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Market Segmentation, Social Media and Viral Marketing

Marketing Segmentation Steps

Professor Raghu Iyengar

The Most Fundamental Marketing Concept: STP

A basic belief in Marketing is to deliver the right products, to the right people, in the right way.

If that is done successfully, one will be able to attract a greater price premium and one will be able to retain customer better.

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S: Segmentation P: Positioning

T: Targeting

If that is done successfully, one will be able to attract a greater price premium and one will be able to retain customer better.

“Market segmentation is the subdividing of a market into distinct subsets, where any subset may conceivably be selected as a marketing target to be reached within a distinct marketing mix.”

— PHIL KOTLER

Implementing Segmentation Steps

Market Segmentation

1. Identify bases for segmenting the market
2. Develop profiles or segments
3. Relate to descriptors for reachability

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Target Marketing

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5. Select the target segments

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Product Positioning

6. Develop product positioning for each target segment
7. Develop marketing mix for each target segment



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Segmentation Variables

Professor Raghu Iyengar

Major Segmentation Variables

- Demographics
- Geography
- Purchasing Approaches
- Personal Characteristics (Psychographics)

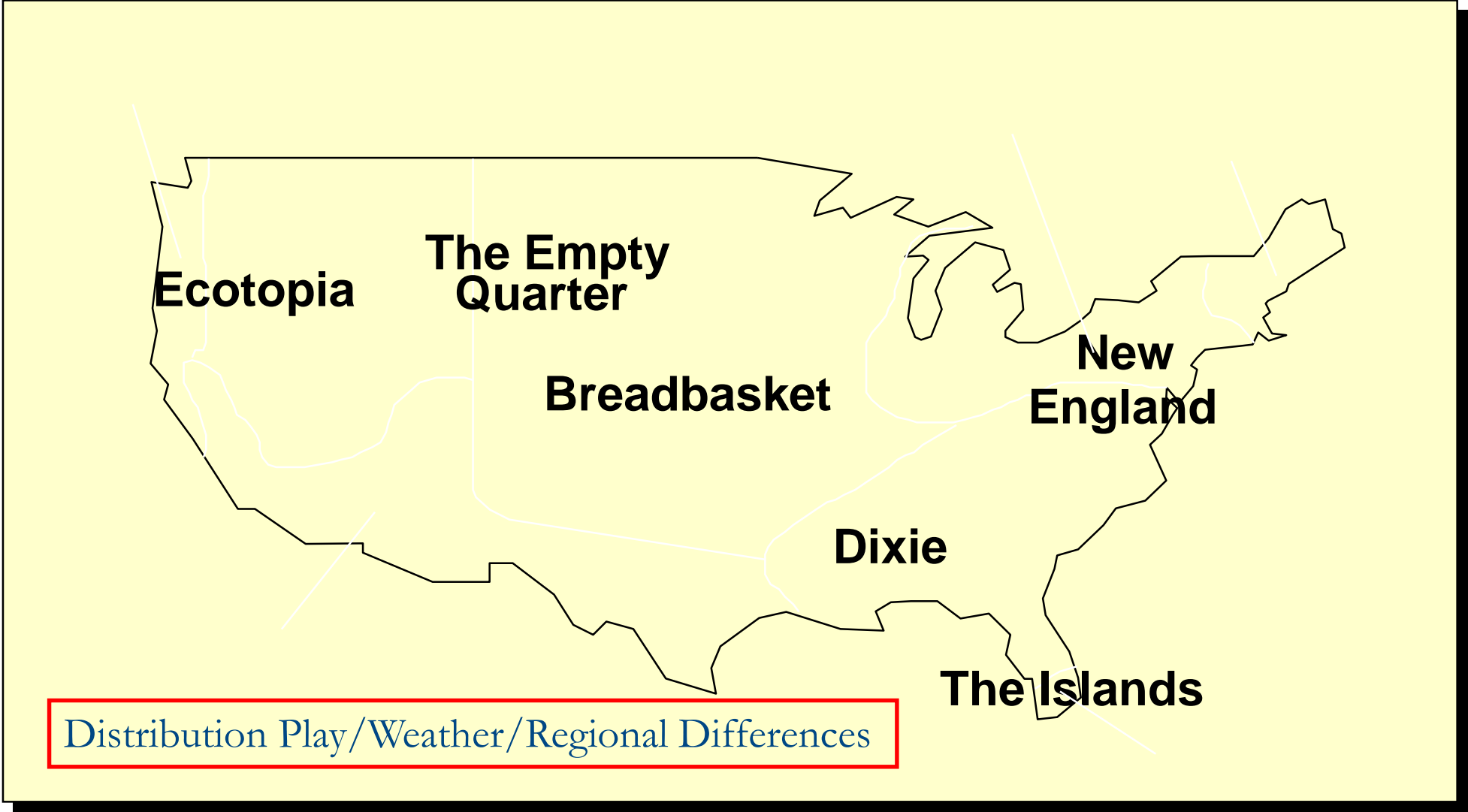
Demographic Segmentation

Favorite E-Commerce Categories by Gender			
Men		Women	
Category	Percent	Category	Percent
Computers	76%	Books	64%
CDs	60%	CDs	60%
Books	59%	Computers	57%
Small consumer electronics	44%	Health & Beauty	42%
Videos	38%	Toys	41%
Air Travel	34%	Women's Clothing	39%
Magazines	31%	Children's clothing	31%
Men's clothing	29%	Videos	28%
Toys	29%	Magazines	27%
Hotel reservations	26%	Small consumer electronics	26%
Women's clothing	21%	Air travel	24%
Health & beauty	19%	Flowers	21%
Sporting goods	19%	Men's clothing	20%
Source: Ernst & Young			

Demographic Segmentation

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Source: Ernst & Young			

Geography



Purchasing Approach

- Online

Purchasing Approach

- Online
- Brick and Mortar

Purchasing Approach

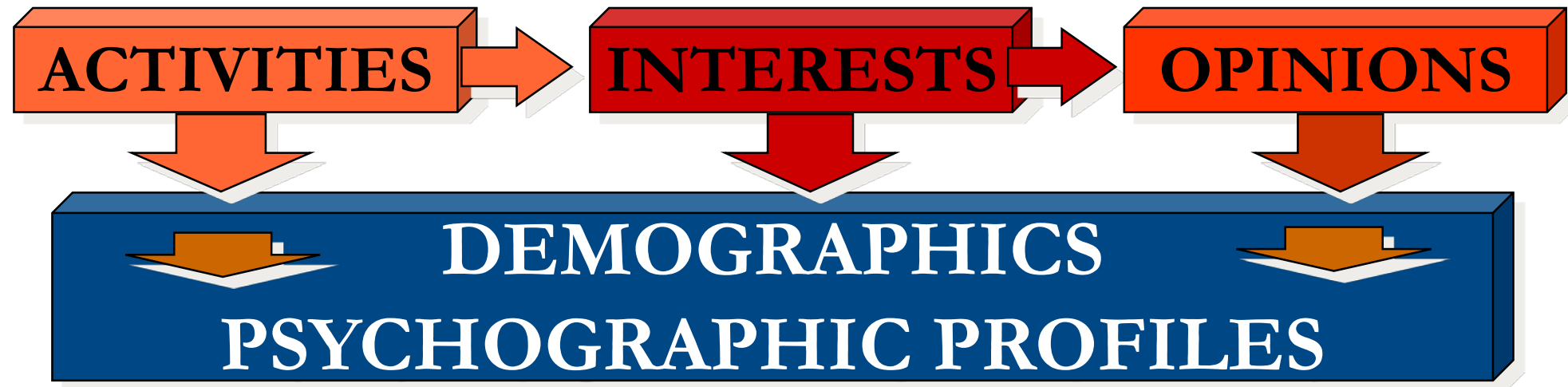
- Online
- Brick and Mortar
- Mail

Purchasing Approach

- Online
- Brick and Mortar
- Mail
- Phone

Psychographics

Definition: the use of psychological, sociological, and anthropological factors combined with demographic information to identify market segments with a propensity to favor some product groups or characteristics over another due to the unique combination of these factors.



This is the basis for segmentation that conceptually marketers agree upon.

Taxonomy at the Pump: Mobil's Five Types of Gasoline Buyers



Road Warriors: Generally higher income middle-aged men and women who drive 25,000 to 50,000 miles a year...buy premium with a credit card...purchase sandwiches and drinks from the convenience store...will sometimes wash their cars at the carwash.

16% of buyers



True Blues: Usually moderate to high incomes who are loyal to a brand and sometimes to a particular station..frequently buy premium gasoline and pay in cash

16% of buyers



Generation F3: (for fuel, food and fast): Upwardly mobile men and women - half under 25 years of age-who are constantly on the go...drive a lot and snack heavily from the convenience store

27% of buyers



Homebodies: Usually housewives who shuttle their children around during the day and use whatever gasoline station is based in town or along their route of travel.

21% of buyers



Price Shoppers: Generally aren't loyal to either a brand or a particular station, and rarely buy the premium line...frequently on tight budgets...efforts to woo them have been the base of marketing strategies for years.

20% of buyers

Source: *WSJ*, Jan. 30, 1995



	Road Warrior	Pragmatic Business Traveler	Reluctant Business Traveler	DIY Leisure Opportunist	Just For Fun Leisure Traveler	Price Driven Occasionalist
Business vs. Personal	Very heavy business traveler	Moderately high business traveler	Moderate business traveler	Frequent pleasure	Frequent pleasure	Occasional pleasure
Travel Affinity	Travel so much on business, appetite for leisure not as strong as others	Serves its purpose—Enjoy it somewhat, not bothered by it	Would rather avoid it if possible	Enjoy it, especially if they find a good deal	Pleasure travel enthusiast	Enjoy it, but sometimes nervous
FF Program	Huge influencer—mostly for recognition/status	Important—more for miles than status	Don't care at all	Miles, rewards, bonuses are very important	Miles are somewhat important	Barely aware
Price Sensitivity	Least Price sensitive	Corporate driven—fairly price sensitive	Corporate crackdown	Actively shop for best fares—likely to use efares, discount websites	Price sensitive, but sometimes more driven by desire to travel	Very price sensitive
Service Demands	Expect better service due to higher status	Not very demanding	Don't expect it	Service important, but good deal is more critical	Service is important, but might be cost-constrained	Prefer low cost/no frills
International Travel	High amount of Int'l Business travel	Some int'l business	Virtually none	Occasional int'l pleasure	Some int'l pleasure	Virtually none

PRIZM Segmentation

 **MyBestSegments** Client Login 

HomeZIP Code Look-upSegment DetailsLearn MoreConsumer ActivationContact Us



UNCOVER rich and comprehensive insights about consumer behaviors, shopping patterns and media preferences

Nielsen PRIZM

Overview

Savvy marketers' are challenged with understanding the consumer. PRIZM® is the industry-leading lifestyle segmentation system that yields rich and comprehensive consumer insights to help you reveal your customer's preferences. PRIZM combines demographic, consumer behavior, and geographic data to help marketers identify, understand and reach their customers and prospects.

PRIZM defines every U.S. household in terms of 66 demographically and behaviorally distinct types, or "segments," to help marketers discern those consumers' likes, dislikes, lifestyles and purchase behaviors. Used by thousands of marketers within Fortune 500 companies, PRIZM provides the "common language" for marketing in an increasingly diverse and complex American marketplace.

PRIZM enables marketers to create a complete portrait of their customers by answering these important questions:

- Who are my best customers?
- What are my best customers like?
- Where can I find my best customers?
- How can I reach my best customers?

Features & Benefits

With PRIZM segmentation marketers can better understand their customers and prospects, and reach them with tailored messages and products designed just for them. Captured by catchy nicknames, images and behavioral snapshots that bring the segment to life for marketers, PRIZM segments are memorable and summarize complex consumer profiles in a way that is intuitive and easy to communicate.

Contact us

Questions about how Nielsen Segmentation can find customers to grow your business?

Email or call: 800.234.5973

The Power of PRIZM

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- [PRIZM Social Groups](#)
- [Principal Drivers of PRIZM](#)
- [Explore PRIZM Segments](#)
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Resources

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- [Sell Sheet: PRIZM](#)
- [Sell Sheet: PRIZM Digital](#)
- [Sell Sheet: PRIZM Digital Mobile](#)
- [Case Study: Automotive Manufacturer Finds Consumer Who Want to Buy](#)
- [Report: Boomers , Marketing's Most Valuable Generation](#)
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	Urban	Suburban	Second City	Town and Country
	← Urbanization →			
<div style="display: flex; flex-direction: column; align-items: center;"> <div style="margin-bottom: 10px;">HIGH</div> <div style="margin-bottom: 10px;">↑</div> <div style="margin-bottom: 10px;">\$</div> </div>	<p>U1</p> <p><u>U1 Urban Uptown</u></p> <p>04 Young Digerati 07 Money & Brains 16 Bohemian Mix 26 The Cosmopolitans 29 American Dreams</p> <p>U2</p> <p><u>U2 Midtown Mix</u></p> <p>31 Urban Achievers 40 Close-In Couples 54 Multi-Culti Mosaic</p> <p>U3</p> <p><u>U3 Urban Cores</u></p> <p>59 Urban Elders 61 City Roots 65 Big City Blues 66 Low-Rise Living</p>	<p>S1</p> <p><u>S1 Elite Suburbs</u></p> <p>01 Upper Crust 02 Blue Blood Estates 03 Movers & Shakers 06 Winner's Circle</p> <p>S2</p> <p><u>S2 The Affluentials</u></p> <p>08 Executive Suites 14 New Empty Nests 15 Pools & Patios 17 Beltway Boomers 18 Kids & Cul-de-Sacs 19 Home Sweet Home</p> <p>S3</p> <p><u>S3 Middleburbs</u></p> <p>21 Gray Power 22 Young Influentials 30 Suburban Sprawl</p>	<p>C1</p> <p><u>C1 2nd City Society</u></p> <p>10 Second City Elite 12 Brite Lites, L11 City 13 Upward Bound</p> <p>C2</p> <p><u>C2 City Centers</u></p> <p>24 Up-and-Comers 27 Middleburg Managers 34 White Picket Fences 35 Boomtown Singles 41 Sunset City Blues</p> <p>C3</p> <p><u>C3 Micro-City Blues</u></p> <p>47 City Startups 53 Mobility Blues 60 Park Bench Seniors 62 Hometown Retired 63 Family Thrifts</p>	<p>T1</p> <p><u>T1 Landed Gentry</u></p> <p>05 Country Squires 09 Big Fish, Small Pond 11 God's Country 20 Fast-Track Families 25 Country Casuals</p> <p>T2</p> <p><u>T2 Country Comfort</u></p> <p>23 Greenbelt Sports 28 Traditional Times 32 New Homesteaders 33 Big Sky Families 37 Mayberry-ville</p> <p>T3</p> <p><u>T3 Middle America</u></p> <p>38 Simple Pleasures 42 Red, White & Blues 43 Heartlanders</p>

Product Line Segmentation



How to Select Segments to Target

Market Attraction

- Identify bases for segmenting the market
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Competitive Environment

- Develop product positioning for each target segment
- Develop marketing mix for each target segment



