

MARKET RESEARCH BEST PRACTICES

Targetable Segmentation: Creating Segments That Lead to **Action and Impact**



One of the most effective ways for your organization to drive business

is to create segments that you can use to develop products, services, offerings, and messages. In addition, identifying these segments in your database for marketing messages can lead to higher engagement and purchase.

At Radius, we have developed a proprietary research approach called

Targetable Segmentation. This approach uses a modular methodology to ensure that insights are taken from initial team meetings right through to business activation. Along the way, we ensure that the optimal mix of attitudinal and behavioral data are included. While this approach is methodologically neutral, it almost always includes qualitative insights to enhance quantitative segment creation.

What Effective Segmentation Looks Like

To discuss in more detail the benefits of Targetable Segmentation, it's important to first define what makes for an effective segmentation.

A quality segmentation will be:



Typically, organizations explore three different avenues for building segments, each with their own pros and cons:

<p>1</p> <p>DEMOGRAPHICS</p> <p>✓ PROS: Highly targetable and easy to define and identify using database (or other purchasable) information</p> <p>✗ CONS: Not well-differentiated in terms of what unique needs, attitudes, or interests will be compelling to them</p>	<p>2</p> <p>BEHAVIORS</p> <p>✓ PROS: Speaks to what people do and allows you to identify people based on measurable, identifiable actions</p> <p>✗ CONS: Weak in terms of the “why” behind the actions, making it harder to serve up marketing initiatives that will drive the key behaviors</p>	<p>3</p> <p>NEEDS / ATTITUDES</p> <p>✓ PROS: Well-differentiated targets based on what will compel them to engage with your brand</p> <p>✗ CONS: Difficult to target these segments, as they are not often clearly differentiated on identifiable characteristics (i.e. demographics, database variables).</p>
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This is where “Targetable Segmentation” comes into play and provides a unique approach to helping you create meaningfully-differentiated, identifiable, marketable targets to pursue.

It differs from a typical effort to tag a database with a segmentation solution by doing the following:

- ✓ Creates perfectly identifiable groups
- ✓ Connects differences in behavior and attitudes to targetable attributes
- ✓ Assigns all customers in a database to a segment

The result: Segments that are unique in their motivations and identifiable.

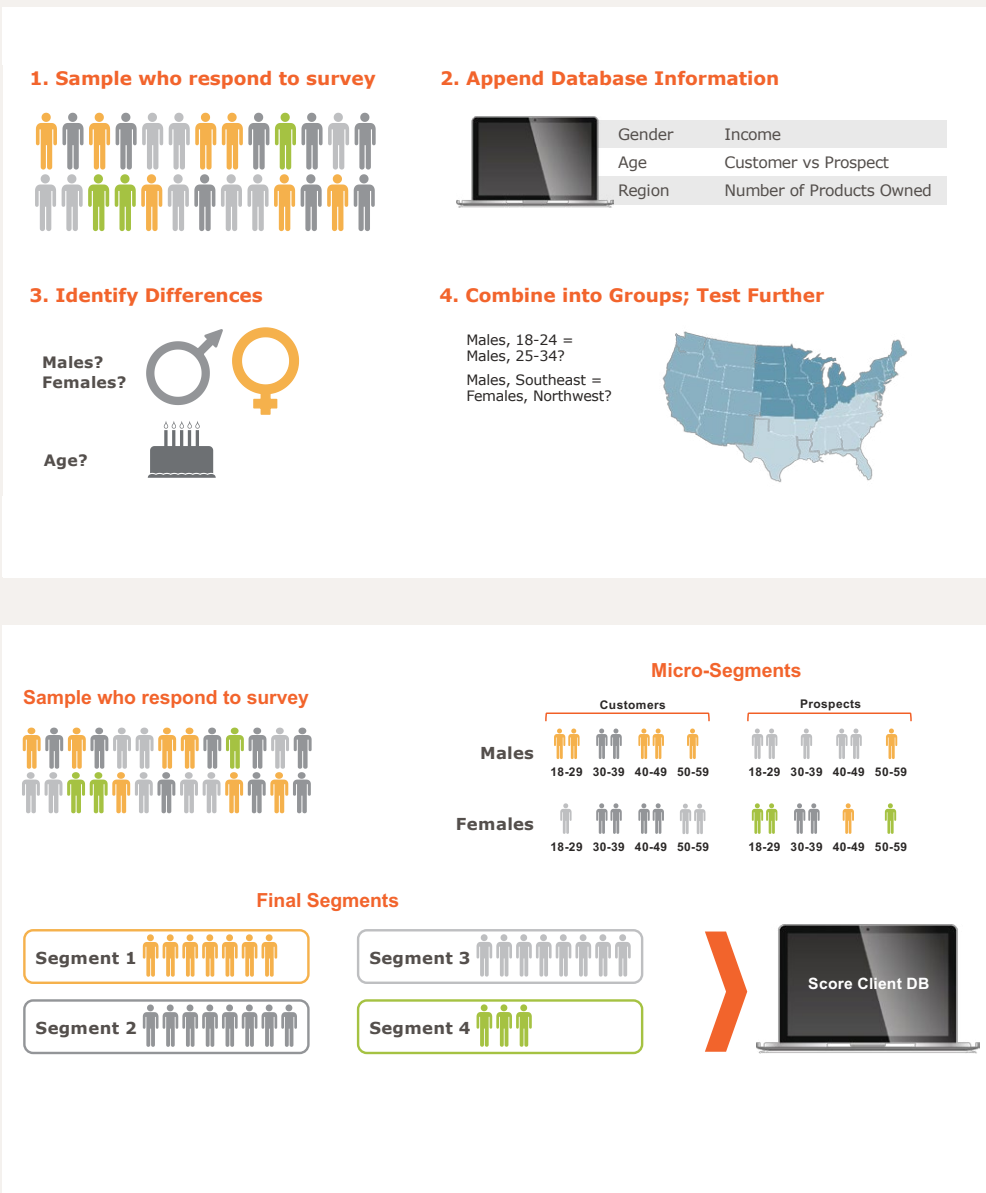
By appending database information to the sample we interview we can employ a “micro-segmentation” that allows us to simultaneously differentiate our audience based on both their marketable traits (i.e. attitudes, needs, behaviors) and their targetable traits (i.e. database variables). The result is a set of targetable segments that are integrated across the entire database:



