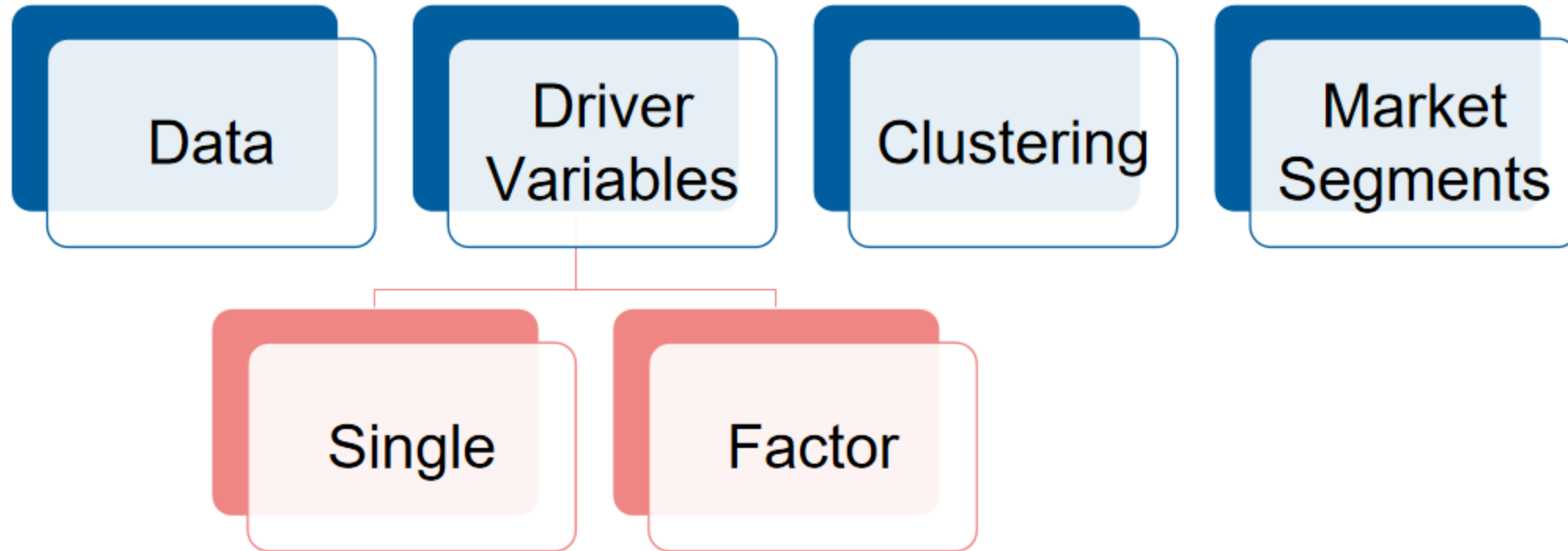# iPhone Market Segmentation

Laine Beatty

MKT 6971

Overview

Data

- ➤ 2015 National Consumer Survey
- ➤ No filters applied for phone sales

Single Driver Variables

Phone Use & Priorities

➢ I am more likely to switch cell phone service providers if they offer the latest in technology

➢ My cell phone/ smartphone connects me to my social world

➢ My cell phone/ smartphone is an expression of who I am

➢ My cell phone/ smartphone should help me get work done when and where I want

Factor Variables:

