MARKETING STRATEGY PROJECT

Segmenting the Smart Band Market

Group 2:

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Introduction

- Smart bands range from simple to sophisticated, with the focus of products ranging from basic fitness and health tracking to detailed fitness and health tracking, and from serving as an easy-to-carry digital watch, to serving as a virtual assistant.
- Since the start of the COVID-19 pandemic, the importance of monitoring one's health has increased overwhelmingly, compared to tracking one's fitness routines. Specifically, with the pandemic raging in the country, measuring oxygen levels is becoming a middle-class pastime.
- The more sophisticated smart devices now include an SPO2 sensor. Some high-end smart bands also include an ECG (Electrocardiogram) sensor.
- There is a growing segment of consumers, not particularly fitness orientated, that is becoming health-conscious and is looking at using smart devices to both monitor health and track fitness levels.

About the company - Wellthee Pvt. Ltd.

- Wellthee Pvt. Ltd. is a tech. start-up focused on designing, developing, and delivering digital and IoT (Internet of Things) wellness and lifestyle solutions for the Indian consumer market.
- It boasts of a strong R&D team, specialising in the design of IoT hardware, and in the integration of hardware sensors with custom-crafted AI engines, to deliver ++ benefits over and above the functionality of the sensors.
- Wellthee has noted the changes to consumer behaviour, post the onset of the COVID-19 pandemic, and thinks that with the increased focus on health monitoring, and the interest in basic fitness tracking, a new segment of consumers has been added to the smart band market.

The Product

- Wellthee has conceptualized an all-in-one smart band with a tentative brand name of "**FitnFine**" and it would have the following features:

    - Monitor a user's health (specifically temperature, heart-rate, and blood saturation level monitoring) using high-precision sensors
    - Track a user's fitness level (walk, jog, cycle, swim, and yoga activities), to a high level of accuracy using GPS, a compass, and an altimeter
    - Offer step-by-step directions (using Google Maps and GPS)
    - Offer voice support: Alexa and Google Voice Assistant
    - Support voice-enabled note-taking and calendaring
    - Support smartphone notifications
    - Contain a digital wallet, with NFC (Near Field Communications) support
    - BLE (Bluetooth Low Energy) support for headphones and other accessories
    - Robust build, featuring IP68 rating and 5 ATM water resistance
    - A generous 7-day battery capacity, with support for wireless charging
    - 1.7-inch always-on display powered by AMOLED, with a Corning Gorilla Glass 3 cover

The Product

- Wellthee is of the opinion that mobile support is not required on the smart band, as the market segment identified, will always fall back on the smartphone for voice and data communications.
- Similarly, it does not feel think that support for music on the device is important, given that the sound output from a smaller device is not going to be on par with that from a more capacious device.
- Wellthee proposes to price the product between Rs. 15,000/- and Rs. 25,000/-, based on the selected set of attributes, across different models.

The Product

Wellthee intends to highlight the following in its marketing activities:

- The device is designed and manufactured in India
- Its Fitness AI engine can classify new physical activities into "Calories Burnt" ranges, based on heart-beat rate over the duration of the activity, so customised workouts can be categorised without explicit support in the app.
- It will provide a 3-year Warranty agreement, as an option, in order to differentiate itself from the less expensive East Asian brands.
- An Apple-like product and product experience, without the brand premium associated with Apple products.

<u>Data</u>

- The data was collected by means of an online survey.
- The questionnaire consisted of 13 questions and the responses have been compiled and analyzed using different analytical methods.
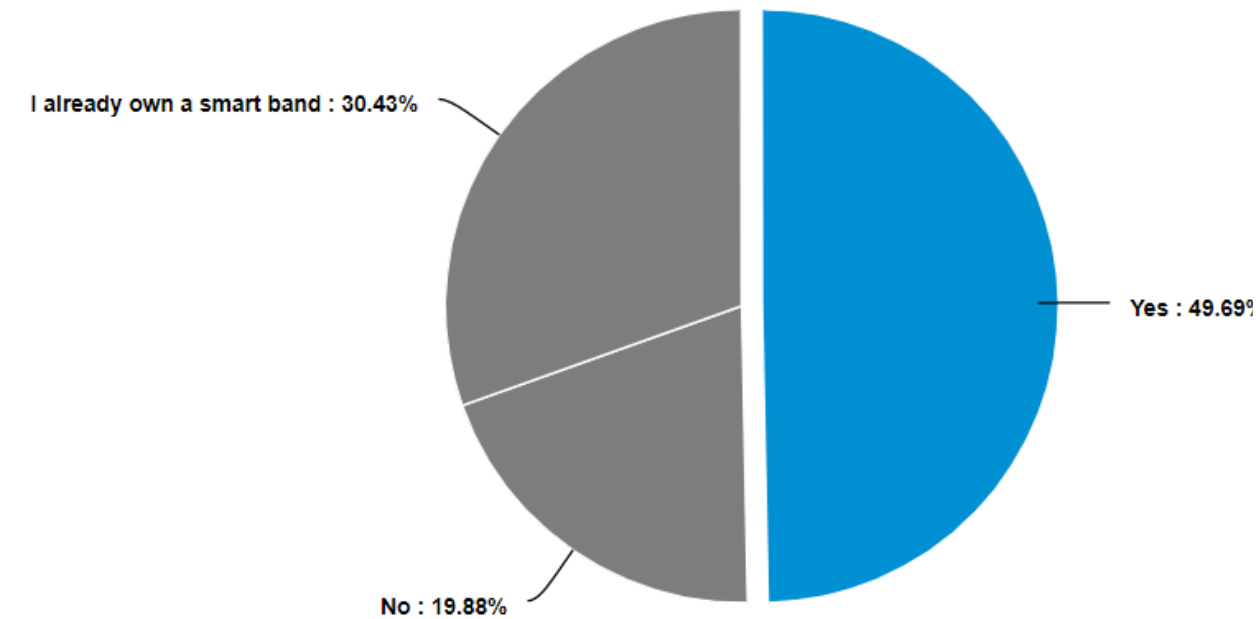- Data from 161 respondents has been collected.

