

Small and Medium Business Segmentation for a Leading Web Content / Portal Provider

---

An IDC Consulting Client Success Story from the Customer Insight Practice Area

---

Client Challenge – This client wanted to increase small and medium business (SMB) use of its services. Specific areas of interest included understanding SMB attitudes towards the Web as a business tool.

IDC Consulting Proposal – IDC proposed a two-phased methodology of focus groups and a combined telephone /web-based survey of 1,000 SMB decision makers who already use the Web to some degree. The focus groups would collect a list of attitudinal statements about the Internet, survey respondents would rate statements based on relevance to themselves, and IDC would build a cluster model based on these attitudinal statements.

Methodology – Using factor analysis, IDC reduced 25 attitudinal questions to six factors. Using factors scores in K-means cluster IDC found a three-segment model that reflected SMB perception to Internet and technology. These were:

- Quarter of the market are older, cautious users of technology and Internet: a tough sell
- 35% of the market are young, fast-growth entrepreneurs who are voracious consumers of information who not only see the internet as an important source of information but also as a source of revenue.
- 40% of market are from small and mid-sized companies and are less risk takers but still rely on online resources for IT information

Working with the IDC SMB group, IDC was able to size each of these segments based on number of companies and IT expenditure.

Results – Armed with a better understanding of the differing perceptions within the SMB market towards the Web, this client was able to refine its offerings to this community. More importantly, its sales team was able to use these results to convince advertisers of the need to reach SMBs through its service.

IDC Consulting leverages the **trusted** research and analysis of IDC – the premier global provider of market intelligence, advisory services, and events for the information technology industry – to deliver fact-based, actionable advice on all phases of market strategy. With a worldwide perspective, product and service market depth and breadth, and proven **methodologies**, we offer unmatched **expertise** and a superior knowledge of today's marketplace challenges. Our technology and industry analysts join our experienced consultants on a project team with a **commitment** to delivering proprietary conclusions and recommendations that will make you more successful.

To learn more about IDC Consulting, visit us online at **www.idc.com/consulting**, call **1-508-872-8200**, or e-mail **idcconsulting@idc.com**.