Kilger

MKT6971 2 credit course

Practicum I second semester

Exercise #1

Name:

This first exercise is for you to select the variables that will be utilized in your market segmentation. I would strongly suggest that you only use variables from the personal survey book.

1. You will need to download the data dictionary, the ncs personal booklet image, and optionally the household book image from blackboard.
2. Using the data dictionary and likely the personal booklet image here are the four types of variables that you will select for your market segmentation. Each variable you choose should be relevant to your market segmentation. That is, if your target variable is Coca Cola, then attitudes healthy diet would be relevant while attitudes about fashion design are probably not going to be relevant.
   1. Target variable – this is one and only one variable that you will use as the focus of your market segmentation. For example, I am going to imagine that my client is the Coca Cola company and their flagship product Original Coke. So I would find the variable in the data dictionary that reflected whether or not the survey respondent drinks Original Coke.
   2. Single Driver variables – these are variables that help define the market segmentation solution. I often strongly recommend that you choose psychographic (attitudinal) variables for driver variables. These variables typically have a five point scale that ranges from agree a lot to disagree a lot (see the last 20 or so pages of the personal book image for examples). You should identify approximately 4-6 single driver variables. Note that each variable will require you to read in five variables (one for each point on the scale – agree a lot, agree a little, neither agree nor disagree, disagree a little and disagree a lot) and combine them into one numerical five point scale (hint: make agree a lot =5 and disagree a lot = 1).
   3. Abstract constructor factor variables – the market segmentation project requires you to build at least two factors using Principal Components Analysis (PCA). Each factor will consist of at least four variables. Again I would strongly suggest you use the psychographic variables to do this. That means that you will need to build four variables x two factors or a total of eight variables for this. The idea of PCA is to build a variable that represents a complex abstract construct. For example, I might want to build a one factor that represents how environmentally friendly the respondent is. So I might pick the following four variables:

I am more likely to purchase a product from a company that is environmentally friendly.

Companies should help consumers become more environmentally conscious.

It is important to me that others see me as environmentally conscious.

Eco-friendly products are higher quality products.

* 1. Descriptor variables – these are variables that are used after the market segmentation is done to describe the market segments that have been produced. Typically these variables consist of the target variable itself, a couple of major competitors of that product, a demographic variable or two like gender and Hispanic origin, a useful attitudinal variable or two and finally 2-3 media variables (like watching a specific television show) to help figure out where to advertise to the specific segments produced by your market segmentation.

So now that you have a pretty good idea of how this works, the actual work for this exercise is to consult the data dictionary and the image booklet and answer the following questions:

1. My target variable is
2. My single driver variables are: (minimum of 4 or more):
3. My first abstract construct is

And the four or more variables that I will use to create this construct are

1. My second abstract construct is

And the four or more variables that I will use to create this construct are

1. My descriptor variables that I will use to describe my market segment groups are (minimum six):