Answers

Testing the assumption with respect to a new customer segment emerging, in the smart band market, thanks to the COVID-19 pandemic, is indeed correct.
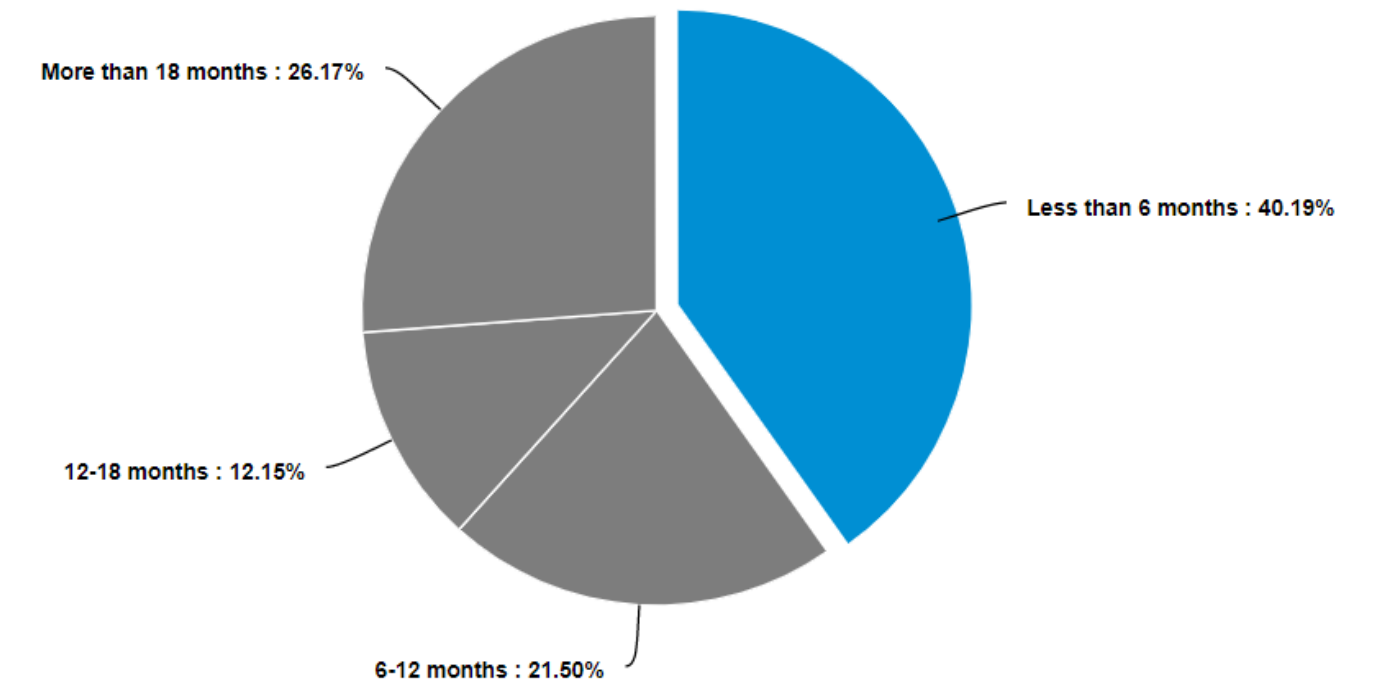
Health consciousness before and during Covid-19

Pre COVID-19 : 3.43 | 68.7%

75
68.70%
50
25
0

87.20%

During COVID-19 : 4.36 | 87.2%
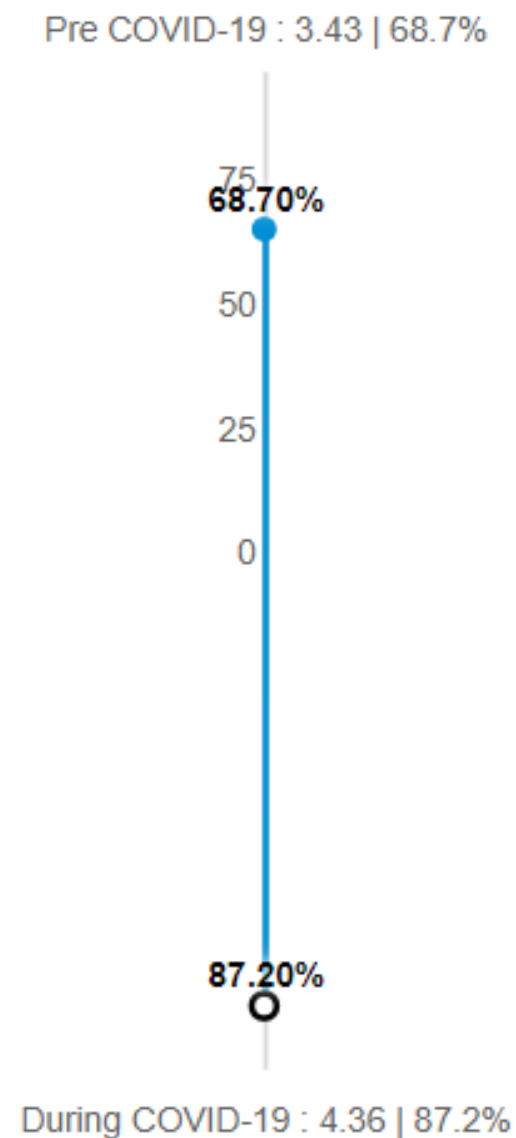
Whether the respondents wish to own a smart band

