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Ontela PicDeck (A):
Customer Segmentation, Targeting, and Positioning

In April 2008 Joe Levy, the director of carrier marketing for the technology start-up Ontela, was considering how to position the company's first offering, PicDeck. Ontela's PicDeck was a technology service that allowed wireless subscribers to seamlessly transfer pictures from their mobile devices to their computers, email inbox, and other networking devices and services (see **Exhibit 1**). The service had been well received in the media. An article in *Telephony* magazine lauded the service as "helping bridge the gap between phone and PC."[1]

Ontela's technology offered value to end users (wireless subscribers) by providing a more convenient mobile imaging experience. This in turn was expected to increase sales of high-margin data services for Ontela's wireless carriers, its direct customers. By encouraging consumers to transfer pictures from their mobile devices, this new service was expected to increase consumer use of wireless carrier services. Ontela sold its technology to wireless carriers, who were responsible for branding and pricing the service and marketing it to wireless subscribers. These subscribers paid a monthly fee to carriers for the PicDeck service, and Ontela received a portion of this subscription revenue.

To develop a compelling positioning strategy for the PicDeck service, Levy needed to identify target segments within the wireless customer base. He faced several major questions: What was the best way to determine the appropriate target audience? Which segment(s) would provide the biggest opportunity for both Ontela and the carriers? How could he balance the needs of subscribers with the carrier's goals of decreasing churn and increasing average revenue per user (ARPU)? As Levy thought about these questions, he knew that his company's future depended on his ability to answer them.

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[1] Sarah Reedy, "Say 'Cheese' and Send," *Telephony Online*, April 14, 2008, http://telephonyonline.com/wireless/news/ telecom_future_seen_technology_118.

Background: Mobile Services and Media Convergence

Mobile Phone Services

The U.S. mobile phone service industry earned $150 billion in revenues in 2007, making it one of the largest sectors of the U.S. economy. Within this market, the data services segment—which included Internet data plans, text messaging, picture messaging, and other multimedia transfers—had grown exponentially. With the continued growth in data revenue, voice revenues were expected to decrease as a percentage of total ARPU. Therefore, wireless carriers would be increasingly dependent on unique and high-value data services for profits and competitive differentiation.[2]

Camera Phones and Media Convergence

The concept of the camera phone was developed by Daniel A. Henderson in 1993 under the name "Intellect."[3] Since its inception, cameras had become a ubiquitous feature on cellphones worldwide. Advancements included increased megapixel capability as well as video capability. Photos were generally saved on the camera as JPEG files. Major manufacturers of camera phones included Nokia, Motorola, Samsung, LG Electronics, and Siemens.

As handset manufacturers began to offer cellphones with large screens and high-resolution cameras, various types of digital media began to converge. Content such as music, videos, pictures, and games had become ubiquitous for wireless users. Additional evidence of this movement toward convergence was the booming popularity of smartphones, such as Apple's iPhone. Smartphone handset sales represented 34 percent of the total wireless communication handset market in 2007.[4]

Social networks, such as MySpace and Facebook, demonstrated Web-based media integration. Many of these sites, under pressure to differentiate themselves from one another, specialized in a certain type of media, such as picture storage or business networking connectivity. Facebook, for example, partnered with Google's Picasa to provide seamless integration between Picasa Web Albums and Facebook Albums.

The PicDeck Service

Current methods for transferring photos taken on camera phones to other media or users were complex and limited in capability. Consumers had a number of unappealing options for transferring pictures from their phones to their computers, including:

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[2] Mintel International Group Ltd., "Mobile Phone Services—US," November 2007.

[3] Press release, "National Museum of American History Acquires Wireless Picturephone Prototypes," October 24, 2007, http://americanhistory.si.edu/news/pressrelease.cfm?key=29&newskey=611.

[4] Mintel International Group Ltd., "Portable Media Devices—US—Smartphones," December 2007.

