

SMM317

New Market Creation

Fitness Tracker Market

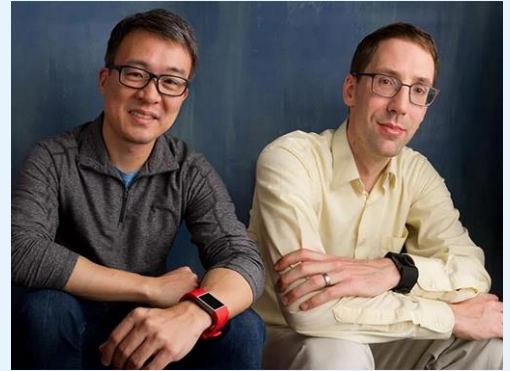


Group 15

Word Count: 987

Fitbit: The Quantified Self-Made Simple

Inspired by the Nintendo Wii and its motion sensor technology, a duo of ingenious software engineers, James Park and Eric Friedman, embarked to bring forward a disruptive innovation in the **fitness tracker market** in 2007. With the launch of their seamlessly integrated cutting-edge sensor technology with a sleek design and user-friendly interfaces- it became a perfect companion for fitness enthusiasts and health-conscious individuals. The inventiveness combined with the technology gave birth to a new market that today isn't just limited to fitness tracking but an era of smartwatches.



Market Drivers

The concept of a pedometer is nothing new and dates back to Leonardo Da Vinci some 600 years ago [1]. But it was not until Fitbit's 2009 release that the fitness tracker movement really gained attention. Broadly speaking, fitness trackers are just wearable devices, usually watches, that track your physical activities. Almost all of them have some kind of pedometer and use steps as a core metric for judging how fit you are.

These devices can go so far beyond just tracking daily steps. Nowadays, deskbound lifestyles associated with contemporary living are baring people to a high risk of developing several health issues [2]. The list is always growing but today you can get trackers to monitor your sleep, heart, calories, and more. The remarkable development of technology has been the driving force behind the creation and advancement of the fitness tracker market. Through breakthroughs in miniaturization, sensors, connectivity, data processing, and battery technology [3], it transformed the market, offering consumers compact, feature-rich devices that empower them to monitor and improve their health and fitness.

The growing movement towards preventive healthcare attributes to the expansion of the fitness tracker market. Individuals embrace these tools to take proactive control of their well-being alongside the ability to connect with healthcare providers to seamlessly relay information. Consequently, it is poised for spillover into the healthcare market, facilitating the development of new medical technology innovation [4].

The basic idea is to transform daily activities into an easy-to-read set of numbers and charts that the device can use to help set and track goals. It's classic gamification. A tried-and-true psychological tactic that uses game design elements in other contexts to motivate 'players' towards target behaviour [5]. This user-driven approach demonstrates how individuals have innovatively utilized fitness trackers as tools for self-improvement, effectively transforming daily routines into a gamified experience.

About Fitbit

I. Background

Fitbit is a pioneer digital health and fitness brand, known for its fitness trackers that helped to ignite the wearables trend. After a successful launch, Fitbit rapidly gained popularity, becoming a leading brand in the US by 2011. It went public in 2015, surging to a \$9.7 billion valuation [6]. In 2018, they acquired *Pebble* for just \$23 million, followed by *Vector* [7]. In 2021, Google acquired Fitbit for \$2.1 billion [8]. Fitbit maintained a dedicated user base, with 31 million active users in 2020 [9].

Fitbit created a complete ecosystem for fitness and health that includes an online platform and mobile application. Fitbit achieved a competitive advantage with 'Deferential Strategy' and 'Focused Differentiation Strategy' [10].

Fitbit faced challenges such as increasing competition in the wearable technology market, declining interest in fitness trackers, and advancing technology [11]. However, it also encountered opportunities such as the growing demand for smartwatches, the potential for partnerships in the healthcare industry, and the ability to leverage its brand and user base. By strategically expanding into new user-friendly product categories, focusing on product innovation, and targeting consumer and corporate wellness, Fitbit positioned itself for growth and sought to capitalize on emerging trends in the health and fitness technology market [12]. The company utilized data-driven insights to establish itself as a provider of comprehensive health and well-being solutions [13].

II. Strategic Partnerships

Fitbit's ascension in the market can be attributed to strategic collaborations and insightful leveraging of its ecosystem. Partnerships, such as the '*FitForFood*' campaign with Feeding America, collaborations with fashion designer Tory Burch, athlete network Strava, and tech giants like Amazon Alexa and Google Cloud, greatly expanded Fitbit's reach. In addition, collaborations with Blue Cross Blue Shield and the Singapore government integrated Fitbit devices into wellness programs and public health initiatives, fostering a culture of health and spreading brand awareness [14][15].

Evolution of Market Identities & Market Boundaries

Primarily, fitness trackers market was a niche and relatively small market and seen as a tool for fitness enthusiasts and serious athletes [17]. However, over time, the market has exploded with a flurry of smart devices designed to improve our lives. The global fitness tracker industry is becoming saturated with new entrants due to relatively low barriers to entry, an attractive market, and non-proprietary technology [16].

