



Fit Friend Business Game



The wearable fitness and activity tracker market

Wearable fitness and activity trackers are wireless-enabled devices that monitor and record your fitness and activity levels. They measure health, fitness and activity metrics, such as:

- the number of steps taken
- distance walked or run
- minutes of exercise performed
- calories consumed or burned
- heart rate
- sleep quality and duration
- stress levels and breathing patterns

Wearable fitness and activity trackers were developed over 20 years ago as basic units offering little more than a daily step count.

Over the last two decades the concept has moved on considerably and, in recent years, there has been a significant rise in the capabilities of wearable trackers and improvements in their technical accuracy, usability and affordability.

Fitness and activity trackers are extremely popular, and the market is growing worldwide.

How it works

Most trackers send activity data to supporting applications (apps) on smart devices, such as smartphones. The apps show users their data in a range of visual formats and often show progress towards various goals, such as total steps taken over a set period, or the time it takes to complete a certain distance.

The apps often allow users to connect to a network of friends against whom activity and progress can be compared. The social network created through the app adds to the enjoyment of using trackers, encouraging healthy competition and comradery.

Smartwatches are the latest devices to enter the tracker market, offering an even greater range of functionalities and capabilities to the user — including the ability to read and respond to texts, check emails and social media — whilst all the time measuring fitness and activity levels in the background.

The latest trackers can perform complex health functions, for example, detecting heart-rhythm irregularities, which can prompt the user to seek additional medical advice, if necessary.

The trend for rapid improvements in capabilities and downward pressure on selling price due to heavy competition make operating in this market dynamic and challenging.

Sneak peek of the requirements of this game

The Fit-Friend Board of Directors is unhappy with the modest growth in unit sales and sales revenue in 2020 and has set an extremely ambitious target of 35% growth in sales revenue in 2021.

The board members feel that they have seen extremely rapid sales growth before and don't see why they should not aim for such high levels again.

Suggest strategies that Fit-friend could use to significantly grow sales revenue in 2021, outlining the pros and cons of each strategy and stating which strategy you would choose and why.

The background and history of Fit-friend

Two siblings, Max and Judy Friend, formed Fit-friend in 2015. They ran together as children and often talked of turning their interest in fitness into a business.

Frustrated with a lack of detailed information about their runs, they wanted to develop wearable fitness and activity tracking technology that went further than giving a basic step count, collecting information about metrics, such as distance covered, average speed and calories burned.

They also wanted to be able to track progress over time. It was from these ideas that Fit-friend was formed and the first tracker, the 'Friend' was launched.

Financing a start-up

Max and Judy's savings initially financed Fit-friend, in addition to money borrowed from family members.

In 2016, Fit-friend raised more equity finance from a small number of private investors to fund the research and development of a new product, Skipper.

In 2018 Fit-friend raised further equity finance to fund ongoing research and development, and to finance an online marketing campaign to raise awareness of the Fit-friend brand and products.

Fit-Friend products

2015

1st tracker: 'Friend'

Fit-friend's first tracker, the 'Friend', was launched in 2015, taking the form of a basic clip-on tracker unit that showed steps, distance-travelled, calories burned, active minutes and the time and date.

By using the stopwatch facility on the unit, it could also generate distance travelled in a set time and an average speed metric for the user. All the data could be synchronised with the Fit-friend app so that information could be gathered over time, allowing the user to monitor progress.

2016

2nd tracker: 'Swimpal'

Swimpal was the next product to launch, in 2016, as a relatively basic waterproof wrist-based unit telling the user the distance and duration of their swim, calories burned and speed. Both the Friend and Swimpal were extremely popular in the market and soon gained a reputation for reliability and value for money.

2017

3rd tracker: 'Skipper'

Rapid improvements in the capabilities of fitness and activity trackers occurred across the market in the late 2010s and Fit-friend developed the Skipper unit to remain competitive.

Skipper, released in 2017, was the bestselling model from the Fit-friend range in 2020. Skipper is a more advanced unit that is worn on the wrist and able to detect heart rate metrics so that the user can see how hard their workout is pushing their heart, facilitating training in target heart-rate ranges.

As well as providing heart-rate data, Skipper uses highly accurate GPS technology rather than step count information to obtain precise distance information on distance travelled, showing the user a map of their journey through the app and breaking down data about metrics such as the speed of travel and heart rate exertion.

Although Skipper has enviable fitness and activity tracking capabilities it does not offer the range of applications most smartwatches offer and, therefore, is priced slightly lower than would be paid on average for a smartwatch.

The Fit-friend app

The Fit-friend app, which is free for all Fit-friend customers, was relaunched in 2017 to coincide with the release of the Skipper model, and features were added to allow data to be shared with friends and for individuals to compare progress and even enter competitions.