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Segmentation and Conjoint Analysis

Professor Raghu Iyengar

How do I Actually Segment the Market? Intro to Cluster Analysis

- Cluster analysis seeks to group objects such that segments are created that are as homogenous as possible given the variables

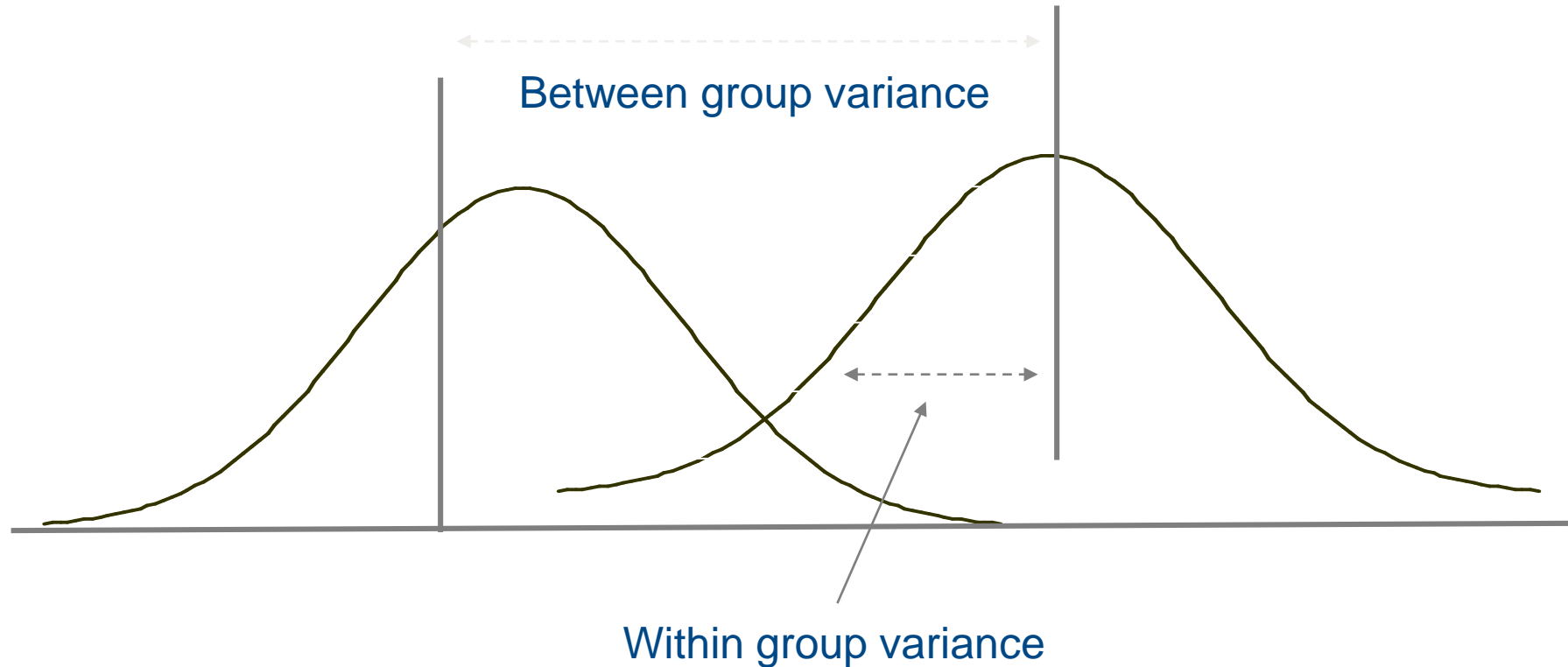
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How do I Actually Segment the Market? Intro to Cluster Analysis

- Cluster analysis seeks to group objects such that segments are created that are as homogenous as possible given the variables
- Cluster analysis works on the principle of maximizing the between-cluster variance while minimizing the within cluster variance
- Every object is allocated to one cluster

Illustration in One Dimension



$$\max_{\forall \text{ possible configurations}} \left\{ \frac{\text{between group variance}}{\text{within group variance}} \right\}$$

Basic Idea Behind Clustering

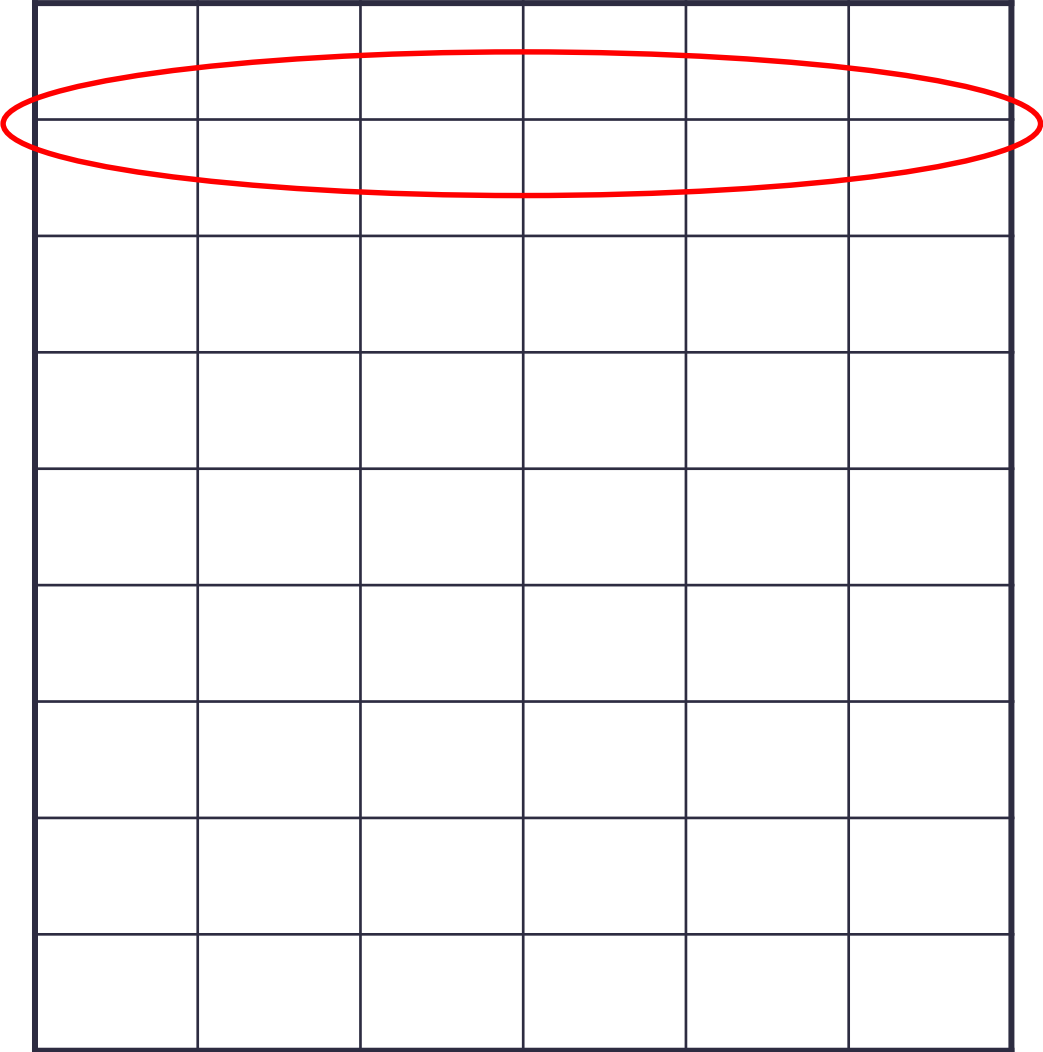
Which variables?

Objects

Basic Idea Behind Clustering

Which variables?

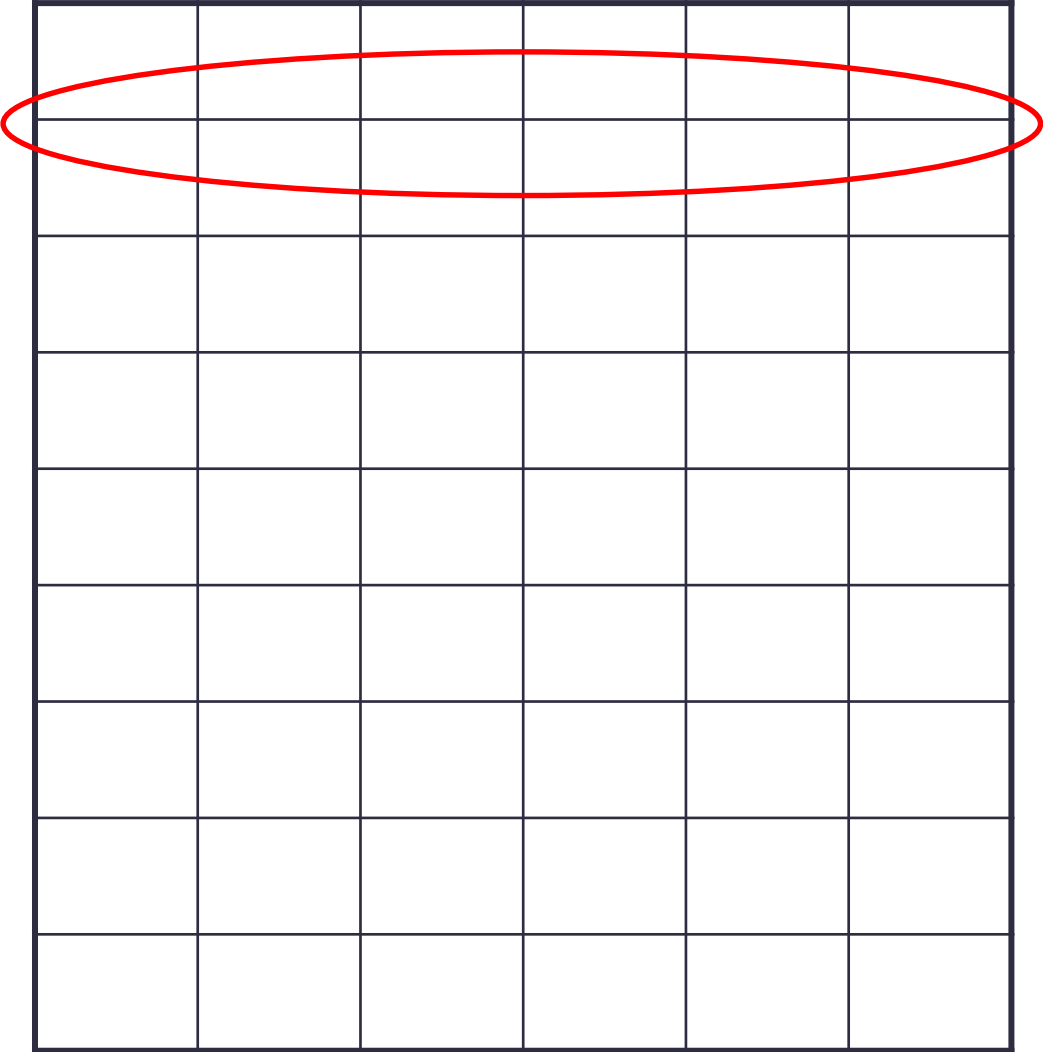
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Basic Idea Behind Clustering

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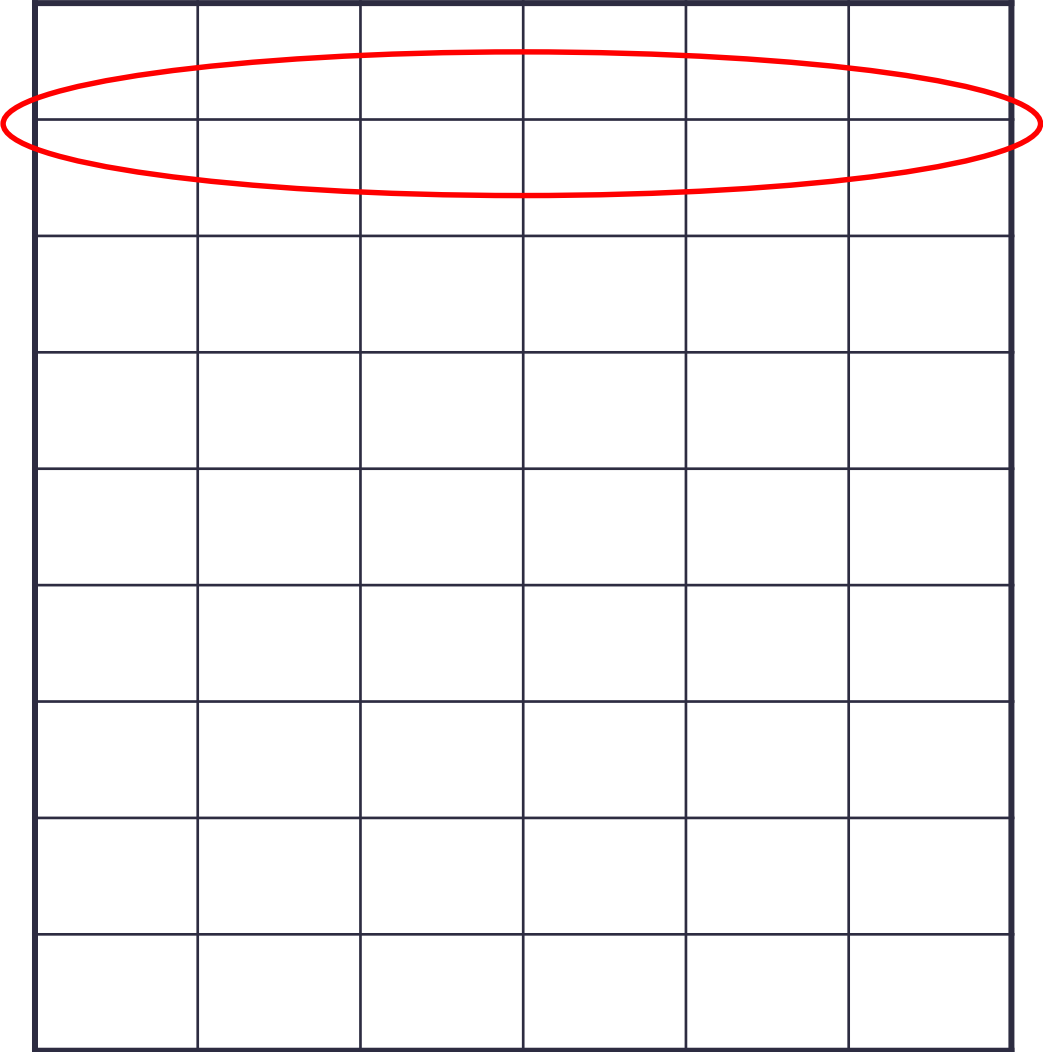


How do I compute the distance between any two objects?

Basic Idea Behind Clustering

Which variables?

Objects



How do I compute the distance between any two objects?

Assignment of objects to groups

K-Means Clustering

- K-means clustering is the most commonly used clustering technique.

