Case

Positioning the BlackBerry Pearl

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1. Before beginning any case, students should familiarize themselves with the model being used. Marketing Engineering for Excel comes with tutorials that demonstrate the capability of each model. The tutorial can be found under each model within the ME►XL menu after starting Excel. These tutorials are designed to work with the OfficeStar examples, which are located in the My Marketing Engineering directory, usually installed in My Documents during software installation.

   The data required for this case are located in one file in the **My Marketing Engineering** directory (usually located within My Documents): **BlackBerry Pearl (Positioning).xls**

RIM Introduces the BlackBerry Pearl

In September 2006, Research In Motion (RIM) introduced an extension to its best-selling BlackBerry phone, the "BlackBerry Pearl," with the hope that it could move the original BlackBerry beyond the boardroom and executive suites and into more consumers' hands. It is the first BlackBerry that comes equipped with the usual features of high-end smartphones, as well as a camera and media playback, yet still provides all the e-mail functions that made Blackberry a hit among executives.

Background

Research In Motion (RIM) launched the BlackBerry wireless, handheld device in 1999. The BlackBerry heralded the launch of smartphones for business users by supporting push e-mail, mobile telephone, text messaging, Internet faxing, Web browsing, and other wireless information services. BlackBerry made headway in the marketplace by first concentrating on e-mail and capturing the "Boardroom" market segment.

Although it included the usual PDA applications (e.g., address book, calendar, to-do lists), as well as telephone capabilities on newer models, the BlackBerry's reputation grew primarily because of its ability to send and receive e-mail anywhere it has access to an appropriate wireless network of a cellular phone carrier, as well as for its built-in keyboard, optimized for "thumbing," or using only the thumbs to type.

Its primary competition came in the form of the Palm Treo, a line of smartphones originally acquired and developed by Handspring. However, since Palm's purchase of Handspring, Treos have been manufactured and maintained by Palm, Inc. In its early years, the market for smartphones thus was dominated by Palm and RIM.

In summer 2006, Motorola launched its Motorola Q, touting its thin design, and positioned it as an attractive alternative to the BlackBerry.

By fall of 2006, the Blackberry faced competition from a number of smartphones, including several Nokia models (E70, E62, 9300), the Palm Treo,

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and the Motorola Q, all of which offered multimedia capabilities as well as e-mail connectivity (see Appendix I).

The Strategic Rationale for the Blackberry Pearl

In 2005, world shipments of mobile phones totaled approximately 800 million units, and smartphones represented about 4.7% of these. At the end of 2005, within the smartphone category, Nokia had the highest market share (54.3%), followed by Palm (9.2%) RIM(7%), Motorola (4.6%) and Sony Ericsson (0.6%).

In exploring options to expand its market base beyond the corporate boardroom in the United States, which the Blackberry already dominated, RIM management considered the Blackberry Pearl a strategic opportunity. With the Pearl, RIM expected that it could expand its customer base, combat growing competition from rival phone makers, and retain its dominant position in the growing market for multifunction wireless communication phones.

According to Larry Conlee, Chief Operating Officer of RIM, "It really is our attempt to take BlackBerry out of the boardroom. We listened to the research, we talked to focus groups and our carrier partners, and we asked what was needed to take BlackBerry out of the boardroom and to a broader audience." Research showed that in 2006, camera phones accounted for approximately 85% of the mobile phone market, and 23% of phones offered mp3 capabilities. A survey of consumers who own a phone with mp3 capabilities indicated that 13% use the mp3 feature on their phone everyday, and 70% use it at least once a week. With the Pearl, RIM expects that BlackBerry will finally catch up with its competition in the multimedia department, with features like a 1.3-megapixel camera, a music and video player, and more stylish looks.

In November 2006, RIM commissioned marketing research studies to assess the performance of BlackBerry Pearl and to plan future marketing activities and programs to expand its appeal. The data in Exhibits 1 and 2 are based on surveys of a sample of U.S. customers that the company commissioned to understand its target segments (only data from 100 respondents, who currently do not use the original Blackberry, are included in this case study). The three sub-segments in Exhibit 1 (denoted Segments I, II, and III) are based on information provided by a market research supplier. Exhibit 3 summarizes publicly available information about the competing products. Finally, Exhibit 4 details demographic and psychographic data about the three sub-segments, compiled from a large population of data available to the market research supplier.

