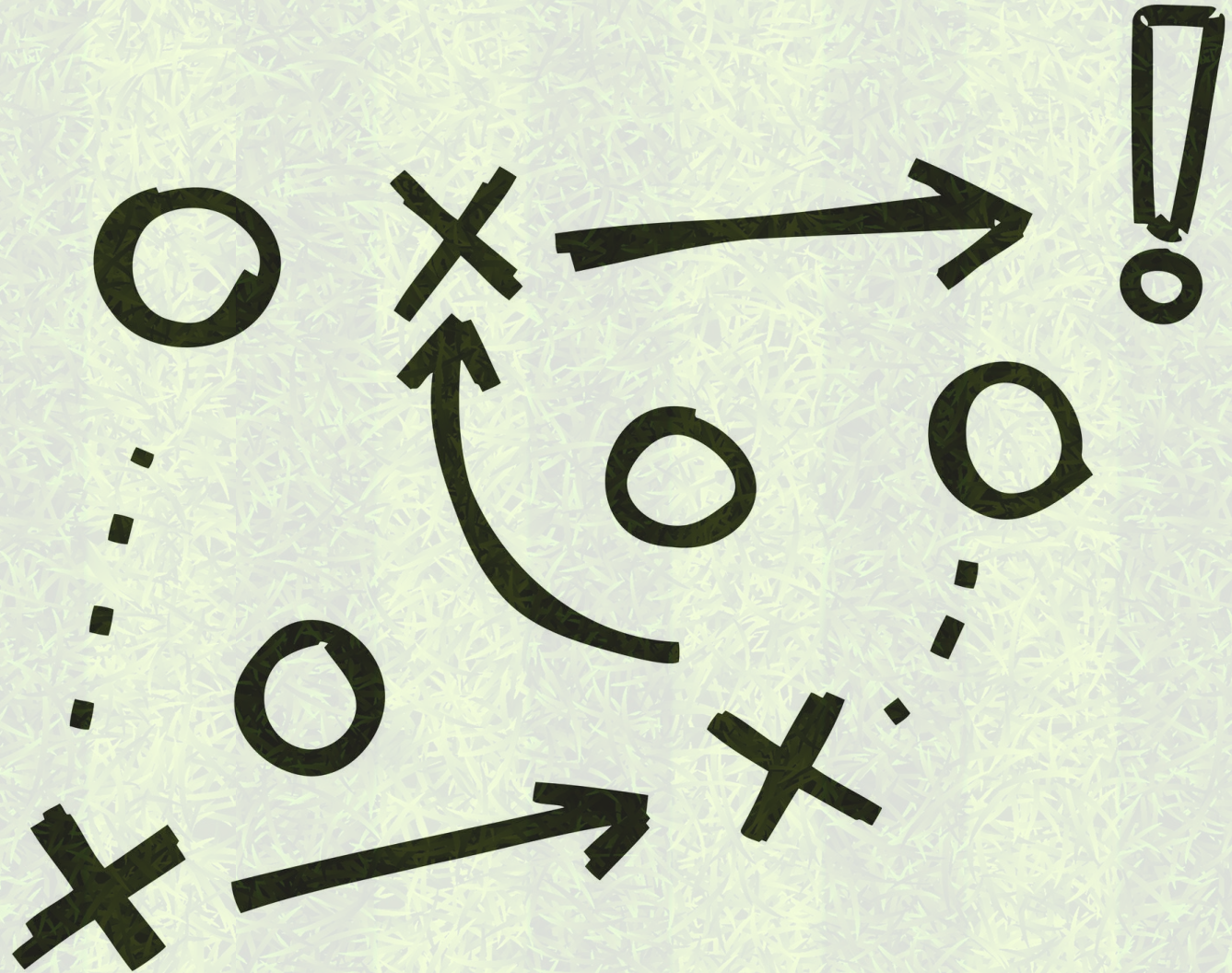


# THE SEGMENTATION PLAYBOOK:

## FROM ANALYSIS TO EXECUTION

PAUL CARNEY, CLEARCUT INSIGHTS



# Introduction

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Experienced quantitative insights specialist

MD of Research International's Marketing Science Centre

Managing Director & Head of Analytics at Bonamy Finch

Founding Board member of STRAT7

Worked across a huge range of markets, categories and techniques

Particular passion for segmentation – designing, building and implementing across entire businesses.

Have (probably) worked on 200-300 segmentations

'Analytics Pragmatist' – Art + Science!



# ClearCut – Three Areas of Expertise



**QUANTITATIVE  
INSIGHTS  
PARTNER**



**ADVANCED  
ANALYTICS  
EXPERT**



**SEGMENTATION  
CONSULTANT**

# What we'll cover today:

1. What exactly *is* segmentation?
2. What makes a good segmentation?
3. How do I work with segmentation data?
4. How do I make sure the segmentation is impactful?