K-Means Clustering

- K-means clustering is the most commonly used clustering technique.
- It is an iterative technique that seeks to allocate each observation to the cluster that is located closest to it.

How Many Clusters?

Managers typically decide based on intended action:

- How many clusters are feasible to target?

How Many Clusters?

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- Are each of the clusters of sufficient size to be considered a market segment?

How Many Clusters?

Managers typically decide based on intended action:

- How many clusters are feasible to target?
- Are each of the clusters of sufficient size to be considered a market segment?
- Is there sufficient differentiation between the segments?



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Example - Laptops

Professor Raghu Iyengar

Example – Conjoint Analysis and Segmentation

Recall example from conjoint analysis

- Laptop survey with 20 respondents

Example – Conjoint Analysis and Segmentation

Recall example from conjoint analysis

- Laptop survey with 20 respondents
- Each respondents may value different aspects of the laptop

Example – Conjoint Analysis and Segmentation

Recall example from conjoint analysis

- Laptop survey with 20 respondents
- Each respondents may value different aspects of the laptop
- One can assess the relative importance of each attribute for each person

% Relative Importance

Customer	Brand	Memory	Hard Drive	Speed	Price
1	17	16	11	26	30
2	30	17	13	28	11
3	8	24	22	17	29
4	24	26	6	28	15
5	15	33	10	24	18
6	9	38	7	30	15
7	16	25	6	34	18
8	9	37	8	24	22
9	25	30	4	28	13
10	11	23	16	32	18
11	21	24	12	29	14
12	24	20	19	23	14
13	16	27	6	35	16
14	10	26	28	24	13
15	14	34	7	29	16
16	15	35	11	24	16
17	20	27	16	24	13
18	4	23	31	23	20
19	16	26	9	31	18
20	19	30	16	21	16

Example – Conjoint Analysis and Segmentation

- Input to k-Means segmentation
 - All 5 attributes

Example – Conjoint Analysis and Segmentation

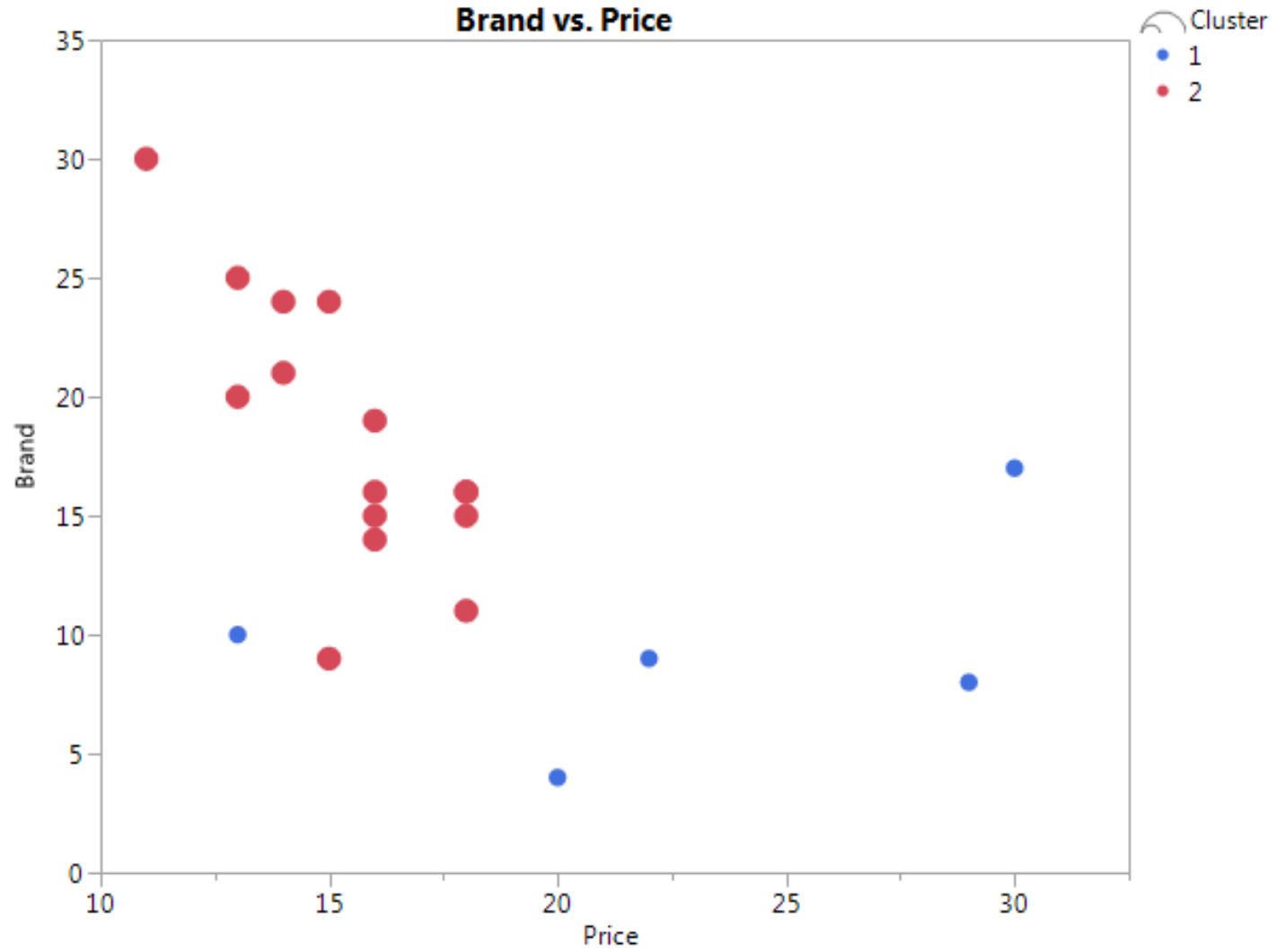
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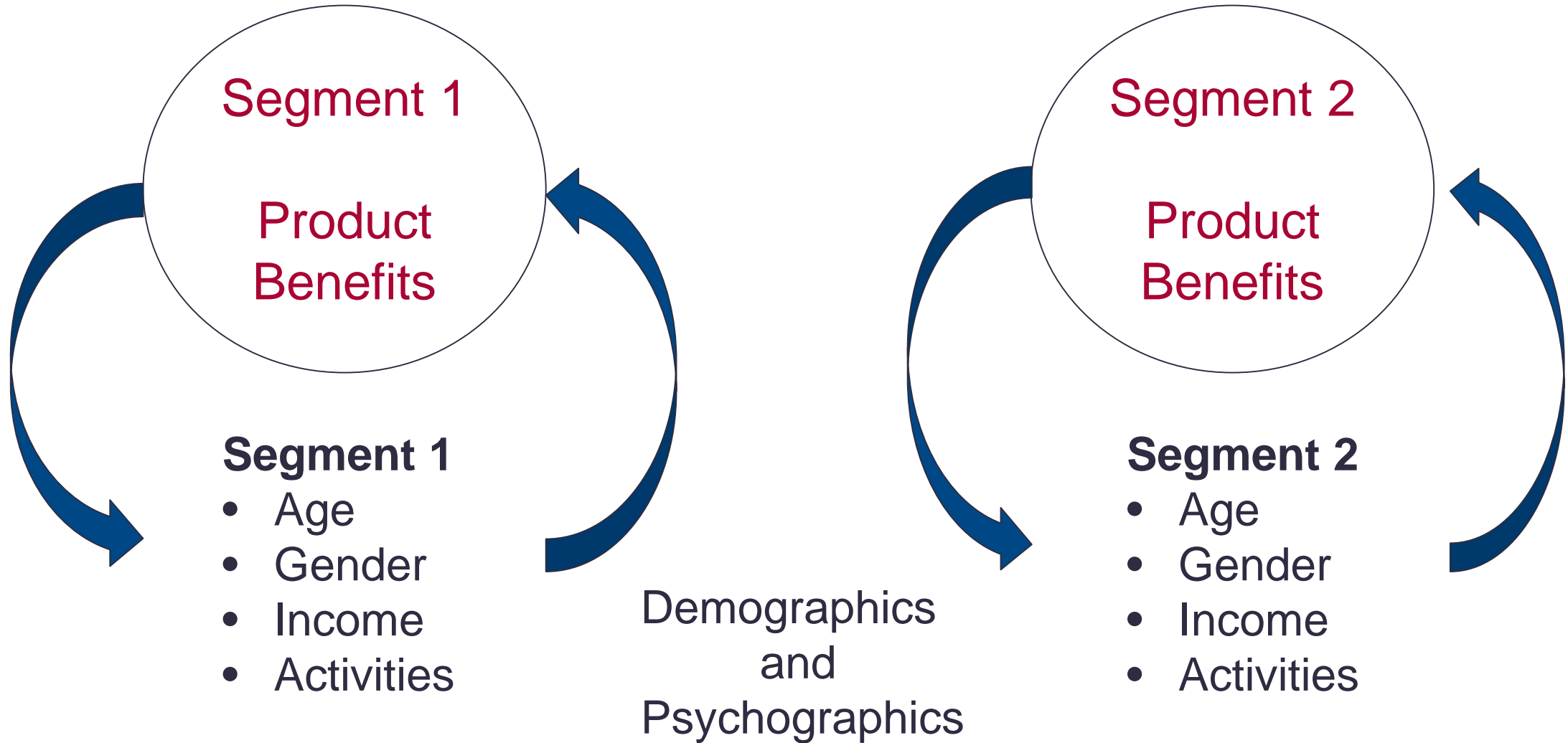
- Input to k-Means segmentation
 - All 5 attributes
- Output – Number of segments
- Managerial intuition: These are customers that make similar tradeoffs

Conjoint Analysis Partworths

2- Means Cluster



Segmentation - Profiling



Conclusions

- Segmentation is an important tool.
- It is essential for proper targeting and positioning.
- There is a statistical technique, cluster analysis, that can aid with segmentation.
- More importantly, though, as managers we have to think carefully about how many segments my organization can handle.



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Social Media and Data

Professor Raghu Iyengar

User Generated Content

- Product reviews – Yelp, TripAdvisor, Rotten Tomato

User Generated Content

- Product reviews – Yelp, TripAdvisor, Rotten Tomato
- Blogs

User Generated Content

- Product reviews – Yelp, TripAdvisor, Rotten Tomato
- Blogs
- Social Media – Facebook, Twitter

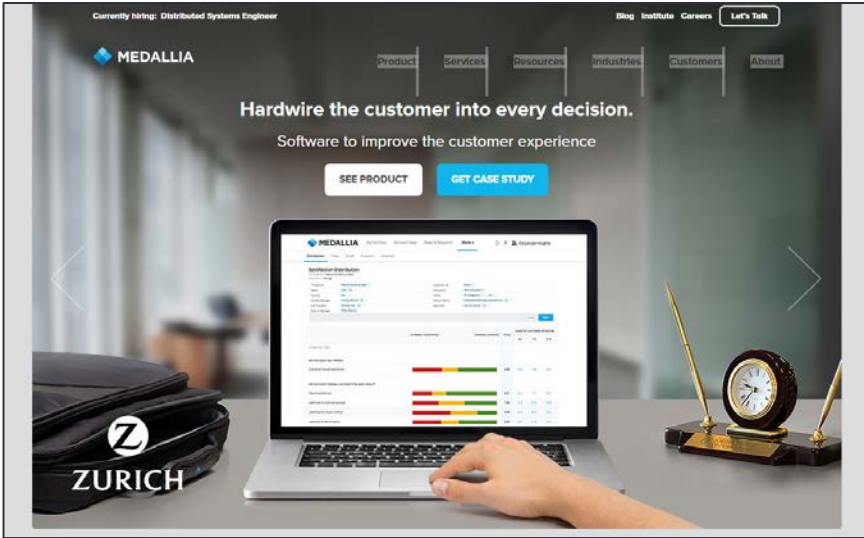
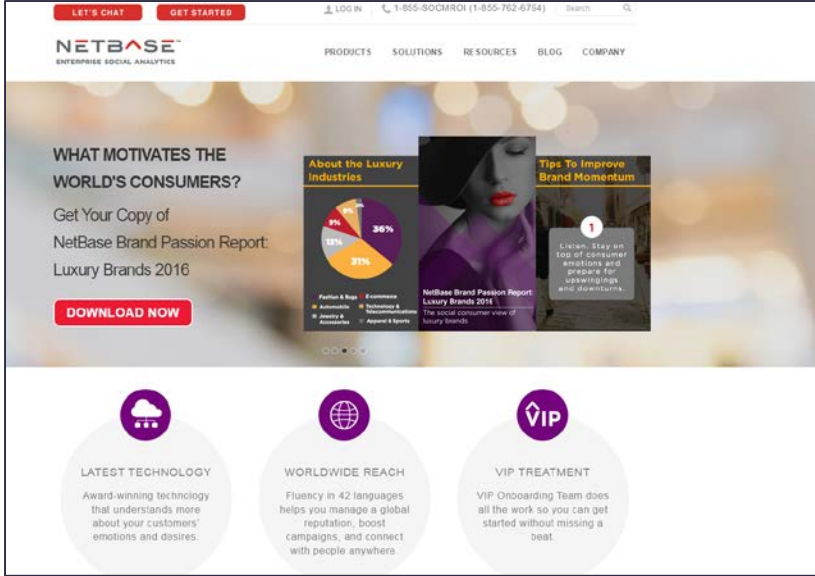
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- Blogs
- Social Media – Facebook, Twitter
- YouTube Videos

User Generated Content

- Product reviews – Yelp, TripAdvisor, Rotten Tomato
- Blogs
- Social Media – Facebook, Twitter
- YouTube Videos
- Big picture – is unstructured

Customer Experience Management





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Market Segmentation, Social Media and Viral Marketing

Social Media Example 1: Forecasting Movie Demand and
Online Sentiments

Professor Raghu Iyengar

Example 1: Forecasting Movie Demand

- What is the content of pre-release buzz

Example 1: Forecasting Movie Demand

- What is the content of pre-release buzz
- Can pre-release buzz be used to predict movie performance?

