The AFFORD Initiative is a five year, USAID-funded program that uses innovative marketing approaches to improve Ugandans' health. The Initiative focuses on four areas: HIV/AIDS, malaria, family planning, and child health. AFFORD also expands markets for health products and services, improves product distribution, and encourages community action on health.

Using Segmentation for Targeted Marketing

More effective and efficient product marketing
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The AFFORD Health Marketing Initiative has applied market segmentation analysis to its product marketing strategies from the project’s inception in 2005. Segmentation analysis has helped UHMG to better understand the demographics of each product’s current and potential users and estimate market size. Segmentation analysis lets UHMG use distribution, promotion and sales resources more effectively because each product’s challenges and opportunities are better understood. Segmentation analysis has also directed UHMG to new market opportunities. AFFORD’s marketing and distribution partner, Futures Group International, is responsible for applying the segmentation analysis methodologies to AFFORD’s product categories. Futures helps AFFORD to incorporate the results into marketing plans and strategies and also works with the Uganda Health Marketing Group to build internal capacity to conduct and use segmentation analysis.

Key innovation

Market segmentation means creating brand, packaging, price, distribution, and promotion strategies based on an understanding of specific subsets of the target populations who share common characteristics. Segmentation allows marketers to adopt distinct strategies for different groups of consumers, apply more focus for impact, and use marketing resources more efficiently. But segmentation requires information – population-based research data concerning consumer demographics, behaviors, and purchasing patterns. Such information is not widely available in Uganda. AFFORD’s innovation is to incorporate segmentation analysis into the development of its product strategies by analyzing publicly-available data sets as a proxy for more comprehensive, original, population-based market research. Although not a perfect substitute for original market research, AFFORD’s approach to segmentation is cost-effective and can be carried out quickly while providing valuable guidance that helps to shape targeted marketing strategies.

Why it works

Provides an evidence-based approach to developing marketing strategies: In many developing countries, including Uganda, little or no market information is available. Projects like AFFORD have neither the time nor the resources to carry out original, population-based market research. Applying Futures’ segmentation analysis methodologies to the AFFORD product categories offers an evidence-based way to inform product marketing strategies.

Identifies opportunities and challenges: Segmentation analysis can point out a product’s challenges as well as new opportunities. For example, analysis of Uganda’s injectable contraceptive market showed that while 36% of current injectable users are in the A (highest) wealth quintile, another 54% are in B, C, and D quintiles combined. This understanding of the socio-economic distribution of injectable users, along with knowing that Injectaplan is the most widely available injectable in
Uganda (and the only commercially available brand) suggested to AFFORD that Injectaplan’s price is not a barrier to Injectaplan’s use. At the same time, the analysis showed that about half of injectable users obtain their supplies from a public sector source, suggesting that even those injectable users in the higher wealth quintiles – and who are, presumably, most able to pay for the product – may be obtaining it for free from government clinics. This analysis helped shape part of AFFORD’s marketing strategy for Injectaplan: To maintain the product as the mass-market, branded version of the injectable, at an extremely affordable price, but with intensive detailing to the private and NGO health providers.

**Injectable Contraceptives**

**WEALTH QUINTILES CURRENT USERS**

![Diagram showing wealth quintiles current users](image)

**Uses publicly available information:**

Futures’ segmentation methodology relies on analyses of the data sets that form the Uganda Demographic and Health Surveys (DHS)\(^1\) and, in the case of condoms, the 2004 Uganda Sero-Behavioral Survey (USBS).\(^2\) The analysis is further informed by the use of Ugandan Census Data and United Nations population estimates. While the DHS and USBS are not designed for marketing, the original data sets can be analyzed in ways that provide valuable insights on product categories and related behaviors concerning these key public health problems. Because these data sources are publicly available they are also very cost-effective for AFFORD.

**Segmentation Analysis of AFFORD Products**

- Condoms
- Oral contraceptives
- Injectable contraceptives
- Cyclebeads
- Water treatment
- Oral rehydration therapy/zinc sulfate
- Cotrimoxazole
- Acyclovir
- Artemisinin-combined therapy (ACTs)

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\(^1\) Uganda Bureau of Statistics (UBOS) and Macro International, Inc. 2001 and 2007. Uganda Demographic and Health Survey Calverton, Maryland, U.S.A.: UBOS and Macro International Inc.

