



Camera IQ

Building Augmented Reality Brand Experiences

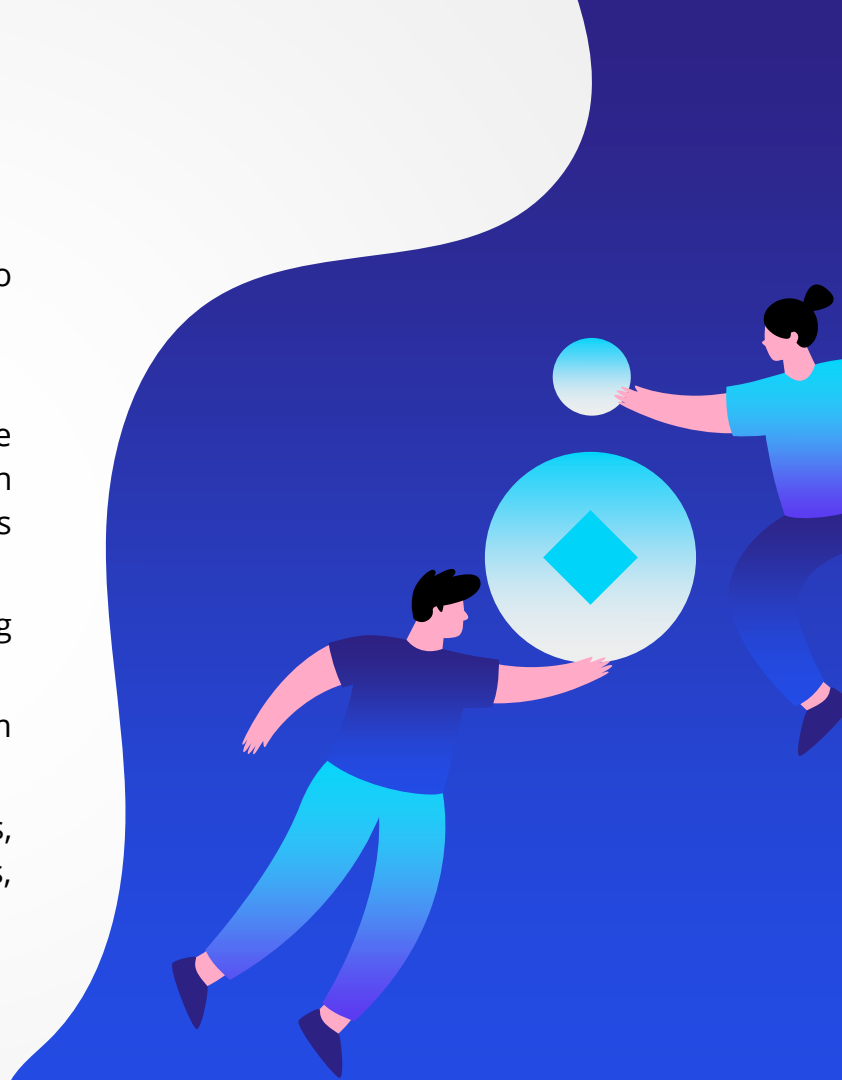
MNEC, Group 2.2

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Case Introduction

- Camera IQ was founded in 2016 to enable brands to easily tap into the power of AR for camera marketing;
- "The camera is the new start menu";
- Their mission is to develop a tool that is simple to use and accessible so that non-technical users can create an ARE in a few minutes and seamlessly deploy it across social media platforms;
- Camera IQ's customers were exponentially expanding their reach on social media through AREs;
- The AREs published through Camera IQ's platform helped build more engaged and qualified audiences;
- Camera IQ serves SMBs and enterprise industry verticals, including music and entertainment, gaming and esports, beauty, DTC Brands, and CPG Brands.



Problem Identification

- Camera IQ is a relatively recent company, which brings out several challenges, such as marking its position and innovating to stand out from the already existing competitors;
- The solution to these challenges and how the company approaches them is crucial to decide the future of the company;
- The ecosystem that Camera IQ entered had exponential growth in the last few years, with social media investing vast sums of money in developing AR techniques. It also opened a huge opportunity window for Camera IQ to grow;
- **What should Camera IQ do to address these challenges and opportunities in order to prosper?**



1.How would you characterize Camera IQ's business model?

