




Fitbit Marketing Analysis Strategy and Recommendations

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FITBIT MARKETNG ANALYSIS & STRATEGY RECOMMENDATIONS

A Project By: Mosi Dorbayani

A critical analysis of a marketing tool as an aid to designing a marketing strategy.

Introduction:

Fitbit is an American firm, in a business of wearable tracking fitness, founded in Delaware in 2007. The Marketing Director of Fitbit has asked for thoughts on how competitors 'loose' to Fitbit regarding its competitive advantage. Accordingly, this report is to:

- A) Provide a brief evaluation of the concept of competitive advantage and its impact on the success of marketing strategy.
- B) An analysis of Fitbit's competitive advantage and where this leads to Fitbit winning share over its competitors.

A) Evaluation of The Concept of Competitive Advantage and Its Impact on The Success of Marketing Strategy:

Competitive Advantage as Defined by Academics:

Competitiveness has been the focus of scholars and business organizations. "Competitive advantage is arguably the central theme of the academic field of strategic management." (Wang, 2014; Furrer, 2008; Hoskisson et al., 1999; Porter, 1996)

In his paper, 'Theories of Competitive Advantage', Hui-Liang Wang, faculty of the University of Wollongong in Australia mentions: "Competitive advantage is obtained when an organisation develops or acquires a set of attributes (or executes actions) that allow it to outperform its competitors." (Wang, 2014)

Lynch and Chacarbaghi of East London Business School highlight: "The term competitive advantage refers to the ability gained through attributes and resources to perform at a higher level than others in the same industry or market" (Christensen and Fahey, 1984; Kay, 1994; Porter, 1980; Lynch and Chacarbaghi, 1999)

While the above definitions both have 'a set of attributes' as their common nominator; Michael E. Porter, Professor of Business and Economics at Harvard Business School describes: "Competitive advantage grows out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it." (Porter, 1985)

I adopt Porter's definition, simply because he specifically states the key word, 'Value' in his description, which is the core factor in developing marketing strategies.

Understanding and Creating a Competitive Advantage:

Firms can achieve competitive advantage through frequently focusing and recognition of differential product approaches, reshaping or building superior capabilities, utilizing unique technologies, and gathering intellectual property rights. These will make the company better in the customer's minds (Srivastava, Franklin and Martinette, 2013, p.48). With the current globalization and technical advancement, firms have been exposed to more competitive technological and environmental information that can be harnessed in different ways to achieve a competitive advantage against the rivals in the market.

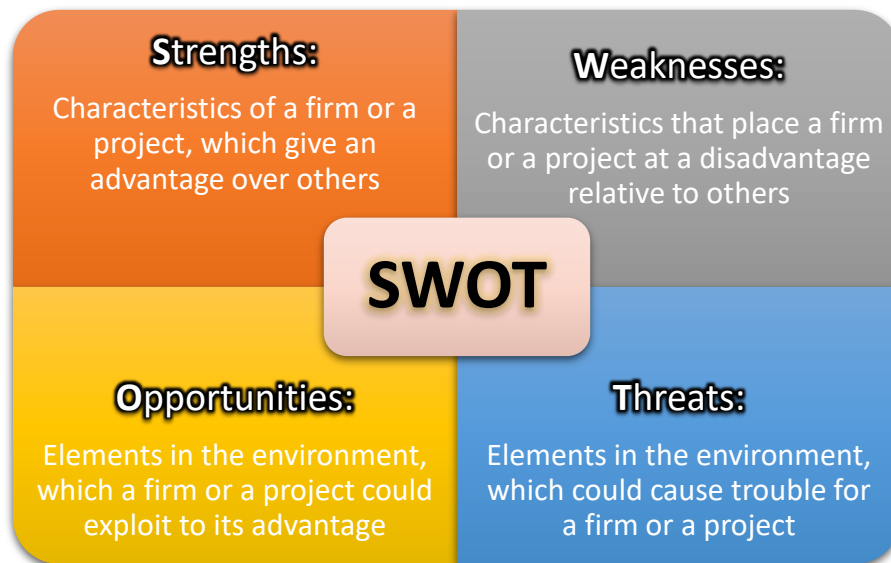
Competitive advantage is hard to achieve with the current strong competitive pressure in the economy, because resources, technologies, and information are 'comparable' and can be 'replicated' easily by most of the rivals in the market. It is therefore crucial for firms' management to take considerable time on identifying sources of competitive advantage by studying frameworks such as 'SWOT analysis', 'Porter's Three Strategies for Competitive Advantage' or even 'Porter's Five Forces Model'. (Goldsmith, 2013; Singh, 2012, p.4)

