

DO YOU WANT A PHONE WITH A CAMERA OR A CAMERA WITH A PHONE?

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September 24, 2013 | Business, Column

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We speak to consumers about many categories and brands, and generally they express the top-of-mind opinion that technology brands, by creating innovation, create consumer desire for more technological innovation. Sure, a bit circular, but the truth is that that's only partially true.

Consumers have expectations about everything these days, especially technology, but most are not thinking about the creation of the technology itself. They're thinking about what they want – what's out there that will provide them with what they expect. In most traditional research, those expectations don't show up with a big red arrow labeled, "MAKE ME THIS!" More often than not, real consumer expectations are unarticulated and emotional, and you've got to drill down and do some hard thinking to figure it all out.

Category Drivers, Key to Consumer Expectations

Looking at product category engagement drivers can help. They identify how consumers view the category and compare offerings in that category. Through those drivers, consumers' needs, desires and expectations are defined in the context of the category. Then, technology takes over. **Steve Jobs** gets full credit for introducing the **iPod**, but it was consumers' high level of expectations for a portable music device of elegant, organic design that made it so successful.

Roughly four billion people have mobile phones and most have cameras built into them. Nowadays, it's hard to find a mobile phone that doesn't have a camera. It wasn't always that way, of course. The first mobile phones were mobile and phones. People were delighted by the ability to make calls without their landlines at home or in the office, and without utilizing coins in payphones. Manufacturers raced to do what they could to differentiate offerings, but most of that had to do with form – basic size (back then, smaller was deemed more desirable, but that's not the case anymore given how tablets have affected the category and consumers), what the phone looked like (black, white, or gray), whether it flipped open, where the buttons were located, etc. And, sure, it was the manufacturer who had the chips that could add a camera, but in actuality it was the consumers – more accurately, it was the consumers' expectations – that drove the addition of a camera. Here's how:

Consumers Demand Cameras

Every product category has its own set of engagement drivers. Today, these drivers end up being more emotional than rational in structure, which is why, when correctly configured, marketers are able to predict how consumers will behave. If you measure the drivers correctly, they also identify the expectation levels that consumers hold for them. Brands that are able to better meet consumers' expectations for the category drivers do better than those that don't. And, yes, expectations – particularly for the *ideal* in a category – are high and usually much higher than brands can keep up with, but that's a good thing. If a brand pays attention to where expectations are or where they have risen significantly, yet remain unfulfilled by players in the category, then they have a big, red arrow pointing to something that consumers are looking for and that brands should attend to.

And that's what happened as regards cameras being added to mobile phones. Expectations for the mobile phone engagement driver, "Connectivity," went through the roof. Now, if you viewed that upsurge from an entirely rational perspective (what most brands did at the time), then your first notion would have been to figure out how to achieve faster circuits or connections so that calls would go through faster, thus providing better "connectivity." Q.E.D.

Consumers Demanded 'Connectivity'

As it turned out, consumers' increase in expectations for connectivity was an emotional signal – a desire for more personal and intimate connectivity. Those wacky consumers! What will they want next? And while it seems intuitively obvious now, the answer lay not in the verbal space, but in the visual realm – photographs. Think back. Wouldn't it have been really cool to take a photograph with your phone and send it to someone right when you took it? To connect visually? Wouldn't that be a lot better than speech or even text? Think about trying to describe the sunset on the Serengeti? Don't they say a picture is worth 1,000 nationwide airtime minutes and comes with a whole lot of emotional satisfaction?

Sanyo was the first cellphone brand to add a camera but, alas, the tech engineering process moves rapidly and, once one brand does something "innovative," competitors do it too. Literally days later, numerous phones re-configured as "camera phones" were introduced into the marketplace. And so it went. But here's where it gets tricky, very rational and present day.

Rational vs Emotional Drivers

"Rational" is good when a brand is solely focused on making something better than the competition. But given brands' production capabilities, the things that quickly delight consumers emotionally become table stakes – what your brand requires in order to play – for competing in the category. And, like a poker game, the stakes keep rising, technology keeps ratcheting up and, sometimes, category dynamics are changed, as well. Witness phones with cameras. Or, in certain cases, cameras with phones. Who could have imagined a phone that would allow you to take photographs anywhere, in practically any light, with regular and slow motion video, and a built-in flash. Or in the case of **Apple**, two soft light LEDs.

In just about a decade, smartphones have developed technologies that out-shoot digital point-and-shoot cameras. The smartphone-as-a-camera has become so ubiquitous that we stopped measuring the digital camera category in our annual Customer Loyalty Engagement survey. Digital point-and-shoot camera sales were down nearly 50% in the first half of 2013. Who's to blame? Well, all the smartphone brands view the camera as a feature to help them differentiate themselves from one another. The new **Lumia 1020 Windows Phone**, for example, has a 41-megapixel camera, the **Samsung Galaxy S4** has a 13-megapixel camera and the **iPhone 5S** sports an 8-megapixel sensor.

Consumers' expectations, while tangential, are focused elsewhere. In this category, they focus on image quality, ultra-high sharpness with the ability to zoom and crop (without the picture looking pixelated), and functionalities that don't require reading a manual larger than the camera – I mean smartphone – itself. The new Nokia Lumia 1020 can take 10 photos in under three seconds and comes with apps that provide advanced settings for ISO, exposure and white balance. It also has a sensor that's 0.42 inches diagonally – a dedicated point-and-shoot camera's is about 0.3 inches, which may partially explain their drop in sales.

One other interesting element: When the ad introducing the new Lumia model debuted, consumers thought it was an ad for a new camera. . . with mobile phone capabilities. Perhaps that's the next thing consumers will expect. By keeping an eye on those drivers and expectations, brands can put themselves in consumers' shoes and witness a high-definition view of the category before it's completely developed.

Remember when your expectations were met with the ability to collect your e-mails, send text messages or surf the Internet? Not anymore. Not ever again.

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