- Transfer via USB cord from phone to computer

- Send wirelessly from phone via MMS messaging or Bluetooth to another user or device

- Send as an email via data plan service from a mobile device

- Upload photos via wireless network to carrier's proprietary Web site

Ontela's PicDeck offered seamless transfer of pictures from camera phones to other networked devices and services. The technology allowed for the transfer of pictures to any pre-designated destination without the need to press any extra buttons (see **Exhibit 2**). These destinations could include the user's personal computer, email inbox, and Web sites such as Facebook and Picasa.

As of April 2008, the technology had been picked up by two regional wireless carriers—Cellular South and Cincinnati Wireless—and, more recently, by the national carrier Alltel. Matt Phillips, senior marketing manager at Cincinnati Wireless, stated:

> *In Cincinnati, Internet photo galleries are very popular—people go online after happy hours to see pictures after different events. We also sponsor many big events in Cincinnati and use radio as a medium, getting endorsements from DJs. This will help because the product is complicated to understand and needs to be explained. A DJ helps to explain it and make it innovative and cool for early adopters.*

The success of Cincinnati Wireless's marketing approach had been validated by Cellular South. As the first provider to adopt this technology, it branded the technology as "PicSender." Jim Richmond, director of corporate communication, stated:

> *We do sports marketing such as sponsoring women's tennis tournaments. In addition, we host a music festival in Memphis. At both, we demo PicSender and offer consumers the opportunity to try PicSender. Target customers take pictures at the events and send them to Web albums. Afterwards, we show that picture is on a Web album through a PC on the premises. Because these are outdoor events, this approach makes picture taking ideal, and it's easy to make people understand what the service is and build awareness of it.*

Additionally, Richmond noted:

> *Our customer talks, on average, twice as much and texts six times as much as the average U.S. customer. Fourteen percent of the U.S. population has a cellular phone only; in our case, 25 percent of our customers have only wireless. The applications for these users should be affordable and make their lives easier. PicSender really fits this requirement.*

As the wireless industry began to pick up the technology, Ontela was optimistic about the future growth of PicDeck. However, Joe Levy realized that in order to maximize growth opportunities he would have to deliver a solid value proposition to national wireless carriers.

Segmentation Research: Customer Personas

Levy and his team had conducted qualitative research on end-user behavior in mobile devices. He had combined the insights from this research with his knowledge of the industry

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conversations with mobile carriers to develop three customer personas that represented key customer segments: Sarah, the parent; Steve, the young professional; and Regina, the teen.

Persona 1: Sarah, the Parent

Sarah is married, 42, and a mother of a 15-year-old, a 10-year-old, and an 8-year-old. She works part-time during the day from home, but is mainly focused on parenting and taking care of her home. Sarah is not a computer whiz, but she can use email, Google, and on occasion will send an IM from the MSN account her kids set up for her. Her older kids have been wild about the social networking craze, but it scares her when she sees the news reports about predators.

Sarah has been thinking about upgrading her wireless phone, which is three years old and has a grainy camera attached. She bought a digital camera two years ago and uses it to take all of the family pictures now, but she admits that the memory is filled to the limit because she hates taking them off and putting them on the PC. She finds herself asking her husband or children for help every time she needs to move the pictures to free up the camera memory again.

With her job and her life as a wife and mother, Sarah wants things like pictures to be easy. She has played with her phone in the past trying to get pictures off of it, but she abandoned the endeavor after only fifteen minutes. She would love her pictures from her phone to "just appear" on her computer, but never thought that such a thing was really an option.

Persona 2: Steve, the Young Professional

Steve is 27 years old and a successful real estate agent. He is constantly out on the road showing houses, both on weekdays and weekends. He usually has very little time to himself.

Steve was in high school when the Internet really began to grow, but he was never as hardcore as most of his friends. He uses email at work, but prefers the phone. He has always been the last one of his friends to get up on the latest technology, but he does not think it affects his work. He believes that in his business, it is better to do things the old-fashioned way because it is a people business, and he is good at talking to people.

