

Sessions 4 / 5

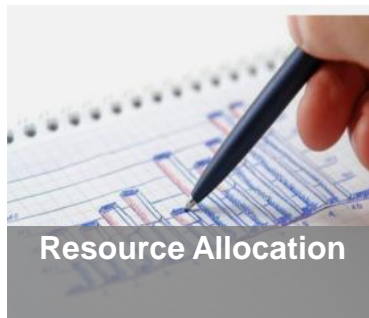
# Data Analytics for Managerial Decisions

# 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



# What Makes a “Good” Segmentation?

Many different evaluation systems exist.  
Most deem a segmentation good if it meets these criteria



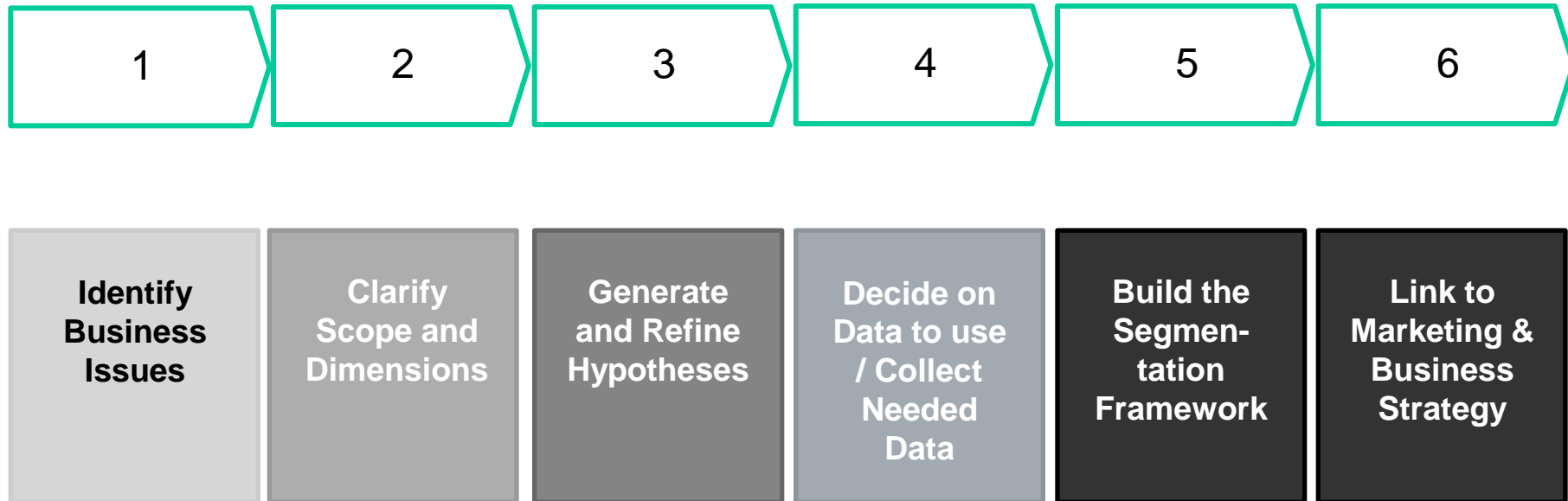
# Different Types of Data Used



# Key Tenants on Segmentation

- No one segmentation approach will work in all situations
- The value in segmentation does not only come from the segmentation solution but from the **programs leveraging this solution**
- In most of the cases 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**