How Radius Designs Targetable Segmentation

Radius drives customer engagement with Targetable Segmentation simultaneously in these two ways:

- 1. Captures a full range of information about respondents in respect to attitudes and behaviors for marketing purposes
- 2. Ensures database information is linked to respondents to build segments that are differentiated on attitudes and needs and targetable database characteristics



Sample who respond to survey

Micro-Segments

Customers

Prospects

Males

Females

18-29

30-39

40-49

50-59

Final Segments

Segment 1

Segment 2

Segment 3

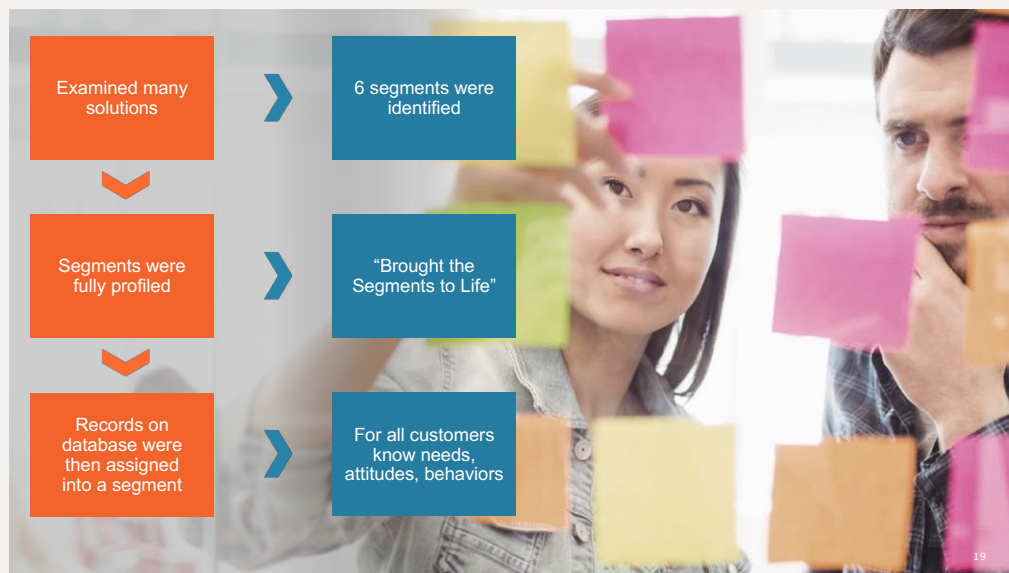
Segment 4

Targetable Segmentation in Action: A Large Financial Services Organization