I already own a smart band : 30.43%

Yes : 49.69%

No : 19.88%

For the respondents who own a smart band, when did they buy it

More than 18 months : 26.17%

Less than 6 months : 40.19%

12-18 months : 12.15%

6-12 months : 21.50%

From our survey analysis, we observe that majority of the respondents (40.19%) purchased a smart band during the last 6 months. Due to the COVID-19 pandemic, consumers have become more health-conscious and almost half of the respondents wished to purchase a smart band. Hence, it can be inferred that there is indeed a new emerging customer segment.

Confirming that this segment is driven by different wants and behaviour, As compared to the segment for traditional market for smart bands.

Purpose of buying a smart band

As a voice-enabled smart assistant : 6.83%

As a fashion accessory : 6.83%

Monitoring health : 36.02%

Monitoring calories burnt and step counter : 50.31%
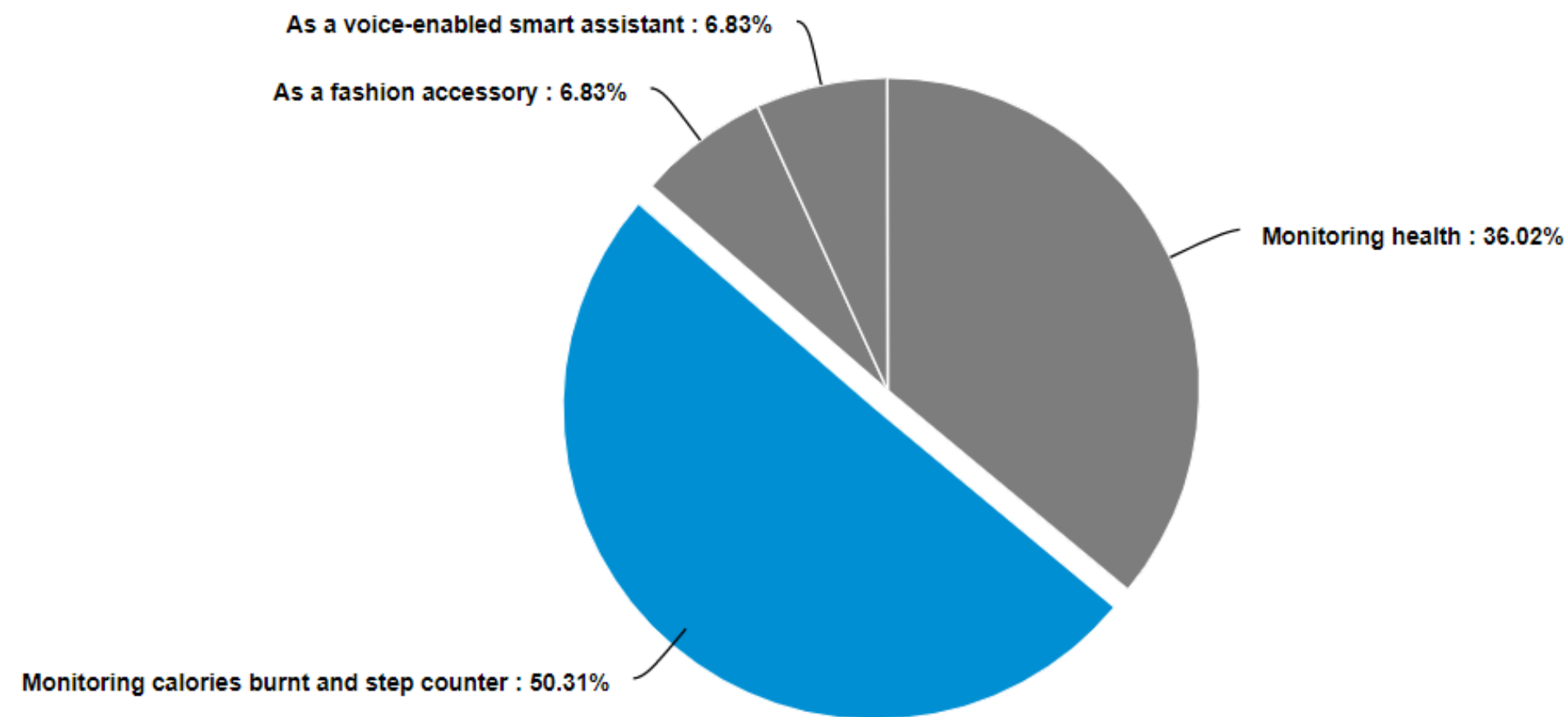
Initially, smart bands were used as a status symbol by fitness enthusiasts but the current trend shows a shift in the intent of purchasing a smart band. In addition to tracking fitness levels, Covid-19 has brought the importance of physical and mental fitness to the forefront of people's consciousness. In these times, monitoring health has become a necessity. With people refraining from visiting hospitals for a health check-up, they have started to rely on technology to assist them in keeping up with their health and fitness related goals.