# Segmentation Methodology – A(nother) Process



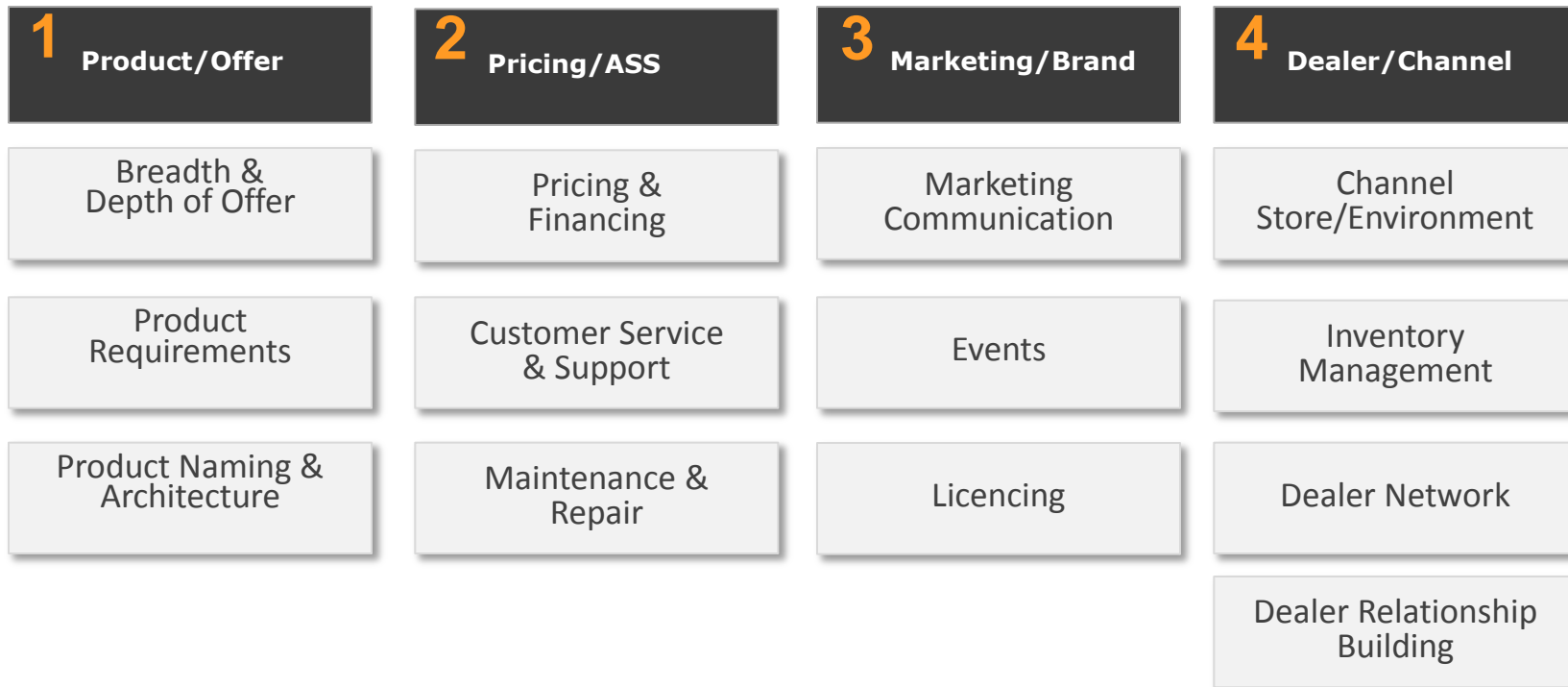
# Step 6 – Link to Business Strategy

- Developing the appropriate strategy to go after identified target segments is key for every business



# Step 6 – Link to Business Strategy

- Just building the segmentation is only half the battle





There is A LOT of  
JUDGMENT in ANALYTICS:

Your involvement is  
CRUCIAL

# Next class: Purchase Drivers and Discrimination

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- Who are most likely to click on an ad?
- Who are likely to respond to a direct mail campaign? What distinguishes those who responded to previous direct mail compared to those who do not?
- How are satisfied customers different from dissatisfied customers in terms of their demographics and attitudes towards your products' characteristics?
- Who are likely to default on a loan?
- To whom should we offer a particular promotion?
- Which transaction is most likely a fraud?
- Which applicants are most likely to fit in our organization and succeed?
- Which drug development project should we mainly invest in?

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