# What exactly *is* segmentation?

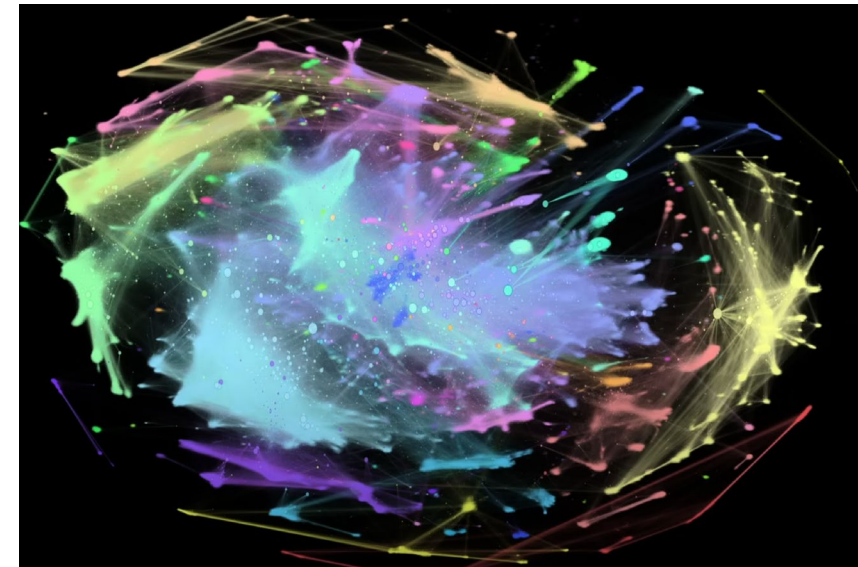
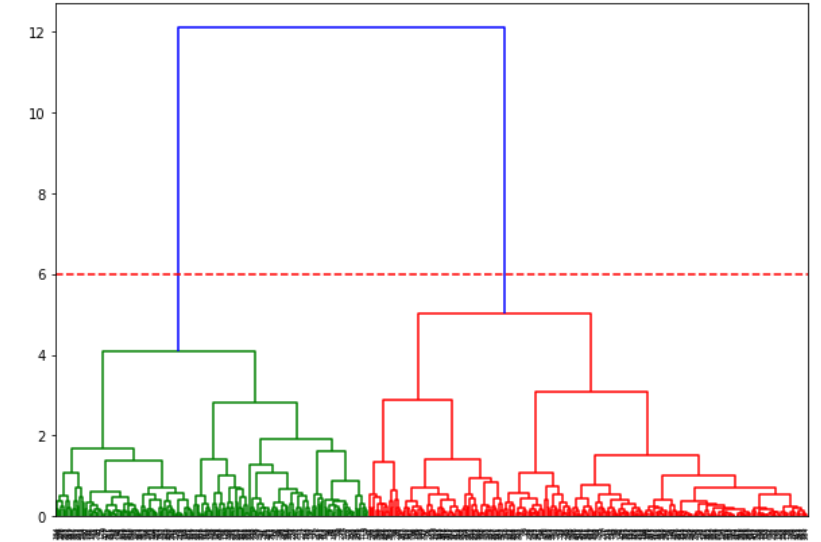


# WHAT IS SEGMENTATION?

Process to divide things\* into groups that have similar characteristics within them, and that are different to each other.

## WHAT PROBLEMS DOES IT SOLVE?

1. Identifies distinct groups in a market for targeted marketing strategies
2. Fundamental part of the classical STP (segment, target, position) framework
3. Simplifies & enhances understanding of complex consumer behaviour and preferences
4. Can bring together Insights, Marketing, CRM and other business functions (particularly Hybrid Segmentation) – it acts as a *common language*



# SEGMENTATION TERMINOLOGY EXPLAINED

Segmentation Term	What They Mean
Targets	Segmentation with a single priority group to target
Clusters	Segments driven mainly by attitudes & values
Personas	High-level, rich segments that are easy to bring to life
Audiences	Demographic segments that are easily identified & targeted
Needstates	Occasion-based segments driven by category motivations
Demand Spaces	Segments that are predictive of consumer behaviour
Category Entry Points	Occasion-led segments that show routes into the category

# BUSTING SOME MYTHS

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*“Segmentations are complicated...”*

- Well, they *can* be, but always tailor your proposed solution to:
  1. the category
  2. the data
  3. the audience
- Don't be afraid to say to your client “you're not ready for what you're asking for” – they will thank you in the end!

