



Overview

Segmentation is used in a variety of ways by businesses today. The two most common applications of segmentation are reporting/analysis and targeting. Segmentation is often applied to reporting and analysis to help marketers understand the behavior of one portion of the population when compared to another. Segmentation is also used by virtually every responsible marketer to target sales prospects and customers. This white paper focuses on common applications of segments in targeting within the healthcare industry.customer face-to-face.

Common marketing objectives in healthcare insurance

Webtrends is proud to say that we work with top notch marketers at the leading healthcare insurance companies—15 of the top 25 healthcare insurers¹ in the U.S. are current Webtrends customers, including the top six healthcare insurers. In our work with these elite companies, we've helped them address some common industry objectives:

1. Acquiring profitable new members
2. Retaining and renewing members
3. Growing lifetime value of current members

Nothing of value in this world comes easy, including healthcare insurance marketing! While these objectives seem straightforward, achieving them is difficult due to some common challenges in the industry.

¹ Top 25 US Health Insurance Companies from US News and World Report (2011)
<http://health.usnews.com/health-plans>



50%

50% of people said that healthcare provider websites are their preferred source of online healthcare information.

Challenges in healthcare insurance

The challenges facing healthcare insurance marketers are numerous. These challenges often interfere with or at least complicate marketers' ability to meet their objectives.

1. Many people involved in purchase decision

Commercial insurers sell to businesses that offer their employees a variety of plan options from multiple insurers. Insurers selling regulated plans such as Medicare are typically selling direct to consumers. In either case, multiple people are involved in research and decision making before a plan is chosen. Specifically in the case of Medicare, prospective members often have other people involved in their healthcare decision making, including a spouse, sibling, child, health care advocate, friend or care taker. So the challenge for the marketer lies in trying to conduct segmentation and execute relevant targeting when there are so many types of individuals that may be involved in a single decision.

Marketers must also consider the online research preferences of prospective members. According to research conducted by National Research Corporation involving more than 23,000 Americans, 1 in 5 people confirmed that they use social media to influence healthcare decisions. Social media usage was reported to be highest among the affluent (household income of \$75,000+) and among people ages 35-45.

Also, 50% of respondents said that healthcare provider websites are their preferred source of online healthcare information.

2. Research takes time

Choosing a Medicare plan or general personal health insurance is not done in a day. This is partly due to the number of people involved, as well as the complexity of the product. There are so many considerations for each part of the coverage—hospital, medical, prescription, etc. Consumers typically evaluate their usage of these services over the last 12 months and the associated out-of-pocket costs compared to their current plan.

Providing tools to help consumers compare plans and estimate costs given their current medical condition can have a big influence on plan choice. Our customers have had success using direct mail with personalized URLs that drive consumers to tailored content on the website. And since most consumers come back to the website multiple times before choosing a plan, tailoring the content they see through on-site targeting can drive up conversions.

3. Every year forces a new sales cycle

Initial acquisition is complete, so now what? You have 10 to 12 months to build a positive relationship with your new member before their plan expires and it's time for them to enroll again. So companies can't wait until the next open enrollment period to start building this relationship. They need to interact with members

throughout the plan year, providing them with relevant content and information to make their experience the best it can be.

This isn't typically content about their plan, but rather content such as wellness and nutrition information, caregiver and family resources, medical information, etc. And you can't forget about the other folks who will influence the purchase decision, either.

4. Narrow window of opportunity

Imagine if you could only market your products to your prospects and customers for a specific 90-day period each year, and they could only buy during a 45-day period within your targeting window. Also, assume all your competitors are doing the same thing at the same time.

This is what marketers promoting Medicare coverage face! It creates a crowded marketplace that is often overwhelming for the consumers. So this is where relevant and tailored messaging and offers are critical. Interacting with the consumer in the channel they prefer can make a big impact. In the case of Medicare, these consumers often prefer direct mail that points them to resources online.

Segmentation

Segmentation is as much an art as it is a science. It's done a million different ways, and there is no right or wrong. It is important, however, to understand the nuances of segmentation a bit before jumping in. The segmentation categories listed below may help you devise a framework that you can use to influence your targeting activities.

1. Life Stage Segments

These segments are used to classify your target audience into discrete segments, which are mutually exclusive. These may map to a defined business process within your organization, like a sales cycle; to your relationship with the individual; to the individual's engagement with your brand, such as recency or social media interaction; or other factors.

The possibilities are as endless as they are specific to your business. Life stage segments are often too broad to be used for targeting on their own, but they are usually the starting point for additional segmentation.

2. Focused Target Segments

Focused target segments are used for very specific targeting campaigns. Typically, these segments are based on a combination of Life-Stage Segments, behaviors and demographics. People may move in or out of these segments, depending on changes in behaviors or demographics so the population is constantly changing.

3. Discrete Population Segments

Discrete population segments are used to designate a specific group of people you want to track and/or interact with over time. These segments are typically behavioral-based (e.g. people who enrolled for Medicare in June) and governed by a specific time frame. Therefore, this population does not change over time. No one new joins the segment, and no one leaves it, either. These types of segments are sometimes referred to as “cohorts.”

Comparison of the different types of segments and their most common uses.

Life stage segments	Focused target segments	Discreet population segments
Include EVERY person	Subset of people with behavior(s)/ attribute(s)	Describe a specific set of individuals
Mutually exclusive; people only in one segment	No natural relationship within or across segments	Static – people do not move in or out of this segment
Track progression across segments	Track membership (in or out) and profile members	Track behavior over time and compare
Use in combination with focused target segments	Can be used for specific campaigns and offers	Used for retention analysis and seasonal analysis

Common life stage segments for healthcare industry

Mature organizations understand that you can have many different views of a customer depending on the lens. These same organizations track people in multiple life stage models, not just one. Why? Because life stage models are typically focused on different aspects of the relationship. Below are several common life stage models used in Healthcare today.

