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, such as 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, in the long run, one single opinion will dominate in the group. Why does this happen? Social networks establish trusted communication paths. The credibility inherent in these connections is the basis of forming and adapting new opinions—an outsider simply will not have the same sway within the community. By gaining insights about the social architecture of your target group, you can better tailor your messaging.

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?
- Structure of power: How is power distributed among individuals and sub groups within the network?

Figure 1: Opinion Development within Clusters
**Social segmentation and targeting improves brand performance**

Applying only traditional stakeholder segmentation and targeting approaches can result in suboptimal 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 implementation or in diluted messages that are communicated to the whole market.

In contrast, 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, such as 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 the crucial reimbursement decision makers.

The distribution of power has even bigger impact within the network: Powerful individuals spread their opinions along the established relationships. These individuals cannot be engaged just through a direct interaction. Other options include access through non-competing peers or even through subordinates.

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<th>Network Clustering</th>
<th>Stakeholder Centrality</th>
<th>Distribution of Power</th>
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<td><img src="image2" alt="Stakeholder Centrality" /></td>
<td><img src="image3" alt="Distribution of Power" /></td>
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**Figure 2: Network topology characteristics**

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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 barrier to market entry?
2. What is the best go-to-market strategy, leveraging 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 implementing 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 design should be based on a cross-functional discussion to ensure coordinated engagement strategies. Typically, a national market is based on five to ten national key clusters.

1. Identify social segments within your market (=clusters)
2. Prioritize social segments based on responsiveness and potential
3. Create clusters specific brand profile and prioritize messages
4. Plan engagement with stakeholders / institutions

The second step then evaluates how well your own and your competitors’ brand positioning fits into each cluster (see figure 4). Based on this analysis, you can prioritize social clusters by their potential for product adoption and expected response to your brand messages.

After stack-ranking segments, brand messages are tailored to optimally address the requirements of each relevant social cluster. Cluster-specific topic maps—which are either based on expert knowledge or derived from large scale activity data—deliver a foundation for more effective sales and marketing.
Figure 5 shows four examples of cluster focus. Each cluster has a unique focus area profile and requires specific messages. Addressing each cluster with the same message would result in a 25% – 50% loss of impact.

Now the most strategic advantage of social segmentation becomes clear: having explicitly selected groups of inter-connected people, social segmentation now enables the customization of messages with limited negative spill-over across 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. With deep knowledge and key insights, commercial teams can craft more personalized tactics and build long-term relationships.

Making Social Segmentation and Targeting Work for You

Social segmentation and targeting can help you reach a tipping point of stakeholder support, distinguishing you as 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, you gain the ability to communicate with institutional stakeholders who previously were difficult to reach.
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