tns infratest

TNS EX▪A▪MINE™

HolisticSegmentation

The map to a comprehensive understanding of your customers and your market

TNS EX▪A▪MINE™ HolisticSegmentation
Why is HolisticSegmentation relevant for you?

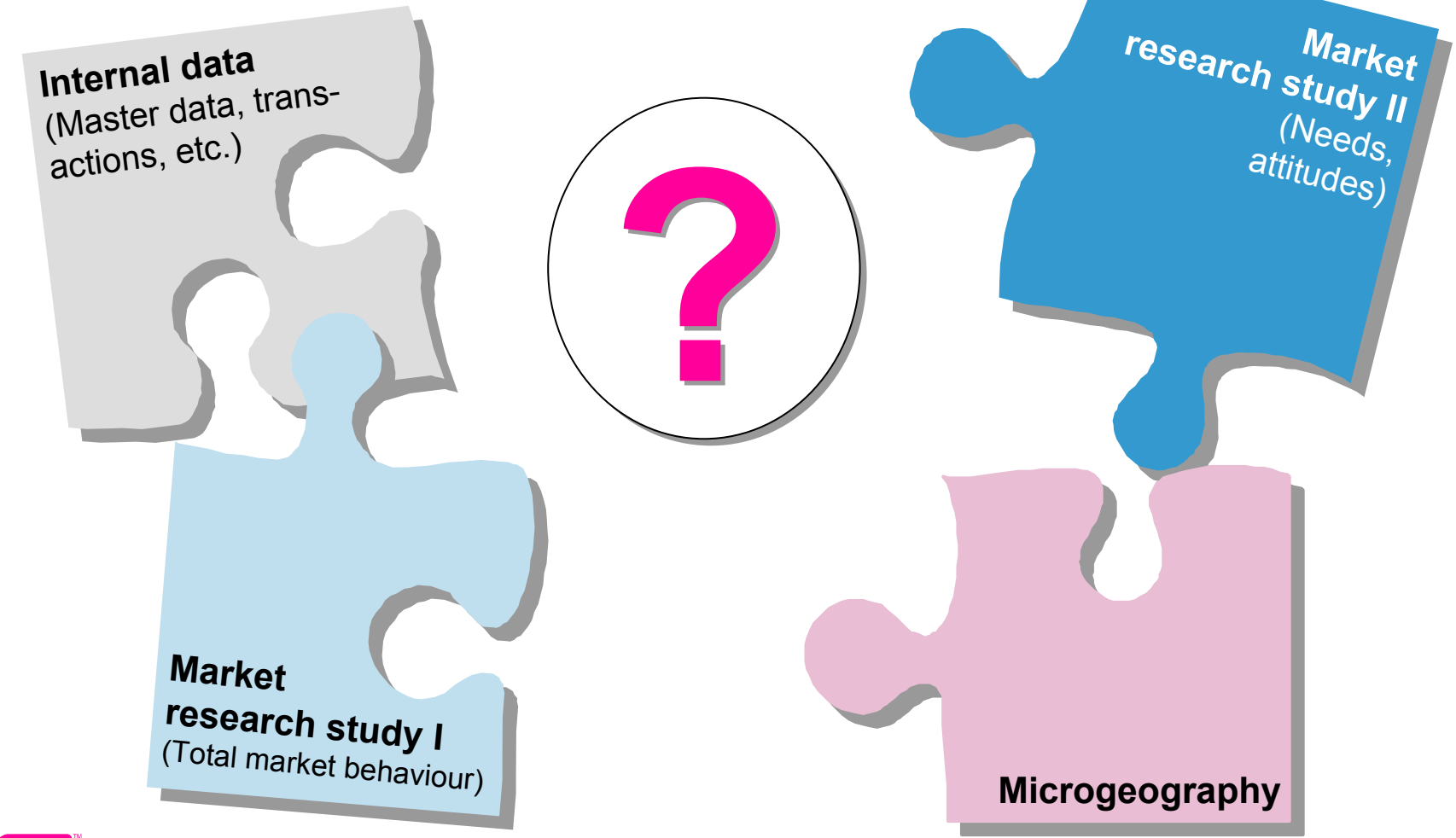
- You have the chance to discover the relevant target groups and to align your Value Proposition directly to their needs.