Value Proposition	Customer Relationships	Customer Segments	Channels
<ul style="list-style-type: none">• “Democratize the camera” - allow everyone to create and publish AR experiences that scale;• An easy and simple way of creating cross-platform AREs - “We are AR Simplified”, “create once, deploy everywhere”.	<ul style="list-style-type: none">• Customer acquisition: leveraging the relationship with one brand to sell the business to its sister;• Customer retainment: Hands-on support from the customer team to the best customers;• Packages that fit the needs of each segment.	<ul style="list-style-type: none">• An initial batch of customers: the world's largest companies but also smaller direct-to-consumer brands.• SMBs (single individuals):<ul style="list-style-type: none">◦ Target designers;◦ Social media managers.• Large enterprise companies (Multiple individuals):<ul style="list-style-type: none">◦ Target designers;◦ Social media managers;◦ CMOs or senior marketing executives.	<ul style="list-style-type: none">• Word-of-mouth;• Platform;• Social Media.
	Revenue Streams		
	<ul style="list-style-type: none">• Subscription plans.		

1. How would you characterize Camera IQ's business model?

Key Partners	Key Activities	Key Resources
<ul style="list-style-type: none">• Celebrities and large companies, although they are not mentioned in the case study.	<ul style="list-style-type: none">• Platform Maintenance;• Onboarding;• Customer Support;• Statistical Analysis.	<ul style="list-style-type: none">• Platform - to create, manage and measure AR experiences and paid AR advertising;• Company's proprietary translation tool that automatically converts the assets for each social media platform;• Algorithms for content measurement and statistics.
Cost Structure		
<ul style="list-style-type: none">• Platform Maintenance;• Customer Acquisition Cost - advertising, marketing, webinars, targeted email campaigns, and press outreach.		

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B2B & cross-platform

Camera IQ empowers designers and marketers to drive business goals through camera marketing and commerce by providing a way to seamlessly create, manage and measure AR experiences at scale across multiple platforms like Instagram, Snapchat, Facebook, TikTok, Twitch, and Zoom.

Industry Verticals

Camera IQ also served SMBs and enterprise businesses in various industry verticals, including Music and Entertainment, Gaming and eSports, Beauty, Direct-to-Consumer (DTC) Brands, and also Large Consumer Packaged Goods (CPG) Brands.

2. Overall, how would you describe the digital ecosystem that Camera IQ is entering? How is the ecosystem evolving? What, and how attractive, is Camera IQ's position in the ecosystem?

- **Digitalization:** Camera IQ is entering the **AR ecosystem**. This new digital camera ecosystem takes advantage of the fact that cameras are everywhere and are used by everyone. It is a better way to connect with people, allowing a new possibility of showing different types of things with more interaction.
- **Modularity:** The AR ecosystem enables the capability to create independent sets of offerings that can provide value to the customer. **Camera IQ enters the ecosystem as a core AR-enabling technology provider**, supplying user-friendly tools to create, manage, and measure both organic AR content and paid AR advertising.
- Camera IQ has a platform to create AR content that can then be exported to every format to be compatible with every marketing channel the brands use. Furthermore, it also provides customer support in all of its subscriptions.

2. Overall, how would you describe the digital ecosystem that Camera IQ is entering? How is the ecosystem evolving? What, and how attractive, is Camera IQ's position in the ecosystem?

- This **ecosystem has been growing over recent years**, with social media platforms investing large amounts of money in developing AR techniques. Several brands are also studying the use of AR to provide AREs (Augmented Reality Experiences) to their customers and improve their relationship with them. It is also a new way to advertise the brand's products and services.
- Apart from giving Camera IQ a lot of flexibility, the nature of this ecosystem also allows them to manage the trade-off between individual and joint performance in order to improve the customer experience.
- Taking all into consideration, **Camera IQ has a relatively attractive position in the ecosystem due to its innovative characteristics;**
- However, since it is a recent company, several challenges remain, and how they are solved will determine its future success and position.

3.1. How would Camera IQ's business model change if the company became a two-sided marketplace for AR content and templates?

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<ul style="list-style-type: none"> • “Democratize the camera” - allow everyone to create and publish AR experiences that scale; • Easy and simple way of creating cross-platform AREs - “We are AR Simplified”, “create once, deploy everywhere”; • For designers: possibility to share and sell their creative work (freelance); • For companies: scale their AREs with less time and effort by using templates rather than creating from scratch. 	<ul style="list-style-type: none"> • Customer acquisition: leveraging the relationship with one brand to sell business to its sister; • Customer retainment: <ul style="list-style-type: none"> ◦ Hands-on support from customer team to the best customers; ◦ The growing library of assets. • Packages that fit the needs of each segment. 	<ul style="list-style-type: none"> • Initial batch of customers: world's largest companies but also smaller direct-to-consumer brands. • SMBs (single individuals): <ul style="list-style-type: none"> ◦ Target designers; ◦ Social media managers. • Large enterprise companies (Multiple individuals): <ul style="list-style-type: none"> ◦ Target designers; ◦ Social media managers; ◦ CMOs or senior marketing executives; • Designers and AR creatives. 	<ul style="list-style-type: none"> • Word-of-mouth; • Platform; • Social Media.
	Revenue Streams <ul style="list-style-type: none"> • Subscription plans; • Commission charged for each AR asset that is sold. 		

