



# SEGMENTATION AND TARGETING BASED ON SOCIAL ARCHITECTURE

Leveraging peer relationships for your stakeholder management

## Traditional segmentation and targeting models ignore a major dimension for messaging success

For decades pharmaceutical companies have created sophisticated market segmentation models to identify relevant stakeholders. These were based on multiple criteria, e.g. geography, functions and roles of stakeholders, groups of interest, and of course impact.

In today's increasingly connected world, traditional segmentation models miss a dimension that is essential to optimally drive your stakeholder management: the social dimension. This becomes evident if we think about marketing a new electric vehicle. The traditional approach would try to identify the demographic segment most suitable for the type of car. But imagine if you could identify the four colleagues that regularly discuss automotive technology over lunch at work and tailor a message to exactly meet their specific discussion on the innovative new electric engine and power supply of the car?

## Social architecture as a new way to understand the market dynamics

Network logic strongly suggests that within a tight group of people, on the long run one single opinion will dominate in the group. And in a competitive situation, you better make sure that this favors your goals! Why does this happen? Social networks establish trusted communication paths; trust that is the base for evaluating and adapting to each other's opinion (see figure 1); trust that an outsider will not have in the community. And by gaining insights about the social architecture of your target group, your messaging can get a boost.

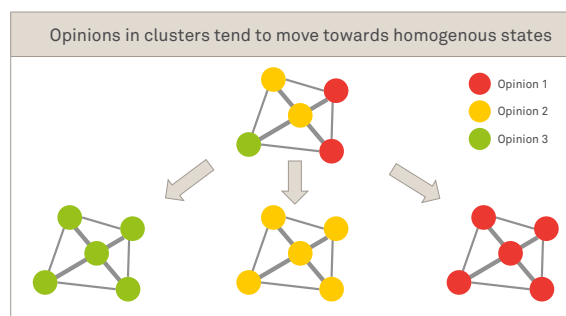


Figure 1: Opinion Development within Clusters

To describe and analyze the social architecture, we characterize the network mainly based on three topological measures (figure 2):

- Clustering: How many (independent) social sub segments exist within the market?
- Centrality: How central are the key players positioned within the market?
- Distribution of power: How is power distributed among individuals and sub groups within the network?

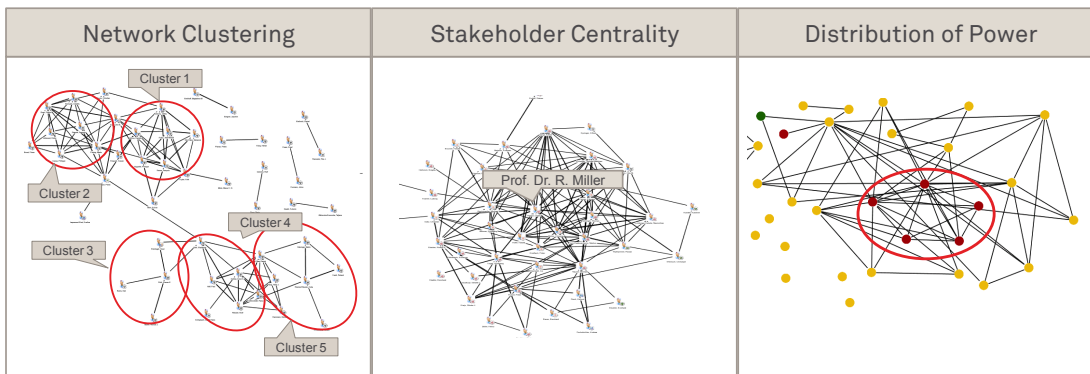


Figure 2: Network topology characteristics

### Social segmentation and targeting improves brand performance

Applying only traditional stakeholder segmentation and targeting approaches can result in sub optimal marketing effectiveness. Based on single customer attributes, traditional segmentation models ignore the dependency between individuals. They group stakeholders into the same segment although they never talk to each other and tear people that might constantly align on specific brands into separate segments. This results in either elegant theoretical segmentation models that fail in their implementation or in diluted messages that are communicated into the whole market.

In contrast to the traditional segmentation, the social segmentation approach precisely identifies groups of people that influence each other and therefore are highly correlated in their adoption decision. With this information, synergies in spreading your message can be leveraged, and barriers to adoption can be identified.