**Offer a new skill set for UHMG:** Futures Group has worked with UHMG to transfer the capacity to conduct segmentation analysis to the UHMG marketing and research staff. This work has taken place through workshops, small group teaching, and one-on-one technical assistance. The UHMG team has formulated its own sets of key questions and variables that they want to evaluate for each product category, and are now conversant with using publicly-available data analysis software along with SPSS. Using the variables identified by UHMG, Futures prepares an updated segmentation analysis memorandum on each product and brand when the UHMG team needs to develop a new marketing plan or update an existing one.

**Where we are now**

Futures completed nine separate market segmentation analyses with the 2006 UDHS data set. These findings have been incorporated into the current marketing plans for each product. The analyses cover AFFORD’s key product categories.

**How we did it**

The market segmentation analysis begins by identifying the product categories to be analyzed and then generating a list of questions or variables to be examined for each category. The questions come from the field sales representatives, distributors, government stakeholders, and the AFFORD marketing team. For example, the AFFORD team developed questions based on relevant variables such as socio-economic level, age, rural or urban location, education, family size, fertility preferences, and purchasing preferences. Not all of these questions can be addressed using the UDHS data, but the exercise helps to identify the issues for the product. For AFFORD brands that have some history in the Ugandan market, the UDHS sometimes includes brand-specific questions whose answers can be used to estimate the brand’s market share and the share of other brands in the same product category.

In addition to consumer profile information, Futures has used this methodology to help AFFORD estimate the size of Uganda’s current and future market for each type of product. This is valuable for developing sales estimates and revenue forecasts. For example, the estimated numbers of current and potential users of contraceptives and condoms are developed using the “current use” data for each method along with responses to the “intent-to-use” questions, set against population data. These market size numbers can be presented as number of users (usually women) or number of units (oral contraceptive cycle, number of condoms, etc.). When using the older data sets, such as the 2001 UDHS, the market size estimates were developed by applying the percentages of current and intended users of each method to current population data from the United Nations.

To conduct the analysis, the UDHS data sets are downloaded from the Internet and the work is completed off line. The analysis of the data sets normally involves creating a number of cross-tabulations in Excel or SPSS. These can be reviewed and presented in varying formats such as pie charts and bar charts. The original data can always be reviewed to check the number of individuals represented by a particular sub-set in the cross-tabulations. The first set of segmentation analyses for the AFFORD product categories were completed in 2005 using 2001 DHS data. These analyses were updated recently in 2008 using the 2006 UDHS data.
Challenges

• The UDHS is conducted every five years, so the data can be somewhat out of date, especially with rapidly changing markets

• The UDHS questions are intended more for public health than marketing, requiring AFFORD to be careful in its use of the data for marketing purposes

• The future, intended use questions are asked only of contraceptives, but not the other product categories

• The UHMG team needs to continue working with the UDHS data and the segmentation analysis methodology so that it is routinely incorporated into marketing strategies and is viewed as a regular source of research information within UHMG.

• Staff turnover within UHMG has made it challenging to institutionalize the use of segmentation analysis within the team.

What we have learned

• The relevance of this segmentation analysis approach was not immediately apparent to AFFORD, but has increased as the UHMG team has improved its technical capacities and, in particular, its appreciation for using evidence-based approaches to marketing.

• There are clear limitations to using health surveys such as the UDHS to inform marketing strategies.

• The Future segmentation methodology is straightforward, can be applied to a marketing initiative such as AFFORD, and most important is readily understood – and welcomed – by the UHMG research and marketing teams.

What’s next?

The AFFORD and UHMG teams will continue to incorporate segmentation analysis into the program’s ever-changing product marketing strategies. With support from Futures, UHMG is developing colourful, snapshot profiles of each product category according to the most salient variables, so that the entire UHMG team can begin to have a better understanding of the markets for all the products. Eventually, UHMG hopes to develop sufficient capabilities in using this methodology to offer the same kind of service to outside organizations in Uganda.

The AFFORD Consortium

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