Career Focus

➢ I am willing to sacrifice time with my family in order to get ahead

➢ I want to get to the very top in my career

➢ I am a workaholic

➢ Money is the best measure of success
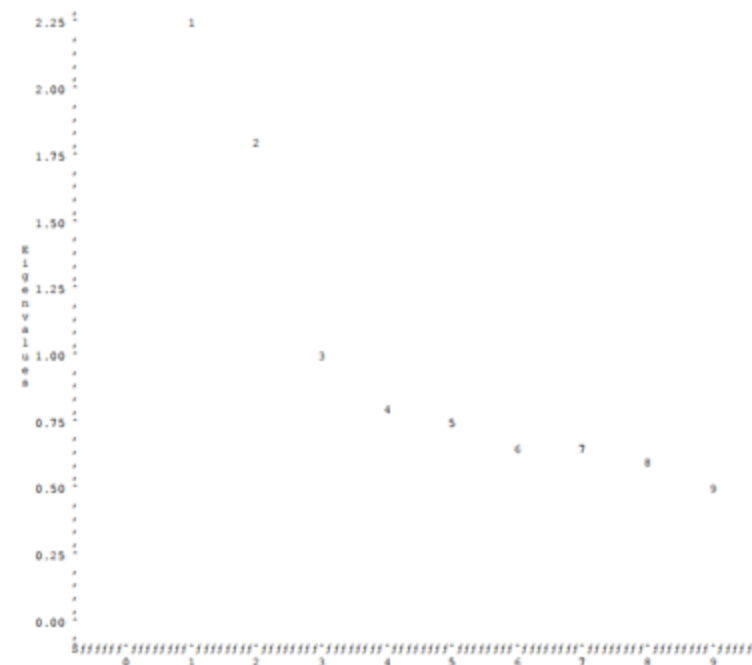
Factor Variables:
Consumer Privacy

➢ I like knowing how companies are using information about me

➢ I want more personal control over information that companies might have about me

➢ I often look up an organization online before providing my information

➢ I would feel more comfortable providing personal information to companies that display a trusted seal of approval

➢ I know many people who have had something negative happen to them because of personal information available online

Factor Variable Creation

SAS proc factor (varimax rotation)

Eigenvalues of the Correlation Matrix: Total = 9 Average = 1			
	Eigenvalue	Difference	Proportion	Cumulative
1	2.23351519	0.42272777	0.2482	0.2482
2	1.81078741	0.81112852	0.2012	0.4494
3	0.99965889	0.19124020	0.1111	0.5604
4	0.80841869	0.04904071	0.0898	0.6503
5	0.75937798	0.09525004	0.0844	0.7346
6	0.66412794	0.02635287	0.0738	0.8084
7	0.63777507	0.03774213	0.0709	0.8793
8	0.60003294	0.11372706	0.0667	0.9460
9	0.48630588		0.0540	1.0000

Scree Plot

Factor Variable Creation
SAS proc factor (varimax rotation)

**Rotated Factor Pattern**

|	Factor1	Factor2
I am willing to sacrifice time with my family in order to get ahead	0.71101	0.01778
I want to get to the very top in my career	0.69925	0.17269
I am a workaholic	0.66830	0.06294
Money is the best measure of success	0.66653	-0.02992
I like knowing how companies are using information about me	-0.15974	0.69786
I want more personal control over information that companies might have about me	-0.18401	0.74000
I look up companies and organizations online before giving my personal information	0.17933	0.55664
I would feel more comfortable providing personal information to companies that display a trusted seal of approval	0.20075	0.53343
I know many people who have had something negative happen to them because of personal information available online	0.16462	0.57965