In a clustered market, strategies should be defined to win over cluster by cluster. Gaining a critical mass within each cluster is crucial. Messages within a cluster can be even more targeted, with limited spill-over and dilution potential towards other stakeholders. Strategies that target the whole market, e.g. pushing for a national guideline, will be much less likely to succeed as in a market that is less clustered.

Based on the network centrality, individual stakeholders will gain or lose in importance. A central, but less active KOL might be much more impactful in driving adoption than the top expert that is rather isolated. Bridging stakeholders that link different clusters or stakeholder types can be instrumental to product success, as experienced with medical experts that have close ties to crucial reimbursement decision makers.

The distribution of power has even more impact within the network: Powerful individuals spread their opinions along the established relationships. These individuals can be engaged not simply through direct interaction. Other options include access through equally powerful, not competing peers or even group pressure from subordinates.

**By understanding how the social architecture of a market impacts response behavior of its participants, you can gain powerful insights:**

1. How significant is the market entry barrier?
2. What is the best go-to-market strategy with the existing resources?
3. Which (social) segments should be prioritized within our market?
4. What messages should be prioritized within different (social) segments?

### Applying social segmentation for specialty brand

We have identified four key steps to implement social segmentation in specialty markets (see figure 3). The first step is to identify social clusters within the market. Although advanced clustering algorithms are available, we suggest using them only as a starting point. The final discussion should be based on a cross functional discussion to ensure later alignment in the engagement process. Typically, a national market is based on 5-10 national key clusters.

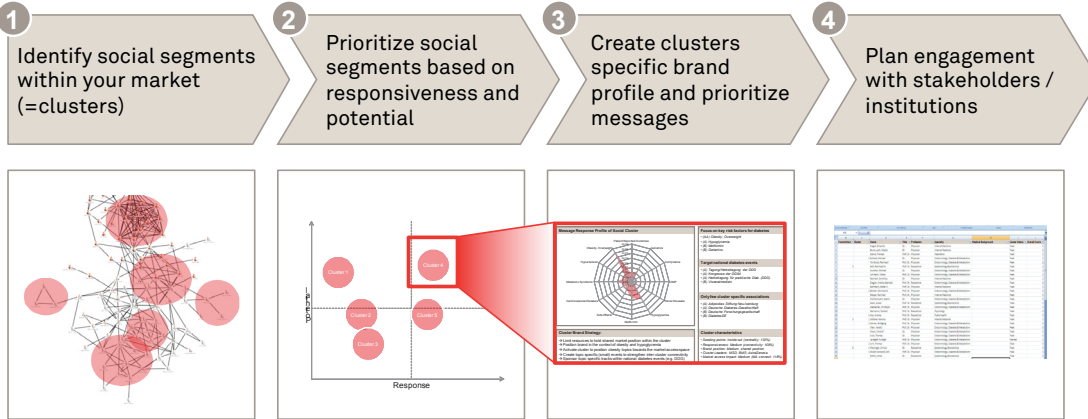


Figure 3: Social Segmentation Approach

The second steps then evaluates how well your own and your competitors' brand positioning fit to each cluster (see figure 4). Based on this analysis, a prioritization of social clusters based on their potential on

