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Mastering social ecosystem marketing

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In the communications, media and high-tech industries, consumers have available to them an ever-expanding array of technologies, devices, channels, forms of content and modes of interaction. Companies have more ways than ever before to reach these consumers with innovative products and services. At the same time, the manner in which companies understand, segment and market to their customer base has not kept pace with technology and marketplace change. Without better customer intelligence and segmentation, companies will have difficulty increasing market share and achieving profitable growth.

New research from Accenture—the Digital Household Segmentation Study—presents a number of provocative and practical insights about the new customer segmentation approaches needed in the digital, multiplay era. The global study clearly shows that usage and customer buying decisions for communications services, content and devices are no longer driven simply by individual preferences. Effective segmentation must be based on a more detailed awareness of the kinds of activities and communications that are occurring, as well as, when, where and how buying decisions are made across a person's household relationships and social network.

A segmentation strategy capable of driving high performance in the digital age depends on understanding consumers *in motion*: accessing various forms of content with different devices, creating digital content themselves, and interacting within an extended household and social network. In a converged, multiplay world, the individual's entire social ecosystem has become the basis for effective marketing.

Mastering ecosystem marketing requires a new approach to data collection, analytics and segmentation—one that results in a multifaceted understanding of customers, their activities and their social networks.

Richer segmentation: Three trends

To advance industry thinking about how new forms of analytics and intelligence can improve the usefulness of customer segmentation, our study took a two-phase approach. In the first phase, we used ethnographic studies involving in-home interviews and a review of entertainment diaries kept by household members over the course of several weeks. This research enabled us to test and confirm three hypotheses about consumer behaviors in the digital age.

1. From individuals to households and social networks

Based on findings from our research, the global communications environment—including mobile and fixed communications, television, new consumer electronics devices and, especially, the Internet—has made the understanding of "household" behavior much more complex than it was previously thought to be. Until fairly recently, influences on a social network tended to be primarily local. Today, influences on purchasing decisions may come from almost anywhere in the world, via Internet chat rooms, blogs and other means.

2. From content consumers to content creators

The effectiveness of traditional marketing channels is changing as the impact of the Internet extends into more aspects of living. Traditional approaches for reaching mass markets—such as TV, radio and print media—must be supplemented (or in some cases replaced) by new channels such as content aggregation portals (YouTube is one well-known example), podcasts and blogs. Each of these channels is built upon the active participation of consumers in the creation and sharing of their own digital content. These customers are especially attractive to communications companies because their high levels of digital activity correlate with higher levels of purchasing, as well.

3. From individual and centralized decision-making to collective and decentralized decision-making
Our research has underscored the complex dynamics within households and social networks when it comes to buying decisions. Children, especially teenagers, are increasingly exerting a stronger influence on household buying dynamics. Successful companies will be those whose multiplay offers appeal to the multiple parties influencing the ultimate buying decision.

New segments for a convergent, multi-play world

Because of the power and urgency of these three transformations, a new approach to segmentation and intelligence is needed. Service providers and high-tech companies must differentiate between customers whose behaviors have been affected by these transformations and those who are slower to embrace new media.

Such differentiation—which supports the creation of more targeted offerings—was explored in Phase 2 of our research. We used statistical techniques to identify and characterize eight distinct household segments, which appear in varying degrees across the globe. (See box.)

Using this segmentation approach, companies can gain additional insights by looking at different types according to a number of criteria. For example, the No Frills segment maintains a great deal of independence in decision making, while Technocentrics are much more collaborative. Or, consider the question of whether a household is comprised primarily of consumers of content or creators of content. That information can make a big difference in the campaigns and offers made to members of such a household. According to our segmentation, Early Adopters and Technocentrics are much more oriented toward the creation of digital content than are the other segments.

Other types of analyses are also possible, including comparative global insights and the identification of segments that are particularly active in their consumption of communications services, computing and entertainment. Having that knowledge is especially important, because higher activity levels translate into greater average revenue per user.

The Accenture Digital Household Segmentation Study identified eight distinct consumer segments in the digital era:

1. Early adopters. High-value users who are consistently interested in the latest devices and services.

2. Technocentrics. Sophisticated users of technology and heavy consumers of entertainment; such households often contain teenagers.

3. Convenience consumers. Also called "simplifiers," this group makes purchases based primarily on whether products and services will make their lives easier.

4. No frills. These customers want just the basics; technology developments do not dominate their lives.

5. Family-centrics. This group is more interested in Internet-based communications than in creating content.

6. Socialites. These consumers are more personally involved in the creation and sharing of media content, and may use that activity to form social networks.

7. Entertainment-focused. A group more interested in entertainment for the family.

8. Content creators. Heavy users of personal computers, this group has embraced the latest technologies to create and share content.

Implications for service providers and high-tech companies

In response to the findings from the Accenture Digital Household Segmentation Study, companies now must develop new marketing capabilities and adopt advanced, multi-level analytic approaches.

- **Understand customers "in motion."** Companies must devise ways to analyze customer *activity*, not just the types of devices owned by customers and the products and services they use.

- **Think in terms of extended households.** The Accenture study clearly shows that the buying-decision process is much more household- and ecosystem-centric than individualistic.

- **Establish "viral" household and social network marketing capabilities.** Using a "viral" marketing approach to market to a community—where certain members of a household or network influence other members—spreads marketing messages more effectively than simply marketing to individuals.

- **Partner with other companies to create richer customer data.** The effectiveness of marketing, sales and service depends on the quality of customer data. Accomplishing this may necessitate alliances with new partners external to one's own industry, to create richer, more robust, insight-generating customer data.

- **Develop new analytic techniques and tools.** Along with a richer set of data, successful companies will need new analytic capabilities to deliver insights about customers' buying habits, needs and desires within households and social networks.

The payback

Achieving competitive advantage in today's multiplay world requires a major shift in focus, along with an increase in capabilities. Household-centric segmentation enables significantly better targeting, pricing, product development and marketing, which can lead to increased revenues, reduced costs, better customer retention and improved profits.

Finding ways to influence today's consumers is challenging, but it provides a significant payoff. Understanding the consumer's social ecosystem—a person's extended household and larger social network—is essential. Based on a more sophisticated segmentation strategy and an ecosystem approach, companies can tailor offerings, sales, marketing and service experiences, which can, in turn, keep them on pace for market leadership and high performance.

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