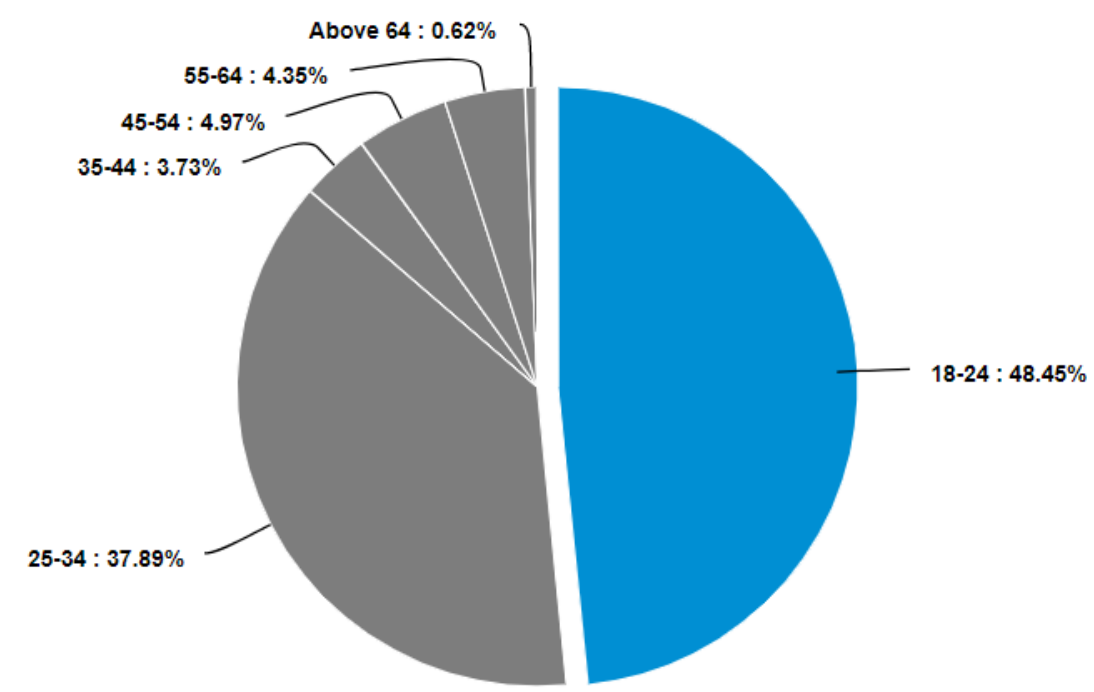## Determining that the Positioning of the proposed product is clear and resonates with the target segment(s)

Warranty	4.33
Health monitor	4.29
Fitness level monitor	4.26
Aesthetics	4.10
Bluetooth Low Energy (BLE)	4.09
Display size	4.06
Smartphone notifications	4.03
Wireless charging	3.98
Music controls	3.87
Navigation features	3.69
Voice assistant	3.29
Digital Wallet with NFC	3.19

Due to the Covid-19 pandemic, consumers started focusing more on monitoring their health rather than just fitness. Wellthee noticed the rise of this new segment of consumers and decided to launch a product that would meet the demands of this segment. The company also felt that mobile support and music controls were not necessary to be included in a smart band as consumers would opt for a smartphone for these features.
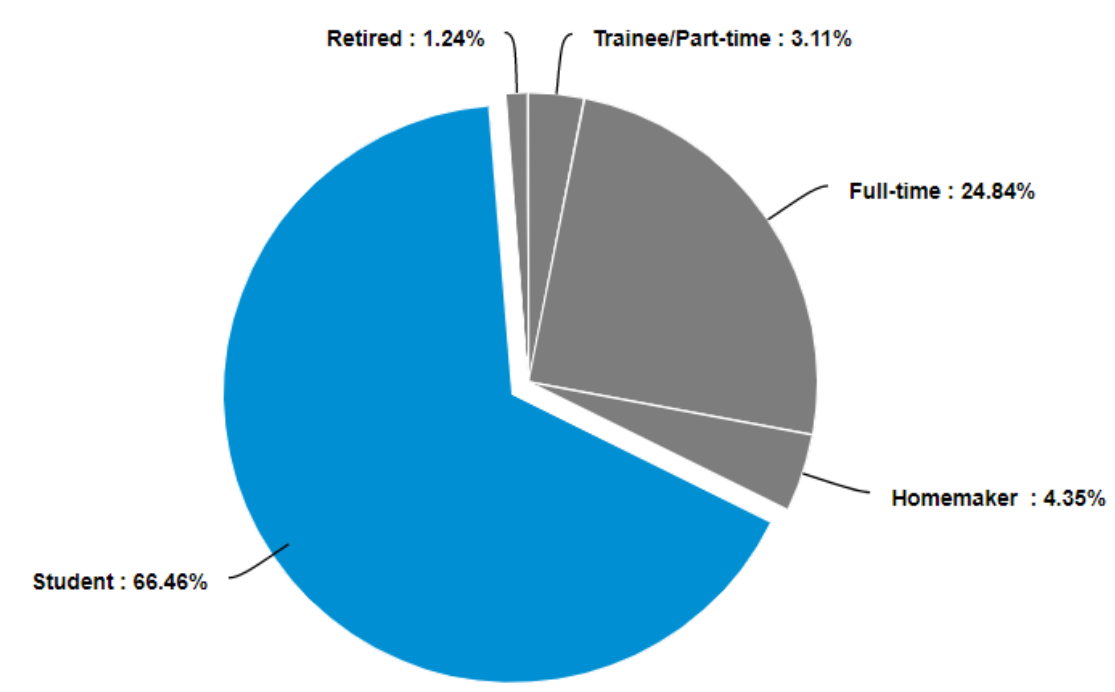
From the data collected from the survey, we see that the consumers have not given wireless charging, music controls, navigation features, voice assistant and digital wallet much importance as compared to the features like health and fitness monitoring, warranty and aesthetics. So, Wellthee was right in assuming that consumers will not require music controls but wrong in assuming that they will not need the smartphone notifications feature.