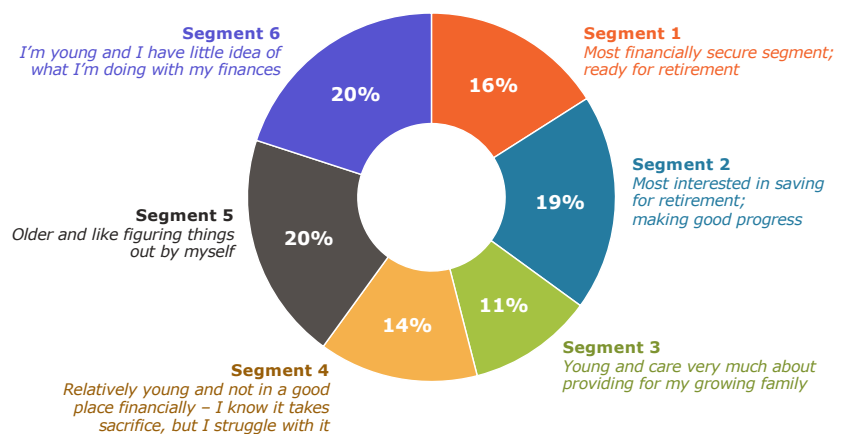
First we started with a survey that covered a range of critical information to guide marketing efforts:

- Familiarity, usage, satisfaction with brands in the category
- Ratings for 40 items that dealt with:
 - Attitudes, Behaviors, and Motivations related to finances
 - Experiences related to finances
 - Financial literacy
- Triggers and influencers that impact behaviors
- Variables not contained on the database

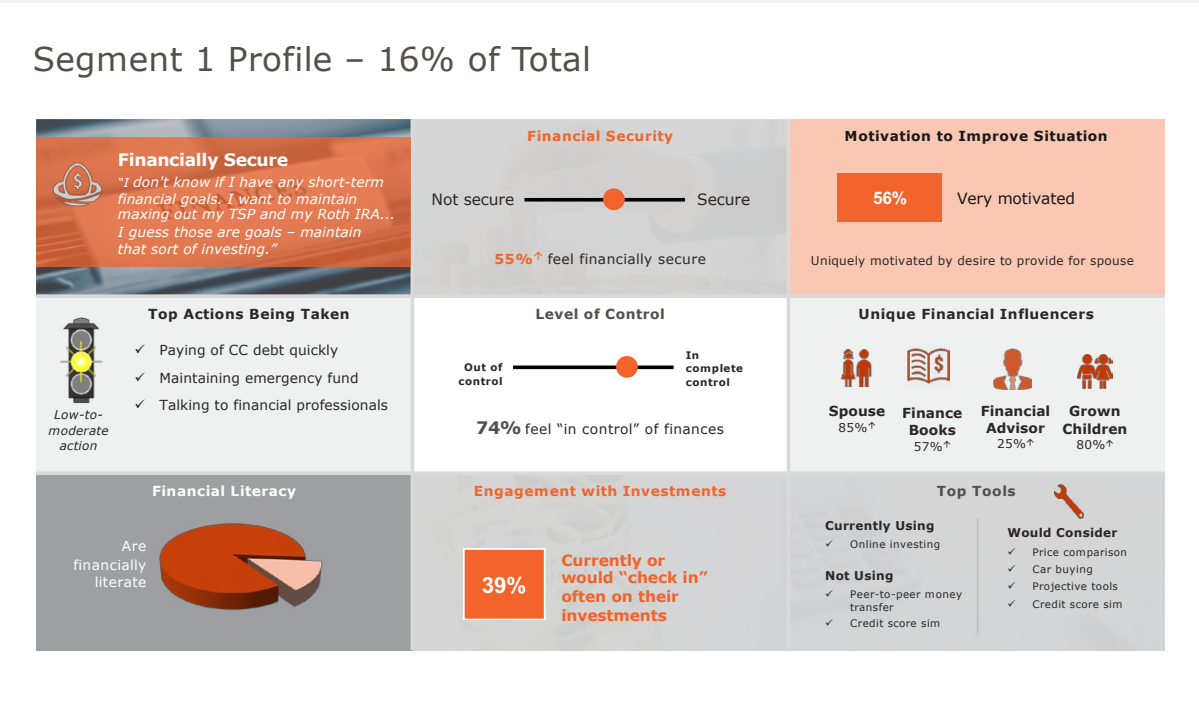
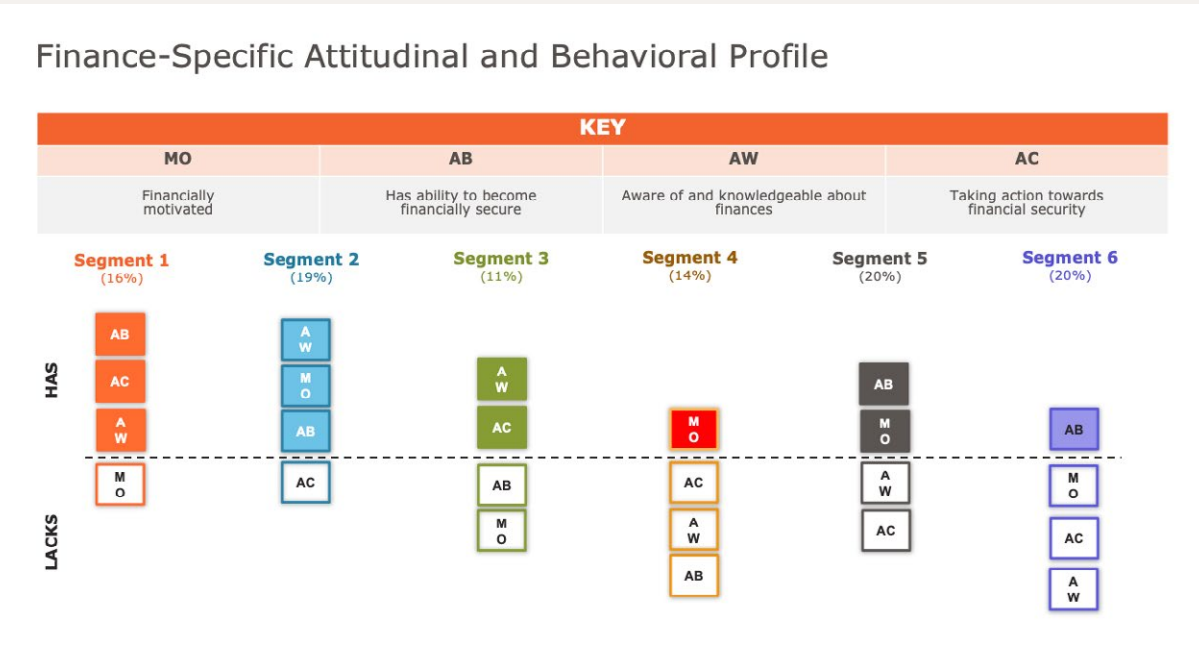
We then applied Targetable Segmentation which yielded 355 micro-targets that built into 6 overall segments that the financial services organization moved forward with.