- Comprehensive characterisation of the target market as a basis for the optimisation of your marketing plan
  - How (potentially) valuable is a segment ? → Profitability
  - How affine is a segment ? → Prospects of Success
  - What is the segment expecting from you ? → Value Proposition
  - Which attitudes / lifestyle ? → Way of Addressing so.
  - How to reach / identify ? → Application

- Projection of the segmentation to the whole customer database

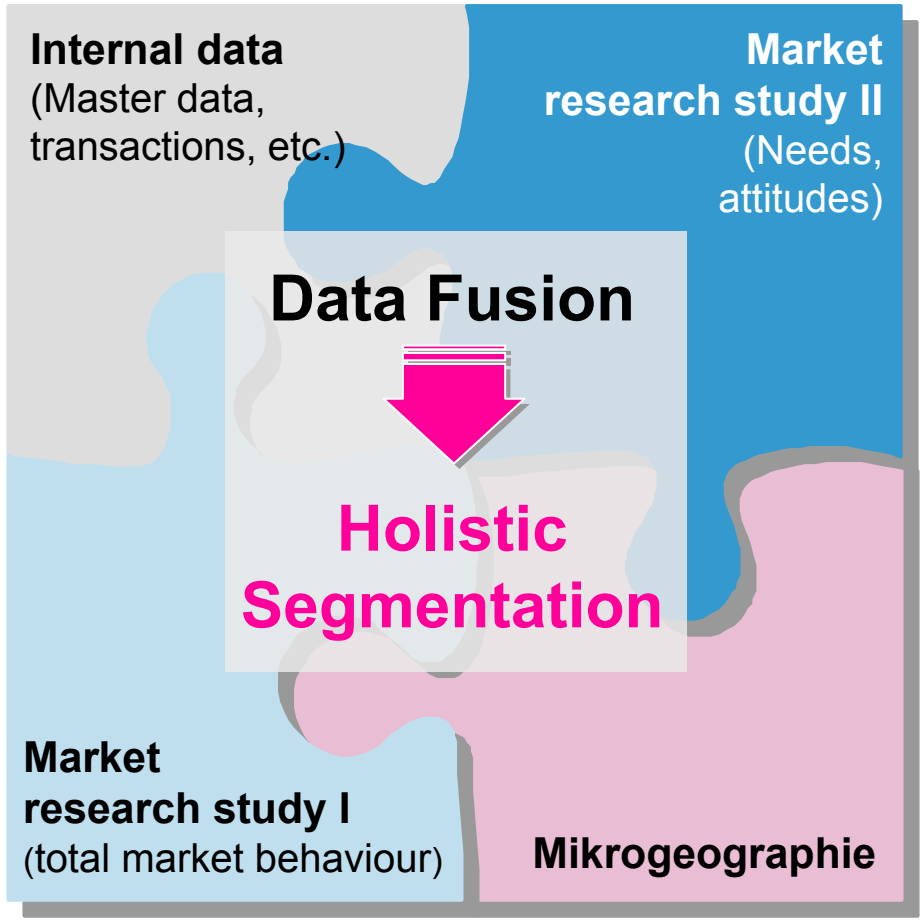
Initial Situation: Stand-alone Solutions

Numerous stand-alone solutions prevent an integrated picture of the customer and his needs



HolisticSegmentation – An Integrated Picture

Only a multidimensional segmentation is able to create an informative map of your market and your customers



Covering the Relevant Dimensions

If required, we use different data sources to generate information that is vital for you

- **Internal data** (transactions, master data, …)
- **Available market research information** (Provider affinity, attitudes, needs, behaviour in the market etc.)
- **Additional market research information**: Creating a specific study design to collect valid data about relevant attributes and to use these data for segmentation.
- Systems for structural data or new customers' addresses (**Microgeography**)

Quality Criteria of Segmentation

A simultaneous optimisation of all quality criteria is the most important challenge for an optimal solution

- **Clearly differentiated segment profiles, illustrative characterisations**
  → Practicability, evidences for priorisation and treatment of segment

- **Suitable number and size of segments**
  → Critical volume and suitable complexity for segment-specific marketing concepts and actions

- **Linkage between segment solution and customer database**
  → Basis for a direct addressment of the relevant target groups

- **Methodological criteria** → Robustness / stability

- The ultimate criterion is practicability and manageability of the solution!