**“EVERYTHING  
SHOULD BE  
MADE AS  
SIMPLE AS  
POSSIBLE,  
BUT NOT  
SIMPLER.”**

*Albert Einstein*






# BUSTING SOME MYTHS

“Segmentations reduce my target audience...”

- Well, they *can* do, but only if taken literally



 daveyclayton

★★★★★ No good for man hands

Reviewed in the United Kingdom on 16 August 2012

I bought this pen (in error, evidently) to write my reports of each day's tree felling activities in my job as a lumberjack. It is no good. It slips from between my calloused, gnarly fingers like a gossamer thread gently descending to earth between two giant redwood trunks.

★★★★★ I am writing this in the kitchen. August 15, 2012

By breemeup

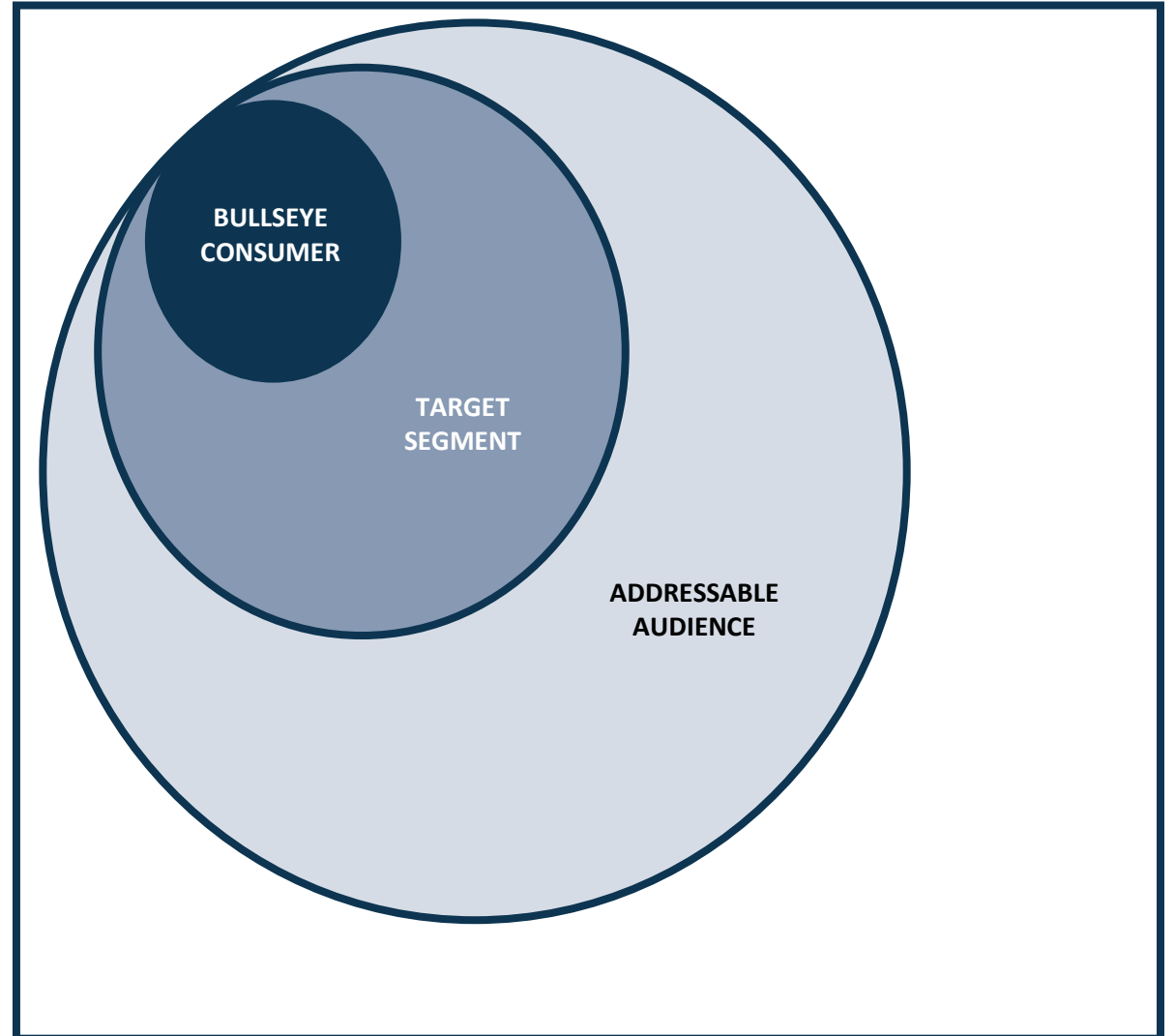
Finally! For years I've had to rely on pencils, or at worst, a twig and some drops of my feminine blood to write down recipes (the only thing a lady should be writing ever). I had despaired of ever being able to write down said recipes in a permanent matter, though my men-folk assured me that I "shouldn't worry yer pretty little head". But, AT LAST! Bic, the great liberator, has released a womanly pen that my gentle baby hands can use without fear of unlady-like callouses and bruises. Thank you, Bic!