k-Means Clustering

SAS proc fastclus

CCC Plot
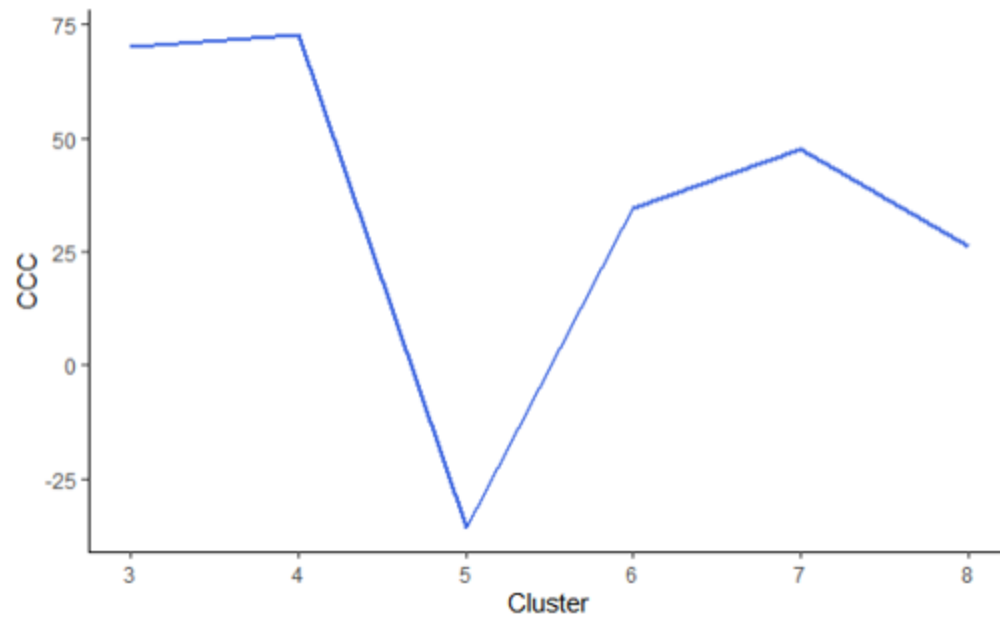
First local maximum: 4

Pseudo F Plot
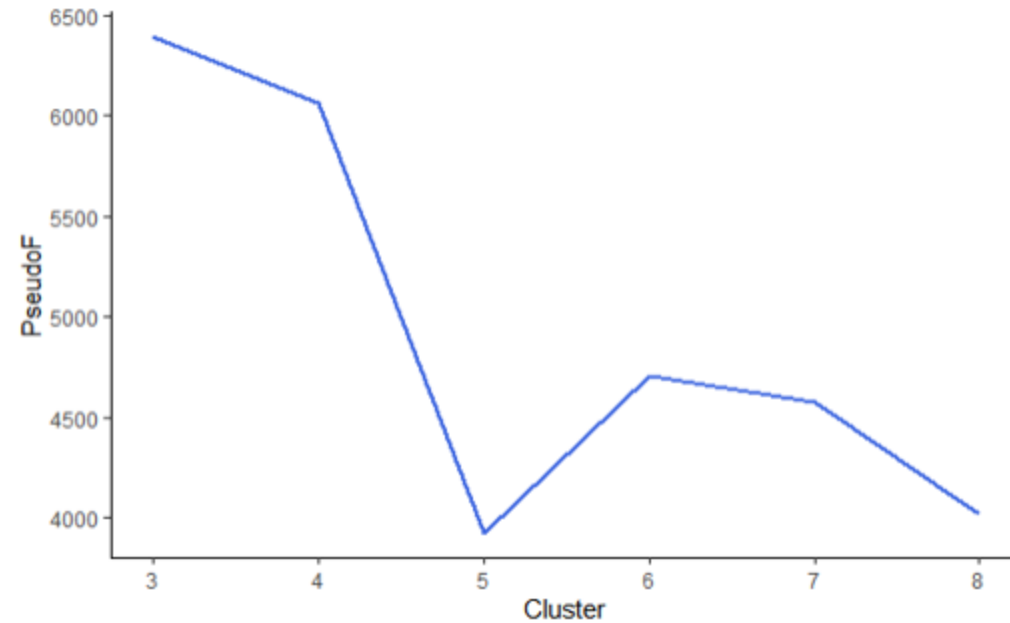
First local maximum: 6

k-Means Clustering Solution

Cluster	Frequency
1	3521
2	4392
3	3261
4	2477
5	6519
6	4245

Cluster Means						
Cluster	Career_Focus	Consumer_Privacy	phone_switch_for_tech_scale	phone_social_world_scale	phone_self_expression_scale	phone_for_work_scale
1	0.082788317	0.692219818	3.235680191	2.805580558	1.548627685	3.932934132
2	-0.461035699	-0.515893704	1.565880391	1.313786501	1.146740438	1.501917546
3	0.835295913	-0.122029823	4.096474359	4.505286767	3.660547504	4.184388050
4	0.578152901	0.798231534	2.282292558	4.444727891	3.630769231	3.676698194
5	-0.613050302	0.135496934	1.707021792	3.548715463	1.453228144	3.201557936
6	0.382393212	-0.660903899	2.542485265	2.917181706	3.016292274	3.339096073

