



Assignment Cover Sheet	
Candidate Number	028488
Module Code	BEMM463
Module Name	Marketing Analytics
Assignment Title	Case Study Report

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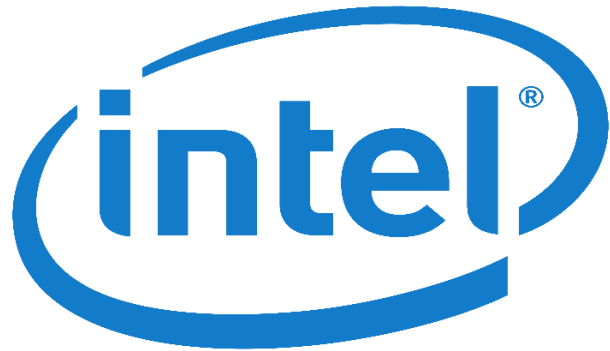
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# **CASE STUDY REPORT**



**Module Code: BEMM463**

**Module Name: Marketing Analytics**

## **Intel's Smartwatch Market Segmentation and Targeting Strategy**

Intel, despite being a major player in the computer chip market, has had trouble keeping up with new developments like wearables and smartphones. Intel is considering re-entering the market by utilising its acquisition of Basis Science, renowned for its superior heart rate sensors. In light of the smartwatches' explosive growth, Intel must, however, determine and target the best customer niche while establishing strategic alliances with businesses such as Google, Amazon, or Aetna to have a successful relaunch. With Apple, Samsung, and Google at the top of the market, the wristwatch sector is expanding significantly. Intel must use a data-driven strategy to determine the most desirable market niche and form a strategic alliance to properly position its product as it seeks to re-enter this competitive environment.

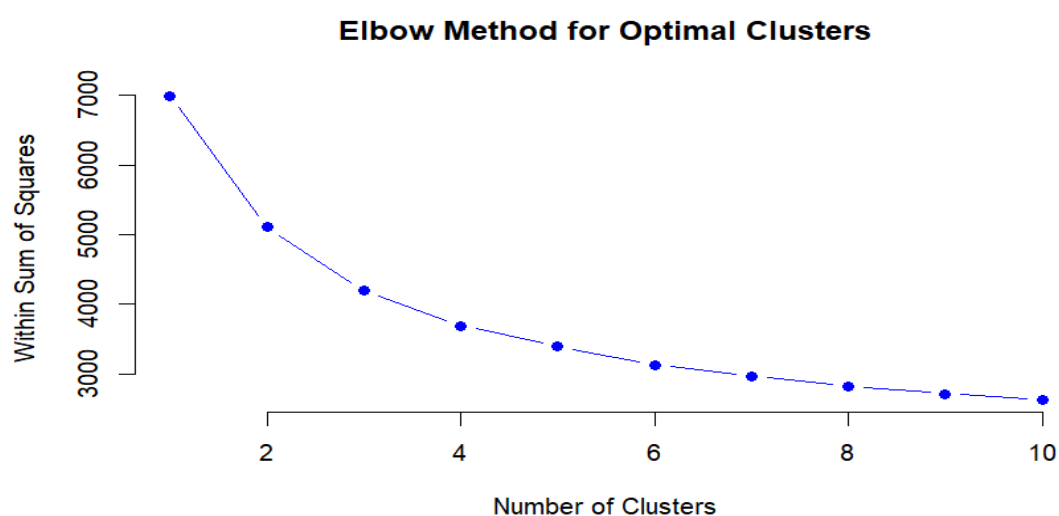
Due to product-related problems, Intel's prior foray into the smartwatch industry with the Basis Peak was unsuccessful. However, Intel now has a chance to have a significant impact due to the growing demand for wearable technology as well as developments in connection, AI integration, and health tracking. To guarantee a successful relaunch, this research defines market categories, chooses the most desirable target audience, and suggests a positioning plan. To strengthen Intel's competitive edge, important risks and counterstrategies are also examined.