The innovative competition '**Escape from Virtual New York**' won the prestigious Health Innovation of the Year award in 2018. It allowed participants across Europe to compete against each other in a virtual 40k race across New York, showing pictures and videos of progress and allowing entry against competitors of a similar speed. The app has 800,000 users.

2018

Next tracker: '**Friend 2**'

The wrist-based model, 'Friend 2', was launched in 2018 to meet the needs of individuals looking for a basic but reliable tracker.

It was felt the old Friend model, although still reliable, looked a little out of date as a clip-on unit and, at that point, the original Friend unit was retired (although existing users continue to be supported through the app).

Friend 2 is a wrist-based model that uses GPS, but it is considerably more basic than Skipper. However, it is very reasonably priced, so both models remain popular in the market.

Swimpal sales have slowed considerably in the last few years and no new swim trackers are planned at present.

2019

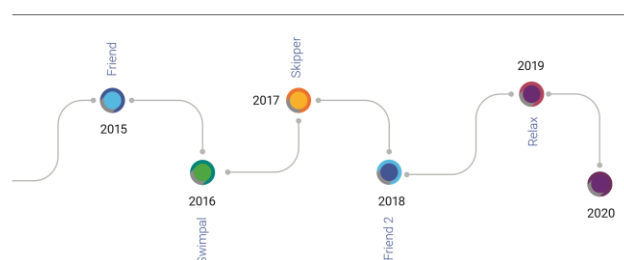
Last tracker: '**Relax**'

The last Fit-friend product release was a clip-on unit 'Relax' worn next to the skin.

The Relax unit measures perspiration, hydration, heart rate and breathing patterns to give information on general wellness and prompting the user to meditate, go for a walk, rehydrate or relax following the data generated in real-time whilst wearing the unit.

[Fit-friend products are only sold in Europe.](#)

The following timeline shows the dates of Fit-friend's model releases.

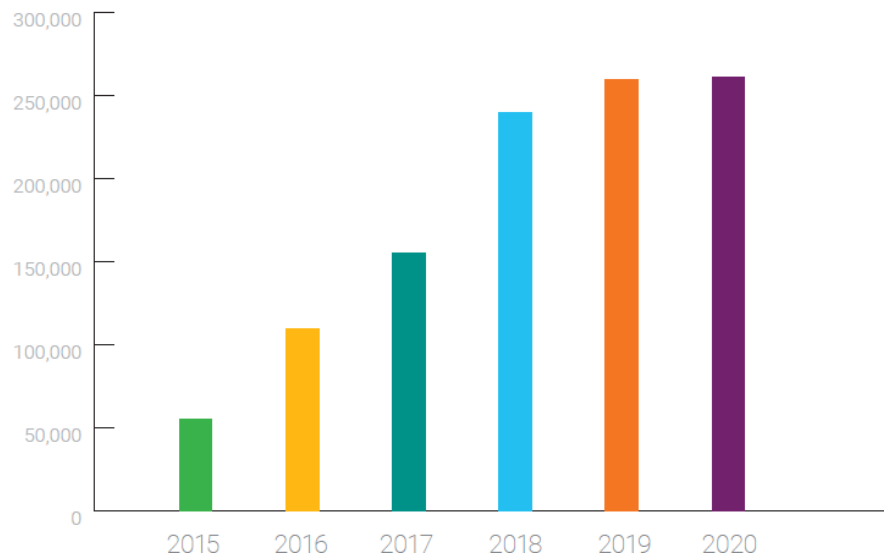


Key performance indicators

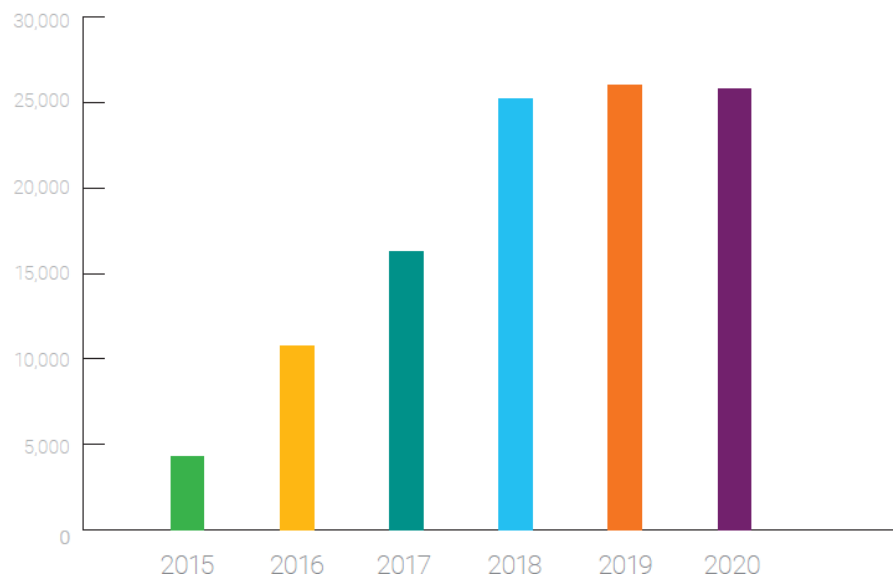
Fit-friend was formed in Newland and the Fit-friend accounts are prepared in Newland dollars (N\$).