Pseudo F Statistic =	4701.95

Approximate Expected Over-All R-Squared =	0.46153

Cubic Clustering Criterion =	34.602

Market Segments

Phone Brands

	Cluster 1 72%	Cluster 2 56%	Cluster 3 76%	Cluster 4 77%	Cluster 5 73%	Cluster 6 62%

Brand Totals:

■ iPhone ■ Samsung ■ Other
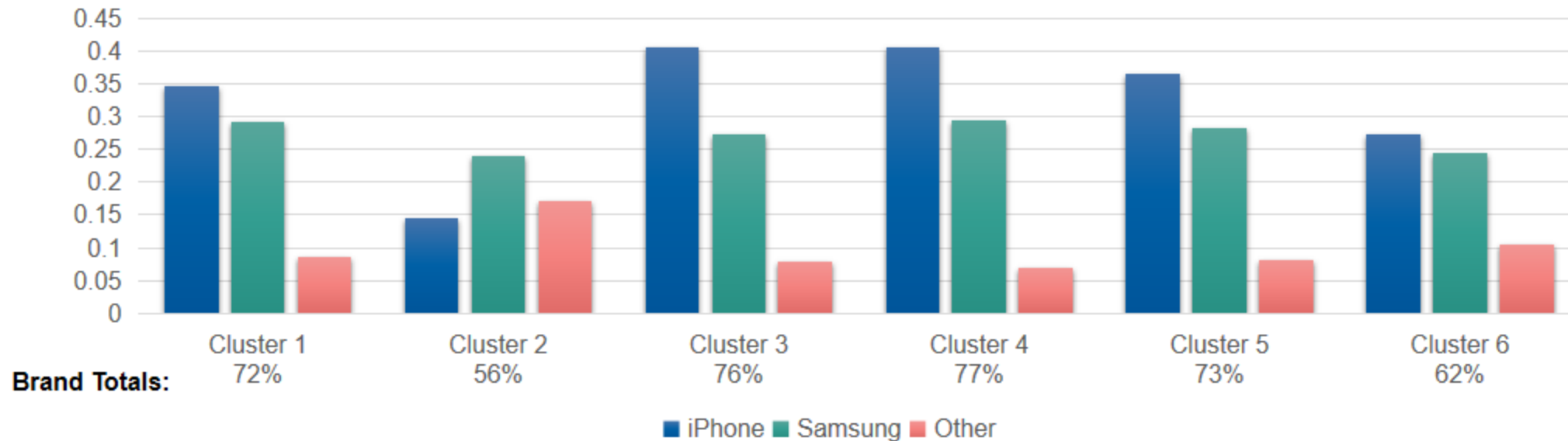
Market Segment Demographics
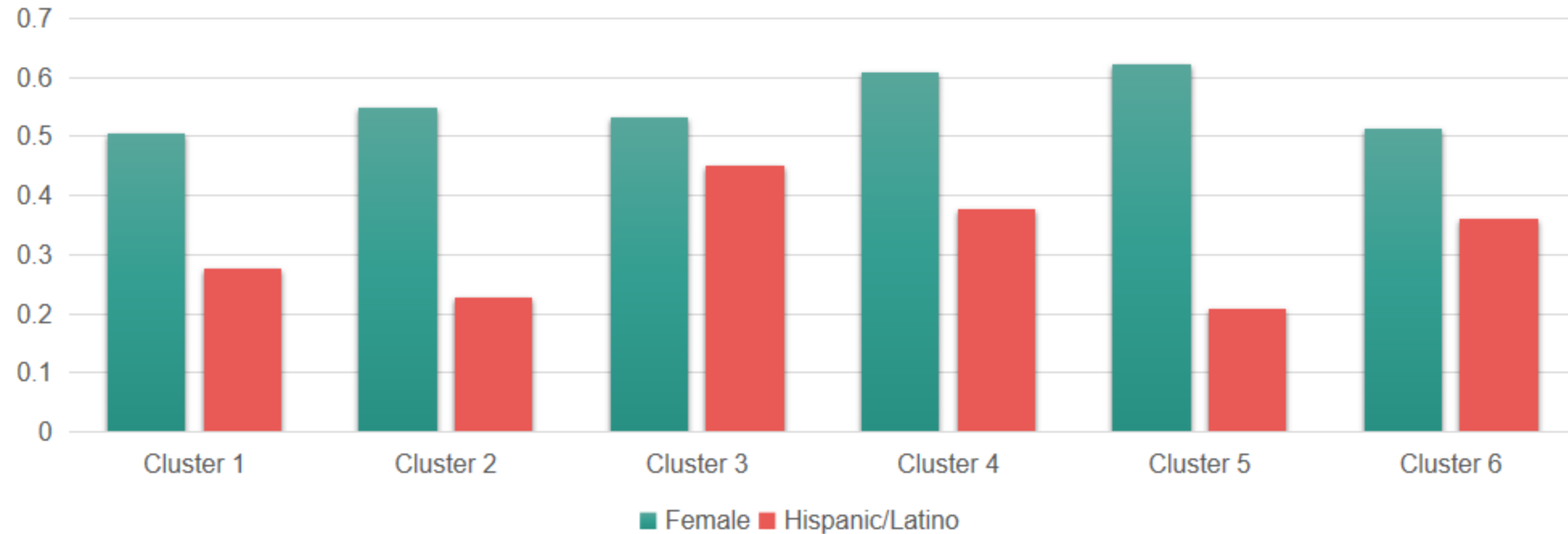
"Market Potential"