Segments Made Intuitive Sense and Were Well Distributed



Critically, the segments were well-differentiated on key attributes related to financial attitudes, behaviors, and needs:



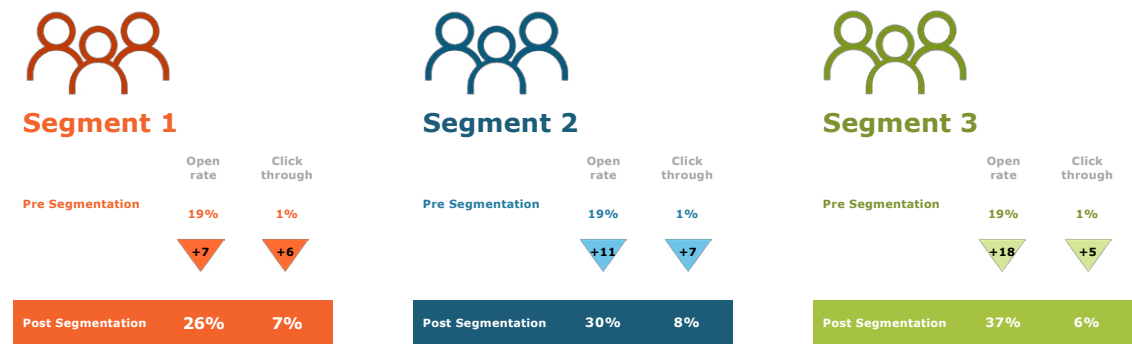
After creating rich profiles for each segment, direct-marketing campaigns were built to drive engagement with these segments.

Clear Results for Target Marketing

Based on this approach, engagement with the organization’s direct-marketing efforts soared, providing it with a more effective, impactful approach to marketing to its target audience and members:

The Results Have had a Significant Impact

3 Campaigns Developed



A Number of Teams are Using the Segmentation



➔ Looking to drive performance for your brand?

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Clear thinking for a complex world.

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