EXERCISES

1. Describe the two (or, if applicable, three) dimensions underlying the perceptual maps that you generated. According to these maps, how do people perceive the Blackberry Pearl in the three segments?
2. Does Blackberry Pearl appeal to segment(s) other than business executives, as the company hoped for? Why or why not?
3. Is the Pearl well-positioned to be successful? If not, to which segment(s) would you target and how would you re-position it?
4. Briefly describe the marketing program you would use to target the chosen segments.
5. Summarize the advantages and disadvantages of the software provided for this exercise.

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Research Data

Exhibit 1

Survey results: Average perception and average preference ratings (Scale: 0—9)

Brands/Attributes	RIM BlackBerry Pearl	Palm Treo 700p	Motorola Q	Nokia 9300	Sidekick3	Sony Ericsson M600i
Push e-mail availability	8.2	7.4	6.4	6.4	4.5	6.0
E-mail folders synchronization	8.0	7.1	6.3	6.4	1.2	6.2
Instant messaging availability	7.2	5.1	5.3	6.7	7.2	1.5
Speed in accessing e-mail	6.4	6.5	8.0	6.3	6.2	8.1
Software selection	7.0	6.8	6.5	6.3	3.0	6.5
Display size	6.5	6.5	7.4	6.4	7.2	7.3
Ease of use for navigation	5.5	6.5	6.1	4.2	3.6	6.1
Ease of use for typing	5.7	6.2	7.4	4.5	6.8	5.0
Voice/call quality	5.6	8.0	4.8	7.8	6.3	8.0
Comfortable to call	7.4	6.9	6.1	4.2	3.1	5.2
User friendliness	6.6	7.2	7.3	4.1	4.0	6.0
Media quality	6.1	7.0	6.9	5.9	6.4	7.8
Camera quality	5.7	6.2	6.6	0.5	4.2	1.3
Compact	6.9	5.7	6.7	4.5	3.6	5.1
Quality of display	7.5	6.3	7.3	5.1	3.8	6.2
Finish	7.4	5.5	7.4	6.1	5.2	5.1
Product image	5.9	5.4	4.9	5.0	4.0	4.1
Brand image	8.6	8.5	7.2	6.5	3.0	4.5
High prestige	7.2	6.9	6.8	5.5	1.2	4.0
Value for money	6.0	5.4	4.2	4.6	5.3	4.0
Average user rating (CNET)	8.0	7.5	6.2	7.3	6.3	6.4
CNET editor's rating	7.3	7.7	8.0	6.3	7.3	7.7
Segment I	8.4	7.0	7.9	6.2	2.9	5.4
Segment II	5.5	4.5	3.1	7.2	3.4	3.6
Segment III	5.6	4.3	4.7	4.4	7.0	4.4

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Exhibit 2

Individual-level preference data, measured on a scale from 1 to 9, with higher numbers representing greater preference. The last column indicates the segment to which a respondent is assigned based on a segmentation analysis of the preferences.

Respondents /Brands	RIM BlackBerry Pearl	Palm Treo 700p	Motorola Q	Nokia 9300	Sidekick3	Sony Ericsson M600i	Segment
1	9	9	8	7	1	4	I
2	5	6	4	8	4	4	II
3	8	7	9	5	3	5	I
4	6	5	3	7	4	4	II
5	6	4	3	8	3	4	II
6	8	7	5	5	7	5	III
7	9	7	8	6	4	6	I
8	8	5	9	6	4	5	I
9	5	5	5	7	5	3	II
10	5	6	2	8	3	3	II
11	8	6	9	5	3	7	I
12	9	9	7	6	3	4	I
13	9	3	7	8	2	9	I
14	5	5	3	6	3	3	II
15	7	5	9	6	1	6	I
16	8	6	8	4	1	5	I
17	8	7	6	6	1	7	I
18	9	9	8	6	5	3	I
19	9	8	9	7	4	5	I
20	9	5	8	8	4	8	I
21	7	6	3	5	6	4	III
22	6	2	2	8	3	1	II
23	9	4	6	5	3	7	I
24	5	2	2	7	3	3	II
25	5	7	5	4	6	5	III
26	6	5	4	3	7	5	III
27	7	5	9	5	5	8	I
28	6	2	3	8	4	4	II
29	9	9	8	5	2	5	I
30	5	3	4	7	4	4	II
31	7	7	3	7	2	3	II
32	4	4	4	8	4	3	II
33	5	2	6	3	7	3	III
34	8	5	6	7	4	6	I
35	5	4	1	6	3	5	II
36	8	9	9	8	4	7	I
37	5	3	4	4	6	4	III
38	2	5	5	4	6	4	III
39	6	6	5	7	8	6	III
40	5	6	5	3	7	5	III
41	6	5	7	5	9	4	III
42	5	5	3	5	3	3	II
43	6	3	2	6	3	4	II