Segments 1 & 5

Cluster 1

- More likely to use Samsung phones
- Low to middling scores for TV, radio and newspaper consumption
- Less likely to respond to social media advertising and product placement
- Low Career Focus score but second highest use of phones for work
- Second highest concern with Consumer Privacy
- Second highest concern with phone tech

Cluster 5

- Most even distribution of phone brands
- Even lower scores for TV, radio and newspaper consumption
- Even lower scores for response to social media advertising and product placement
- Low to middling scores across all descriptors
- Highest score within cluster was 3.55 for phone use to connect to their social world

"Market Strength"

Segments 3 & 4

Cluster 3

- Highest percentage of iPhone users relative to competitors
- Highest percentage of Hispanic respondents (45%)
- High scores for TV and radio consumption
- Most likely to respond to social media advertising and product placement
- Highest scoring cluster for Career Focus and all single driver phone use variables
- Low concern with Consumer Privacy (-0.12)

Cluster 4

- Second highest percentage of iPhone users
- Highest percentage of Samsung users
- Highest percentage of female respondents (60%)
- High scores for TV and radio consumption
- Second most likely to respond to social media advertising and product placement
- Similar scores to Cluster 3 across most descriptor and driver variables
- Highest concern with Consumer Privacy (0.80)
- Lower concern with phone tech and phone use for work

"Flip Phones"

Segments 2 & 6

Cluster 2

- Lowest percentage of iPhone and competitor users
- High scores for TV and newspaper consumption
- Least likely to respond to social media advertising and product placement
- Very low scores across all phone use and driver variables

Cluster 6

- Second lowest percentage of iPhone and competitor users
- Low TV and radio consumption
- Second highest newspaper consumption
- Second least likely to respond to social media advertising and product placement
- Low to middling scores across all phone use and driver variables