1 Comment | Was this review helpful to you?

# BUSTING SOME MYTHS

*“Segmentations reduce my target audience...”*

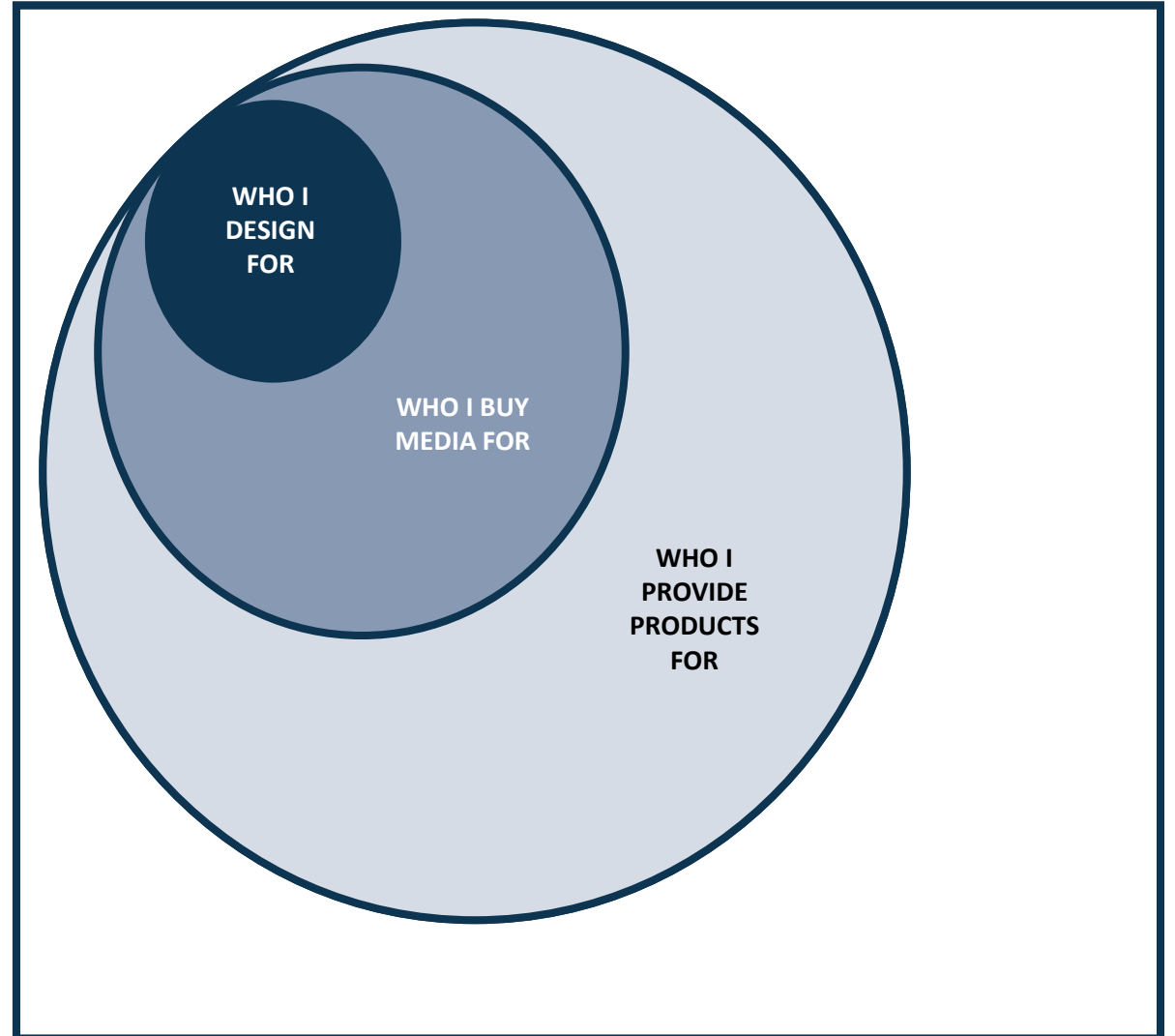
- Well, they *can* do, but only if taken literally
- Target ≠ Market!



# BUSTING SOME MYTHS

*“Segmentations reduce my target audience...”*

- Well, they *can* do, but only if taken literally
- Target ≠ Market!