For example, to create competitive advantage we can use Porter's Three Strategies or Determinants (www.mindtools.com). The following table briefly explains each:

Cost Strategy:	This is the ability to produce a product or service which is at a lower cost than other competitors. If a firm is capable to produce the same quality product or provide the same quality service but sell it for less, this gives them a competitive advantage over other firms. This provides a price value to the customers.
Differential Strategy:	This making goods or services attractive to stand out from their competitors. In this strategy, a firm needs strong research and development, creative design and innovative ideas. These improvements to the goods or service could include delivering high quality to customers or clients. Often consumers are willing to pay more to receive such benefits.
Focus Strategy:	This strategy tries to get firm to aim at a few target markets rather than targeting everyone. It is often used by smaller businesses with limited resources or ability to target everyone. Firms using this strategy usually focus on the needs of the customer and how their products or services could improve their day-to-day lives. To employ this strategy, some firms even allow their consumers furnish them with their inputs for their product or services.

But if we critically examine Porter's generic three strategies, we can conclude that those are not without limits. According to Nilofer Mechant, a lecturer at Stanford, Porter's model is dated, and it is not considering the social ear and the impact of social media. Moreover, it was created at a time, when size and scale themselves were key aspects to competitive advantage and profitability. (Merchant, 2012)

Alternatively, we can explore the competitive advantage through SWOT Analysis. This approach can furnish us with an in-depth valuable information, which can be incorporated into our marketing strategy:



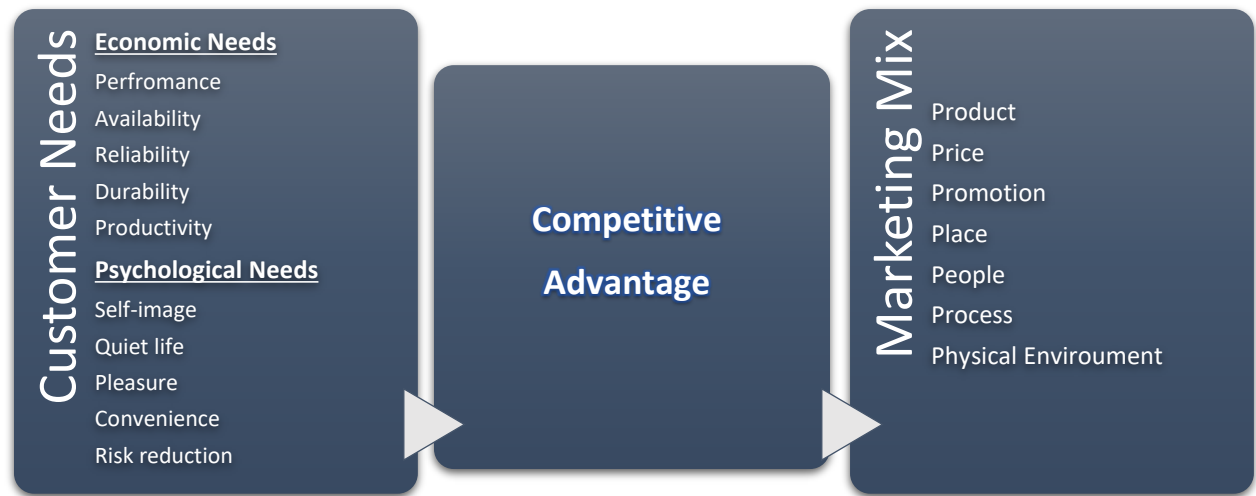
Graph of SWOT Analysis:
A brief outline, designed by
the author.