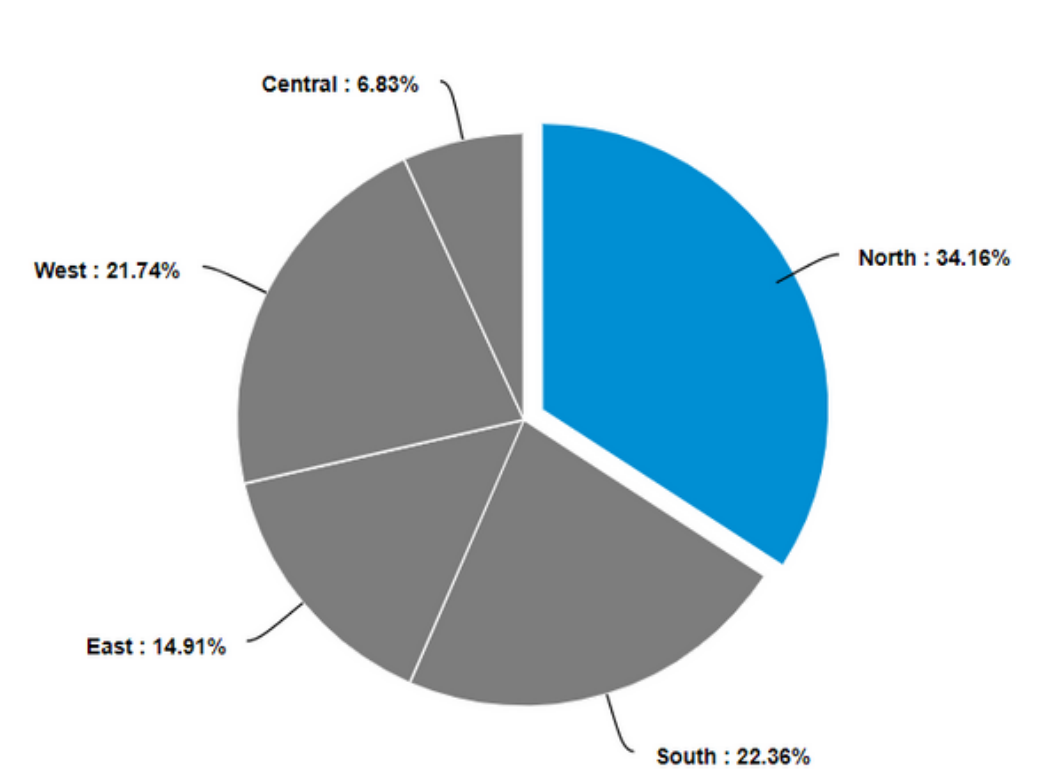# Determining the demographics of the target segment(s).

Age
- Above 64 : 0.62%
- 55-64 : 4.35%
- 45-54 : 4.97%
- 35-44 : 3.73%
- 18-24 : 48.45%
- 25-34 : 37.89%

Profession
- Retired : 1.24%
- Trainee/Part-time : 3.11%
- Full-time : 24.84%
- Homemaker : 4.35%
- Student : 66.46%

Region
- Central : 6.83%
- North : 34.16%
- West : 21.74%
- East : 14.91%
- South : 22.36%

Gender
- Female : 47.83%
- Male : 52.17%

Hobbies/Interests
- Sports : 13.35%
- Travelling : 21.95%
- Reading novels : 11.31%
- Fitness : 16.29%
- Music : 23.76%
- Art : 13.35%

