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

The Quantitative Customer Segmentation Study

Although Joe Levy felt that the customer persona provided a good starting point to begin thinking about PicDeck's segmentation, he believed that he needed quantitative data to get a more precise understanding of the relative attractiveness of different customer segments. This would require data on end users regarding their preferences and behaviors related to mobile devices and imaging. He therefore hired a market research firm to conduct a quantitative customer segmentation study.

The firm conducted a national survey of 2,000 respondents who were selected from lists of mobile telephone customers aged 15 and older. The questions in the survey ranged from respondents' current mobile phone behavior and camera experience to general technology aptitude and price sensitivity. The survey questions are listed in **Exhibit 1**. The research firm used a random sampling approach to ensure that the respondent sample accurately represented nationwide wireless subscribers.

Analysis of Customer Survey Data

Identifying Segments—Cluster Analysis of Preference Data

The research firm performed a cluster analysis on the responses. A cluster analysis is a statistical technique that identifies groups of customers who have similar survey response patterns. The number of clusters is determined in part by how different the response patterns are. If all survey respondents tend to give the same responses, then only one cluster is identified.

For this survey, six clusters of respondents were identified, each with a different response pattern. Details of each cluster are provided in **Exhibit 2**, which lists the mean responses to each question for each cluster.

Profiling Segments—Demographic and Media Choice Information

In addition to the preference data, the research firm also asked the same respondents a series of questions related to demographics and media habits. The demographics and media habit questions are shown in **Exhibit 3**, and the profiles of the six clusters are reported in **Exhibit 4**.

Assignment Questions

1. Based *only on the cluster analysis data*, which preference-related variables are most useful for segmentation identification and evaluation? Which variables are least useful?
2. Keeping in mind what you know about each cluster *before you look at Exhibit 3 and Exhibit 4*, create descriptive profiles for the customer segment represented by each cluster. Label each segment with a title that best describes that cluster. To what extent does this new information reinforce or challenge your previous assumptions about the segments in this market?
3. Now, use the profiling information in Exhibit 4 to create a revised profile for each cluster. Is this profile different from what you “guessed” based only on the preference data?
4. Which segment(s) would you recommend as a target for PicDeck? Explain the logic behind your choice.
5. Develop a positioning statement for your selected target customer(s) that defines the key benefits of the PicDeck service and how the service is differentiated from alternatives that customers might consider.
6. Develop a positioning statement *for wireless carriers* that Ontela can use to communicate the value of the PicDeck service for wireless carriers.
7. Suggest a media plan that you feel would be most effective in promoting the PicDeck service to your selected target customer(s) and to convert them to paying customers.



Exhibit 1: Preference Questions in Segmentation Survey

These questions were intended to provide information about consumer perceptions of the PicDeck service and the problems that it solves.

Please tell me how much you agree or disagree with the following questions (1 = strongly disagree; 5 = strongly agree)

- Q1: I think it is easy to upload photos taken from my phone to a computer or Web site.
- Q2: I would take more photos on my camera phone if it were easier to transfer them to a Web site or my computer.
- Q3: I would take more photos on my camera phone if the quality of the pictures were better.
- Q4: I would replace my digital camera with my camera phone if the process for transferring photos were easier.
- Q5: I would replace my digital camera with my camera phone if the quality of the photos were better.

Assuming there is a simple process for transferring data from your camera phone, please tell me how much you agree or disagree with the following statements (1 = strongly disagree; 5 = strongly agree)

- Q6: I value making sure the photos on my phone are saved so if I lose my phone I don't lose them.
- Q7: I value getting the photos on my email so I can forward them to friends and family.
- Q8: I value getting the photos on my desktop so I can edit, crop, and print them.
- Q9: I value getting the photos onto photo-sharing sites (Facebook, Photobucket, Flickr, MySpace, etc.).
- Q10: When I am deciding on which new technology product to buy (TV, computer, MP3 player), how easy it is to set up is a major factor in my decision.
- Q11: Whenever new consumer technologies emerge, I am among the first to adopt them.
- Q12: After I have made the decision to buy a new technology product, I spend a lot of time searching for the best price.

I would like to describe a new service that will soon be available to wireless subscribers. Any time you take a picture on a camera phone, this service automatically sends it to your PC and your favorite Web sites. You can turn it on or off at any time. You can add or remove Web sites at any time. It's secure and the process does not degrade the quality of your photo.

- Q13: If this service were only offered for a monthly fee, how much would you be willing to pay each month for unlimited use?

