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Is PalmOne Focusing on Business or Personal Segments?

Ken Wirt, *palmOne, Inc.*

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Wirt talks about how the PDA is a unique product in that its customers use it for both personal and business use. Still, consumers like to have differentiation. PalmOne has segmented its product line, creating the Zire sub-brand, to better address both consumer groups, he adds.

Transcript

It's interesting, you know, these two products, in particular, are unlike a lot of products in that these products are really cross-over products. Like, 85% of people that own a Palm PDA use it both for personal use as well as business use. There are very few other products that are like that. Same thing with the Treo 600, people use it for business and for personal use. Phones tend to be more much higher on the personal side. So, we try and have solutions for both. Most of the difference in solution is software capability. So, if you want to use a device like this and we enable the kinds of things businesses want. So, businesses on this device, say, want encryption for data that's stored on the device so, I can't tell you how many CIO that have said to me, "Your $400 device is my two billion dollars worth of data on it." And their question is, you know, what are we doing to protect their data when it goes on the device? So, we built in software with three different types of 128-bit data encryption resonance on the device. After using if for personal use, you know, you don't encrypt the data.

If it's for business use, you're going to, probably, encrypt the data. So, we try and cover the needs of both segments because that's how our customers use it. They use it in both parts of their life. They aren't indiscriminant. Although, most products tend to either be consumer/ business products. What we did do was we segmented our product line. The original product line, everything was a Palm and they just had, sort of, numbers. And we did research, what we found out was for a certain group of consumers, they imprinted, sort of, on Palm in the early going. And they said, "Well, Palms are for business people wearing suits and they cost $400. They're not for me as a consumer." And the same thing for IT people, they said, "Oh, that's an executive toy.

It's not a serious IT product." And so Palm and a number had shortcomings in terms of addressing both markets. So, we created two sub-brands. Zire sub-brand, we purposely packaged the product differently; more colorful, priced to be less expensive, have a little bit different feature set for consumers. So, we could change the perception of plain old Palm to say, well the Palm Zire is something for you. It's less expensive, it's more consumer oriented. It's sold at Target and Radioshack, and places like that. Whereas our Tungsten product, is more for the IT person; it's got 128-bit data encryption, it's more powerful, and it's more industrial strength. And now, has been very successful for us. Our first Zire product, we sold a million units of in the first six months. And the demographics are very different; more than 50% of people who bought it were women.

Whereas before, it was about 80% men and it was more students and lover income level wasn't just executive type. So,

from the marketing side, we did do stratification by business and consumer. That was pretty successful.