Income
- More than 15 lakhs : 16.88%
- Less than 8 lakhs : 51.95%
- 8-15 lakhs : 31.17%
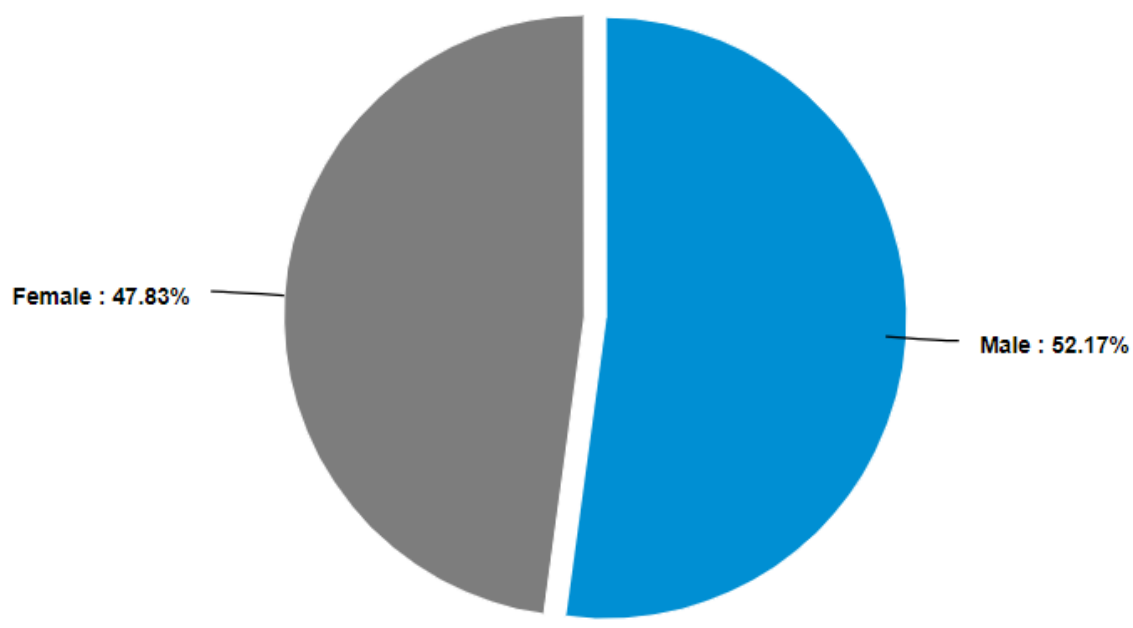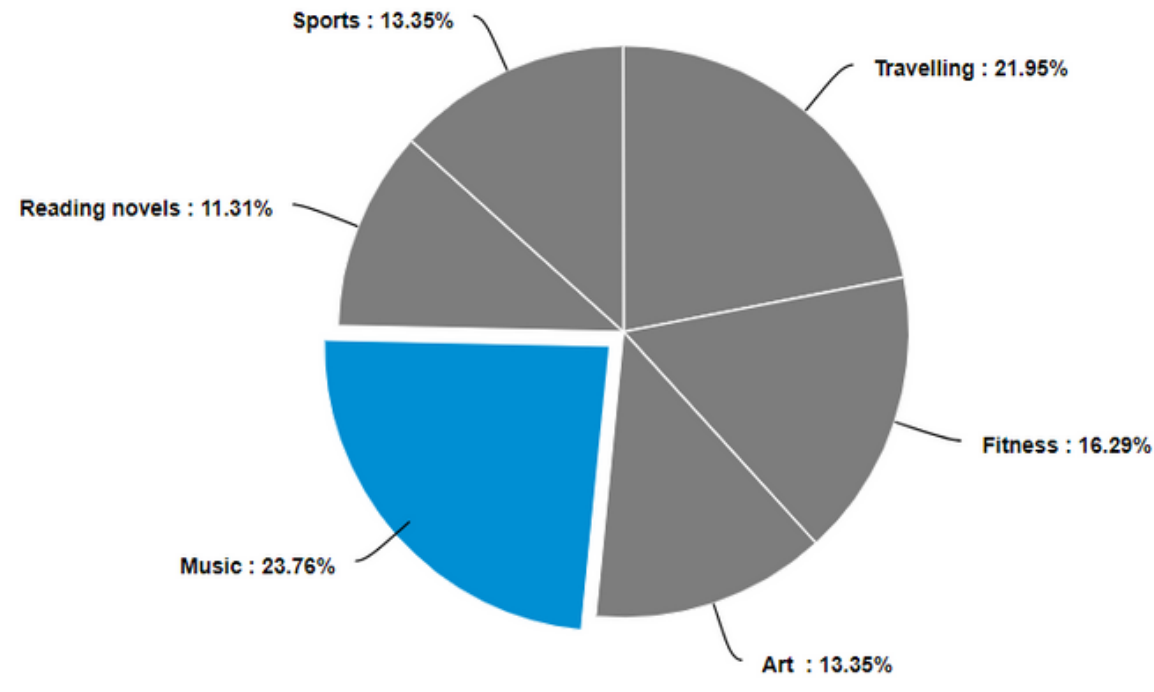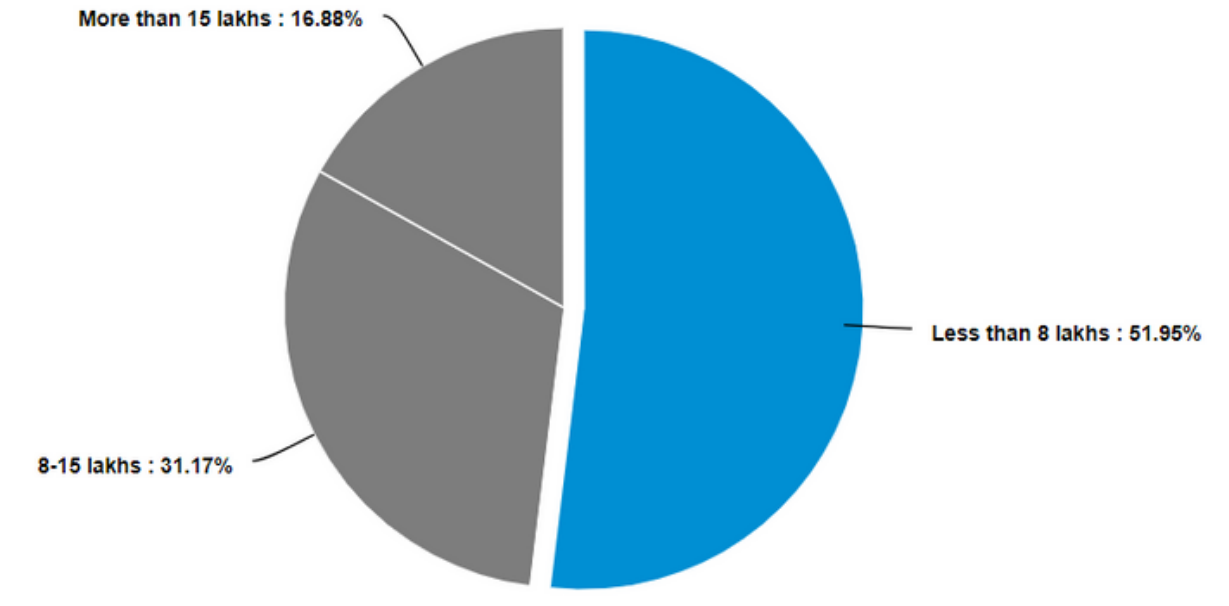
Determining the relative ranking for each of the proposed features of FitnFine.