Exhibit 2: Cluster Analysis of Customer Preference Data

Based on customer answers to the questions reported in Exhibit 1, six clusters were identified, each with distinct response patterns. Below are the mean responses by each cluster to each of the questions.

		Clusters						Overall Average
	Survey Question	1	2	3	4	5	6	
Q1	It is easy to upload phone photos	3.07	3.19	2.65	4.06	2.29	3.00	3.04
Q2	Would take more phone photos if transfer were easier	4.33	3.37	3.96	2.43	3.86	2.36	3.49
Q3	Would take more phone photos if quality were better	4.67	4.28	4.21	4.20	4.12	2.75	4.11
Q4	Would replace digital camera if phone transfer were easier	4.11	1.72	2.06	2.31	3.24	1.58	2.66
Q5	Would replace digital camera if phone photo quality were better	4.69	1.81	3.10	3.76	3.59	1.89	3.34
Q6	I value saving phone photos so they are not lost	4.60	3.57	3.75	3.20	3.04	2.42	3.55
Q7	I value sending photos by email	4.53	3.94	4.02	3.22	3.02	2.25	3.61
Q8	I value having photos on my desktop	4.55	4.07	3.92	3.18	2.94	2.31	3.60
Q9	I value sharing photos on Facebook, etc.	3.95	3.69	3.83	3.00	2.98	2.22	3.36
Q10	When deciding on new tech, easy setup is a factor	3.84	3.44	2.71	3.27	3.37	2.83	3.27
Q11	When new technologies emerge, I am first to adopt	3.13	2.07	3.52	2.65	1.96	2.17	2.69
Q12	When buying new tech, I search for best price	4.45	3.76	4.40	3.98	3.06	3.58	3.95
Q13	Monthly fee	\$5.75	\$6.64	\$7.93	\$3.90	\$8.31	\$1.67	\$5.79
<i>Percentage of respondents in each cluster</i>		24%	12%	19%	16%	15%	14%	100%

Exhibit 3: Demographic and Media Questions

Z1: Median age

Z2: Age > 40 (% older than 40)

Z3: Age < 25 (% younger than 25)

Z4: Sex (% male)

Z5: Married (% married)

Z6: Children (% with children)

Z7: DataPlan (% with DataPlan on their cellphone)

Z8: MessagePack (% with MessagePack subscriptions for their cellphone)

Z9: Family Plan (% belonging to a Family Plan for their cellphone)

How interested are you in the following kinds of magazines? (5 = strongly interested ... 1 = strongly disinterested)

Z10: Tech magazines and/or Web sites

Z11: Celebrity magazines and/or Web sites

Z12: Fashion magazines and/or Web sites

Z13: Women's magazines and/or Web sites

Z14: Homemaking magazines and/or Web sites

Z15: Sports magazines and/or Web sites

Z16: How many hours per day do you spend on the Internet? (1 = less than 1 hour ... 4 = more than 3 hours)

Z17: Pay own bill (% that pays their own cellphone bill)

Exhibit 4: Demographic and Media Profile of Clusters

	Variable	Clusters						Weighted Average
		1	2	3	4	5	6	
Z1	Median age	42	41	22	30	39	55	37.53
Z2	Age > 40	25%	27%	12%	19%	28%	43%	25%
Z3	Age < 25	23%	18%	55%	31%	16%	12%	27%
Z4	Male	52%	48%	43%	58%	49%	41%	49%
Z5	Married	48%	71%	22%	34%	64%	67%	49%
Z6	Children	27%	46%	11%	21%	35%	39%	28.1%
Z7	DataPlan	72%	15%	22%	42%	27%	11%	36%
Z8	MessagePack	45%	35%	61%	65%	39%	18%	45%
Z9	Family Plan	26%	54%	66%	17%	37%	12%	35%
Z10	Tech mags and/or Web sites	4.17	1.46	1.26	3.70	2.68	2.18	2.71
Z11	Celebrity mags and/or Web sites	1.77	3.33	4.54	1.39	2.50	3.80	2.82
Z12	Fashion mags and/or Web sites	2.12	2.65	3.65	2.51	1.89	1.25	2.38
Z13	Women's mags and/or Web sites	2.34	2.64	2.85	2.10	2.57	2.90	2.55
Z14	Homemaking mags and/or Web sites	1.38	2.57	1.55	1.32	1.99	2.62	1.81
Z15	Sports mags and/or Web sites	3.00	2.57	2.10	4.47	2.91	1.90	2.85
Z16	Internet use	3.85	1.66	3.12	3.50	2.01	1.42	2.78
Z17	Pay own bill	91%	84%	45%	93%	92%	95%	82%