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Respondents /Brands	RIM BlackBerry Pearl	Palm Treo 700p	Motorola Q	Nokia 9300	Sidekick3	Sony Ericsson M600i	Segment
44	5	4	3	8	3	5	II
45	9	7	8	5	3	5	I
46	9	4	6	5	2	6	I
47	9	8	8	6	5	2	I
48	9	9	7	7	2	2	I
49	7	3	5	4	6	5	III
50	5	2	4	4	6	4	III
51	7	6	9	6	5	4	I
52	7	5	2	6	3	4	II
53	9	9	9	7	3	7	I
54	5	6	3	7	2	4	II
55	5	3	3	6	3	3	II
56	5	2	4	8	3	4	II
57	4	5	3	7	4	4	II
58	6	3	5	5	8	5	III
59	6	2	5	7	3	4	II
60	5	3	4	8	4	3	II
61	9	7	9	7	5	6	I
62	8	5	3	9	3	5	II
63	5	2	4	5	8	5	III
64	8	7	5	6	2	5	I
65	6	5	5	7	4	4	II
66	9	9	9	5	1	4	I
67	8	5	9	6	2	6	I
68	4	4	4	8	4	4	II
69	8	6	4	4	7	5	III
70	8	8	6	6	3	5	I
71	5	5	2	6	4	4	II
72	6	3	4	5	9	4	III
73	6	6	5	4	6	4	III
74	8	4	6	6	5	7	I
75	5	3	3	7	3	3	II
76	9	8	6	6	5	6	I
77	8	7	8	7	1	3	I
78	5	3	4	3	7	5	III
79	8	9	9	5	3	5	I
80	9	8	9	8	1	6	I
81	8	5	8	6	3	7	I
82	8	8	6	7	2	5	I
83	9	8	9	7	4	6	I
84	5	6	1	7	4	3	II
85	9	9	9	5	4	4	I
86	7	8	4	9	4	4	II
87	9	9	8	6	1	4	I
88	6	7	2	6	4	4	II
89	6	4	4	6	8	4	III
90	5	4	3	3	7	3	III
91	5	3	5	5	7	3	III
92	8	8	9	6	4	5	I

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Respondents /Brands	RIM BlackBerry Pearl	Palm Treo 700p	Motorola Q	Nokia 9300	Sidekick3	Sony Ericsson M600i	Segment
93	9	8	6	8	1	2	I
94	7	7	9	7	2	7	I
95	7	4	5	3	6	3	III
96	6	5	3	8	5	3	II
97	8	6	5	7	2	3	II
98	5	4	6	5	6	5	III
99	4	5	4	3	8	5	III
100	5	4	6	7	8	4	III

Exhibit 3

Smartphone specifications

	RIM BlackBerry Pearl	Palm Treo 700p	Motorola Q	Nokia 9300	Treo Sidekick3	Sony Ericsson M600i
Price (Average)	$275	$475	$200	$300	$300	$400
Weight (oz.)	3.2	6.4	4.3	5.9	7	4
Size (inches)	4.2 x 2 x 0.5	4.4 x 2.3 x 0.9	4.57 x 2.52 x 0.47	5.2 x 2.1 x 0.9	2.4 x 0.9 x 5.1	4.2 x 2.2 x 0.6
Display size (pixels)	240 × 260	240 × 240	320 × 240	640 × 200	240 × 160	240 × 320
Bluetooth	v2.0	1.2	1.2	1.2	1.2	A2DP
Bands	Quad	Dual	Dual	Tri	Tri	Tri
Connectivity	EDGE	3G/EV-DO	3G/EV-DO	EDGE	EDGE	UMTS
Office applications	Yes	Yes	Yes	Yes	Yes	Yes
Editing for office applications	No	Yes	Yes	No	No	No
QWERTY keypad	Short	Full	Full	Full	Full	Short
Internal memory	64 MB	60 MB	60 MB	80 MB	64 MB	60 MB
Memory expansion	microSD	SD/MMC	Mini SD	MMC	miniSD	microSD
Talk time (hours)	3.5	4.5	4	7	4.5	7.5
Standby time (days)	15	12	4	8	3	14
GPS system	Extendable	No	No	No	No	No
Camera specifications	1.3 megapixel	1.3 megapixel	1.3 megapixel	N/A	1.3 megapixel	N/A
Media player	Yes	Yes	Yes	Yes	Yes	Yes
Music player	Yes, all formats	Yes, all formats	Yes, all formats	Yes, limited formats	Yes, only MP3	Yes, all formats
Video recording	No	No	Yes	No	No	No