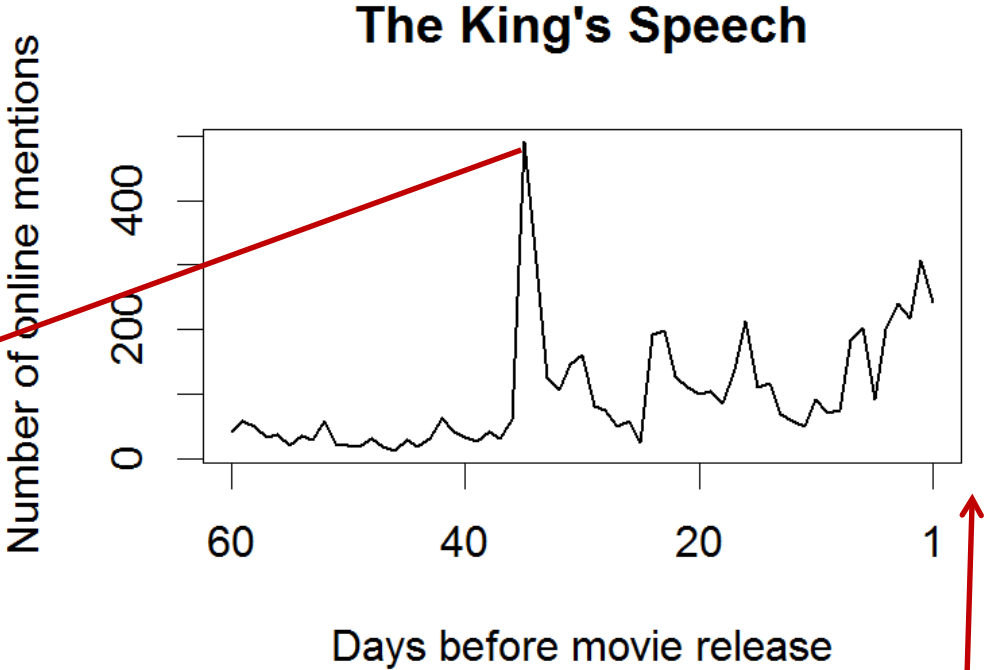
Spikes in Pre-release WOM



88 – The King’s Speech

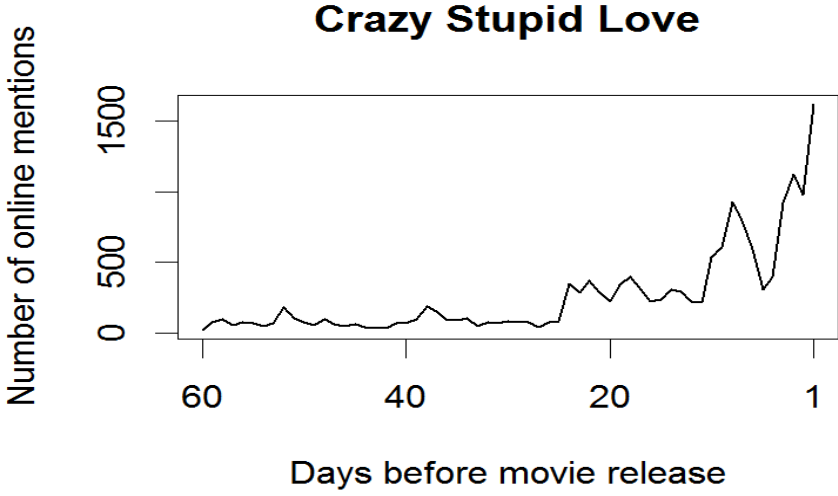
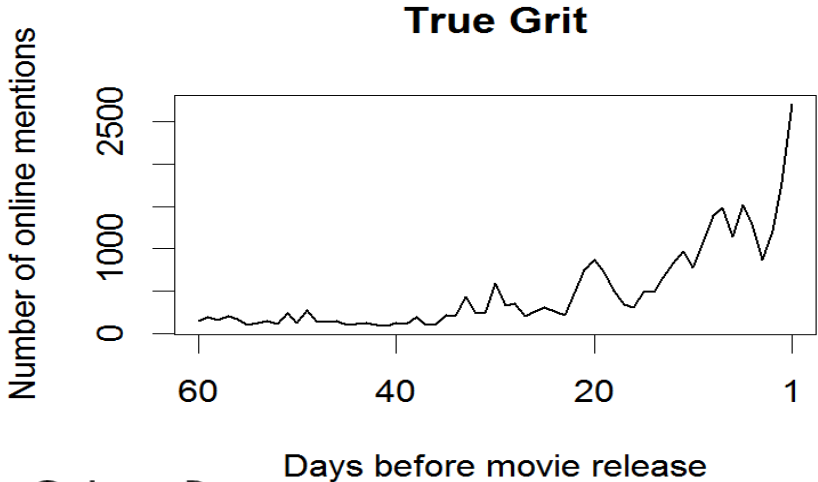
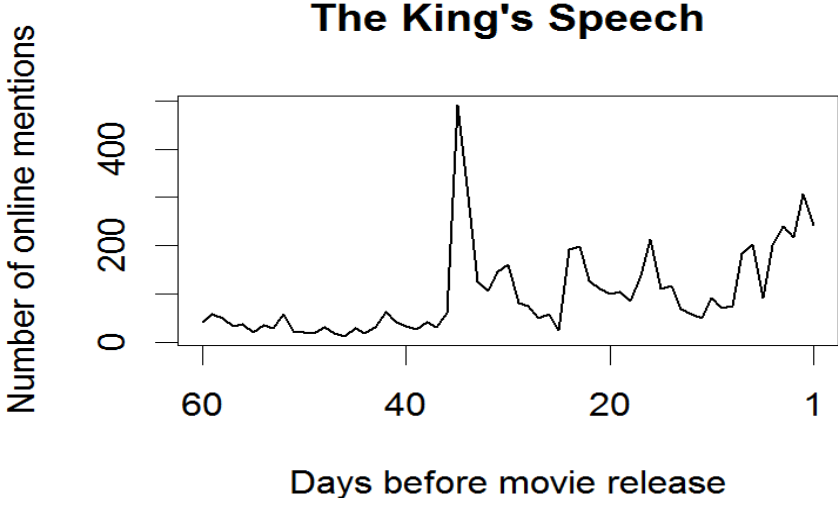
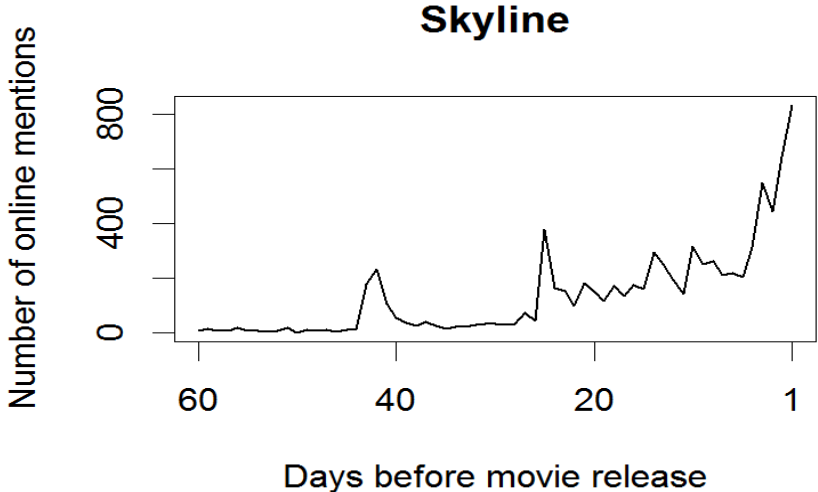
— OCTOBER 22, 2010

And no, I haven't seen the movie yet but the trailer is so promising and I don't think Colin can do wrong. I can't remember seeing him in a bad movie and lately he seems to get amazing roles. So I for an example can't wait to see this one - I love myself some Colin as a king!



Release date:
November 26, 2010

Spikes in Pre-release WOM



(c) Eliashberg, Gelper, Peres

Outline

- **How to identify a spike?**

Outline

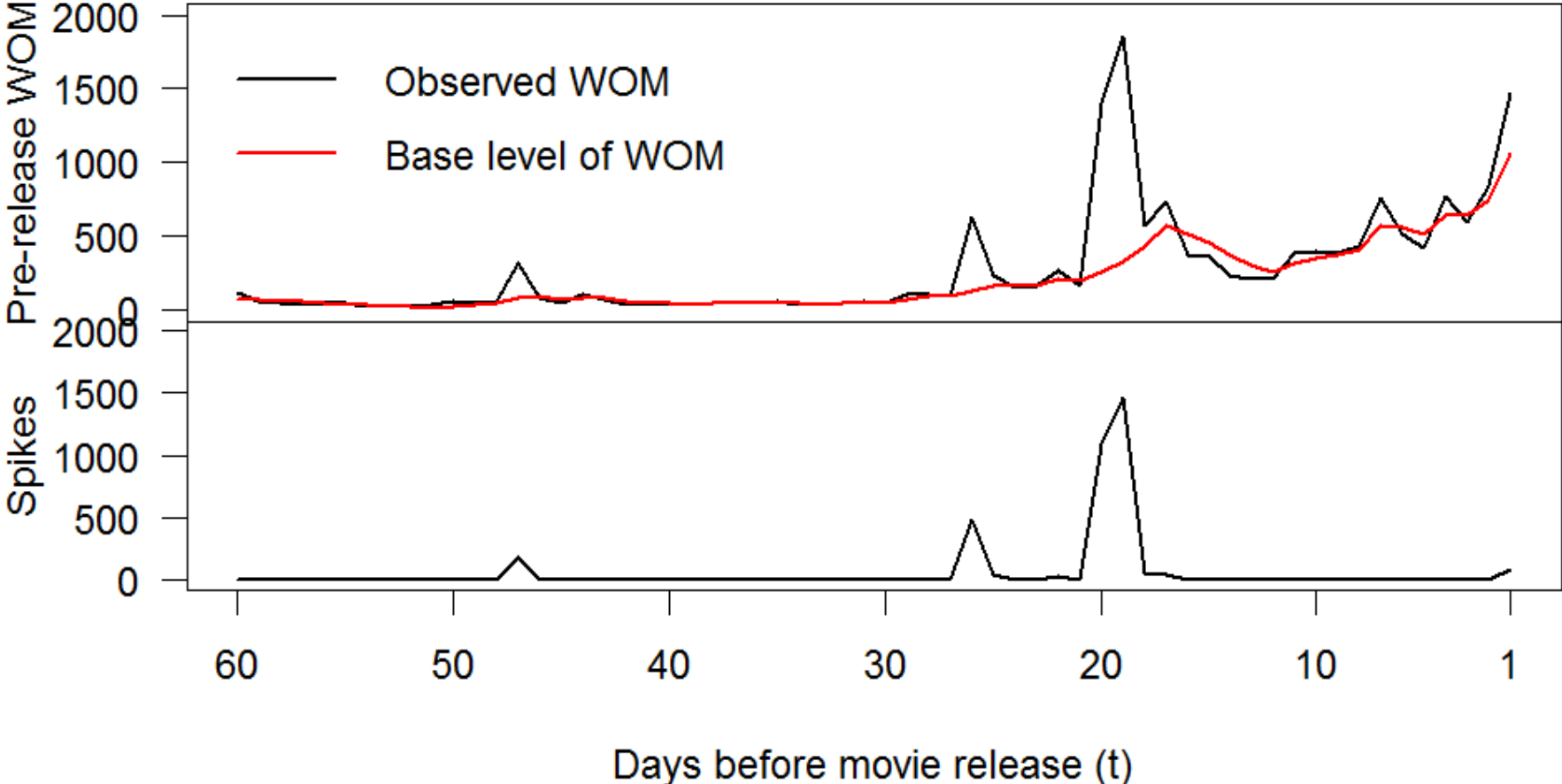
- **How to identify a spike?**
- **Content Analysis** of spikes vs non spike WOM.

Outline

- **How to identify a spike?**
- **Content Analysis** of spikes vs non spike WOM.
- **Box office prediction** based on pre-release spikes

