Sessions 4 / 5

Data Analytics for Managerial Decisions
Questions You Might Hear…

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
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

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

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

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

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

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

1. Identify Business Issues
2. Clarify Scope and Dimensions
3. Generate and Refine Hypotheses
4. Decide on Data to use / Collect Needed Data
5. Build the Segmentation Framework
6. Link to Marketing & Business Strategy
Step 6 – Link to Business Strategy

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

1. Brand Portfolio & Architecture Strategy
   - Helps map out brands in the portfolio relative to meaningful/profitably attractive customer segments
   - Provides customer view of the business and brands and clarifies brand’s perceptual license to extend

2. Brand Identity & Positioning Strategy
   - Makes the link between brand associations and customer activity/behavior
   - Critical input to developing positioning platforms

3. Marketing Effectiveness
   - Input to assessing customer purchase funnel in order to optimize investments relative to priority segments
   - Helps target profitable customer segments

4. Customer Experience
   - Ensures that the experience is tailored to relevant customer segment needs
Step 6 – Link to Business Strategy

• Just building the segmentation is only half the battle

1. **Product/Offer**
   - Breadth & Depth of Offer
   - Product Requirements
   - Product Naming & Architecture

2. **Pricing/ASS**
   - Pricing & Financing
   - Customer Service & Support
   - Maintenance & Repair

3. **Marketing/Brand**
   - Marketing Communication
   - Events
   - Licencing

4. **Dealer/Channel**
   - Channel Store/Environment
   - Inventory Management
   - Dealer Network
   - Dealer Relationship Building

Understand the world. Expand your world.
There is A LOT of JUDGMENT in ANALYTICS:

Your involvement is CRUCIAL
Next class: Purchase Drivers and Discrimination

- 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?