Health monitor : 4.29 | 85.84%

Fitness level monitor : 4.26 | 85.22%

Bluetooth Low Energy (BLE) : 4.09 | 81.74%

Navigation features : 3.69 | 73.79%

Aesthetics : 4.1 | 81.99%

Voice assistant : 3.29 | 65.84%

Wireless charging : 3.98 | 79.63%

Digital Wallet with NFC : 3.19 | 63.73%

Music controls : 3.87 | 77.39%

Warranty : 4.33 | 86.58%

85.84%
85.22%
81.74%
73.79%
81.99%
65.84%
79.63%
63.73%
77.39%
86.58%

75
50
25
0
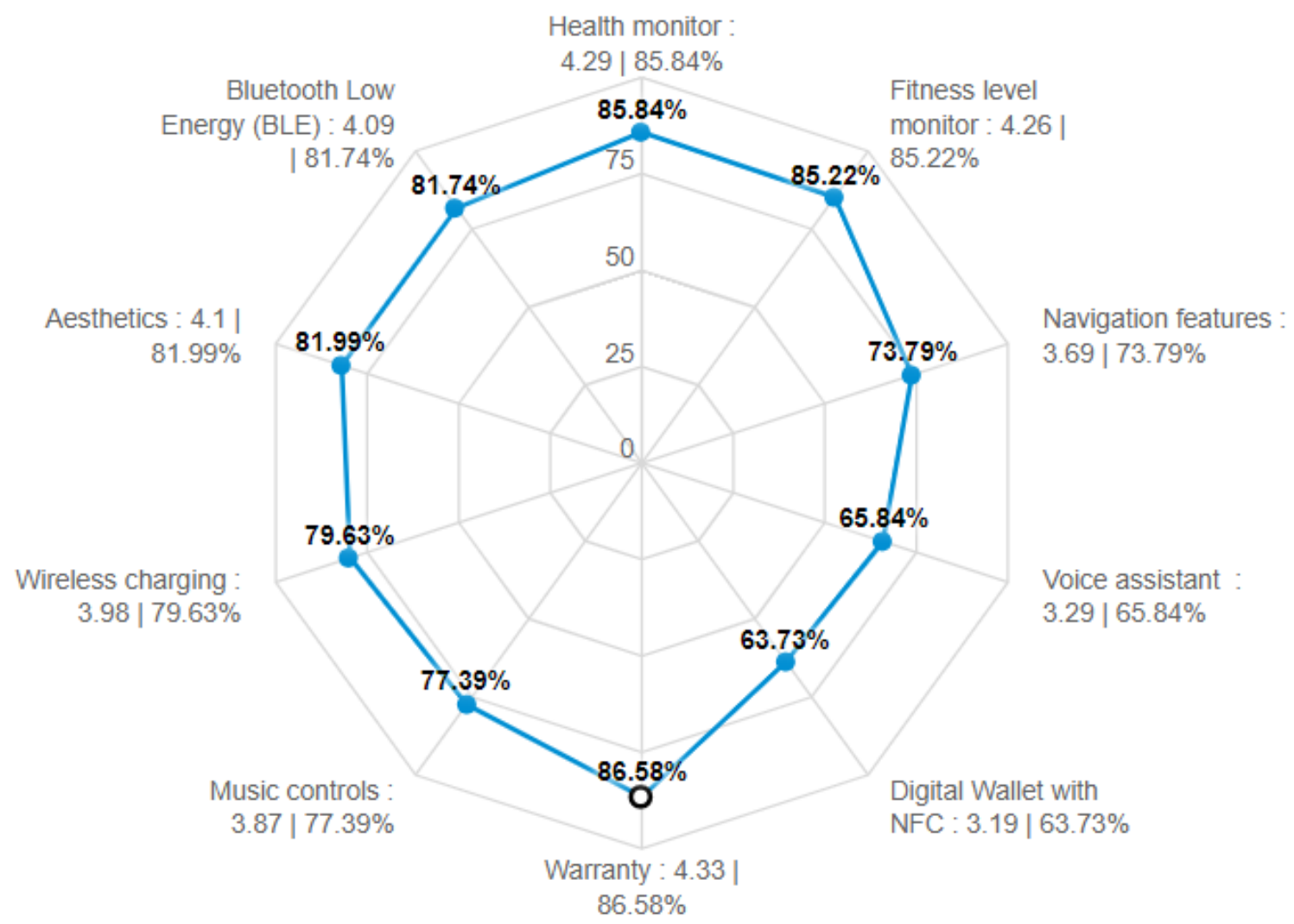
Mean importance of Attributes

Attributes	Mean
Warranty	4.33
Health_monitor	4.29
Fitness_levelmonitor	4.26
Aesthetics	4.1
BLE	4.09
Display_size	4.06
Smartphone_notifications	4.03
Wireless_charging	3.98
Music_controls	3.87
Navigation_features	3.69
Voice_assistant	3.29
Digital_Wallet	3.19

We have analyzed the relative ranking of the features using the mean importance method. All attributes were rated on a scale of 1-5 with 5 being the most important. From the table, it is clear that warranty has the highest importance followed by health monitoring and fitness level monitoring. Digital wallet, voice assistant, navigation features, music controls and wireless charging have been given the least importance by the respondents.

