**Question 3**

Rerun the analysis in Exercise 1 with Discrimination. How would you go about

targeting the segments you picked in question 2?

**Cluster 1 - Sales Pros:**

Cluster 1 consists mainly of sales professionals: 54% of the cluster members

indicated Sales as their occupation. They use the cell phone heavily, and many

(45%) own a PDA already; practically all have access to a PC. Their work often

takes them away from the office. They mostly read two of the selected

magazines: 30% read BW. From the needs data, we see that they are quite

price sensitive.

**Cluster 2 – Service Pros:**

Cluster 2 is made up primarily of service personnel (39%) and secondarily of

sales personnel (23%). They use cell phones heavily, but only about one fifth

currently use a PDA. They spend much time on the road and in remote

locations. They read PC Magazine, 29%. From the needs data, we see that

they are quite price sensitive.

**Cluster 3 – Hard Hats:**

Cluster 3 is made up predominantly of construction (31%) and emergency

(19%) workers. They use cell phones, but usually do not own a PDA. By the

nature of their work, they have high information relay needs and generally

work in remote locations. They exchange information with colleagues in the

field (e.g. construction workers on the site). Many read Field & Stream (31%)

and also PC Magazine. Note also from the needs data, that they are the least

price sensitive (willing to pay highest price plus monthly fee) and also have

the lowest income.

This apparent anomaly occurs because these folks are less likely to have to

pay for the device themselves, raising the question of whose preferences—

their own or their employers’—will drive the adoption decision.

**Cluster 4 – Innovators:**

Cluster 4 represents early adopters (see needs data), predominantly

professionals (lawyers, consultants, etc.). Every cluster member has access to

a PC, 89 percent already own PDAs. They read many magazines, especially BW

49%, PCMag 32%. Most are highly paid and highly educated.

**Question 4**

How has this analysis helped you to segment the market for ConneCtor?

**Solution**

Profiling and the targeting of segments were enhanced by applying the

discriminant data. ConneCtor is a wireless communicator for both data and

voice and an electronic scheduler. The segments that may need it are Hard

Hats (primarily) and Service pros secondarily. Weaker cases can be made for

the other segments.

Hard hats not only have high need for the features but a case could be made

(to their employers) that they would be able to perform their jobs significantly

better with such a device.

It would be important to understand the decision making process in the

organizations where these folks work—both who is involved and what criteria

these individuals value (which may be different than the "users" here).

Conglomerate may have to redesign the PDA to fit it to the needs of this

segment. Construction sites, burning buildings, oil rigs and the like will require

a sturdy, easy to see (orange? yellow?) product, resistant to dust,

temperature variations, shocks and the like.

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Service pros also work in remote location and would benefit from wireless

communication with dispatchers; hence their stated and latent needs are

compatible with the features of the PDA. Their high price sensitivity needs to

be investigated, as does the organizational decision process in similar fashion

for the hard hats.

Students should be given extra credit if they applied a method like GE to

prioritize the segments, explicitly defining evaluation criteria (segment size,

compatibility, competition, profitability, channel access, etc), developing

importance weights for those criteria and ratings for each segment along these

criteria. That process will allow them to obtain explicit, quantitative ratings.

Some will argue that it is too soon to do such a formal evaluation; you might

suggest that it is never too soon to get that process started.