### **Case Study Questions**

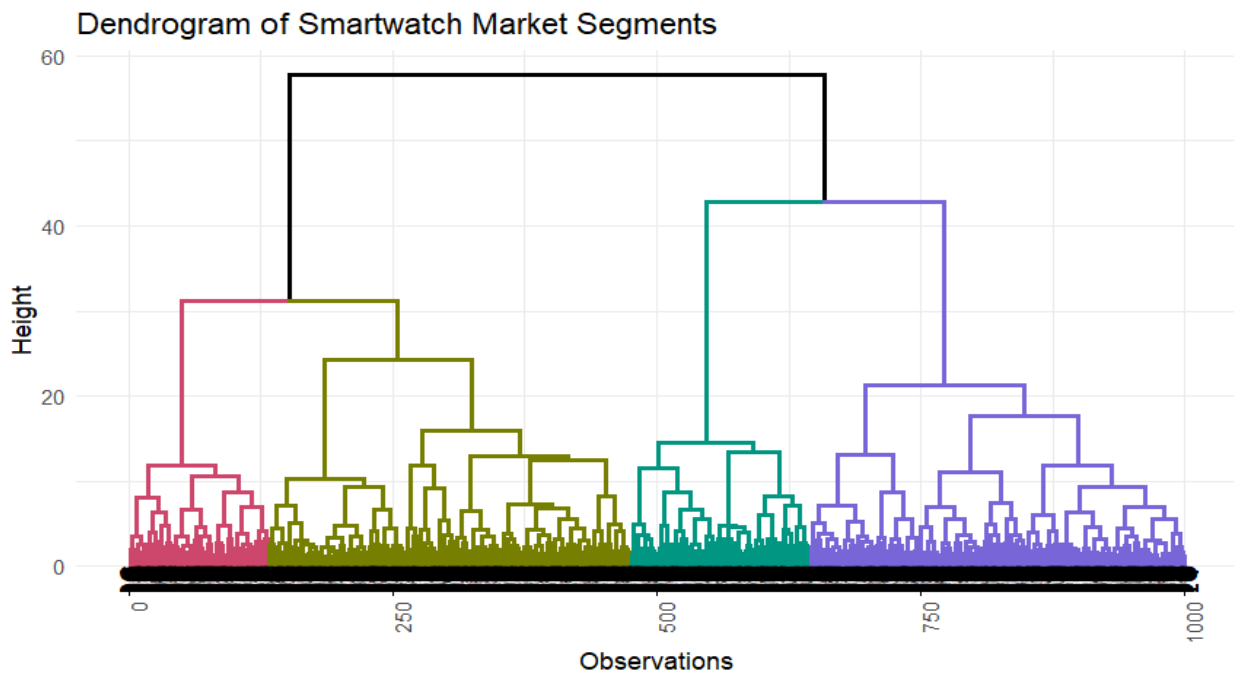
**Q1. How many distinct and meaningful segments are present in the market? Please determine the number of distinct segments present in the market as represented in the current respondent sample.**

**Answer:** Using survey data from 1,000 university graduates, I conducted a market segmentation analysis using **Ward's approach** and hierarchical

clustering. In addition to demographic variables like age, income, education, gender, and Amazon Prime membership, the clustering technique takes into account important smartwatch preferences, including communication, task automation, device durability, wellness features, athletic performance, and style. I used the **elbow approach** to confirm **the dendrogram analysis's** suggestion that the market is divided into four distinct segments.



The **Elbow Plot** shows how the Within Sum of Squares (WSS), a metric used to quantify cluster compactness, and the number of clusters relate to each other. As the number of clusters rises from two to four, the figure displays a steep drop in WSS, suggesting a notable improvement in clustering quality. The WSS decrease, however, slows down and takes on a "elbow" shape after  $k = 4$ . This implies that four clusters is the best option because there are diminishing returns when more clusters are added. The elbow point strikes a compromise between reducing intra-cluster variation and maintaining the model's readability and simplicity.



The **dendrogram analysis** suggests that the market consists of **four distinct segments**, which I confirm using the **elbow method**. These segments are:

The coloured branches in this dendrogram indicate four different clusters, which confirms the findings of the Elbow Method. Finding natural groupings and linkages within the dataset is made easier by the hierarchical method, which makes it possible to clearly comprehend how data points merge step by step.

The 1000 surveyed people are divided into 4 segments:

	Cluster	Count	Percentage
	<i>&lt;fct&gt;</i>	<i>&lt;int&gt;</i>	<i>&lt;dbl&gt;</i>
1	1	200	20
2	2	246	24.6
3	3	207	20.7
4	4	347	34.7

**Q2. How would you describe each identified segment? Please provide a detailed description of each identified segment using the variables in the data set (e.g., their mean values). Based on the segment characteristics, create a name for each segment that captures the essence of what makes it unique.**

**Answer:** To provide a thorough overview, the dataset is grouped by clusters following the segmentation process. This stage offers a concise summary of the distinctive traits and patterns displayed by clients in each cluster that has been identified. Additionally, the cluster mean values can be shown in the table below:

	Cluster	ConstCom_Mean	ConstCom_Median	TimelyInf_Mean	TimelyInf_Median	TaskMgm_Mean
	<fct>	<dbl>	<dbl>	<dbl>	<dbl>	<dbl>
1	1	5.48	6	5.72	6	4.92
2	2	5.64	6	4.67	5	5.64
3	3	4.29	4	4.03	4	3.43
4	4	3.80	4	3.35	4	3.20

Based on their demographics, financial situation, preferred features, and use of smartwatches, the segmentation research has determined four different segments. Every segment has distinct traits that affect their preferences and purchase behaviour.

