Healthcare Strategy Partners (HSP):
Perspectives on Segmentation

Segmentation is *the* foundational piece of non-clinical research for brand strategy and decision-making along a product's lifecycle. As the needs of an asset grow and change throughout the approval process and post launch, segmentation can and should be tailored and customized to arrive at the strongest strategic and tactical positioning for a particular brand.

There are multiple types of segmentation and specific reasons and circumstances to employ each approach. Regardless of the type of segmentation employed, it is an undertaking best served by a collaborative process focused on purpose and implementation of the chosen solution.

Throughout a successful segmentation, it is critical to elicit and obtain buy-in from a variety of stakeholders. Involving members from insights, commercial and sales teams early and often in the process results in much richer hypothesis generation and a more comprehensive view of the market being segmented. Creating a broad sense of contribution and ownership across teams significantly increases the probability of broader acceptance and implementation at the conclusion of research.

To begin, there are three critical considerations.

1. **Business Objective of Segmentation Research:**　This is the most critical component in deciding which segmentation approach to take. Segments intended to inform targeting, call planning, or other sales activities should rely more heavily on secondary/behavioral data (e.g., NRx, TRx, claims, electronic medical records (EMR)). Alternatively, a segmentation architecture intended to inform general strategy, SWOT analysis, competitive landscape, or messaging and positioning should rely more heavily on primary research intended to uncover attitudes, unmet needs, uptake potential, etc. Ideally, segments are derived from primary and secondary data simultaneously, thus providing both deep attitudinal and behavioral anchors and understanding.

2. **Availability of Data Assets:**　The proliferation of secondary data — particularly in the US — has made it possible to develop robust behavioral segments on more than just product usage and deciles. Successful integration of data into segmentation can drive deeply-insightful research and uncover the data's complete "story". Integrating large amounts of data from multiple sources requires in-depth familiarity with both the structure and content of these huge data files. The information within these datasets should be incorporated into segmentation with a trusted partner who possesses 1) the technical skills to leverage them appropriately and 2) the knowledge of primary market research to handle challenging scenarios (e.g., ex-US and rare disease) which have the greater burden of developing what's considered a truly-insightful baseline.

3. **Timeline and Budget:**　Frequently, these factors influence which segmentation approach is even feasible. Often these constraints lead to a need for segmentation that may not capture the entirety of market dynamics. In these instances, having a true expert to provide objective feedback on how best to deliver this "leaner type" offering is crucial. Missing one or two critical variables (due to insufficient upfront hypothesis evaluation, for example) can lead to a lower-impact/lower-value solution overall.

HSP

As a trusted partner and expert in segmentation, HSP conducts upfront, comprehensive consultations to assess the unique situation of each client and asset, after which HSP will utilize its proprietary frameworks and algorithms to recommend the most suitable, valuable, and powerful segmentation approach:

Heuristic or Rule-Based Segmentation (HRS): This approach is based on business rules and/or observable characteristics to develop segments that are easily identifiable. Segmenting by healthcare provider (HCP) specialty/practice type or patient demographics are common in the HRS approach. Segments of this type can be developed on a wide array of data and are typically done early in the product lifecycle with the intent that more robust subsequent research is planned. Segmentation of this type is more of a profiling exercise and does not maximize attitudinal or behavioral differences between segments. HRS is an attractive option if budgets or timelines are limited and/or "80% of the way there" is acceptable.

Potential-Based or Behavioral Segmentation (PBS): The PBS approach is based entirely on secondary data. The goal is to identify the "universe" and prioritize potential targets therein. A salesforce-friendly approach, PBS identifies and prioritizes segments based on potential utilization and is not designed to uncover segments for the possibility of customized messaging and promotion. Segment membership can be projected to all members of the target market "universe" either by segmenting the entire dataset or using an algorithm to project segments from a calibration sample to a validation sample. Traditionally this approach has been limited to HCPs, but the availability of claims and EMR data has allowed this approach to extend to patients as well. Regardless of whether HCPs or patients are being segmented, the PBS approach is appropriate when the goal of the research is to determine the audience and inform targeting and sales activities. It is also an attractive option when timelines and budgets are tight as there is no need to develop and field a survey. Also, the secondary data to be analyzed has typically already been purchased for other internal initiatives (e.g. tracking) and therefore requires no additional spend to acquire.

Attitudinal Only Segmentation (AOS): AOS segmentation provides solutions with the deepest and richest understanding of beliefs, unmet needs, product receptivity, and future intent to prescribe/use. This approach leverages primary data gathered via qualitative and quantitative techniques to create solutions that drive positioning, messaging, and understanding channel preferences. AOS is appropriate when there is no need to project the solution to the "universe," little or no secondary data, or when the goal of the research is to inform marketing efforts or understand the impact of a substantial market event. In AOS, segment membership is projected using an attitudinal "typing" algorithm which is based on the actual survey answers given by respondents, either HCPs, patients, caregivers, etc. In populations where there is little or no available secondary data (e.g. ex-US or orphan diseases), AOS is the most robust option.

Holistic Integrated Segmentation (HIS): The gold standard of segmentation, HIS incorporates all available data from secondary sources and primary research. While longer in timeline and greater in cost, HIS provides a complete view of the market and allows for detailed direction for salesforce tactics *and* marketing strategy. This approach requires highly-skilled thought and research partners, but can provide critical information and insights to brand, marketing, and sales teams simultaneously. HIS allows for segment projection to a target list or "universe" and also attitudinal segment prediction for 1) HCPs not in the universe data and 2) patients and consumers. HIS is the most comprehensive and robust segmentation approach. It does, however, require more significant time and resources such as comprehensive data assets as well as time to field primary research and integrate the multiple data sources.

Thank you for your time and thoughtful consideration. For more information about HSP, Healthcare Strategy Partners, please see below.

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About HSP

Healthcare **S**trategy **P**artners is a world-class consultancy that partners with healthcare professionals responsible for developing, evaluating, and advancing investment, brand, and launch strategy. HSP provides industry-leading decision support that is truly evidence-based and focused on driving strategy.

Having completed several hundred segmentation studies for the largest brands in the BioPharma sector, HSP can be your partner of choice in segmentation. Our proprietary approach to segmentation involves innovative, holistic simultaneous modeling of attitudes, behaviors, needs, marketing inputs, secondary data, etc. We deliver precise and immediately implementable plans for our clients.

Our engagements are designed, executed, and delivered by our senior team who has 125+ years of collective strategic consulting and market research experience. The unparalleled depth of assessment we provide through incorporation of psychological theory, techniques and instruments – including behavioral economics – add tremendous value in understanding the human factors influencing the uptake and success of our clients' products in the marketplace.

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