GEN Final Report: Market Segmentation, September 2008

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GLOBAL EXCHANGE NETWORK FOR REPRODUCTIVE HEALTH

A Virtual Forum
"Market Segmentation"

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BACKGROUND

The Global Exchange Network for Reproductive Health (GEN) is a virtual network of the USAID-funded Leadership, Management and Sustainability Program, implemented by Management Sciences for Health. Its goal is to contribute to improving the capacity and effectiveness of family planning and reproductive health programs and organizations by supporting the exchange of information about the management, leadership and organizational processes necessary to improve organizational sustainability and service quality. GEN has held a variety of virtual events such as conferences and forums to promote knowledge exchange between reproductive health practitioners and advocates.

I. INTRODUCTION

The virtual forum ***The Segmentation Strategy and its Contribution to our Organizations' Missions*** took place from 15 to 19 September 2008 on the Global Exchange Network for Reproductive Health website. The forum was facilitated by Lourdes de la Peza, MSH Senior Program Associate, and Cecilia Boada, who is currently a consultant with MSH.

The following reading and reference materials were made available to participants to complement and guide forum discussions:

1. A short paper on Market Segmentation to familiarize participants with the concept of segmentation and its importance for organizations working in reproductive health.
2. A case study on the La Esperanza Health Clinic to help participants find ways to diversify their services in order to ensure the organization's financial sustainability and better define and serve the most vulnerable population groups.
3. A Know-Your-Client questionnaire for participants to use when identifying their target groups.
4. "The Manager", Volume 8, Number 2: Marketing your Organization's Services, served as a reference framework for the entire discussion and analysis process.

II. FORUM PARTICIPATION AND EVALUATION

More than 1,800 GEN members from NGOs, health ministries, universities, and other organizations, such as the United Nations, the Pan American Health Organization and USAID, were invited to participate in the forum. The forum had 170 participants from 53 different countries, and comments were posted by 39 different people. Twelve certificates were awarded to the participants who posted in the discussion and completed the evaluation form.

Of the participants who completed the evaluation form,

- 9 found the discussions in the forum **very useful** for their work; and
- 7 found the discussions **useful**.

- 9 participants found the documents presented in the forum **very useful** for their work;
- 6 found them **useful**; and
- 1 participant found them **somewhat useful**.

To the question "Did you acquire skills or knowledge that you can apply in your work?",

- 13 participants answered **"yes"**;
- 2 participants answered **"I don't know"**; and
- 1 participant answered **"no"**.

III. FORUM DISCUSSION THREADS

On Day 1 of the forum, discussions focused on the **importance of market segmentation to improve reproductive health service provision.** According to Javier Baldomar from Bolivia, a clear understanding of the needs and preferences of an organization's target groups is the basis for developing effective quality assurance and client satisfaction strategies.

On Days 2 and 3, discussions focused on the **contribution of market segmentation to financial sustainability** and the **application of market segmentation strategies in the private sector and NGOs, as well as in the public sector.** Participants were asked to reflect upon, and comment on the common aspects and differences between the two.

These discussions led to the conclusion that market segmentation is rarely used in the public sector, where taking a risk-based approach is usually the norm. The risk-based approach focuses on the more vulnerable and higher-risk groups, as determined by health care models or national health care policies. Private-sector organizations and NGOs, on the other hand, need to secure their financial sustainability. They find segmentation strategies useful to diversify their services and at the same time fulfill their organizational missions. Walter Gómez from Peru reported on the work carried out at the Peruvian Social Security Health System to differentiate users according to life cycle stages, and creating what they call "service portfolios". This enables the organization to better target, prevent and control chronic morbidity, and determine the interventions that are most likely to succeed. Therefore, **segmentation is applicable to all areas**.

On the last day of the forum, participants discussed how **implementing a market segmentation strategy** can be seen as a **necessity or a luxury**, particularly in the case of organizations concerned with keeping their services afloat in countries living difficult times. The conclusion was that market segmentation strategies are applicable in all contexts, and are particularly relevant when the conditions, needs and characteristics of target groups suffer dramatic changes or are constantly changing.

Indeed, market segmentation helps organizations identify clients with increased payment capacity, clients to whom services must be provided free of cost, and clients who could benefit from the provision of micro insurance schemes or other types of strategies.

By using market segmentation strategies, public health care institutions could improve the quality of service provision and increase their coverage by taking into account cultural issues, language and customs, and adapting their services to the needs of the more vulnerable population groups.

To sum up, participants were reminded that market segmentation strategies can be applied to all target groups and have two primary objectives:

- Delimit the different market subgroups or target populations sharing common or similar needs and characteristics; and
- Facilitate the implementation of effective interventions that are specifically designed for each group.

IV. UPCOMING FORUM

The Global Exchange Network will host a forum from November 3 to 7 on Brand Positioning Strategies and Demand Generation, facilitated by Héctor Colindres and Cecilia Boada.