

### Case Study: **Fitbit**

Technology is getting smarter and being compressed in to smaller spaces every day. The trend started with huge computing machines, became smaller to fit a desk, shrunk further to sit on a lap, and now they fit in our palms and are sometimes even small enough to almost disappear when latched on to our clothes or body parts. The next step will be implants!

A report by Transparency Market Research predicts that the global wearable technology will reach US \$5.8 billion in 2018, up from a valuation of US \$ 750 million in 2012. This means a compound annual growth rate (CAGR) of 40.8% from 2012 to 2018.

While start ups across the world try to grab a slice of the pie of this fragmented sector, Indian start ups have just recently woken up to this wave. We've seen navigation shoes ([LeChal](#)), solar backpacks ([Lumos](#)), GPS tracker keys ([Gecko](#)), and many more, but there are still dozens of start-ups launching their devices every month.

Meanwhile, something to note is that most of the activity happening in this sector takes place in the health and fitness division.

A report published by Juniper Research in November 2014 states that global fitness wearables in-use will almost triple by 2018, compared to an estimated 19 million in-use devices this year.

What is driving this boom?

Ecosystem changes:

It all starts abroad and slowly catches on in India. Many wearables startups in the Silicon Valley have been accelerated and funded in the recent past. These success stories motivate young entrepreneurs in India.

Data scientists and big data enthusiasts all over the world realize that the data from these wearables are invaluable.

"The more personal the device is, the more intimate the data will be. This is a huge repository for data mining and big data analytics," said Vishal of GOQii.

The launch of the Apple watch, and other similar wearables by big brands, will create a whole new wave of devices. Some startups will try and replicate them, while others will try to better it. Since India is extremely price sensitive, affordable and lower priced models are going to flood the market.

Customer behavioural changes

People are becoming more conscious about their health and fitness quotients, but at the same time they want to find shortcuts to tedious or redundant everyday tasks.

“We are restless beings, we don’t want to wait in queues, we don’t want to do anything that can be avoided, so I guess wearables and Internet of Things is a very promising sector for us,” said Abhinav of Cardea Labs.

Let us take the case of Fitbit which after registering its presence across almost every major coordinate, world’s leading wearable manufacturer, is now set to hit Indian shores, starting July 1. The wearable brand will be selling its wearables through an exclusive store on Amazon.

San Francisco-headquartered Fitbit is currently perhaps the biggest name in wearables space, selling over 20 million units in 43 countries so far. Commanding about 85% of the global health wearables market, it operates over 700 employees and sells in over 50,000 stores.

Fitbit will partner with e-commerce firm Amazon to offer four types of wearable bands, the Zip, Flex, Charge HR and Surge with prices ranging between Rs 4,000 and Rs 19,990. The range has been decided as the company intends to target almost every user category and hopes to hold a firm position in the country. Moreover, if you wish to succeed in a price-sensitive market like India, you’ve got to offer choices.

Steve Morley, VP and General Manager, APAC for Fitbit told The Indian Express—

We are establishing an Indian entity and the first employees will be joining soon. We are here for a proper brand launch and Amazon will be our launch partner.

Wearables, while already a trend in the west and certain Asian countries like China/Japan, is still a very nascent market in India.

However, momentum has started to increase, with the launch of low-cost wearables coming from Micromax’s subsidiary Yu. YuFit, the fitness band from Micromax, was launched last month at a rock bottom price of Rs. 999. Apart from that, you also have Xiaomi Mi band which lies in the same price range and offers similar, basic fitness tracking features.

A recent IDC report predicted that 72.1 million wearable devices will be shipped in 2015, up a staggering 173.3% from the 26.4 million units shipped in 2014. And while most of this growth will continue to come from developed nations, emerging markets like India too will be contributing a significant portion to that growth.

### **The Question:**

It is well understood that Indian consumers are slow adopters of new technologies and the market for wearable fitness devices is still in a very nascent stage in this country. Though Fitbit may be a big player in developed countries, gaining a foothold in a developing country like India will not be easy considering the price sensitive attitude of Indian buyers. New start-ups will definitely come into the space and challenge Fitbit with cheaper products that will definitely attract large set of fitness freaks. Though India is an important market for Fitbit it's Indian marketing managers are sceptical about quick success. They want to build a strong brand and play the game in the long run with superior quality products. They are looking for good strategies to connect with it's customers at the lowest possible expenditure. They are not keen to advertise it in mass media due it's cost and it's own product kind which probably is not for the masses at this early stage. They are open to innovative ideas to connect with the user.

- **What would be your plans and strategies in this early stage which can establish Fitbit as an industry leader and precursor?**
- **Apart from online sale how do you think Fitbit can drive early sales through offline channels?**