# BUSTING SOME MYTHS

*“Byron Sharp says segmentation is pointless!”*

- Don't over-state differences between segments; highlight category 'hygiene factors'
- Don't forget light / infrequent / niche buyers
- Don't miss out on genuine category growth opportunities / breakthrough innovation
- Use 'Category Entry Points' (e.g. Apple) and 'Distinctive Assets' (e.g. The Economist) language to anchor your segmentation strategy and convince sceptics

## MARKETINGLAND

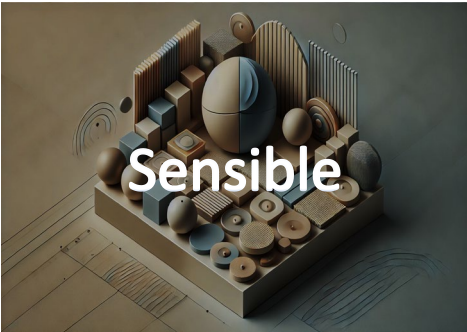
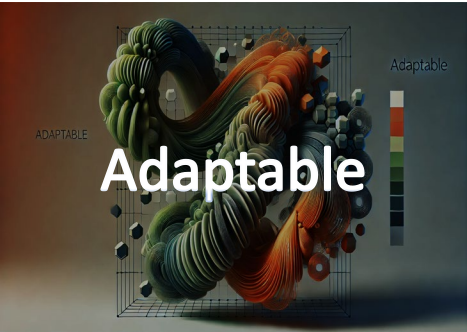


# What makes a good segmentation?



# Segmentation KPIs

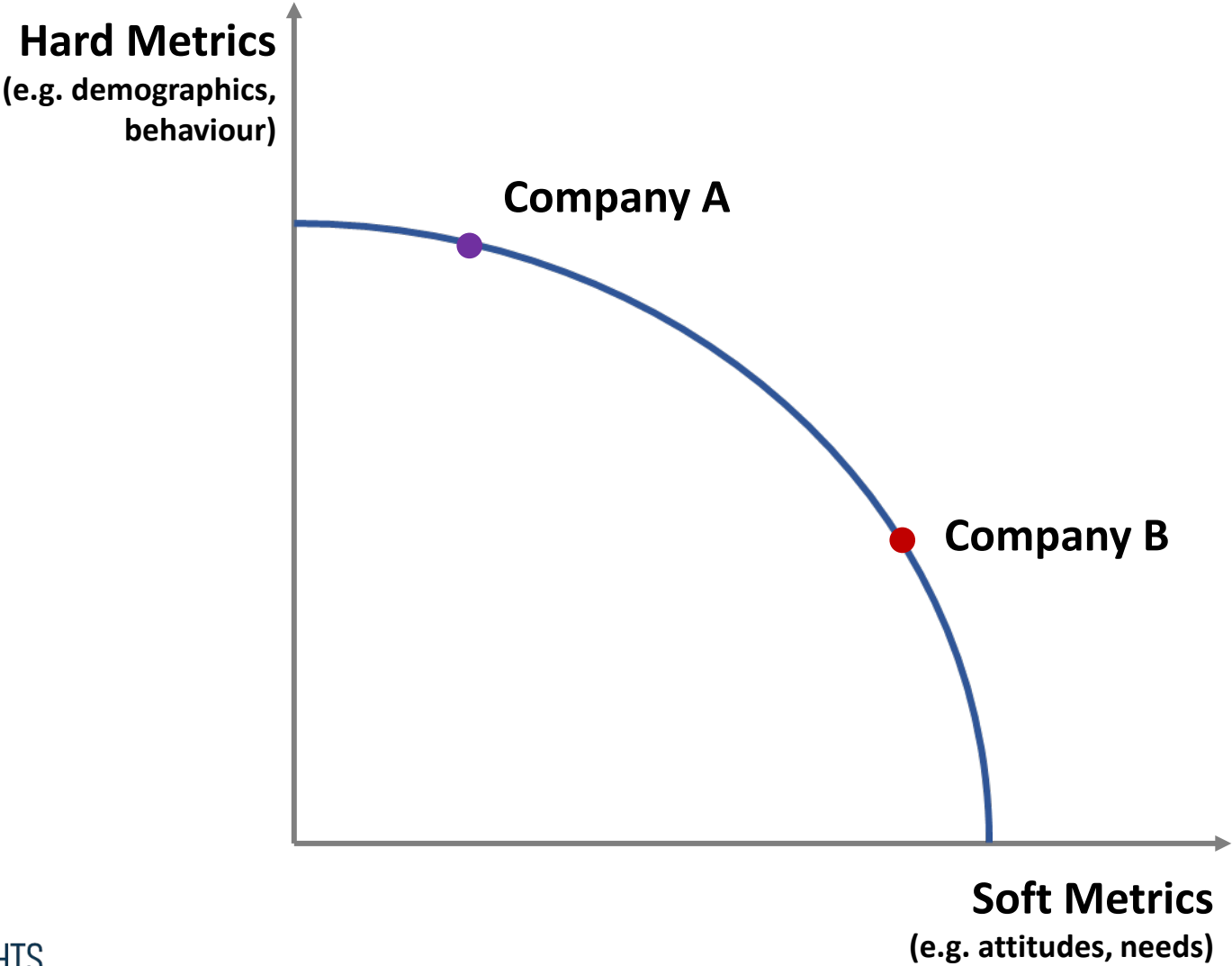
All segments should be...