Determining the combination of attributes and price that most appeals to the target segment(s).

Attributes	Level 1	Level 2	Level 3	Level 4
Price (INR)	15000/-	18000/-	22000/-	25000/-
Battery Life	5 Days	7 Days	9 Days	12 Days
Display	1.3 Inches	1.5 Inches	1.7 Inches	2 Inches
Health	Basic	Advanced	Premium	Elite
Technology	Google Support	Music Control	Voice Enabled Notes and Calendering	Digital Wallet, NFC & Voice Support

Technology	
a	Google Support
b	Music Control
c	Voice Enabled Notes and Calendering
d	Digital Wallet, NFC & Voice Support

Health Packages Description	
BASIC	Heart Rate Monitor, Sleep Monitoring, Step Counter
ADVANCED	Basic + SPO2 monitoring
PREMIUM	Advanced + BP Tracking
ELITE	Premium + Workout Modes

We have performed conjoint analysis to find the optimum combination of price and attributes that appeals to the consumers. We had created 4 bundles (levels) with different ranges of price, battery life, display, health features and technology features. In the survey, we had asked the respondents to rate the 4 bundles according to the preferred combination of attributes. We had created dummy variables in the R code for each attribute.

For Price: Rs. 15,000 - Base Score of 0

Rs. 18,000 - score of -0.341

Rs. 22,000 - score of -4.815

Rs. 25,000 - score of -3.149

Thus, a lower-priced product was preferred to a higher-priced product.

For Battery Life: It was important, not surprisingly, and received a base score of 0 for 5 days, higher than all variants, which were negative.

Therefore, the preferred size variants were 5 days, followed by 12 days.

For Screen Size: 1.5 inches received a greater score i.e., 5.597 than all other variants. 1.7 inches and 2 inches both received negative scores.

For Health Features: The Elite package received the highest partworth score of 6.66 followed by the premium health package.

For Technology Features: Technology_c (voice enabled notes and calendaring) received the highest score of 14.75. Technology_d received a negative score.

Attribue	Levels	Partworth Score/ Coefficient
Price	Price_15k	0
	Price_18k	-0.341
	Price_22k	-4.815
	Price_25k	-3.149
Battery Life	Battery_5	0
	Battery_7	-0.702
	Battery_9	-1.228
	Battery_12	-6.907
Screen Size	Display_1.3	0
	Display_1.5	5.597
	Display_1.7	-4.596
	Display_2	-3.796
Health	Health_Basic	0
	Health_Elite	6.66
	Health_Premium	3.093
Technology	Technology_a	0
	Technology_b	2.725
	Technology_c	14.75
	Technology_d	-2.023

Final Product Recommendations:

- **Price:** Rs. 15,000
- **Battery Life:** 5 days
- **Screen Size:** 1.5 inches
- **Health Features:** The Elite package (Heart rate monitor, sleep monitoring, step counter, SpO2 monitoring, BP tracking and workout modes)
- **Technology Features:** Technology_c (voice enabled notes and calendaring)

Attribue	Levels	Partworth Score/ Coefficient
Price	Price_15k	0
	Price_18k	-0.341
	Price_22k	-4.815
	Price_25k	-3.149
Battery Life	Battery_5	0
	Battery_7	-0.702
	Battery_9	-1.228
	Battery_12	-6.907
Screen Size	Display_1.3	0
	Display_1.5	5.597
	Display_1.7	-4.596
	Display_2	-3.796
Health	Health_Basic	0
	Health_Elite	6.66
	Health_Premium	3.093
Technology	Technology_a	0
	Technology_b	2.725
	Technology_c	14.75
	Technology_d	-2.023

Drawing up the BOR strategies to be deployed, in order to best appeal to consumers, and build SCAs over competitors.

BRAND:

The company is suggested to form a prominent brand Identity by the use of appropriate brand adjectives and associate the company with a good persona.

A unique selling proposition, premium pricing, and sophisticated aesthetics of the product would further help in the development of the brand.

OFFERING:

Being a tech-basedcompany, Wellthee should deploy its existing resources to cater to the needs of the market and develop a unique product offering. FitnFine being an innovative product, should include all the necessary attributes that a customer is looking for in a smart band.

As it is clear from the survey that there has been a shift in consumer behavior. These changes in desire should be exploited efficiently.

RELATION:

The company should develop strong after-sale services. Once again being a tech company, Wellthee should focus on providing technical support regarding how efficiently the product, FitnFine can be used. The company can promote so by the means of, Social media posts, by providing tech updates via newsletters and etc.

Along with an apt name for the product, we suggest the company to come up with catchy tagline, to initiate the me-too feeling among the consumer.

APPENDIX

Please find below the list of attachments for the project.

File Name	Description
Group 2_modified raw data.xlsx	Modified data from survey responses for final analysis. It includes the two sheets (mean imp & dummy_new) which are used as input in the R code
mean_importance.csv	Output generated from R code for the means of attributes
All_Attributes_Dummy.xlsx	Output dataset generated from code after creating the dummy varibles for attributes
Group 2_code.R	Complete code used for Mean Importance & Conjoint Analysis
Group 2_RawData.xlsx	Raw data we got from survey conducted
Group 2_Questionnaire.pdf	Questionnaire used in survey

Thank you!