Segment name	Sample definition
Browser	Visited site in recent period but viewed no substantive content
Researching prospect	Viewed Medicare offerings in recent period (such as Medicare plans and supplemental insurance, etc.)
Engaged prospect	Viewed in-depth content around Medicare plans (e.g. pricing, plan service details, drug benefits)
New customer	Recently enrolled in Medicare plan online
Active customer	Customer who accesses Medicare info (e.g. search for physician, check coverage) on the website on a regular basis
Dormant customer	Customer who does not access Medicare info (e.g. - search for physician, check coverage, etc) on the website

Segment name	Sample definition
Newcomer	Visited for the first time in recent period
Receptive	Viewed information about a health plan in recent period
Attracted	Returned to site within 1 week of prior visit
Engaged	Visited 3+ times or logged in during recent period
Active	Frequent visitor for more than 4 weeks or logged in multiple times in the past 4 weeks
Hyperactive	Multiple log-ins or very frequent visitor (e.g. more than 4 weeks, more than 2 visits per week)
Dormant	No activity for the past X months

1. Sales Cycle

The sales cycle life stage model defines the journey from prospect to customer through the lens of the buying cycle. This example is for Medicare insurance.

2. Online Engagement

The online engagement life stage model defines the levels of engagement that a customer or prospect has with your website.

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For existing customers, a more detailed breakout of the “Active Customer” Lifestage is often appropriate:

This segmentation features two important features: the incorporation of offline data to understand customers who aren’t using the online channel (a critical targeting opportunity), and the incorporation of the visitor’s distance to/from the renewal window.

Common focused target segments for healthcare insurance industry

Focused target segments are used for very specific targeting campaigns. Typically, these segments are based on a combination of behaviors and demographics. People may move in or out of these segments, depending on changes in behaviors or demographics so the population is constantly changing.

Target segments are often used in conjunction with a specific life stage segment. As people move from one life stage segment to another, there is an opportunity for targeting relative to that change. Below are a few examples of focused target segments.

1. Medicare Researcher

Your organization spends marketing dollars to drive people to your site in hopes of acquiring new members. Once you get prospective members to your site, they typically will begin research that spans multiple visits to your site. In the case of someone researching Medicare plan options, it’s important to target them with the right content while they are researching on your site.

Leverage on-site targeting to show plan options and plan comparison feature. When they return to your site again to do more research, highlight the plan or plans that they showed the most interest in during prior visits and offer more details for those. In this scenario, you typically don't have the email address of the prospective member, so email targeting is ineffective.

2. Members Up for Renewal

Is it true that “all good things must come to an end”? Not if you can help it. Your organization should be targeting users who stop using online tools or online banking capabilities. A lapse in use can often signal a shift to another financial institution. A 2010 comScore survey² indicates that nearly half of respondents use more than one financial institution for their banking needs. Because of this ongoing competition, keeping customers satisfied and engaged is critical as their loyalty wanes. There is a significant opportunity for targeting here. Email targeting can serve as a gentle reminder that “we’re here when you need us” or perhaps to promote something new; “try out our new service.” Use email targeting to drive log-in, and then leverage on-site targeting to highlight those new features or services.

Common discrete population segments for healthcare insurance industry

Discrete population segments are used to designate a specific group of people you want to track and/or interact with over time. In the healthcare insurance industry, these segments are typically used to follow people who exhibited a high-value behavior in a specific time, such as enrolling in a plan in November or adding supplemental Medicare coverage in 2010.

Discrete “cohort” populations are tracked and often analyzed and compared to a control population to determine differences over time. Sometimes, these discrete populations are later targeted with life stage related offers. For instance, a cohort of people who enrolled in a new plan in November may receive an email with tips for finding an in-network doctor in December and for checking claim status online in January.

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Webtrends can help

Webtrends offers a variety of products and services to help you in your targeting and segmentation endeavors. You can discover new segments—or build segments you already know—using Webtrends Segments. Once defined, these segments can be automated for integration into action systems, such as email and on-site targeting with Webtrends Optimize. Webtrends Optimize provides organizations the ability to test and target relevant content in real-time on their website and the ability to optimize the content over time.

Additionally, many organizations just don't have the experience or the bandwidth to create a targeting and segmentation strategy, much less execute it. Webtrends offers consulting services with experience in healthcare to help your organization formulate your strategy and define your targeting plan for prospects and customers.

Once defined, we can also help with segment development and mapping content and offers to those segments. Additionally, we have creative resources who can build targeted content for your on-site targeting.

Webtrends expertise in healthcare industry comes from working with the top companies in the industry. Fifteen of the top 25 healthcare insurers in the US are current Webtrends customers, including the top 6 healthcare insurers. Whether you need the right tools or the right people, Webtrends can help!

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About Webtrends Inc.

Webtrends helps companies make sense of their customer data to drive digital marketing success. By combining innovative technology with our team of trusted and creative advisors, our solutions are designed to provide actionable insights, increase customer engagement and boost revenue.

We partner with companies at all levels of digital maturity and offer solutions in analytics, audience segmentation, streaming data delivery, remarketing, online testing and targeting, as well as search and social marketing. We work closely with approximately 2,000 global brands including Microsoft, KLM Royal Dutch Airlines, Kimberly-Clark, HSBC, Marks & Spencer, npower, BMW, Toyota, The Telegraph, Lastminute.com, Mindjet and many more.