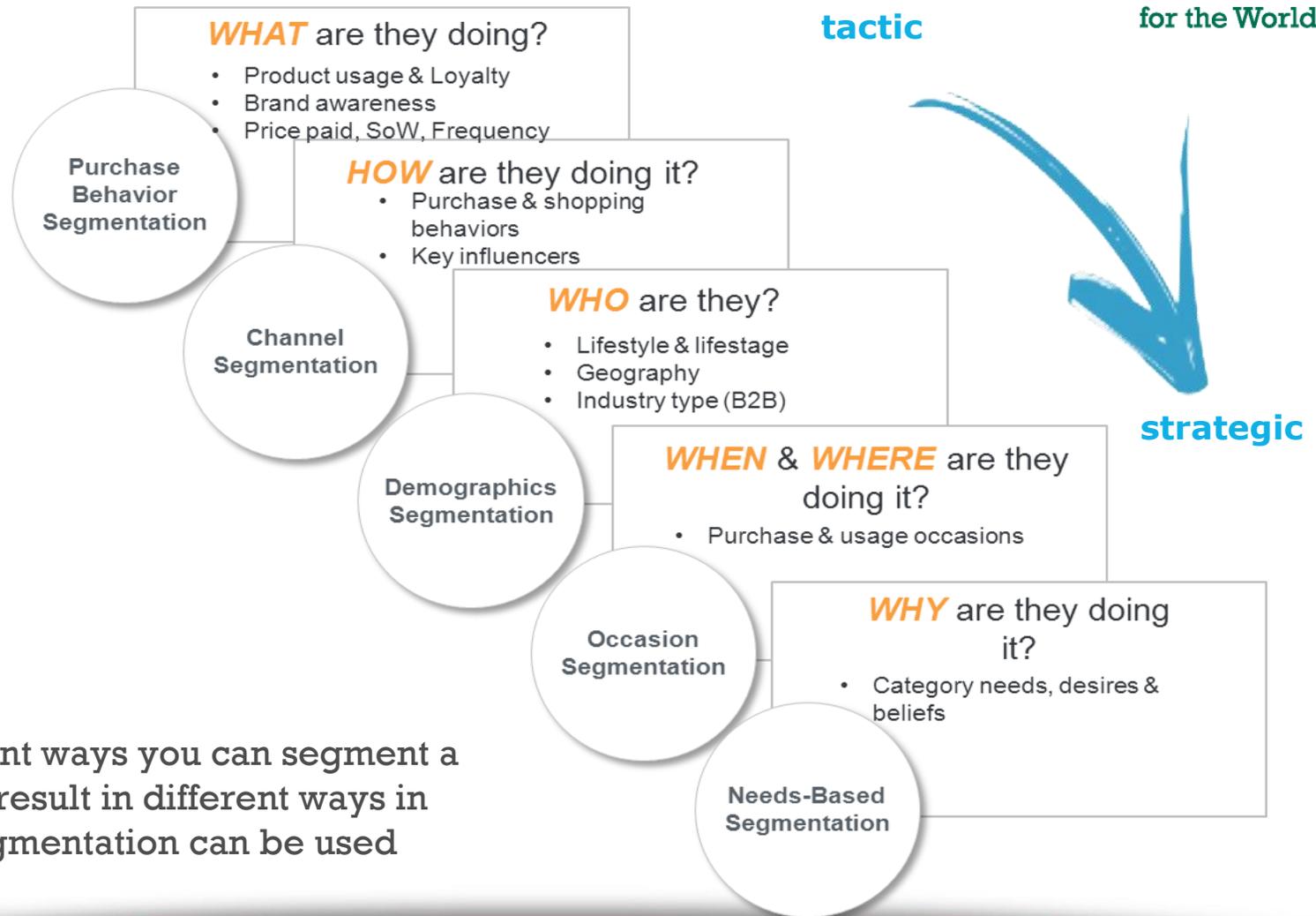Understand the world. Expand your world.

Group work…

1. How many factors and why (stats and interpretation)?

2. How would you name the factors? What do they mean?

3. What are some issues to consider?

What Makes a "Good" Segmentation?

Many different evaluation systems exist.

Most deem a segmentation good if it meets these criteria

Different Types of Data Used

WHAT are they doing?
- Product usage & Loyalty
- Brand awareness
- Price paid, SoW, Frequency

Purchase Behavior Segmentation

tactic

HOW are they doing it?
- Purchase & shopping behaviors
- Key influencers

Channel Segmentation

WHO are they?
- Lifestyle & lifestage
- Geography
- Industry type (B2B)

Demographics Segmentation

strategic

WHEN & WHERE are they doing it?
- Purchase & usage occasions

Occasion Segmentation

WHY are they doing it?
- Category needs, desires & beliefs

Needs-Based Segmentation

There are different ways you can segment a market, which result in different ways in which the segmentation can be used

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Often different data sources will be combined in one segmentation

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Primary Data
(Qual and Quant)

Sample variables:

- Behavioral
- Satisfaction
- Preferred communication channels
- Preferred engagement level
- Attitudes about the industry

Customer Data

Sample variables:

- Product/Service Usage
- Subscription
- Features usage
- Social Network integration
- Demographics
- Acquisition channel

3rd Party Data

Sample variables:

- Lifestyle
- Behavioral
- Demographics

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Key Tenants on Segmentation

- No one segmentation approach will work in all situations.

- The value in segmentation does not come from the segmentation solution but from the **programs leveraging this solution.**

- Segmentation should be "**customer-in**" versus business- or product-out.

- There is both a **science and an "art"** to designing and evaluating a successful segmentation.

- Segmentation is the foundation for distinctive and **sustainable competitive advantage**.

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