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Exhibit 4

Segment data[1]

	Segment I	Segment II	Segment III
Segment size	42%	33%	25%
Age group	25-45	30-50	18-25
Education	College graduate, post-graduate	Professional, post-graduate	High school, college graduate
Predominant employment	Business professionals	Business professionals	Students, white-collar, entry-level jobs
Characteristics of employment	Executives and managers	Professionals (e.g., doctors, lawyers, researchers)	Students, various jobs
Heavy users of email	75%	60%	30%
Persons per household	2.5	3.8	1.42
Percentage women	31%	22%	47%
Percentage married	43%	73%	18%
Read business magazines	85%	68%	23%
Read technology magazines	43%	31%	58%
Read entertainment magazines	37%	23%	73%
Watch business news	84%	72%	27%
Watch sitcoms	34%	46%	77%
Have travelled abroad	72%	45%	26%
Frequent flyer program member	87%	45%	3%
Own an American Express card	58%	32%	40%
Own investment funds	24%	35%	12%

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[1]This case describes a real business situation using a mix of real and hypothetical data. Information sources include www.Wikepedia.com, www.cnet.com, and http://mobileopportunity.blogspot.com/ by Michael Mace.

Appendix I

Competing products

Blackberry Pearl



Competition



Sony Ericsson M600



Motorola Q

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Sharp/T-Mobile Sidekick3



Palm Treo



Nokia 9300

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Appendix II

Attribute definitions

Push e-mail availability	E-mail systems that provide "always-on" capability, such that when new e-mail arrives, it is instantly and actively transferred (pushed) by the Mail Delivery Agent (MDA) (commonly called mail server) to the Mail User Agent (MUA), also called the e-mail client. The original Blackberry could only be used through an Enterprise Mail Server set up by a company that had adopted the BlackBerry service. However, BlackBerry Pearl offered push e-mail capability to any user through a telecom carrier such as T-Mobile.
E-mail folders synchronization	Ability to coordinate multiple in-box mail folders onto smartphone from a PC and vice versa.
Instant messaging (IM) availability	Ability to log into Web IM clients, such as ICQ, Yahoo, and MSN, for instant messaging and chatting
Speed in accessing e-mail	Perception of speed with which e-mails and attachments can be downloaded to the smart phone. This speed is highly dependent on the network provider.
Software selection	Software availability for viewing and editing standard files like Word and PowerPoint, as well as software for organizers, to-do lists, calendars, and other PDA functions.
Display size	Size of the display of the smartphone and its suitability for reading e-mails and attachments
Ease of use for navigation	Ease with which menus can be navigated, options can be used, e-mails can be opened, calls can be made, and so forth.
Ease of use for typing	Ease of typing e-mails and messages using the keypad
Voice/call quality	Quality of voice, received and transmitted through the phone.
Comfortable to call	How comfortable the phone is to hold against the ear and talk.
User friendliness	Ease with which the phone can be used for office applications; making, accepting, and rejecting calls, and overall user friendliness
Media quality	Perception of the number of media formats supported, the quality of songs and video played back, and so forth
Camera quality	Perception about the quality of pictures taken with the camera, which depends on clarity, sharpness, and colors captured.
Stylish	Refers to the design of the phone with respect to sex appeal, style, and so forth
Compact	Overall size of the phone, and whether it is small enough to fit into the back pocket
Quality of display	Whether the display is clear and sharp and provides vibrant colors; also indicates the number of colors the smartphone supports in its pixel resolution.
Finish	Overall texture and outer finish of the cell phone, such as rounded edges and glossy or matte
Product image	Impression about the product in the marketplace
Brand image	Impression about the brand in the marketplace
High prestige	Does the brand offer a sense of prestige or status for the consumer?
Value for money	Does the smartphone deliver value for the price paid?
Average user rating (CNET)	Average of all ratings provided by smartphone users on cnet.com
CNET editor's rating	Rating given by editor of CNET in a review of the phone.

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