# Pros & Cons of Different Approaches

	Pros	Cons
Demographic	<ul style="list-style-type: none"><li>• Easy to understand</li><li>• Easy to find in other data sources</li><li>• Good for media buying</li></ul>	<ul style="list-style-type: none"><li>• Generic (Gen Z, anyone?)</li><li>• Easy to copy</li><li>• Not great for product / proposition dev't</li></ul>
Behavioural	<ul style="list-style-type: none"><li>• Highly category specific</li><li>• Predictive of consumer choice</li><li>• Good for customer DBs</li></ul>	<ul style="list-style-type: none"><li>• Can lead to blinkered / narrow thinking</li><li>• Doesn't understand the 'why' – just the 'what'</li></ul>
Attitudinal	<ul style="list-style-type: none"><li>• Rich, colourful profiles</li><li>• Specific to category (assuming good inputs)</li><li>• Good for brand &amp; marketing</li></ul>	<ul style="list-style-type: none"><li>• Can be a bit 'fluffy'</li><li>• Difficult to find in other datasets without algorithm</li><li>• Can sound like caricatures / stereotypes</li></ul>
Needs	<ul style="list-style-type: none"><li>• Understands the 'why', also links well to choice</li><li>• Works well in repertoire markets</li><li>• Works well in global studies</li></ul>	<ul style="list-style-type: none"><li>• Concept of 'Multiple Me' can be difficult to explain</li><li>• Can feel a bit abstract</li><li>• Difficult to find in other datasets</li></ul>
Occasion	<ul style="list-style-type: none"><li>• Understands the role of context in choice</li><li>• Simple to understand</li></ul>	<ul style="list-style-type: none"><li>• Can be <i>too</i> simple?</li><li>• Might be heavily dependent on market dynamics</li></ul>