3.1. How would Camera IQ's business model change if the company became a two-sided marketplace for AR content and templates?

Key Partners	Key Activities	Key Resources
<ul style="list-style-type: none">• Celebrities although they are not mentioned in the case study;• Possible partnership with plug-and-play businesses that enables the purchase of AR templates;	<ul style="list-style-type: none">• Platform Maintenance;• Onboarding;• Customer Support;• Statistical Analysis.	<ul style="list-style-type: none">• Platform - to create, manage and measure AR experiences and paid AR advertising;• Company's proprietary translation tool that automatically translates the assets for each social media platform;• Algorithms for content measurement and statistics;• ARs library.
Cost Structure		
<ul style="list-style-type: none">• Platform Maintenance;• Customer Acquisition Cost - advertising, marketing, webinars, targeted email campaigns and press outreach.		

3.2. What should Camera IQ's strategy be for this transition to a two-sided marketplace?

1. Start with a Defensible Product and a Critical Mass of Users

- If the platform only serves a limited group of customers, the designers will not be attracted to produce ARE designs. This shift requires that the brand also **solidifies its customer portfolio**, adopting a **staged strategy**;
- For that, it must establish its **position as a preferred design tool for AR** by further improving its **core competencies** that make its product defensible:
 - Quick, user-friendly, and non-technical ARE creation and measurement;
 - Cross-platform conversion - avoid defecting to platforms that offer integrated AR features, e.g., social media platforms;
- It may not be the time to opt between enterprises and small businesses because both can leverage these advantages.

2. Apply a Hybrid Business Model

“Engage in activities to **increase the value of the product** while also trying to **attract third parties**”:

- **Don't lose the focus on non-technical users:** doubling down on the creative tools may deflect from the core target of the initial product, making it complex and time-consuming for inexperienced users;
- **Focus on the scale:** What is even easier and quicker than an easy-to-use ARE creation tool? Reusing solutions (templates) created by experts for an **always-on AR strategy**;
- As traditional social media posts start losing engagement, this shift represents an **opportunity for designers to adapt to a rising digital trend**;
- Attract independent designers, which could become competitors otherwise (**rivalry control**).

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3. Drive Rapid Conversion to the New Platform

- **Provide adequate value:** Improve the value proposition by providing a marketplace to the community.
- **Involve users in improvements:** Collect users' feedback continuously in order to improve the platform.
- **Stay consistent with the brand:** Templates will further simplify AR creation by non-technical users but keep the core value proposition.

4. Identify and Act on Opportunities to Deter Competitive Imitation

- Camera IQ's **proprietary translation tool** distinguishes it from integrated AR features provided by social media platforms; It can be extended to **support integration with platforms used by designers** to share their work;
- Bring independent designers to the platform, avoiding external competition.
- Look for **new growth opportunities** for capturing value:
 - Team collaboration tools, like the ones provided by other 2D design platforms (e.g., Figma);
 - Integrate with design platforms (e.g., Behance);
 - Include other design assets (2D designs, 3D models).
- Which aspects to own? **Own the cross-platform support and the non-technical AR creation**, but don't reinvent the wheel (don't try to include the sharing functionalities of social media and designers' strategies).

4. How would it create and capture value specifically as a two-sided platform?

Value Creation

Searching & matching:

- Decentralized with acceptance by default.

Price & payments:

- In the marketplace, sellers would be the ones to set the price for their AREs, which would then be searchable and purchasable; this gives AR creators the right to name a fair price for their work.

Building trust:

- An online rating system where buyers could rate sellers. This would simultaneously build trust, bring visibility to designers and promote competition;
- Protection if something goes wrong in the transaction, helping in the trust process of the platform.

Network effects:

- Direct, given that if the number of users (buyers/sellers) increases, the value of the platform also increases - **same-side effect**;
- Indirect, since buyers and sellers influence each other's value - **"cross-side" network effects**;
- Data, since ratings, purchases, and content measurements from social media can further improve the algorithms, creations, and recommendations.

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Value Capture

Scale & Scope Economies:

- Increase the variety of products available;

Winner-takes-all:

- Relevant network effects;
- Multi-homing costs may be higher for sellers and lower for buyers;
- Moderate-High.