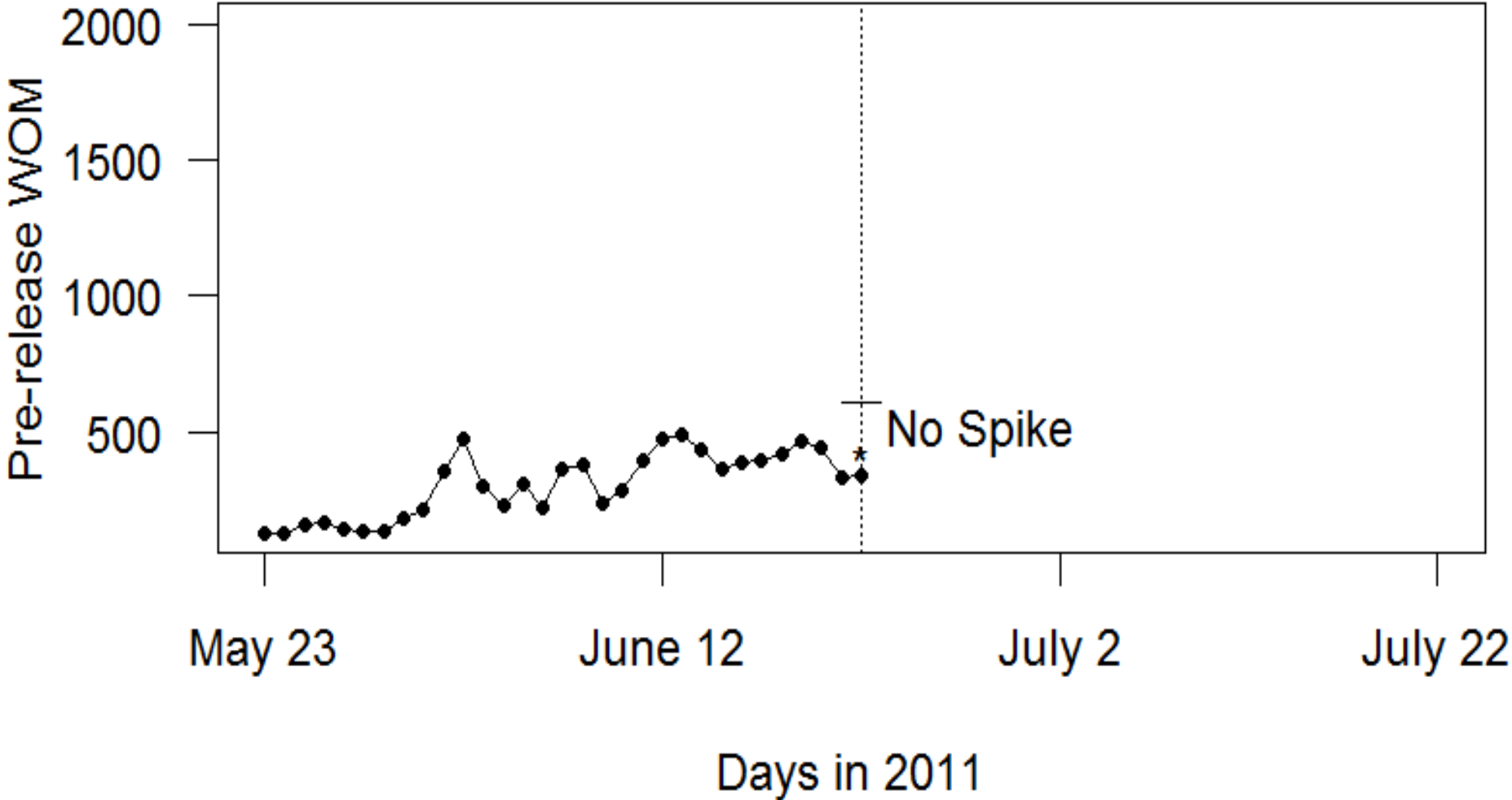
Spikey WOM

Rango



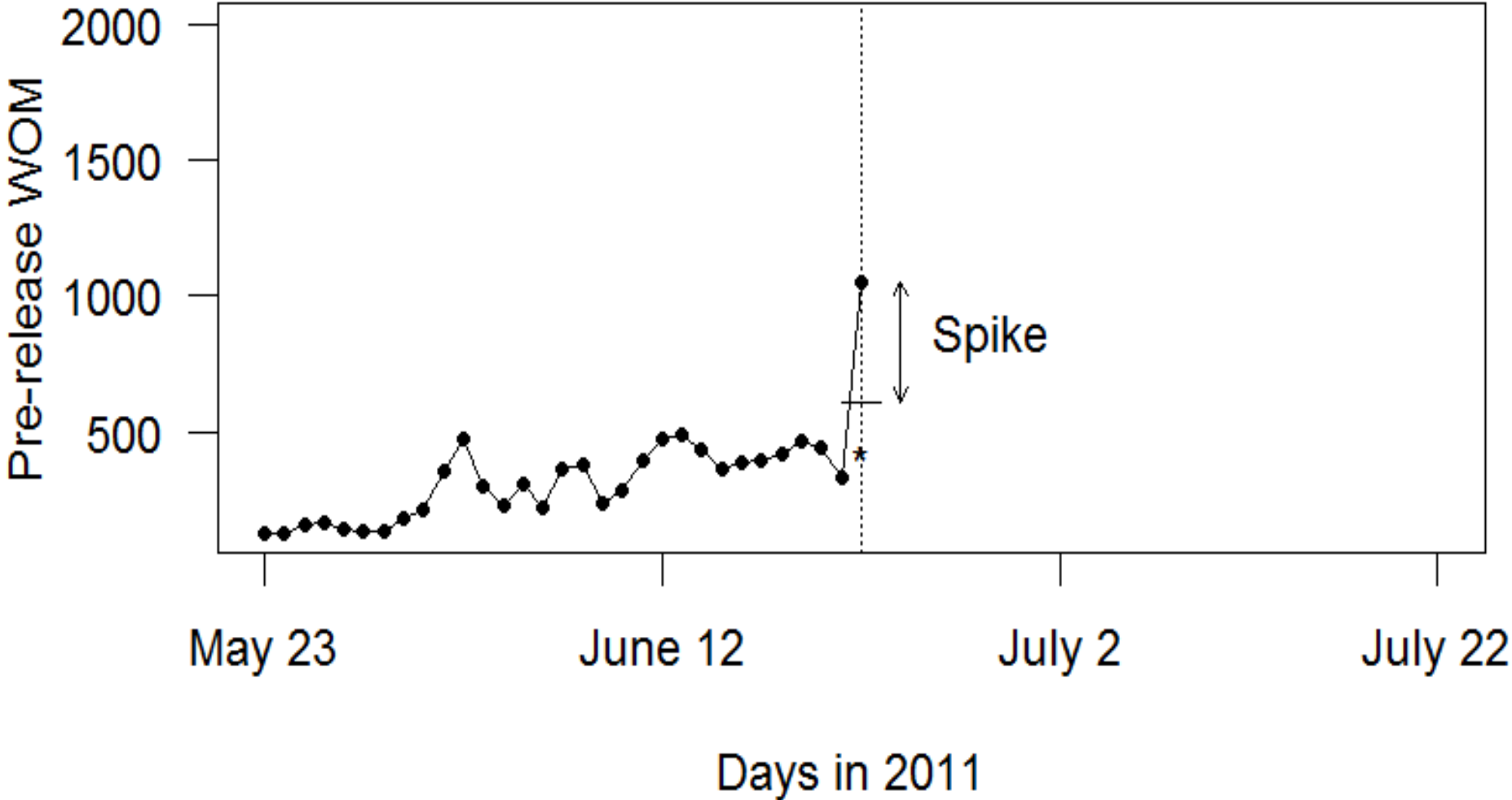
(c) Eliashberg, Gelper, Peres

Identifying Spikes



(c) Eliashberg, Gelper, Peres

Identifying Spikes



(c) Eliashberg, Gelper, Peres

Content Analysis of Spikes



- Omg I want to see Judy moody and the not so bummer summer! #dontjudgeme
- Your Invited to a Pajama Party with Judy Moody!
- Can't wait for Judy Moody! yay! :DDD My friend and I love you, Camryn! :)
- Cant wait to go see Judy Moody on The 10th(: My little cousins r soo excited lol((:
- Is it weird i wanna go see judy moody lol that name is so funny to me #random
- Our site GiantHello is featured in the new Judy Moody Movie!!!! Ya gotta check it out!

Data: 19,939 spike posts AND 12,727 non-spike posts (blogs, user- forums, Twitter)

Method: NLP

(c) Eliashberg, Gelper, Peres

Content Analysis Aspects

- **Topics** – actor, director, storyline, another movie, the genre, a trailer, reviews, and movie listing

Content Analysis Aspects

- **Topics** – actor, director, storyline, another movie, the genre, a trailer, reviews, and movie listing
- **Sentiment** – positive, negative, neutral

Content Analysis: Findings

- Spikes span more topics than non-spiky w-o-m.

Content Analysis: Findings

- Spikes span more topics than non-spiky w-o-m.
- They tend to be more positive than non-spiky w-o-m.

Content Analysis: Findings

- Spikes span more topics than non-spiky w-o-m.
- They tend to be more positive than non-spiky w-o-m.
- Spikes in which people talk mainly about press events tend to decay faster.

As Release Approaches...

- More spikes occur

As Release Approaches...

- More spikes occur
- More spike messages deal with the storyline

As Release Approaches...

- More spikes occur
- More spike messages deal with the storyline
- More spike messages are opinionated

Regression: Box-Office with Spikes

Movie characteristics

$$\log(BO_i) = \alpha + \beta_1 MC_i + \beta_2 \log(WOM_i) + \beta_3 \log(SpikeCount_i) + \varepsilon_i,$$

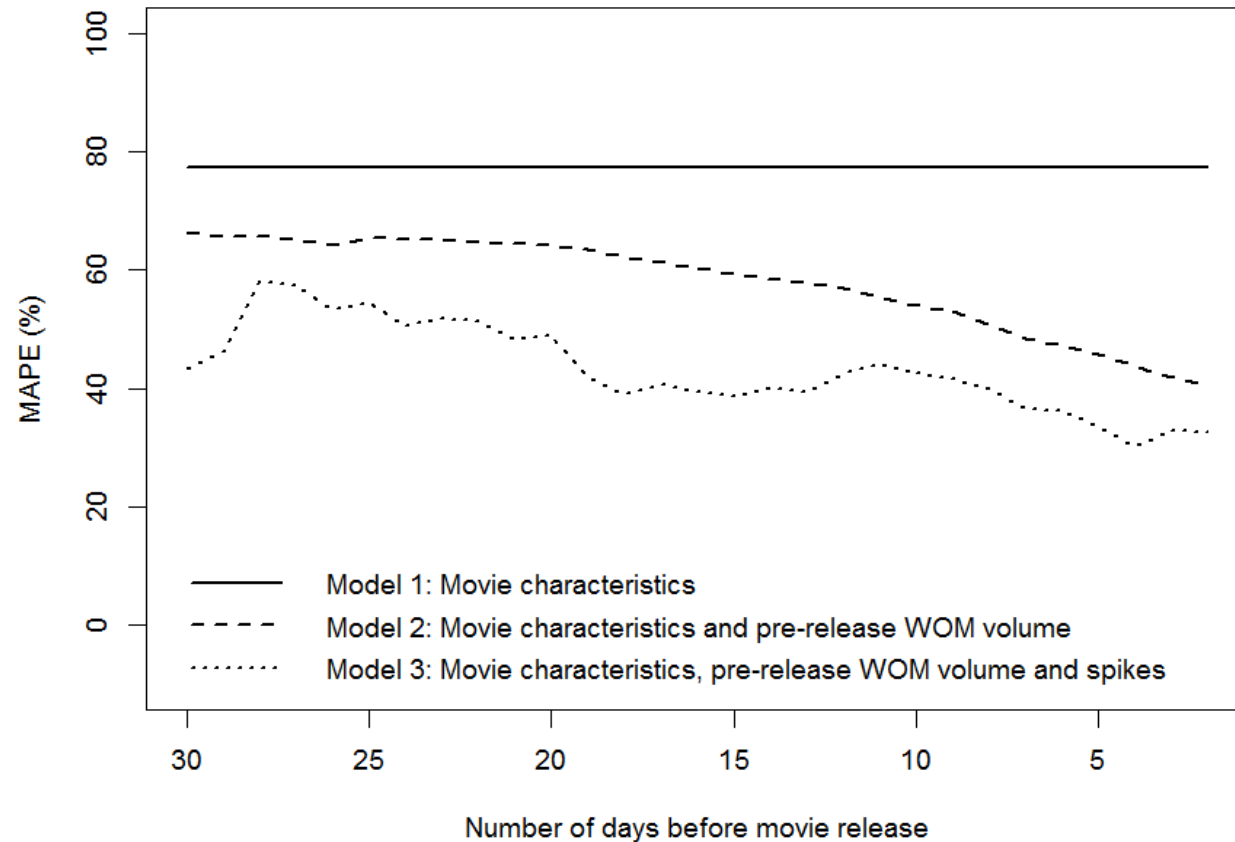
Movie i

Volume of WOM
of mentions on movie i

Total # of spikes in the
pre-release WOM

The Predictive Power of Spikes

- Estimate on 79 movies and predict BO revenues of other movies for 1-30 days before their release



(c) Eliashberg, Gelper, Peres



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Social Media Example 2: Automobiles and Blogs

Professor Raghu Iyengar

Example 2: Blogs

- Enormous information about consumer sentiments

Example 2: Blogs

- Enormous information about consumer sentiments
- Also give much information about which brands are mentioned together

Creating Perceptual Maps

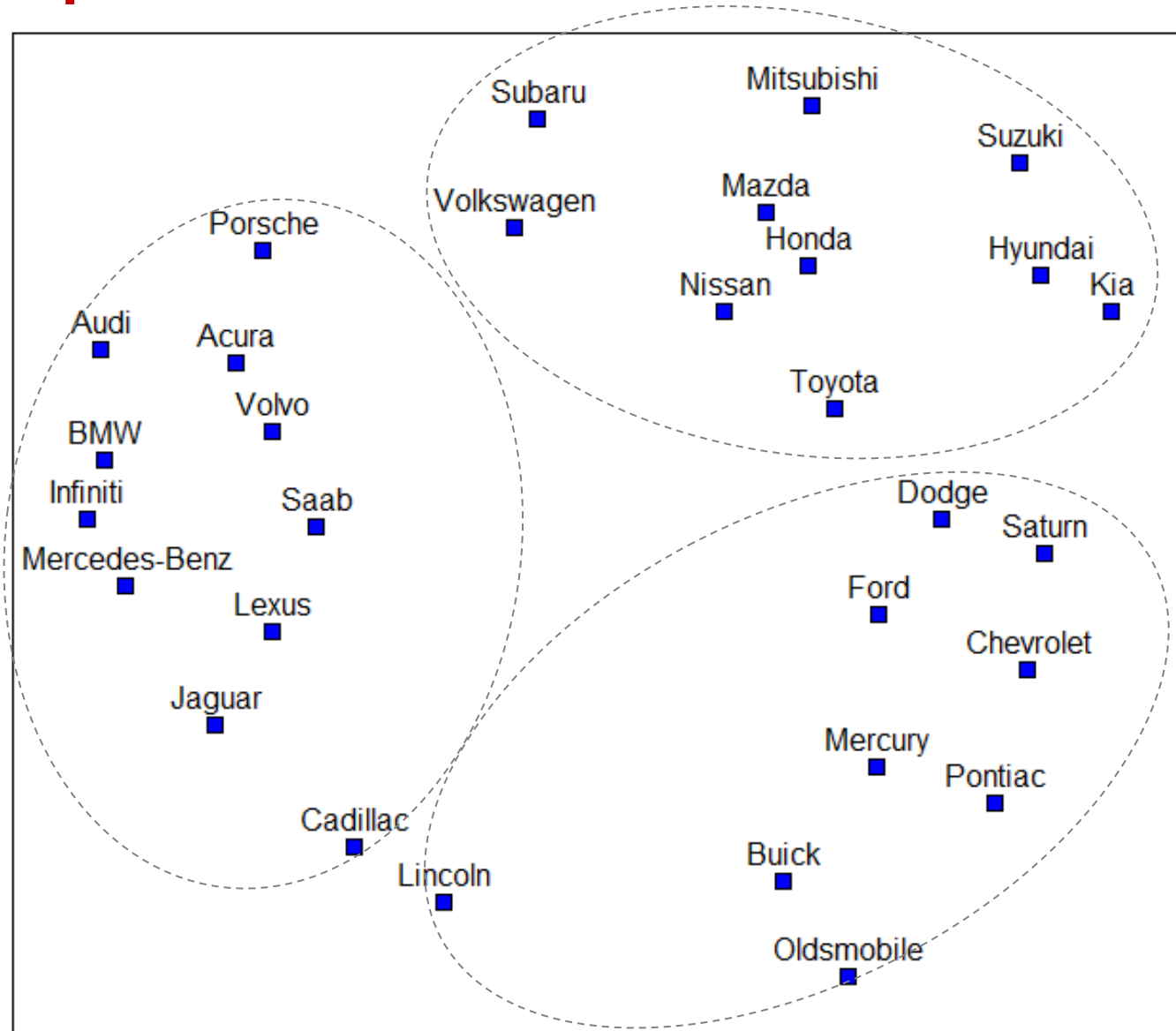
[Message #1199](#) Civic vs. Corolla by mcmanus Jul 21, 2007 (4:05 pm)
 Yes DrFill, the Honda car model is sporty, reliable, and economical vs the Corolla that is just reliable and economical. Ironically its Toyota that is supplying 1.8L turbo ... Neon to his 16 year old brother. I drove it about 130 miles today. Boy does that put all this Civic vs. Corolla back in perspective! The Neon is very crudely designed and built, with no low ...