# A Useful Visual...





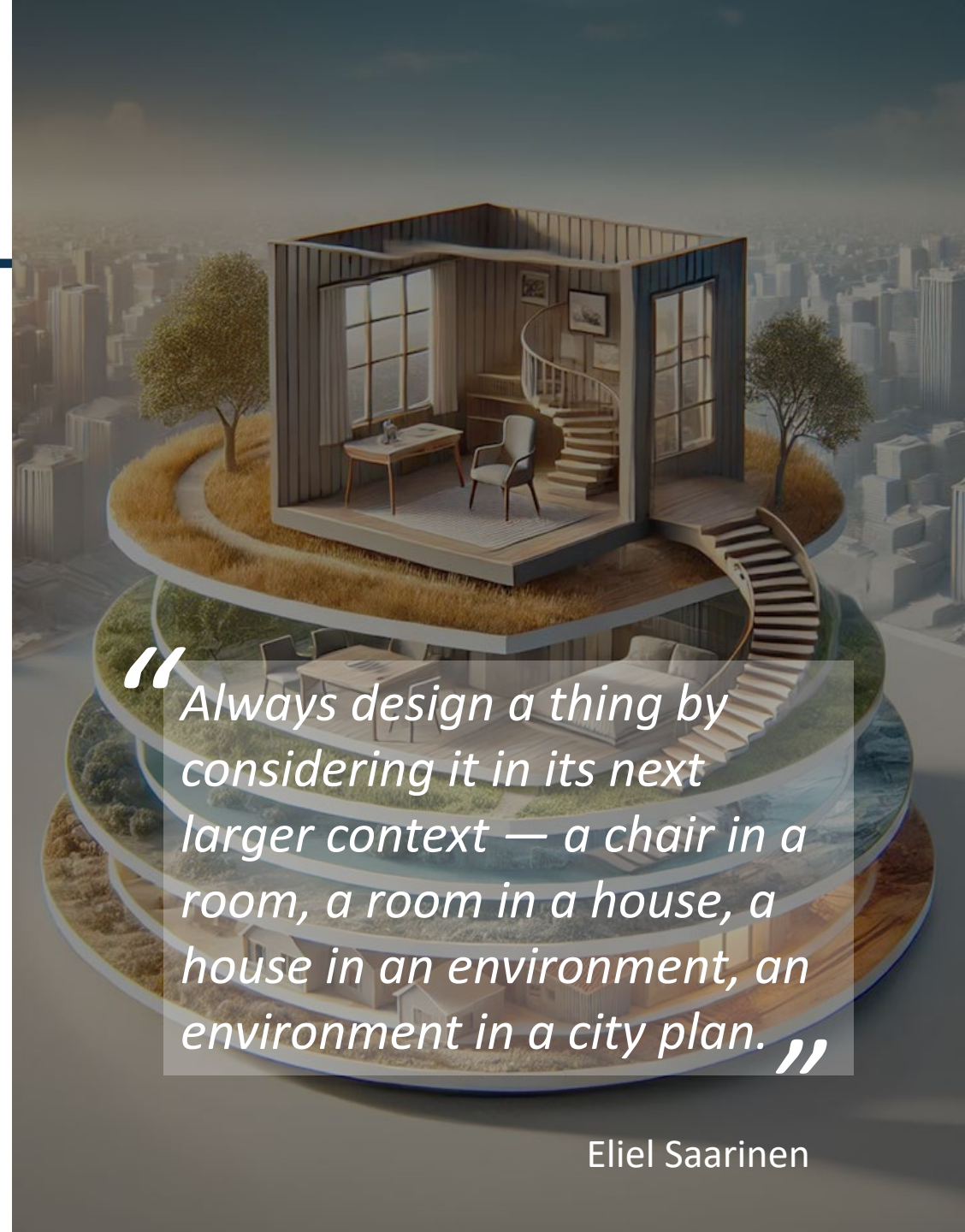
# Context is important

Choose the scope of the inputs carefully

Key segmentation dimensions should:

1. Have a strong relationship to category behaviour...
2. ...but not be too constrained by the current market offering

Try to avoid generic attitudes & platitudes



*“Always design a thing by considering it in its next larger context — a chair in a room, a room in a house, a house in an environment, an environment in a city plan.”*

Eiel Saarinen



# Some General Tips

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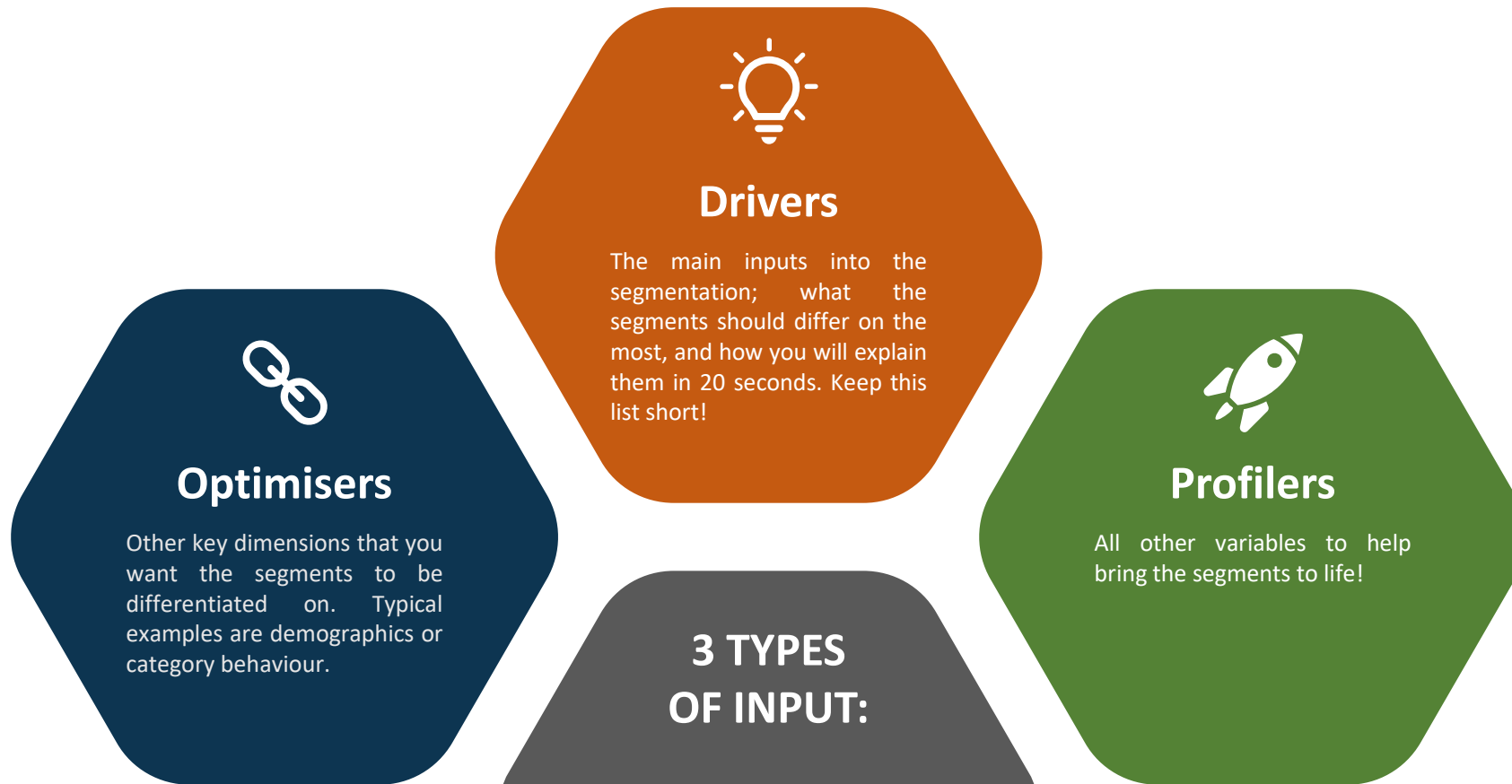
- Importance of stakeholder interview phase to understand:
  - Key end users
  - Use cases with specific business processes that should be improved by having a segmentation
- Define your universe carefully
  - Too broad loses focus & relevance
  - Too narrow misses important infrequent consumers
  - Start with an omnibus to understand category
- People vs. Occasions
  - Or both? Matrix approach is powerful but complicated
- Hybrid Seg - key questions:
  - Does the client have a CRM database?
  - Do the segments need to mapped onto it?
  - Are they sure?! There are pros & cons, and it's not always advisable



