

Aligning Segmentation and Targeting With Strategy

Lessons Shared at PBIRG Annual Meeting

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Market segmentation is one of the most frequently used and abused marketing tools. When applied properly, it is a means to an end. Bending supply to the will of demand, it can guide differentiated product offerings, pricing strategies, compliance programs, messages and promotions for target groups.

Pharmaceutical companies frequently use segmentation to optimize sales force effectiveness and to refine brand positioning and messages. But segmentation missteps are common, especially when attempting to segment global markets.

In a presentation at the 2011 Pharmaceutical Business Intelligence Research (PBIRG) annual meeting, Justin Edge of Knowledge Networks offered guidance on how to align global segmentation and targeting with strategy, making use of lessons learned and global case studies.

Four common mistakes are compounded in global segmentations:

1. Giving the same priority to the same segments in every market
2. Applying target lens to markets not covered in the original segmentation work (without guidance)

3. Targeting algorithms that use behavioral prescribing data that are not available in some markets
4. A disconnect between the management goals and the research approach

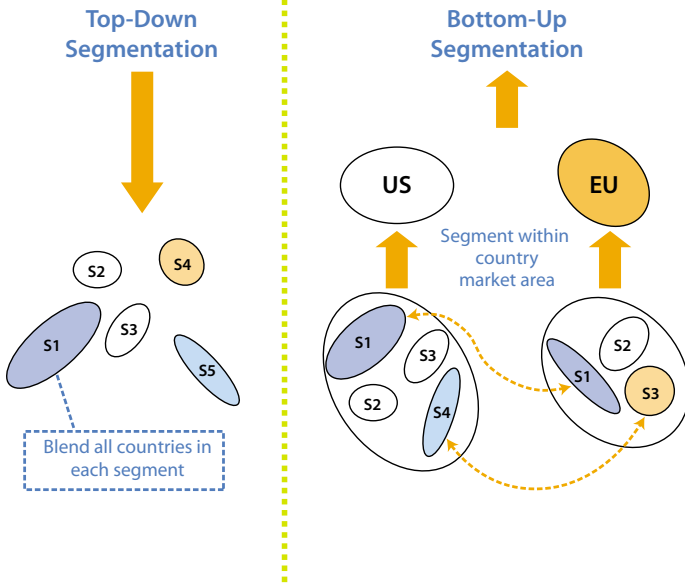
The presentation addressed how to side-step these mistakes.

#1: Different Strategic Decisions Require Different Approaches

If segmentation is a means to an end, the researcher and brand strategist must be very clear about the destination. For example, identifying target segments to develop a brand positioning strategy for a new product calls for a “mind-set segmentation” to understand treater or patient motivations — whereas targeting the most valuable potential prescribers in a call list often requires a behavioral segmentation of prescribing data that is replicated in a database. In some

cases a hybrid approach can deliver the strategic guidance as well as database classification tools to support detailing efforts and non-personal promotions.

The golden rule is to get country management involved at the outset, from brand and research teams to sales management. This ensures that different country or regional teams do not have conflicting expectations of how the segmentation will be used.



#2: Tailor Segmentations To Different Market Situations

Technical decisions must also reflect the attractiveness and composition of different markets. First, objective criteria should be used to select the markets to be segmented: economic, regulatory, corporate considerations, and product-related. For example, the runway of regulatory approval may determine which countries will be fed into a pre-launch segmentation. Different licensing arrangements may call for a “bottom-up” segmentation involving parallel segmentations of countries/regions versus a “top-down” approach where each segment contains a blend of different countries in one unified global model. One further technical consideration is that global targeting decisions should be localized for individual countries that may under- or over-index on the presence of target segments.

#3: Deploying Segmentation Lenses In The Field

The actionability of segmentations—like beauty—is in the eye of the beholder. Many times it is judged solely on the ability to type individual doctors with segment labels, even when this level of targeting is not a high priority management goal. KN recommends against putting survey-based typing tools into the hands of a field force. Instead, database classification tools or mental “biomarker” tools do a better job of identifying target prescribers without cannibalizing precious detailing time with awkward questions. These tools have to be tailored to different markets where secondary data may not be available to classify a prescriber database with sufficient accuracy. ^



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Monday Keynote



Mike Ditka
 is a highly-sought after motivational speaker. Motivation is his game and he proved it by guiding the Chicago Bears to six NFC Central Division Titles, three NFC title games and 52 wins from 1985-88—the most ever by an NFL team in any four-year span. Besides Tom Flores, he is the only individual to have won a Super Bowl as a player, assistant coach and head coach! Mike is involved with a variety of charitable endeavors including “The Mike Ditka Foundation”. He also endowed an academic scholarship to his alma mater, Aliquippa High School.

Tuesday Keynote



Frank Luntz
 is one of the most honored communication professionals in America today. Time magazine named him one of “50 of America’s most promising leaders aged 40 and under” and he is the “hottest pollster” in America according to the Boston Globe. Frank was named one of the four “Top Research Minds” by Business Week and was the winner of the coveted Washington Post “Crystal Ball” award for being the most accurate pundit in 1992.