Steve has an older model cellphone. He is hesitant to upgrade because he doesn't want to lose simple things like his contacts and isn't sure how they will transfer over. However, he has seen how some of his colleagues use their phones to take pictures of houses to save and send to clients, which people seem to like a lot. He has thought recently that he might want to get caught up on technology so he doesn't lose a step in the market.

Steve is usually not actively looking for better technology solutions to improve his life. However, he likes things that are simple. If having a camera phone meant not always having to carry a digital camera, he is all for it.

Persona 3: Regina, the Teen

Regina is 16 years old and comes from a middle-class family. She is a good student and popular, with many friends and a boyfriend. Regina has lived entirely through the Internet Age

and has gone through all of the iterations of online communication, from email to social networking. She has profiles now on Facebook and MySpace that are updated regularly. Regina also keeps an account at PhotoBucket, but uses it less and less.

Regina has a phone that is less than a year old, and it takes pretty good pictures. She likes that she always has it with her so she can take spontaneous pictures of herself and her friends, or funny things she wants to show people later. She sends between twenty and thirty picture messages a month, but she doesn't load her pictures from her phone to her PC because it is a pain.

Regina wants to be able to have her mobile photos on her PC instantly because in the Internet Age, speed and convenience are expectations. However, she wants to be able to screen and monitor what is on her sites so she won't look silly in front of her friends. She would also love to be able to manage her pictures easily once they are on her PC. Additionally, she wants to be able to do it all from her phone so she doesn't have to wait to have her pictures on MySpace for her friends to see.
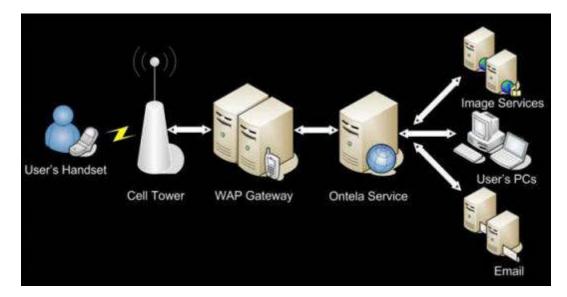
Assignment Questions

1. Based on the three customer personas, which customer segment should Ontela target?

2. Create a positioning statement for your chosen target persona and identify the key themes that should be emphasized in the messaging for the PicDeck service to this segment.

3. What are the risks of using qualitative personas to select target customer segments?

Exhibit 1: PicDeck Technology—Technical Details

Exhibit 2: PicDeck Technology—Consumer Overview

Record Life as it Happens

pic sender automatically delivers every picture you take to wherever you want it. Choose your email inbox, a folder on your computer, or your favorite photo websites – wherever you like. Set up any one or all of them!

No matter how busy you are, you can use pic sender to capture all of life's great moments and share them with all your friends and family. There's nothing to it. Just snap your photos and pic sender does the rest.

pic sender – only from Cellular South.

Imagine:

- If your phone is lost or stolen, your pictures are safe.
- Every picture you take on your camera phone is emailed to you, automatically.
- Just open the "My Pictures" folder on your computer to email, print, or make CDs.
- Your pictures are delivered straight to your favorite web sites, making them simple to print and share.
- Turn each delivery location on or off from your PC or your phone.
- It just works from the moment you sign up – automatically!
- It's quick and easy for anyone, from the kids to the grandparents, to save and share their photos

Currently available on: RAZR (V3a, V3m), RAZR₂ (V9m), KRZR, ROKR, SLVR, & W385

Key features:

- Sets up on your phone in about one minute.
- There is nothing to learn or remember...just take photos and pic sender delivers them automatically.
- Easy delivery to your email, your PC, and your Photobucket*, Yahoo! Flickr*, Snapfish* or Google Blogger* accounts.
- * Includes optional pic sender software for your home computer.

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