### **Cluster 1 – "The Basics" (20%)**

There are 200 people in this cluster, the majority of whom are 39 years old, have an undergraduate degree, and make less money. Their low Amazon Prime membership and limited financial flexibility indicate that they are frugal and infrequent internet buyers. They are more interested in continuous communication (5.48) and timely information (5.72) than they are in sophisticated smartwatch functions. They also place a moderate amount of importance on task management (4.92).

Without overpowering them with upscale features, marketing to this market should emphasise price, extended battery life, and necessary features like call alerts, step tracking, and notifications.

### **Cluster 2 – "The Everyday Users" (24.6%)**

There are 246 people in this cluster, most of them are middle-class professionals between the ages of 39 and 40. More than half of them are Amazon Prime subscribers, demonstrating their comfort level with online shopping and digital accessibility, and they have greater financial flexibility than The Basics. They prioritise communication (5.64), task management (5.64), and timely information (4.67), which reflects their imperative for efficiency in both their personal and professional lives.

This market will be drawn to smartwatches with capabilities like calendar syncing, email notifications, and reminders that fit in well with their hectic schedules. Reliability, efficiency, and usability should be prioritised in marketing.

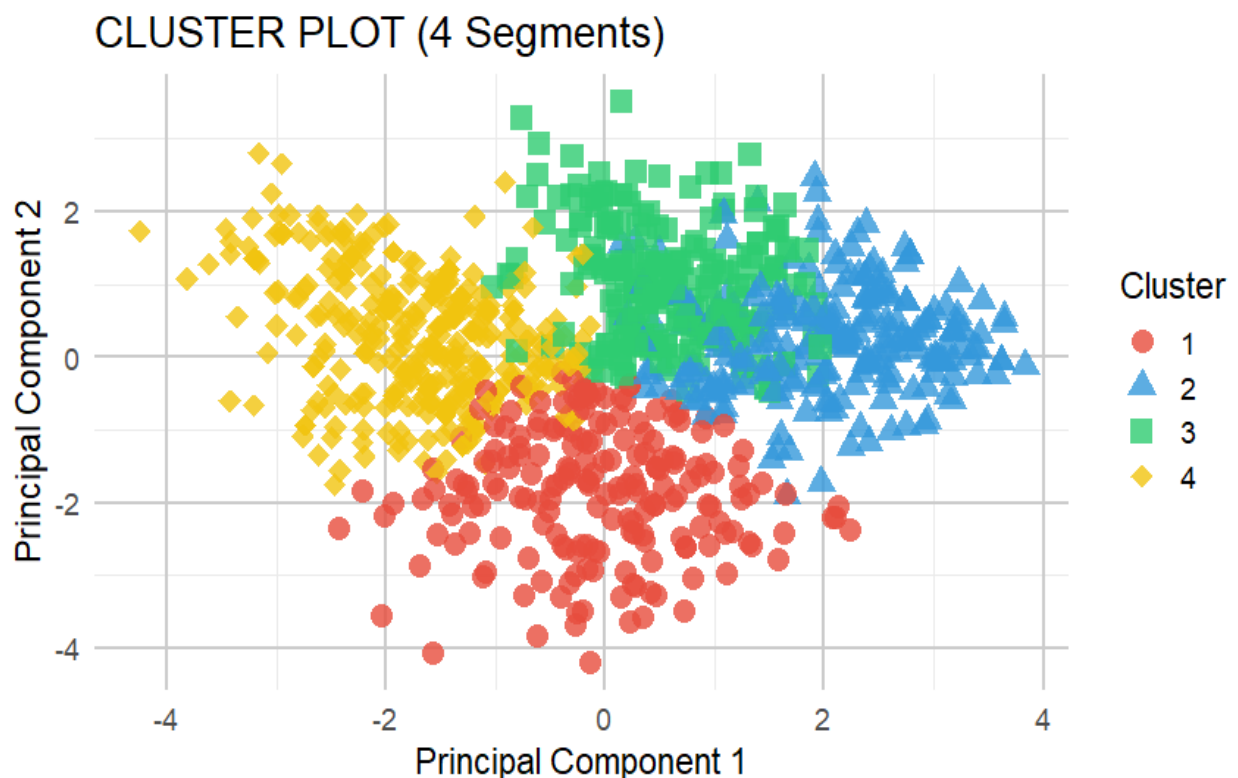
### **Cluster 3 – "The Premium Seekers" (20.7%)**

With an average age of 31, this cluster consists of 207 wealthy people who are heavily involved in online shopping, as evidenced by their substantial Amazon Prime membership. The aspects of smartwatches, especially task management (3.43), timely information (4.03), and continuous communication (4.29), are of moderate to high importance to them. They value exclusivity and style just as much as utility, which increases their propensity to purchase expensive, cutting-edge smartwatches.

