Market Segmentation

Primary research market segmentation is the only method for defining the unserved audience. At DDG, we refer to this as needs-based segmentation. We start with the broad, heterogeneous audience of consumers that most agencies attempt to market to, and refine it into smaller discrete, homogenous, and identifiable groups to which smart agencies can direct precise messaging for their unique needs.

Many agencies are dependent on transactional segmentation of the brand's purchase data. Data like this tells you what consumers did, but not why. Knowing why consumers did what they did enables agencies to develop and deliver messaging that's relevant and meaningful to those clearly-defined segments of consumers.

Our Market Segmentation approach is designed to fulfill 7 specific objectives[1].

1. The needs-based segments we define are identifiable in the real world. We apply our DecisionPoints consumer profile data—over 800 demographic, behavioral, psychographic, and lifestyle variables—to find members of target segments. Not only by group, but by name.
2. We work to assure that the high-value market segments we identify are large enough to move the needle when marketing executions are applied to them.
3. The consumers that comprise the target segments are accessible, by traditional direct marketing, digital omni channel marketing, or mass media.
4. The segments are stable. While variations of individual products may change over time, fundamental consumer needs often don't, until innovation overtakes obsolete consumer goods. That's what needs-based segmentation is for: find unmet needs and fill them.
5. Consumers in the target, high-value segments are responsive. It's one thing to measure consumers' accessibility, but that is greatly enhanced through our ability to find those that will be responsive to our calls to action. DDG's applications of predictive modeling— both cloud-based and custom—determine the propensity for specific consumers in target segments to respond to agency offers.
6. The segmentation application is actionable, meaning the agency can actually execute on the information we learn about our target segments.
7. Finally—and this is one of the ways DDG is different from other traditional market research companies—our segmentation solutions are replicatable. This means that our segmentation solutions can be applied in the real world, as opposed to elegant and pure but impractical mathematical constructs.

Because our segmentation research is based on consumers' needs, it serves as a looking glass into the future. You cannot establish the up and coming customer base without the addition of primary research. Market Segmentation offers the strategic overview that a CMO needs to build effective marketing plans for years to come.

[1] Based on Vriens, M., Market Segmentation, 2001

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