	Audi A6	Honda Civic	Toyota Corolla
Audi A6	---	252	101
Honda Civic	252	---	2762
Toyota Corolla	101	2762	---

Source: Netzer, et al. 2012, *Marketing Science*

Perceptual Maps of Brands



Empirical Lessons

- Enormous information about consumer sentiments

Empirical Lessons

- Enormous information about consumer sentiments
- Unstructured

Empirical Lessons

- Enormous information about consumer sentiments
- Unstructured
- Careful thought must be undertaken how to use such data to derive quantitative measures from such data



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Market Segmentation, Social Media, and Viral Marketing

Viral Marketing: Assumptions and Social Networks

Professor Raghu Iyengar

Viral Marketing

- Two Assumptions

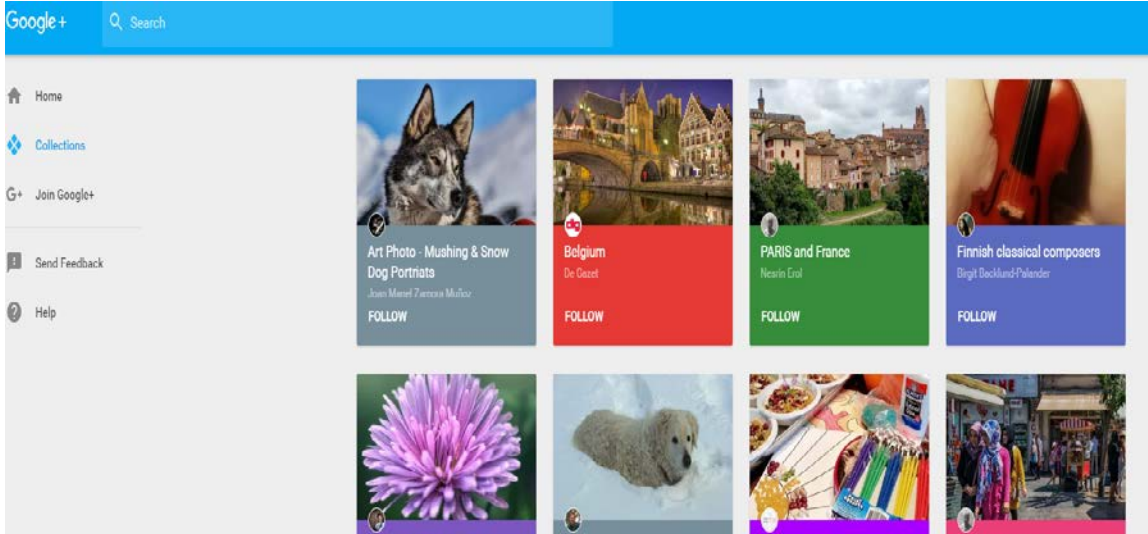
Viral Marketing

- Two Assumptions
 - Customers influence each other (contagion is at work)

Viral Marketing

- Two Assumptions
 - Customers influence each other (contagion is at work)
 - There are key opinion leaders and firms are able to identify

Social Networks



An advertisement for SERMO. The background is a photograph of a male doctor in green surgical scrubs and a blue surgical cap, sitting on a wooden bench in a hospital setting. The text 'Connect to a community of doctors who get it.' is overlaid in white. At the bottom left, there is a blue button with the text 'JOIN THE COMMUNITY'. The SERMO logo is visible in the top right corner of the ad area.

Typical Questions

- What firms want to know

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 - Who are the opinion leaders?

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 - Is there actually social influence among customers?

Opinion Leaders & Contagion: Some Insights

- Setting and objectives

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- Data

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- Setting and objectives
- Data
- Findings

Opinion Leaders & Contagion: Some Insights

- Setting and objectives
- Data
- Findings
- What did the firm learn it did not already know?



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Market Segmentation, Social Media, and Viral Marketing

Viral Marketing: Pharmaceutical Example- Collecting Data

Professor Raghu Iyengar

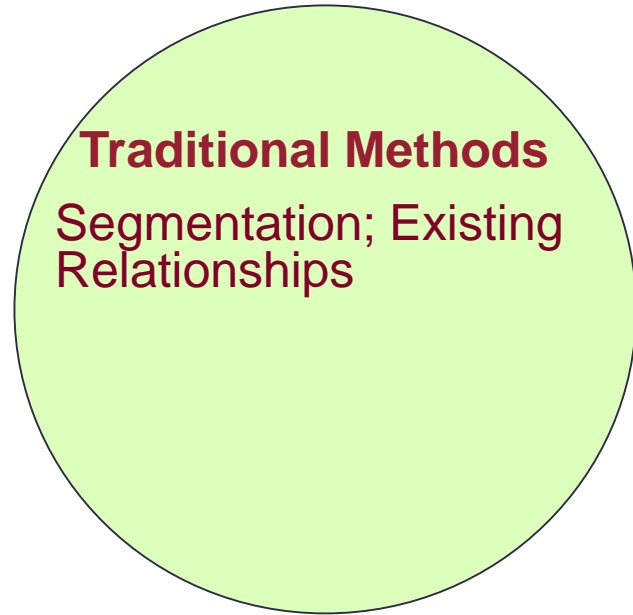
Setting and Objectives

- Setting
 - Pharmaceutical industry
 - New prescription drug
 - Quite different than current two drugs in therapeutic class
 - Prevalence related to ethnicity

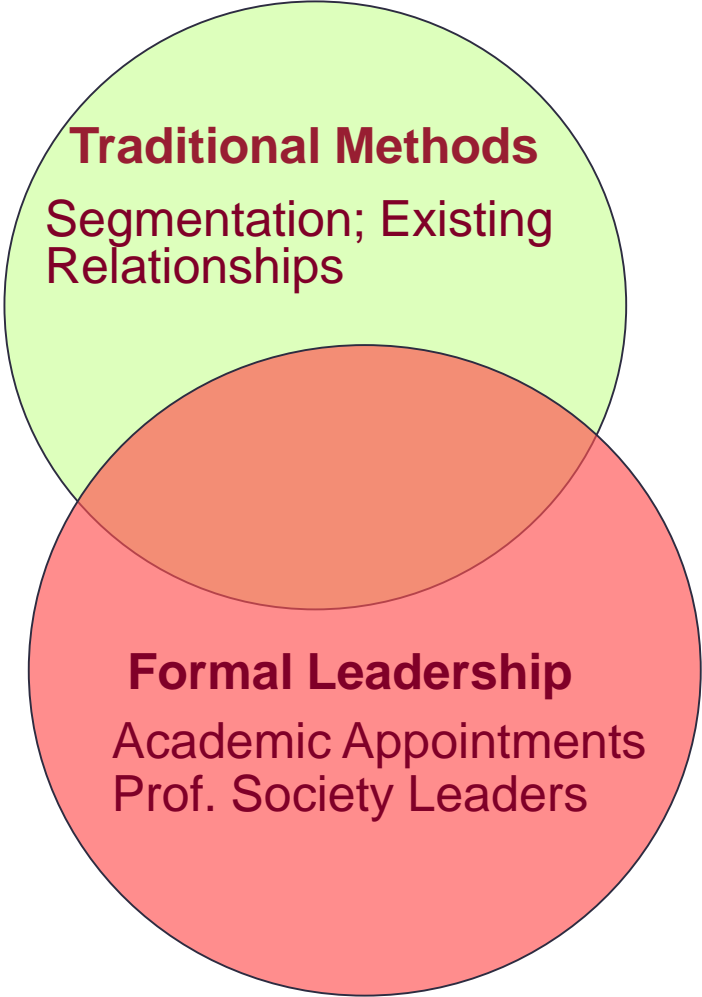
Setting and Objectives

- Setting
 - Pharmaceutical industry
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- What the firm wanted to know
 - Is there actually contagion?
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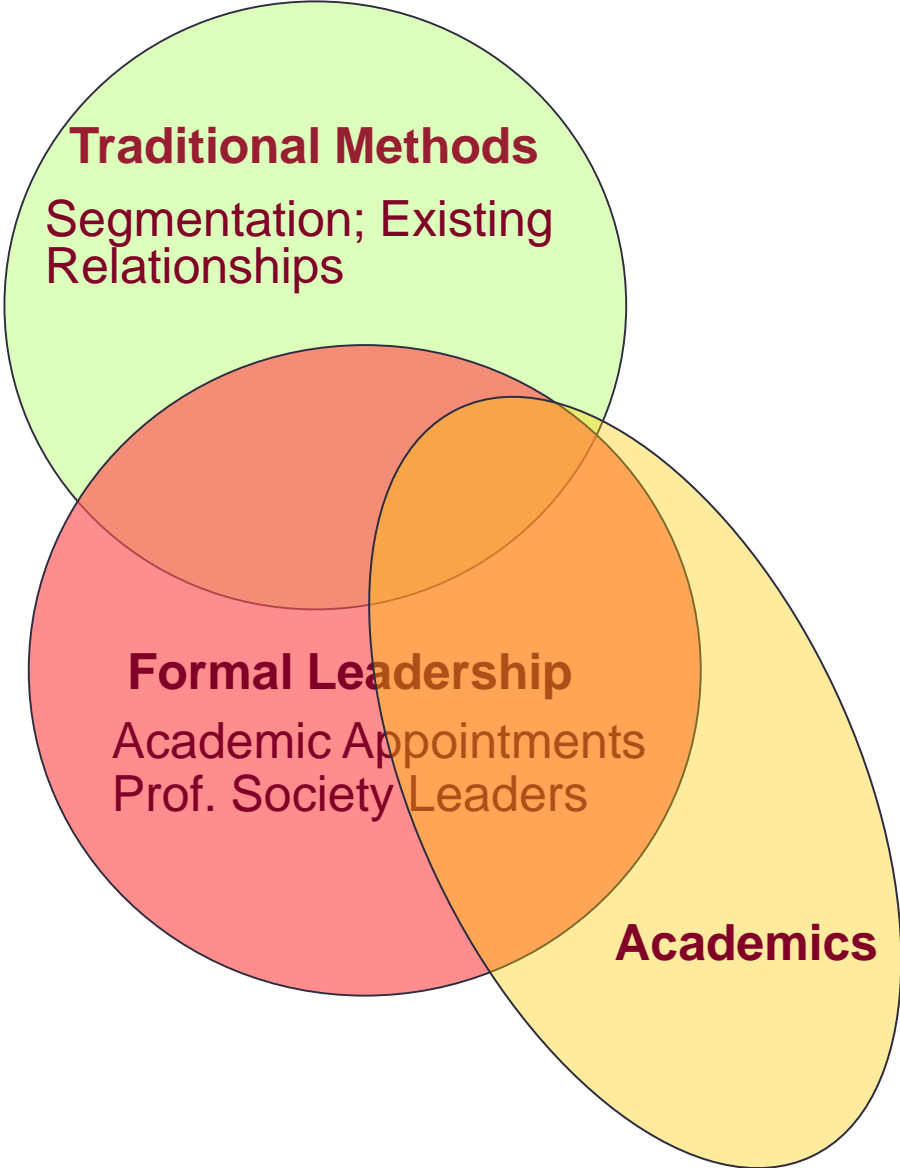
How to Identify Influentials



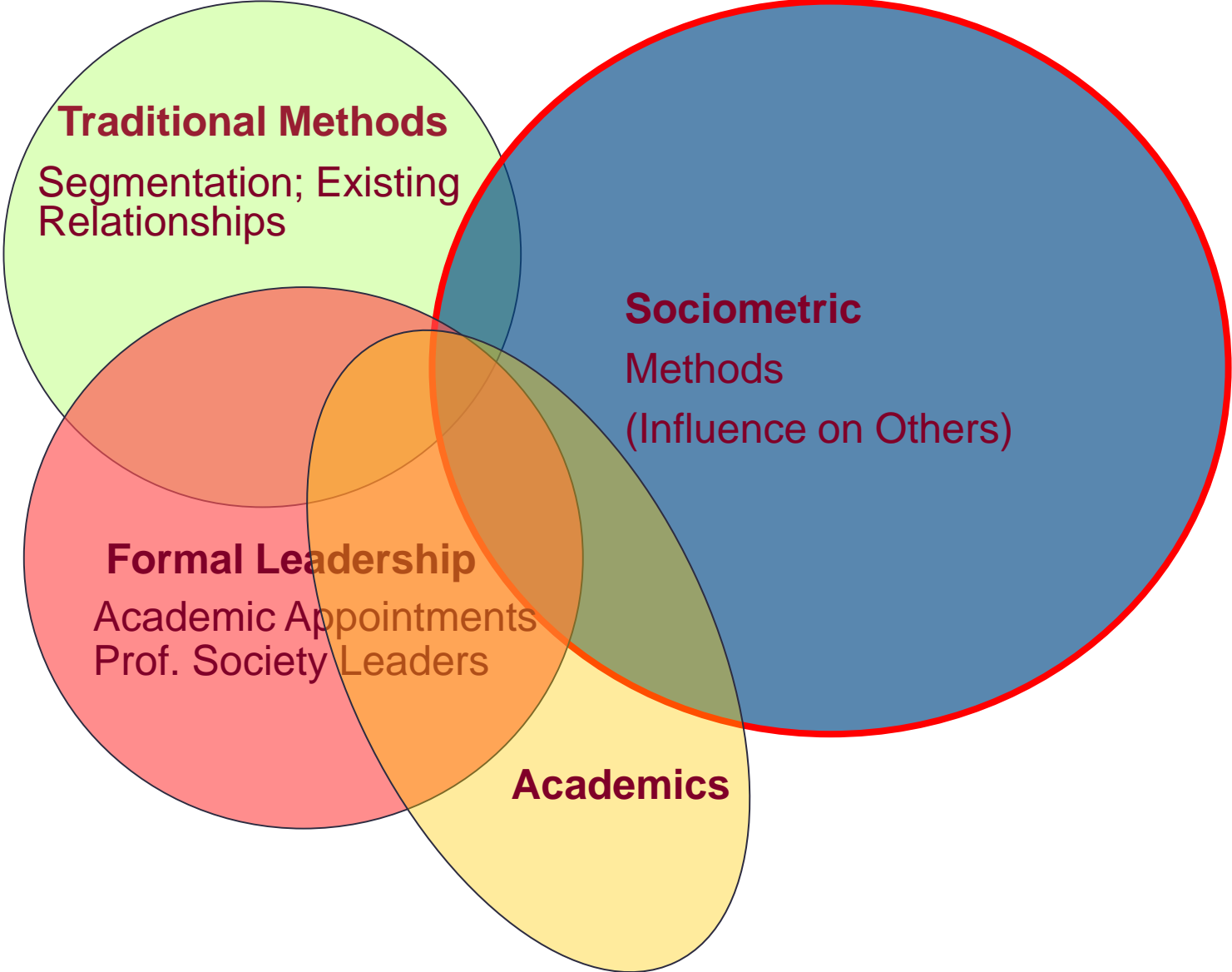
How to Identify Influentials



How to Identify Influentials



How to Identify Influentials



Data

- Physicians
 - In three cities with sizable Asian population
 - Who prescribed in therapeutic class

Data

- Physicians
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- Physician-level prescription data
 - 17 months, starting with time of launch

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Data

- Sociometric Survey
 - “List colleagues with whom you feel comfortable discussing the clinical management and treatment of disease XXX”

Discussion Network among Doctors

Data

- Sociometric Survey
 - “List colleagues with whom you feel comfortable discussing the clinical management and treatment of disease XXX”

Discussion Network among Doctors

- “To whom do you typically refer patients with disease XXX?”