# Working with Segmentation Data



# Have a Clear POV on Key Inputs



- What can / should go into an algorithm?
- Avoid techniques that might cause algorithm problems (e.g. MaxDiff)
- Avoid missing data or routed questions if possible.
- Combining quantitative, unstructured & external data sources into a single segmentation.
- Data quality is vital!

# Crafting the Segmentation

- Don't just pick from a range, or accept the first solution
- Test hypotheses – they can come from anywhere!
  - Qual
  - Client theories / assumptions
  - AI
  - Hunches
- Outside-in (consumer-led)?
- Inside-out (brand-led)?
- Get the client involved & invested in the process
- Create segment 1-pagers for your recommended solution, and an overall visual (don't assume it's a map!)
- Indices to show differences – but start by showing areas that are common across all segments



# Top Activation Tips



# Manage expectations!

Define what the segmentation can and can't do

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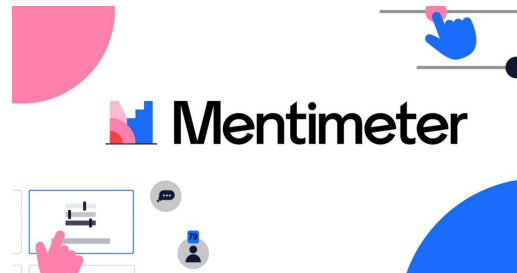
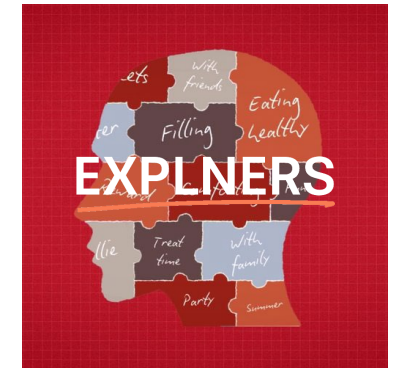
- Upfront immersion phase important to understand what the client really needs, and also what are 'nice-to-haves'
- Don't try to do everything at once – it's actually better to leave things to future phases of research
- Think of segmentation as a programme, not a project
- Tease, don't hype – 'big bang' presentations can set unreasonable expectations



# Keep the end-user in mind

Define what the segmentation can and can't do

- It's easy to get into 'process mode' – always ask yourself whether what you're doing will be useful
- Get other parts of the business involved:
  1. Highlight links to existing data assets and marketing capability
  2. Use customer-facing teams to express segments in real consumer language
  3. Multi-discipline workshops to take people out of their day-to-day bubbles
- Have a single point-person within the business
- Set aside 10% - 20% of budget for socialisation activities, automation, materials, dashboards, facilitators etc.





## In summary...

- Pick up the phone! I'm very happy to talk through a brief and suggest options
- Set expectations, simplify where possible
- Focus on the end user and their key use-cases
- Bring in experts – in analytics, data visualisation and facilitation

**THANK YOU!**



# CLEARCUT INSIGHTS

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