The following graphs outline Fit-friend's key performance indicators since inception:

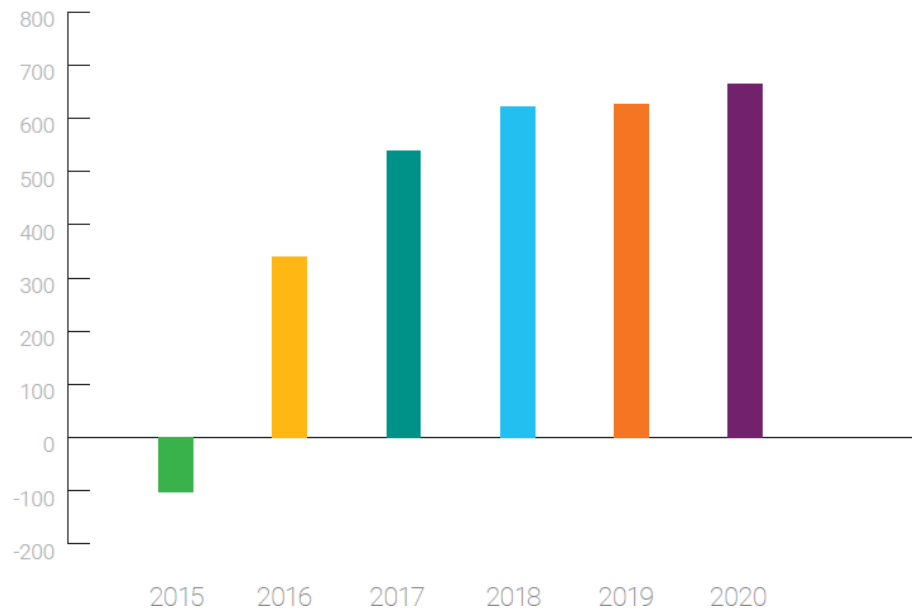
Fit-friend unit sales | 2015–20



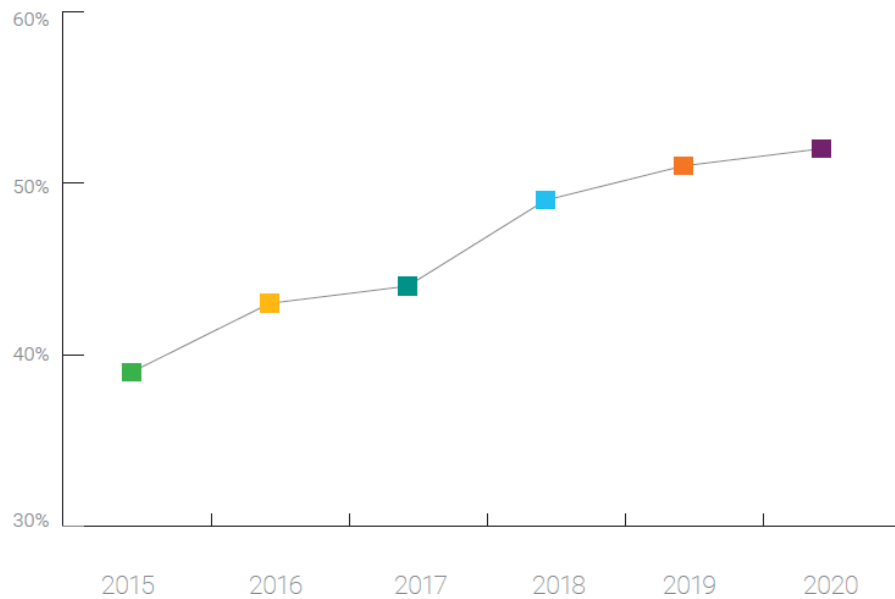
Fit-friend sales revenue in N\$000 | 2015–20



Fit-friend EBITDA in N\$000 | 2015–20



Fit-friend gross profit margin | 2015–20



Requirements

The Fit-Friend Board of Directors is unhappy with the modest growth in unit sales and sales revenue in 2020 and has set an extremely ambitious target of 35% growth in sales revenue in 2021. The board members feel that they have seen extremely rapid sales growth before and don't see why they should not aim for such high levels again. Suggest strategies that Fit-friend could use to significantly grow sales

revenue in 2021, outlining the pros and cons of each strategy and stating which strategy you would choose and why in a presentation of slides not more than 6 to 8.