

## Proxis Corporation

Problem:	Analyze the communications market
Management skills:	Data analysis, Strategizing
Web skills:	Market research

Proxis Corporation is a regional communications company serving eight states. Proxis provides a number of communications services, the main ones being local and long distance telephone service, cellular phone service, and cable television. The company has known for some time that it has the infrastructure in place to add Internet service to its stable of services. Until now, it has resisted this move due to a saturated market. However, a number of local and regional Internet service providers have gone out of business in the last two years, leaving a gap in the marketplace.

Proxis' CEO wants to cautiously approach an entrance into the Internet service market. Proxis' Marketing Director, Ian Masters, knows he must consult hard statistics to make the proper recommendations to the CEO.

Ian's first goal is to determine whether Proxis should even consider expanding its services in the first place. For this, he intends to research the growth of Internet usage since it became a common tool for both business and home users. He wants to know if Internet usage will continue to increase or if it will plateau in the near future.

Next, Ian must devise a marketing strategy, assuming that Proxis will choose to introduce an Internet service brand. He has already given the task some thought, and he has determined that Proxis should begin by targeting its existing customers. Since Proxis phone service users and cable subscribers are already familiar with the company, they would likely trust Proxis as their first Internet service provider or as an alternative to their current provider. Targeting existing customers would initially allow Proxis to quickly build a customer base for its Internet brand at a lower cost than if the company tried to target the general public. Including all of its services, Proxis already has a database of 5 million customers. Acquiring a database of names that large is an expense the company would prefer to avoid at the stage of the venture.

Going further, Ian would like to determine which segment of Proxis' existing customer base should be most aggressively targeted with promotional material for a new Internet service. He has already narrowed down the choices to cellular customers and cable subscribers, who are more technically savvy. He has found no data indicating a significant growth in landline telephone use, and people who have only landline telephone service are far less likely to want Internet service than cell phone users. Ian's approach will be to target the customer base that is showing more growth in recent years. He believes that if people are already embracing technology products or services, they are more likely to continue spending money on technology.

The result of Ian's research will be a full-scale report to the CEO that includes an outline, statement of goal, presentation of the facts, and concluding statements. Hard statistics will be introduced in written arguments and illustrated with spreadsheets and charts.

**Tasks:** There are seven tasks in this case:

1. Go to relevant government Web sites to find statistics on Internet usage. Be certain you can answer these questions: Has the number of Internet users increased consistently over the past few years? Has the number of people using the Internet at work increased during that time? Has the number of people using the Internet at home also increased? What are the statistics regarding "intensity of use" or hours using the Internet?
2. Transfer the statistical data you have found into a spreadsheet file either by copying and pasting it from a Web page or by manually keying it in. Some online resources will also allow you to download data tables directly into an Excel file. If you wish to cut and paste data from online sources into an Excel spreadsheet, consult the instructions in Web Case 2 first.
3. Display the Internet growth data you have found in the form of a chart in the spreadsheet file.
4. Go to relevant government Web sites to find statistics that track the number of cellular phone subscribers and the number of cable television subscribers over the last several years. Be certain you can determine which is the more promising market based on Ian's criteria.
5. Transfer the subscriber comparison data you have found into a separate worksheet in the same spreadsheet file you used for the Internet growth data. Display the subscriber data in the form of a chart.
6. Search the Web for companies or services that sell mailing lists. Determine what the approximate cost would be to acquire a list of potential customer names equal to the number of customers Proxis already has (5 million). Decide whether you can use this figure to fortify the position of targeting existing customers first.
7. Write a report for the CEO as described above (include an outline, statement of goal, presentation of facts, including your spreadsheets and charts, and concluding statements). Do not forget to cite your statistical sources.