Customer Behaviour:

The advanced technology and changing customer preferences evolved, and the market expanded and changed from a basic pedometer to a smartwatch with multi-functionality. Initially, smartwatches and fitness trackers were distinct, however, the line blurred as smartwatches incorporated activity-tracking sensors, leading to a decline in the fitness tracker market. These smart devices are becoming increasingly popular in different industries for various purposes like healthcare [17]. They are not only perceived as technology but also as fashion- giving rise to the concept of ‘Fashionology’. As more brands have captured the wearable market, they strike a balance between offering power-packed features, innovation and affordable pricing to cater for the demands of the highest market contributor- GenZ [18].

Competition Landscape:

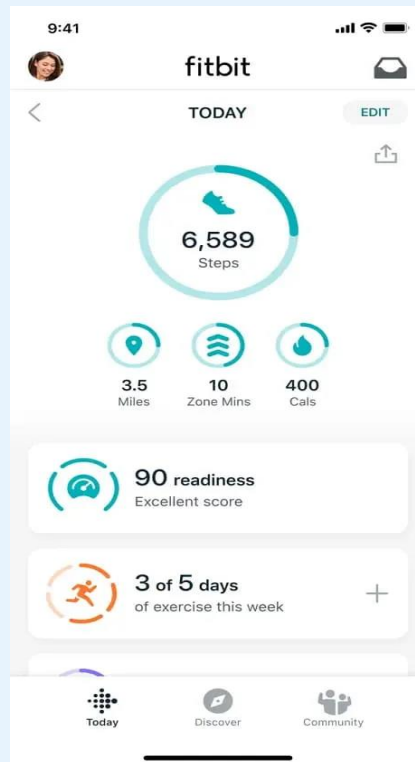
Key players in the market are actively pursuing advanced innovative development and strategic alliances to expand their product portfolios and market presence [19].

Fitbit’s Evolution:

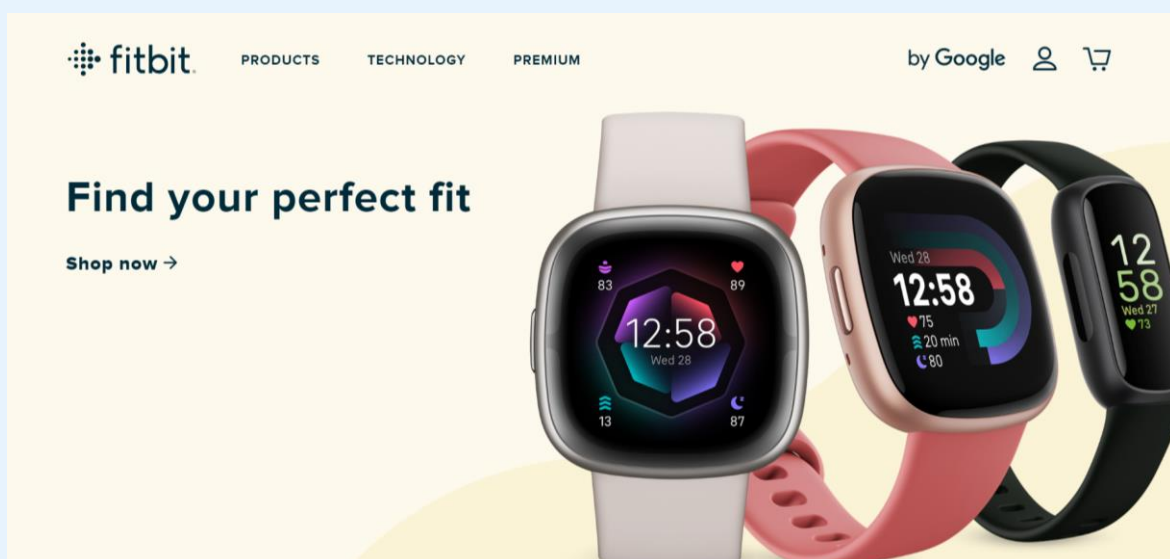
From its beginning as a step-counting device, Fitbit has evolved into the advanced Sense watch, capable of health tracking parameters and features such as payment functionality and application installations [22]. Fitbit’s focus is more on enhancing their medical technology and improving wellness and health with their program- ***Fitbit Care***. Fitbit Care is a population health solution designed to help members and population health managers address key areas of health: prevention, detection and chronic care management [24].

Appendix

Fitbit Mobile Application



Website (<https://www.fitbit.com/global/uk/home>)





First Fitbit Tracker: Launched 2009



Latest Fitbit Sense 2: Launched 2022



How Fitbit changed lives: Fitbit News Stories (<https://blog.fitbit.com/category/fitbit-news/success-stories/>)




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BY DON MORRELL



My Fitbit story began on Christmas Eve




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How Janine Lee Used Her Fitbit to Help Fight Insomnia

BY JANINE LEE



I've struggled with insomnia since high school. I had trouble both falling asleep and staying asleep and then on the weekends, I'd sometimes sleep past noon. It was almost like I was becoming

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