In order to portray the wristwatch as a statement piece, marketing should emphasise high-end materials, opulent design, and cutting-edge capabilities like AI-powered voice assistants and sophisticated fitness tracking.

### Cluster 4 – "The Tech Enthusiasts" (34.7%)

With 347 members, the largest cluster is mainly made up of young consumers, with an average age of 28. They are early adopters of innovation, frequent internet buyers, and very tech-savvy. With moderate preferences for job management (3.20), timely information (3.35), and communication (3.80), this group appreciates cutting-edge features like AI integration, smart home networking, and sophisticated fitness tracking. Marketing should highlight the smartwatch's svelte looks, clever connections, and distinctive features like gaming apps and AI-powered personal assistants in order to appeal to this demographic.





**Q3. Which segment should be targeted by Intel? How should Intel position itself to compete strongly in the targeted segment(s)? Please provide a detailed discussion of each identified segment, based on the attractiveness of the segment for Intel and the strength of competitors' offerings (e.g., Samsung, Apple, etc.). Explain the factors that you used to rate the attractiveness of each segment and Intel's competitive strength.**

**Answer:** I think that the most appealing market opportunity for Intel is the Tech Enthusiasts sector, which makes up 34.7% of the population studied. These customers are eager to absorb the newest developments, are young (average age of 28), and are very involved with digital technology. Their keen interest in smart home integration, AI-powered features, and sophisticated health tracking complements Intel's processing and AI capabilities. Additionally, a large percentage of tech enthusiasts are Amazon Prime members and frequent online buyers, which makes them more responsive to e-commerce-driven promotions and digital-first marketing.

Given their readiness to spend money on modern technology, Intel may establish itself as a pioneer in wearables with AI capabilities by incorporating cutting-edge features that set its smartwatch apart from rivals. Intel's appeal in this market will be further increased by partnering with Google for Android Wear or Amazon for Alexa integration, guaranteeing a successful re-entry.

### **Critical Analysis: Risks and Counterstrategies**

#### **1. Competitors' Strong Brand Dominance**

**Risk:** Apple and Samsung have devoted followings and established ecosystems.

**Counterstrategy:** Establish alliances with Google and Amazon to offer a smooth smartwatch experience that includes unique AI capabilities.

## **2. Consumer Doubt Because of Previous Product Failures**

**Risk:** Customers may lose faith in Intel as a result of the Basis Peak recall.

**Counterstrategy:** Put third-party safety certifications (UL, FCC) into practice and highlight increased product dependability through warranties and transparency.

## **3. Expensive R&D and manufacturing expenses**

**Risk:** It's expensive to compete with vertically integrated firms like Apple and Samsung.

**Counterstrategy:** Outsource production to economical suppliers and maximise manufacturing efficiency by using modular product design.

## **4. Limited Characteristic Distinction**

**Risk:** It's hard to stand out in the crowded smartwatch industry.

**Counterstrategy:** To differentiate yourself, implement AI-powered predictive health insights, adaptive battery optimisation, and modular upgrades.

## **5. Difficulties with Distribution**

**Risk:** Samsung and Apple have better retail distribution systems.

**Counterstrategy:** To create exclusivity, concentrate on limited edition pre-orders, Amazon collaborations, and direct-to-consumer (DTC) sales.

To guarantee product-market fit, Intel must also consistently spend in consumer input and market research. Continuous software upgrades and feature improvements are necessary to maintain Intel's smartwatch competitive in the face of wearable technology and artificial intelligence's rapid advancements. Working along with healthcare organisations, fitness companies, and AI research companies might help Intel stand out from the competition and broaden its product line beyond what is often found in smartwatches.

## **Conclusion**

Both a challenge and an opportunity are presented by Intel's return to the smartwatch market. Intel's experience fits in nicely with the growing need for wearables that are AI-driven, health-focused, and smartly connected. Intel can reach a market that actively pursues innovation and is prepared to spend money on cutting-edge technology by focussing on tech enthusiasts. Intel can gain traction in the cutthroat wristwatch market with strategic alliances, a strong distribution strategy, and aggressive pricing.

Strong marketing efforts, openness about product safety, and a focus on distinction can help to mitigate issues like brand competition, consumer scepticism, and high production costs. Intel can have a strong presence in the wearable technology market by utilising AI-powered capabilities, smart home integration, and modular design. If successfully implemented, this strategy plan will enable Intel to reshape its market position and achieve sustained success in the wristwatch sector.

## References

**Git hub link for the R code:** <https://github.com/Arpita-Nishesh/Marketing-analytics-CW1/tree/main>

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