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Visualisation of the Segmentation Solution

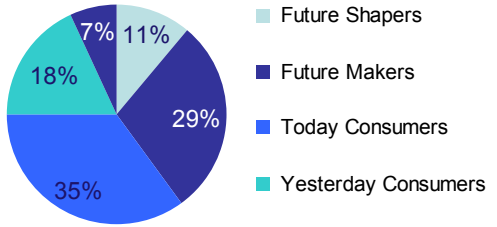
- Illustrative **segment profiles** represent the vital attributes for each segment

Segment 1 – Status Seekers

Defining needs

+ tech passionate
+ dress to impress
– compulsive socialiser
+ online shopper
– tech price sensitive

FutureView™ profile

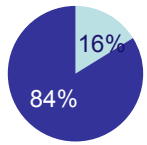


Who are they?

- Average age (40.2), very male (65%)
- Some have children
- Work full-time (59%), professionals, long hours, high income
- Love cars, music, golf, and city breaks
- Heavy users of mobile, calls for business as well as personal

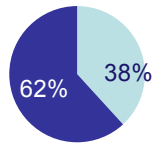



Segment size

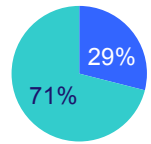


- 5.1 M subscribers
- 16 % of total market

Contract type



Share of Provider



Value

- High **value** users = **53%**

Average **high value 34%**

0% 100%

- € 18.4 mthly **spending**/person
- € 253 M mthly **revenue**/segment
- **30 % of total market volume**

Average **spending**/person: **€13.2**

€0

Projection to the Customer Database

Development of an illustrative solution that can be projected to the customer database

- Trade-off between textual discriminatory power of the solution and the ability to project segments to the customer database
- Application of specific methods (“dual-objective segmentation”) to increase the ability to project segments to the customer database, while simultaneously “diluting” the discriminatory power as little as possible (e.g. with respect to needs)
- Showing the range for decisions between “optimal projectibility” and “optimal discriminatory power” by developing several solutions on this continuum

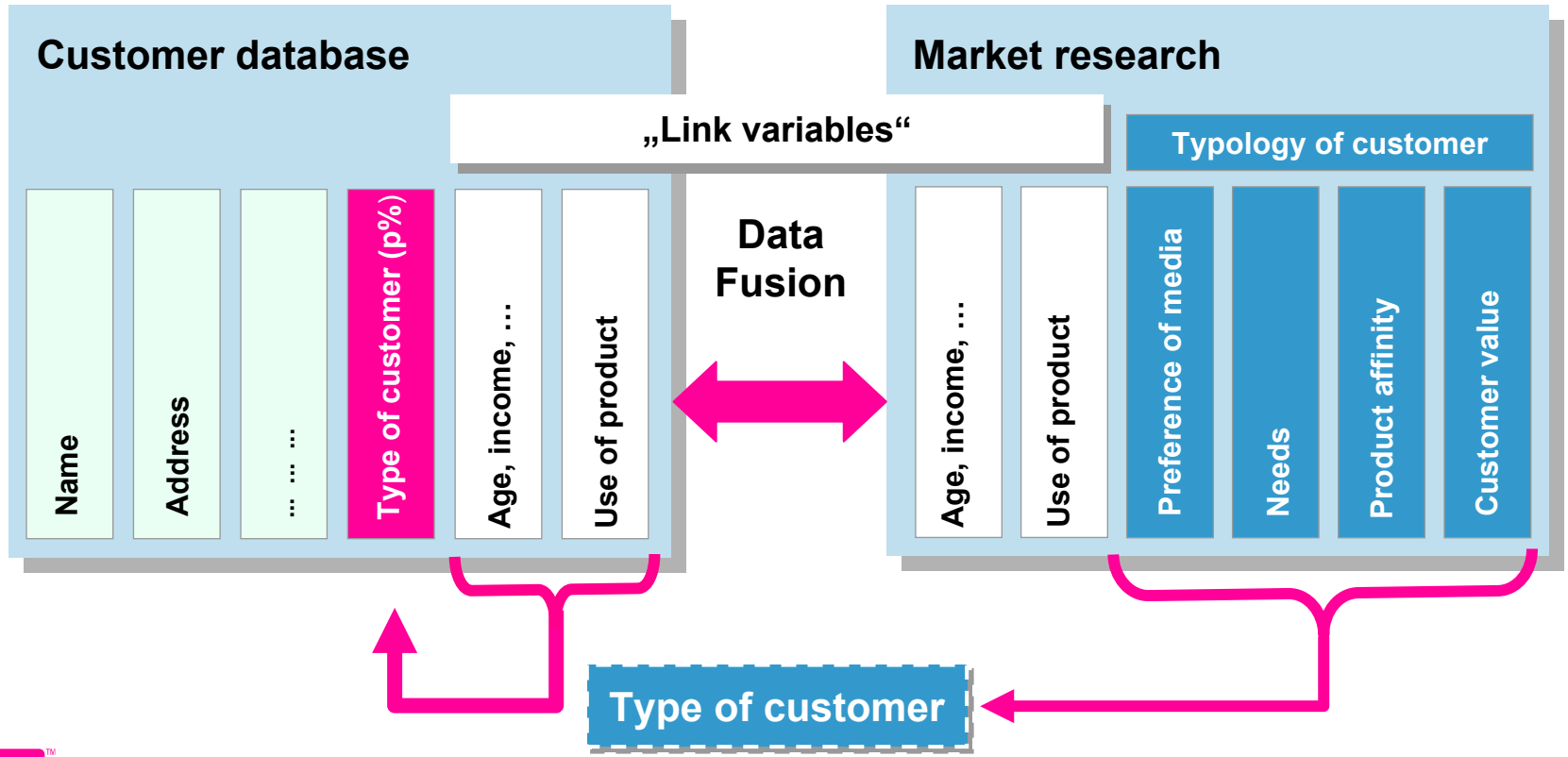
➔ If a projection to the customer database is provided, this must be considered when developing the segmentation. An independent approach (first development, then projection) does not work in the majority of cases.