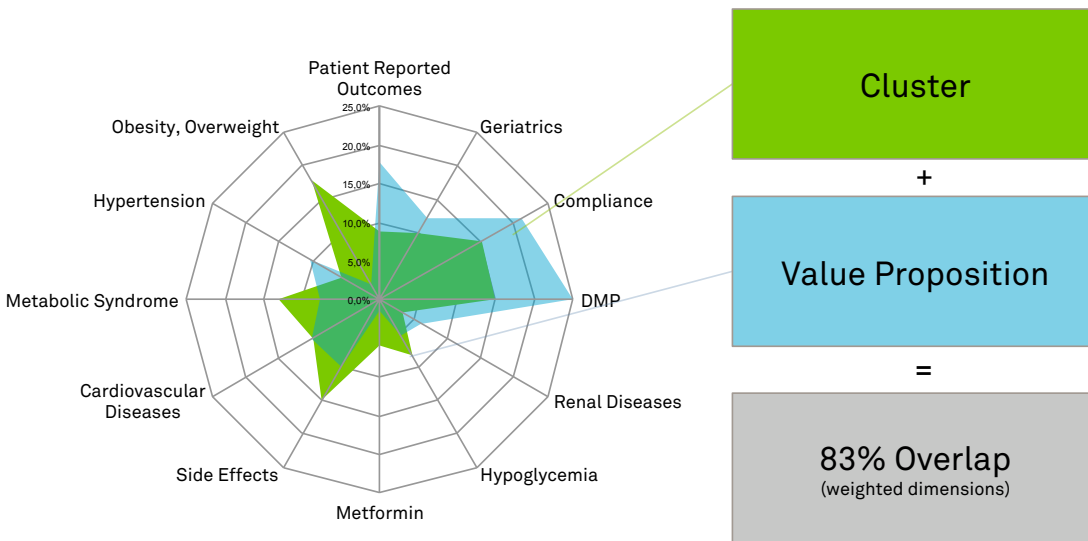


Figure 4: Segment Analysis

product adoption and their expected response to your brand messages can be carried out. In the third step, brand messages are tailored to optimally address the requirements of each relevant social cluster. This process is based on cluster specific topic map, which are either based on expert knowledge or derived from large scale activity data.

Figure 5 shows four examples of cluster focus. Each cluster has a unique focus area profile and would require specific messages. Addressing each cluster with the same message would result in 25% – 50% loss of impact. Now the real advantage of social segmentation becomes evident: having explicitly selected groups of inter-connected people, social segmentation can push the customization of messages with limited negative spill-over between the clusters.

The fourth and final step translates the cluster specific key messages into an engagement plan. This plan is continuously monitored by the cluster lead, who translates the cluster strategy into individual activities. This ensures optimal impact of short term activities and robust long term relationships.

### Making social segmentation and targeting work for you

Well applied, social segmentation and targeting can help you reach a tipping point of stakeholder support, making the difference between a mediocre and a leading brand. Knowing the influence network, leveraging the opportunities and avoiding the risks this network provides is a major step towards effective message delivery and market penetration. Furthermore, through social segmentation and targeting an opportunity is provided to reach out to institutional stakeholders that previously were hard to reach.

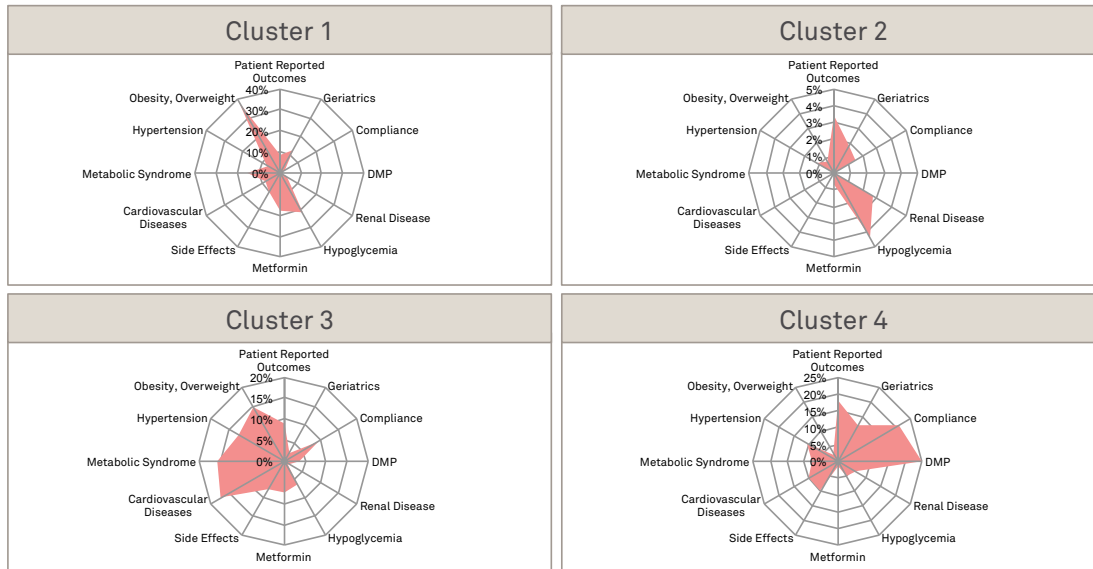


Figure 5: Different social segments require different messages

However, applying this tool is not simple: as the industry is just now picking up on this topic, leveraging network influence needs to be learned and integrated into the regular processes. By being at the forefront of this development, a competitive advantage can be achieved.

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