Referral Network among Doctors

Data

Opinion Leadership Scale (self-reported)

(PLEASE CIRCLE THE APPROPRIATE NUMBER ON THE SCALE)

1. In general, do you talk to other doctors about XXX?

Never
1 2 3 4 5 6 Very Often
7

2. When you talk to your colleagues about XXX do you:

Offer very little information
1 2 3 4 5 Offer a great deal of information
6 7

3. During the past 6 months, how many physicians have you instructed about ways to treat XXX:

Instructed no one
1 2 3 4 5 Instructed multiple physicians
6 7

4. Compared to your circle of colleagues, how likely are you to be asked about ways to treat XXX:

Not at all likely to be asked
1 2 3 4 5 6 Very likely to be asked
7

5. In discussions of XXX, which of the following happens most often?

Your colleagues tell you about treatments
1 2 3 4 5 You tell your colleagues about treatments
6 7

6. In general, when you think about your professional interactions with colleagues, are you:

Not used as a source of advice
1 2 3 4 5 Often used as a source of advice
6 7

Data

- Huge Amount of Data
 - A typical problem is thinking about a framework of putting it together

Data

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 - A driving force should be careful thought about what questions are relevant for which stakeholders

Data

- Huge Amount of Data
 - A typical problem is thinking about a framework of putting it together
 - A driving force should be careful thought about what questions are relevant for which stakeholders
 - Considering the questions can help in understanding what “data cut” will be necessary



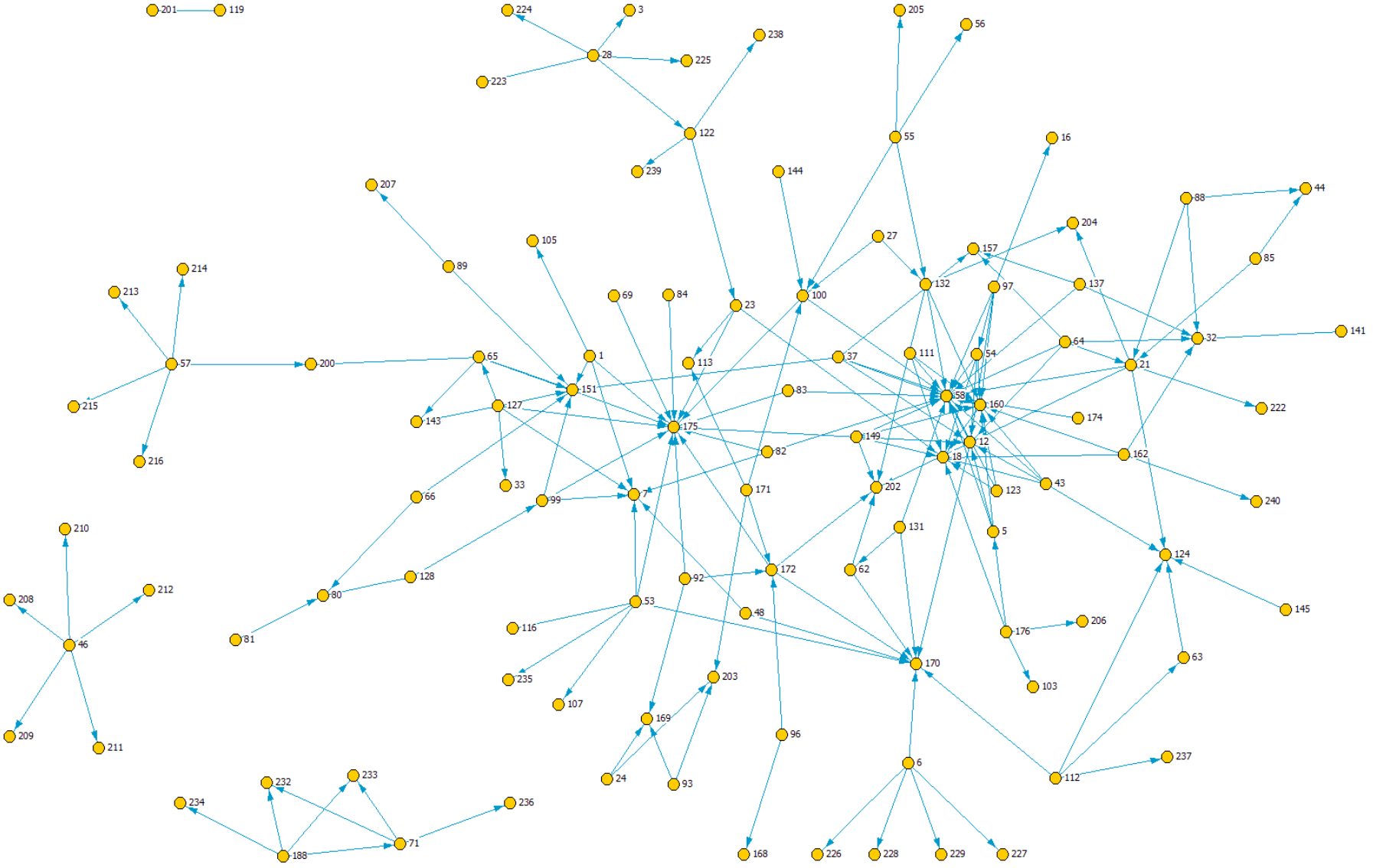
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Market Segmentation, Social Media, and Viral Marketing

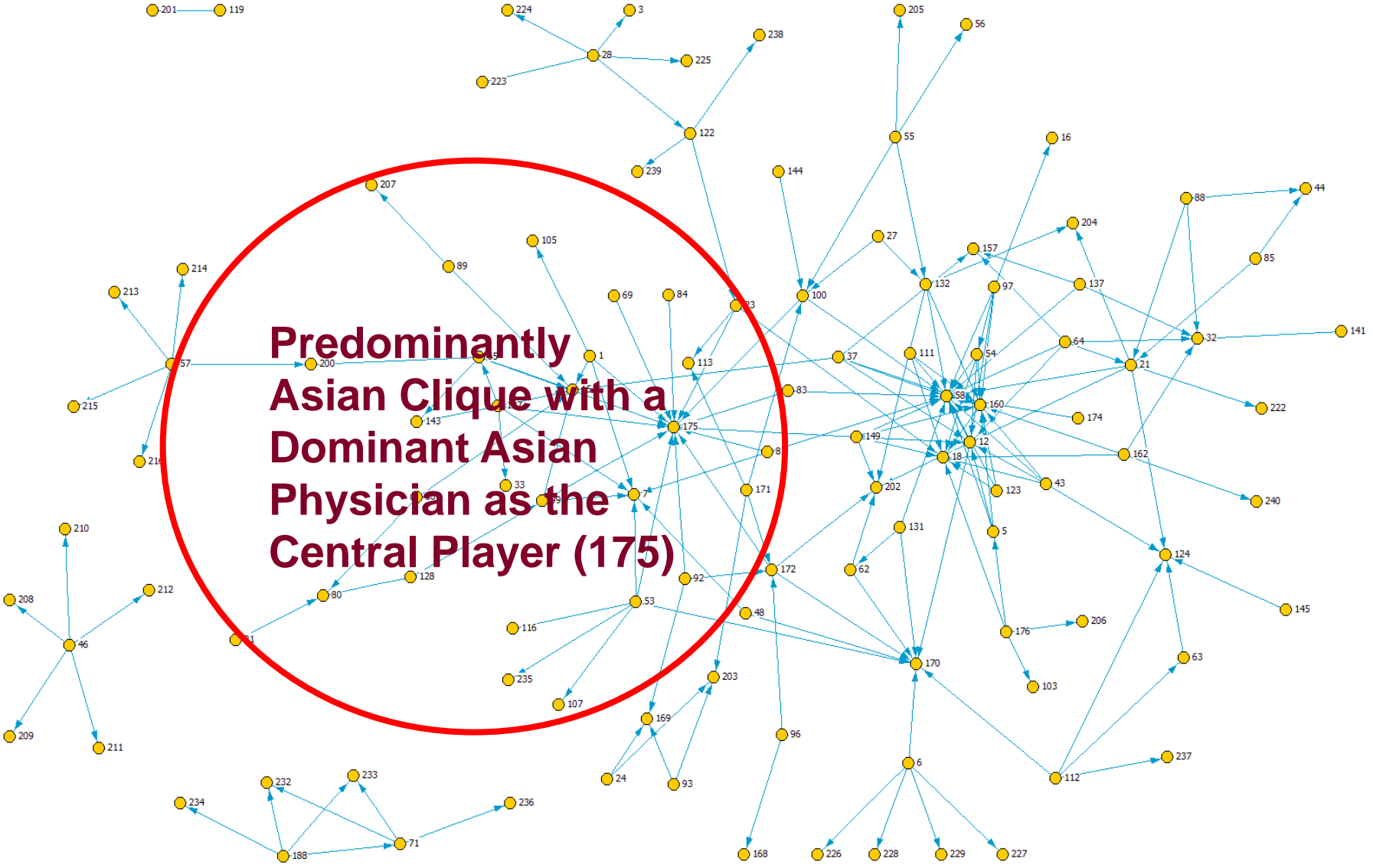
Viral Marketing: Pharmaceutical Example - Results

Professor Raghu Iyengar

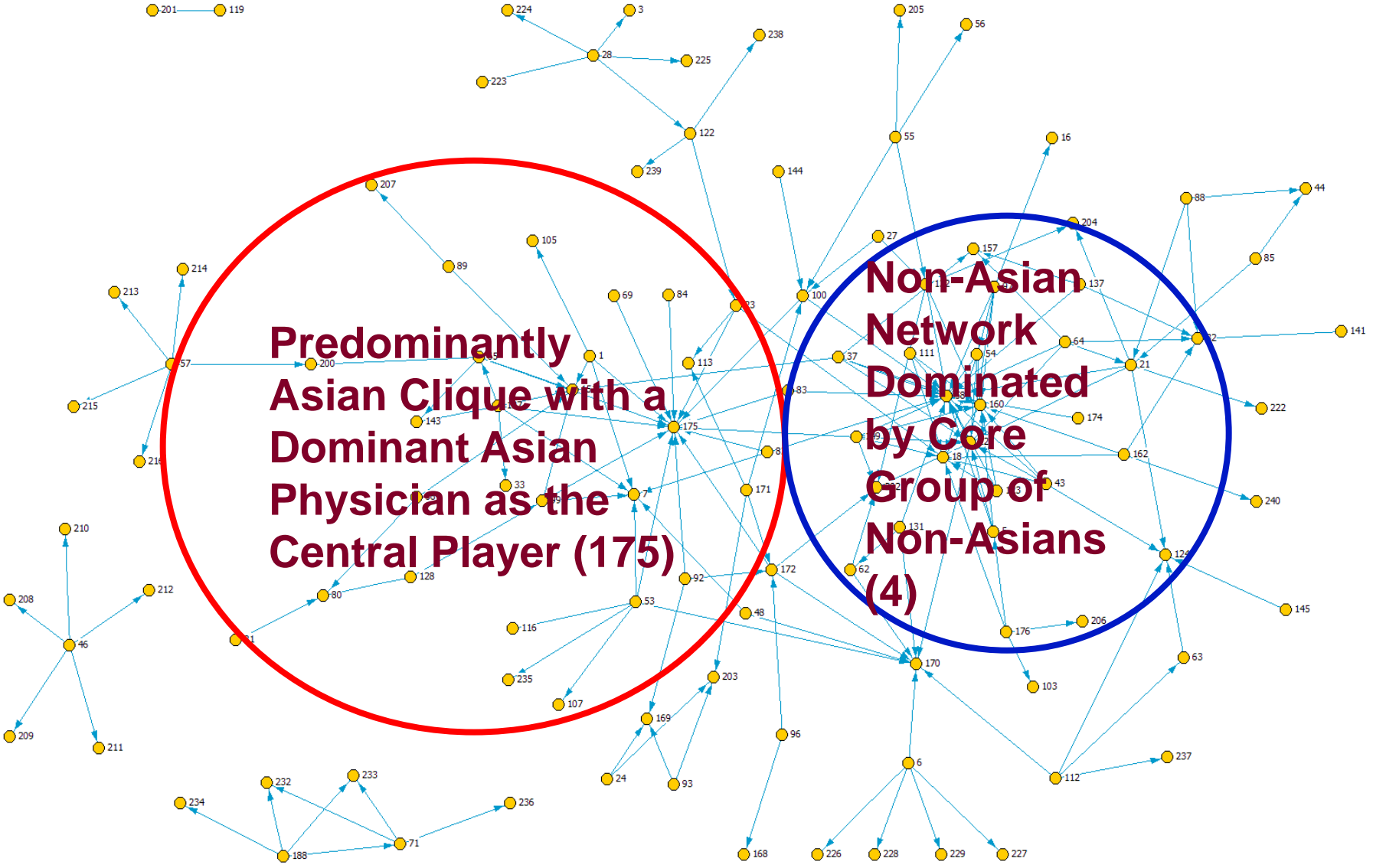
Sociometric Results for One City



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Sociometric Results for One City



Value in Knowing Network Structure?

- Unexpected leaders
 - Not all opinion leaders stand on a soap box

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 - Especially among top leaders known to company

Value in Knowing Network Structure?

- Unexpected leaders
 - Not all opinion leaders stand on a soap box
- Inefficient overlap in contacts
 - Especially among top leaders known to company
- Insufficient coverage by top leaders
 - Esp. salient in this case since division along ethnic lines



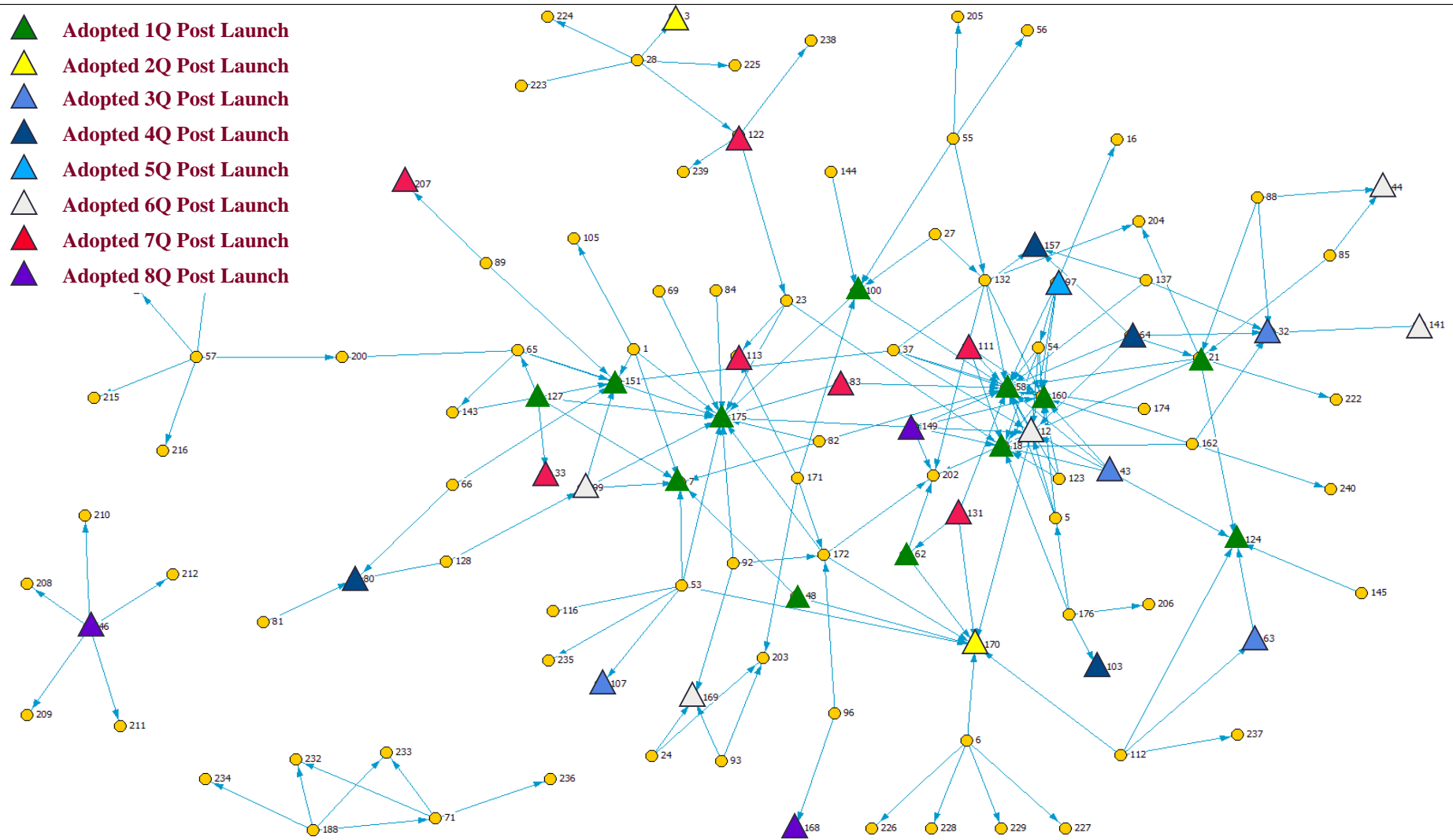
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Market Segmentation, Social Media, and Viral Marketing