Projection to the Customer Database
Attribution via Data Mining Algorithms

Determination of most likely segment for each customer in the customer database

Modelling

Segmentation of respondents and identification of segment specific differences



Classification to Segments via Short Surveys

With short questionnaires, the solution can be linked with other surveys or can be directly used in the call centre

- The segmentation solution often should be available for further market research studies (e.g. as a screener) or for new customers in the context of call centre contacts.

- For such applications, we developed a short questionnaire which allows for classifying new customers / interviewees to their corresponding segments.

➔ The main aspect is the handling within the framework of a real interview situation / a call centre contact besides the shortness of the questionnaire and the accuracy of the classification.

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HolisticSegmentation at a Glance

- **Holistic customer segmentation**, based upon integrated data
  (e.g. behaviour, customer value, needs and attitudes)

- Examining customers from different point of views, e.g.:
  - **Customer Value** → Which segments are profitable for you?
  - **Brand Affinity** → In which segments do you have a strong position?
  - **Needs** → Does your value proposition meet the expectations?
  - **Reachability** → Which channels do the segments prefer?

- Holistic segmentations allow for statements like:

  "Target segment 2a is especially interesting, because it includes 80% of the customers that are valuable for us – we should address them in a well directed way!"

The TNS EX▪A▪MINE™ Algorithms-Toolbox

- **Multivariate statistics**
  - Logistic, Categorical, Linear Regression, EM Algorithm
  - Multivariate Adaptive Regression Splines (MARS)
  - Ridge Regression, Robust Regression
  - Cluster Analysis, Latent Class Analysis
- **Decision Trees / Decision Rules, Automatic Learning**
  - C&RT, C5.0, QUEST, CHAID, Association rules
  - MART – Multiple Additive Regression Trees, Random Forest
  - Nearest Neighbours / Instance based learning EX▪A▪MINE Profiler
- **Artificial Neural Networks**
  - Cascade Correlation Learning Architecture, MLP, SOM
- **Hybrid Methods**
  - Automatic OLAP Navigation and Search
  - Genetic Algorithms for variable selection
  - Neuro Fuzzy Algorithms, interactive visualisation of data

TNS EX▪A▪MINE™ HolisticSegmentation
Contact

Holistic Customer Understanding [EX▪A▪MINE Services]

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