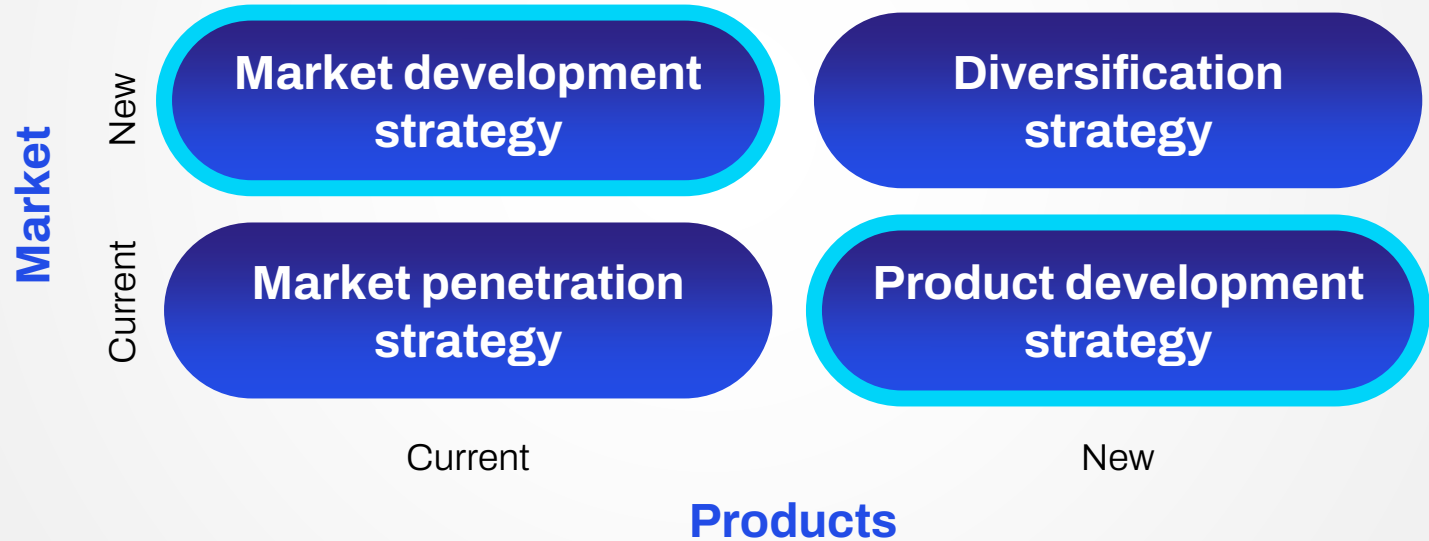
Pricing:

- Charge fixed and variable commissions to the sellers according to their plan and reputation on the platform.

Envelopment:


- Enveloper = Social Media Platforms;
- Find a “bigger brother”: partner with social media platforms, e.g., Instagram, TikTok;
- Change the business model: adopt a modular (plug-and-play) business model;

5. What other strategic option for the future would you consider to have maximum priority for Camera IQ, and how should the company approach it?



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Product development: Focus on next generation hardware and distribute to virtual reality

- Cameras are used in a multitude of technologies, and technology is always evolving, so there should be a big focus on keeping up with new hardware, for example, integration with AR headsets, Smart Glasses, Data Goggles, AR Kiosk Systems, etc.
 - Camera IQ already has the big advantage of being multiplatform, but integration with virtual environments would take it to another level. Camera IQ could offer companies or designers opportunities to incorporate VR technology in marketing campaigns. It can be used to connect with your audience and build better brand engagement. For example, instead of consumers reading content on the screen, they can interact with a virtual persona.
 - **By modifying existing products so that they appear to be new and offering those products to the current market, Camera IQ creates an opportunity for selling more to existing customers or winning business from competitors, generating greater profitability and increased revenue.**
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5. What other strategic option for the future would you consider to have maximum priority for Camera IQ, and how should the company approach it?

Market development: Target large enterprise customers

Near future

Advantages:

- Past success is a positive indicator for investing in industry verticals like media, entertainment, and gaming;
- These customers are able to keep up with the high budgets;
- These clients consider AR a “must-have” in their businesses, so they tend to include AR in their future marketing and e-commerce strategies and budgets.

Disadvantages:

- There is a need for support from both the internal design team as well as from the social marketing team, who usually care about different things than what the VP of marketing cares about.

5. What other strategic option for the future would you consider to have maximum priority for Camera IQ, and how should the company approach it?

Market development: Target SMBs by creating cheaper product tier

Long Tail

Advantages:

- Pivoting to industry verticals such as beauty and Big CPG, where companies were engaged in e-commerce and the sale of physical goods, promotes the use of AR for common day-to-day activities;
- This is the best way for Camera IQ to contribute to rapidly building a community of designers who feel comfortable creating 3D AR assets.

Disadvantages:

- Historically SMBs were not able to keep up with budgets;
 - They would offer limited features and a limited number of campaigns, which reduces the incentive for companies to use AR as much as possible and make it a habit;
 - A single tool can't do everything. Expanding to many different businesses can result in a loss of focus.
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