Viral Marketing: Pharmaceutical Example - Diffusion

Professor Raghu Iyengar

New Drug Diffusion Through Network



Why a Statistical Model

- Drug adoption pattern could be due to:
 - Sales force

Why a Statistical Model

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Why a Statistical Model

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Why a Statistical Model

- Drug adoption pattern could be due to:
 - Sales force
 - Overall diffusion in the city (everyone becomes more aware)
 - Physician demographics
 - Other market level changes

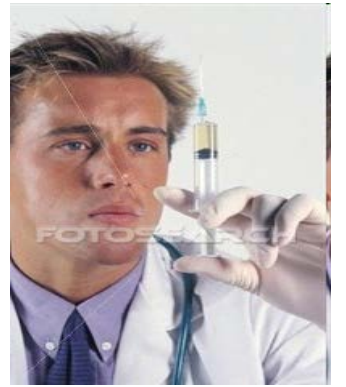
Regression Model

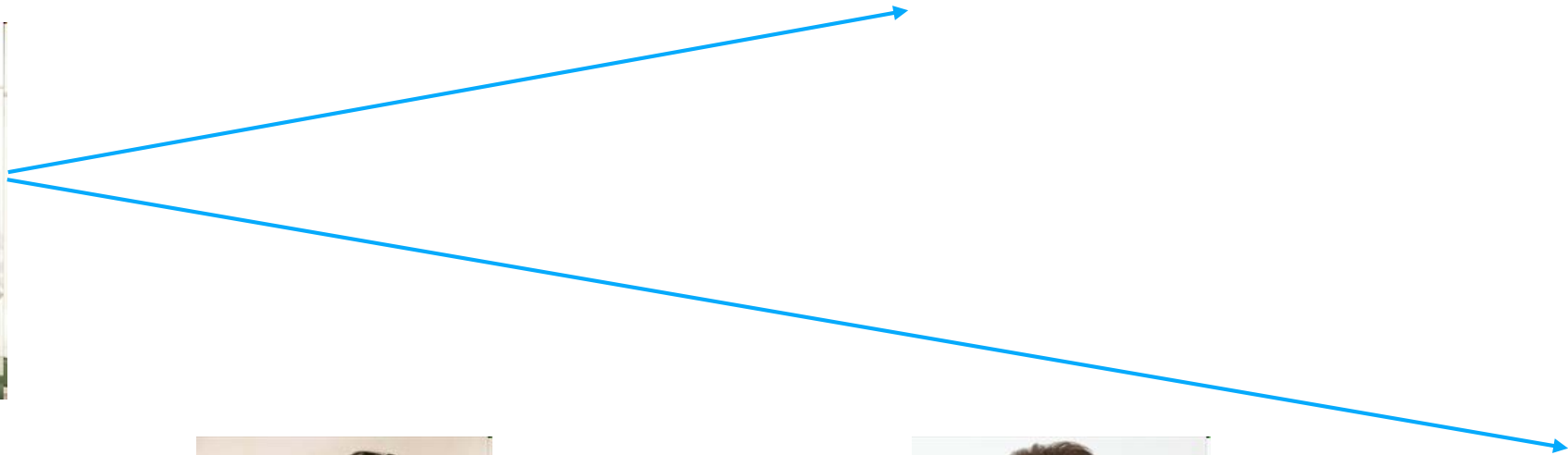
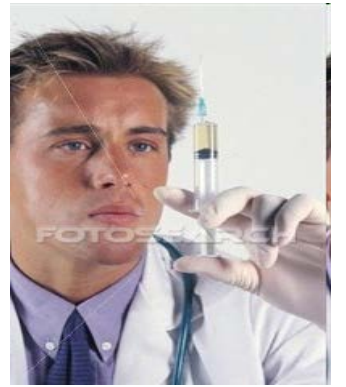
- Dependent Variable
 - Whether a physician adopted the drug or not

Regression Model

- Dependent Variable
 - Whether a physician adopted the drug or not
- Independent Variables
 - Marketing activity
 - Time Trends
 - Demographics
 - Social Pressure captured via social networks

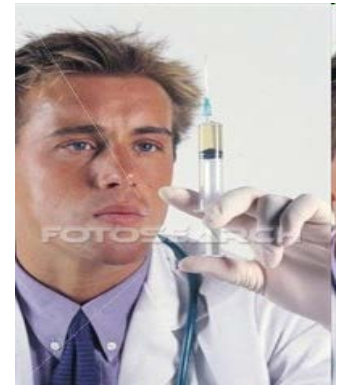






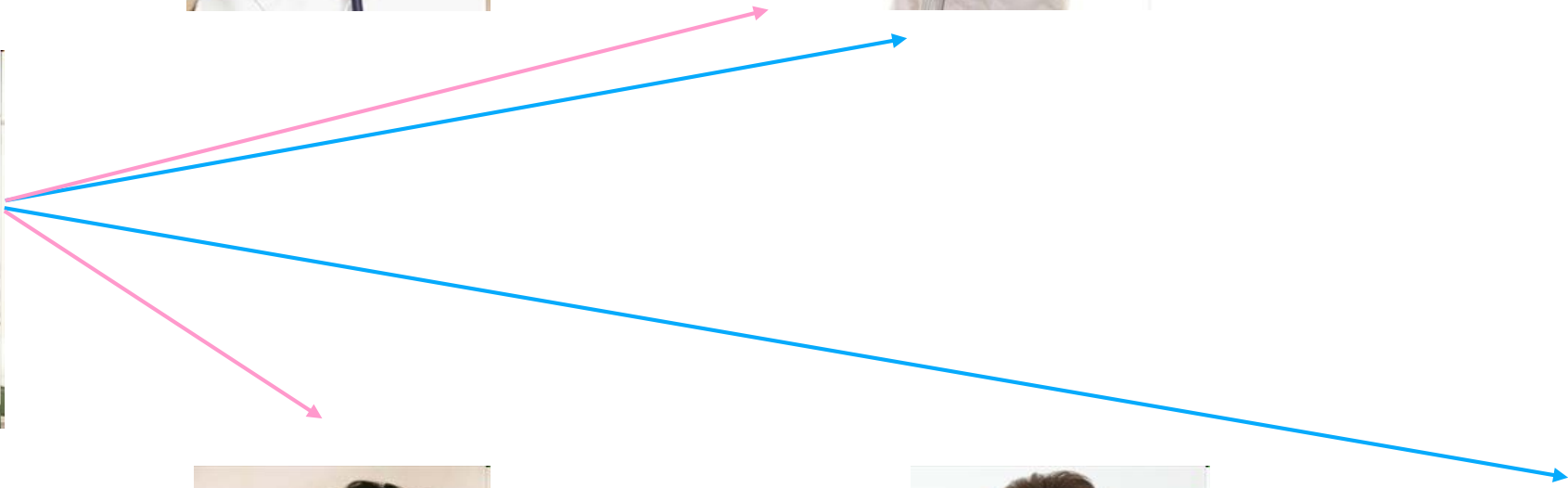
→
Discussion

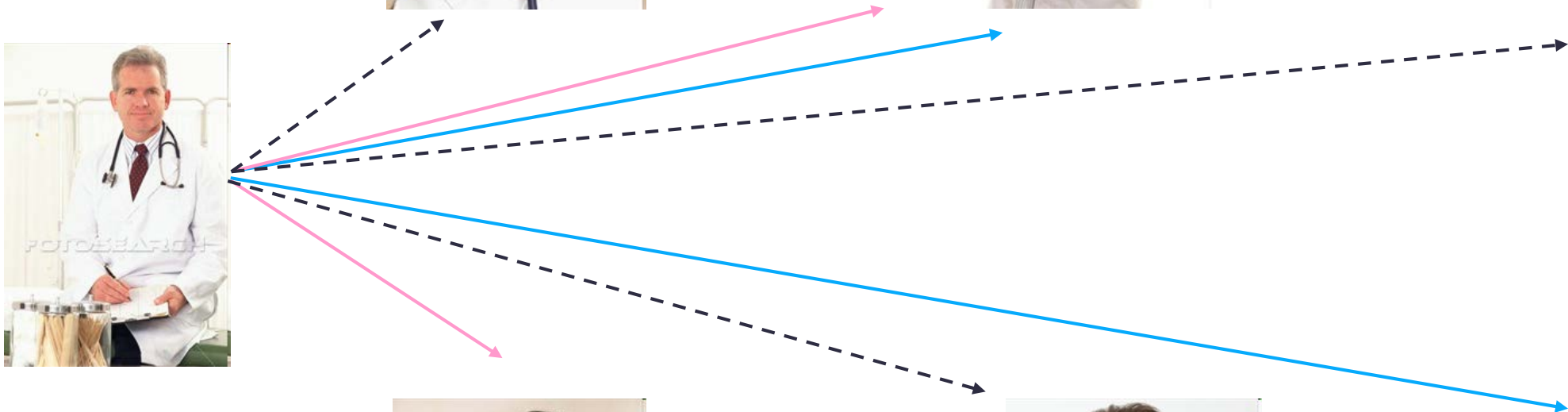
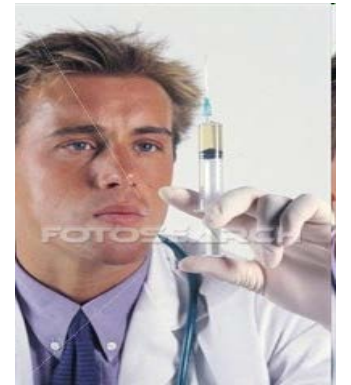




→
Discussion

→
Referral

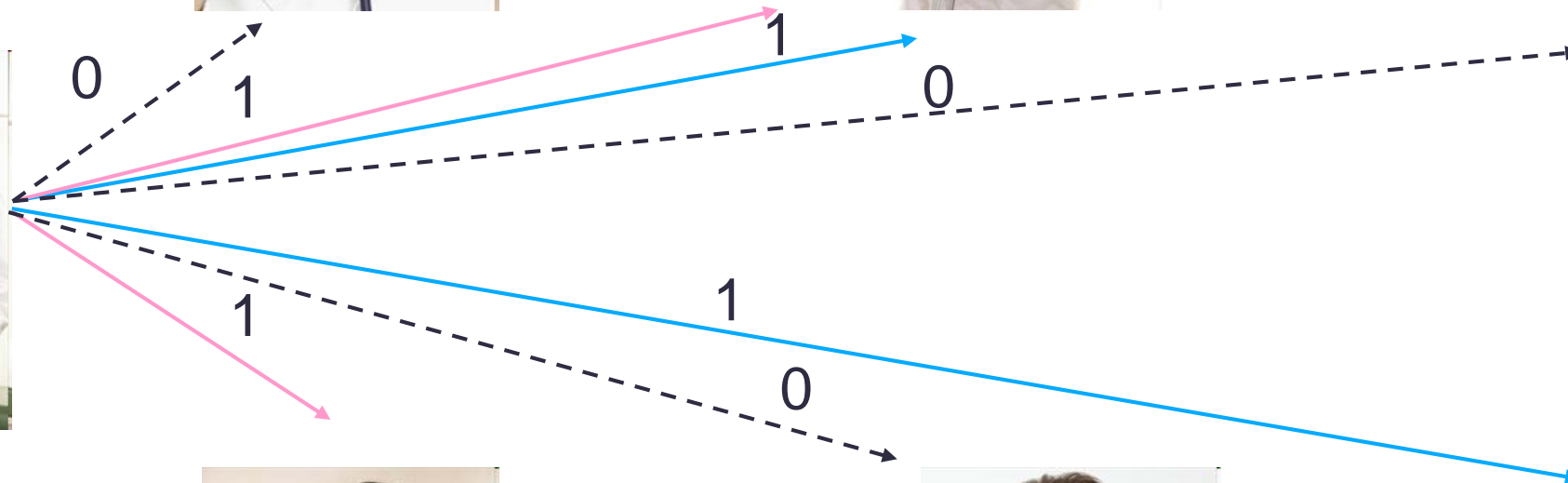
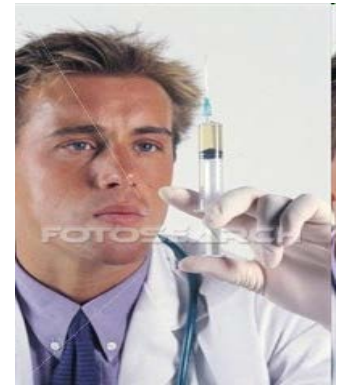




→ Discussion

→ Referral

- - - - -> No Link



 Discussion

 Referral

 No Link

Is There Actually Contagion?

- Yes, even after controlling for
 - Sales force
 - Physician demographics
 - Month effects (to account for market level changes)

Is There Actually Contagion?

- Yes, even after controlling for
 - Sales force
 - Physician demographics
 - Month effects (to account for market level changes)
- Big implications for whether firms should a strategy that emphasizes Word of Mouth marketing



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Market Segmentation, Social Media, and Viral Marketing

Viral Marketing: Pharmaceutical Example – Customer
Heterogeneity

Professor Raghu Iyengar

Customer Heterogeneity

Physicians with high network centrality look towards others for information

“True” leaders are happy to take information from others when they find it necessary

Customer Heterogeneity

Physicians with high network centrality look towards others for information

“True” leaders are happy to take information from others when they find it necessary

Self-reported opinion leaders are less susceptible to social influence

Physicians who thought of themselves as leaders were less likely to reach out to others

Empirical Lessons

- You cannot take social influence for granted
 - Every situation should be carefully looked at

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- It can be difficult to identify the true opinion leaders a priori without actually measuring network(s)

Empirical Lessons

- You cannot take social influence for granted
 - Every situation should be carefully looked at
- It can be difficult to identify the true opinion leaders a priori without actually measuring network(s)
- But the costs of doing so can be prohibitive, unless you
 - Use archival data, or
 - Have a very high margin product



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