Critically analysing SWOT, it is also important to recognize that SWOT has its own limitations too. " SWOT analysis only covers issues that can definitely be considered a strength, weakness, opportunity or threat. Because of this, it's difficult to address uncertain or two-sided factors, such as factors that could either be a strength or a weakness or both, with a SWOT analysis. It does not prioritise issues or does not offer alternative decisions." (www.business.qld.gov.au)

Impact of Competitive Advantage on The Success of Marketing Strategy:

A competitive advantage distinguishes a firm from its competitors. It contributes to better pricing, more customers, and brand loyalty. A Competitive advantage provides choices for strategy, strategies that a firm implements to be in a unique position and to achieve a multi-level structure that either cannot be or would be hard to achieve by its rivals in the market. Naturally competitive advantage imposes firms to be 'agile', flexible and able to operate in various conditions of uncertainty through proactive measures when dealing with competitors.

A Competitive advantage has a direct effect on marketing performances. It influences market innovation, sustainability, finance, and it creates a positive relationship among the marketing mix, management perception and consumer needs. The impact of competitive advantage on the success of marketing strategy is indisputable. Without it, firms will find it difficult to survive. The following chart shows the critical role of competitive advantage in connection with customer needs and marketing mix/strategy.



Designed by the author - Inspired by D. Jobber's chart, Principles of Marketing, 1998, McGraw-Hill

B) Analysis of Fitbit's Competitive Advantage and Where This Leads to Fitbit Winning Share Over Its Competitors:

To analyse Fitbit's competitive advantage, we can use a variety of analysis or frameworks. With a view to the given case study and my 'secondary research', here I begin with:

1. **Porter's Three Competitive Advantage Strategies:** Previously, we outlined that a firm can use 'Differential Strategy' for its competitive advantage. Fitbit achieved its competitive advantage by 'differentiating' their products. By 2015, the company had seven products in the market, designed to serve users with different levels of demand. These products include: Fitbit Flex, which was produced to serve simple needs, while the high-end model served more complex functions, which can be found in smart watches. The differentiated products enable Fitbit to serve a wide range of customers, who needed specific functions, hence providing what other competitors were unable to provide in the market. (Fitbit Corporate Report,2016/17; <https://investor.fitbit.com>)
2. **SWOT Analysis:** After conducting a SWOT analysis, Fitbit realized that there is an 'opportunity' for them to utilize, through which, they can keep users active and interested. The company focused on creating a different proposition / scheme unique from what is provided by regular high-tech device manufacturers. The company utilized 'technology' to make people 'healthier and more active' by giving them 'data' and 'inspirational guidance' in form of wearables – software and services, which had not been implemented by its competitors. This enabled Fitbit to provide services to its registered customers uniquely and efficiently, making it difficult for its competitors to tap into. (www.fitbit.com/en-ca/technology)

By utilizing 'focused differentiation' and recognizing unique 'opportunity', Fitbit not only targeted individual consumers but also initiated a proactive measure to involve the company in the corporate wellness market, a market where the competitors underrated or ignored before. Fitbit saw an opportunity to revolutionize fitness tracking industry by creating a product that is 'social', 'interactive', and 'stylish'.

Additionally, Fitbit's competitive advantage over its competitors can be explained through Porter's Five Forces Framework. It consists of those forces close to a company that affect its ability to serve its customers and make a profit (Porter, 1979). This model provides a detailed impact of the external environment on the firm's ability to outshine the rivals in the market.

3. **Porter's Five Forces:** The followings, briefly describe Fitbit's competitive advantage from a different angle than previously discussed (in 1 & 2 above):

Bargaining Power of Supplier: Suppliers in a dominant position can decrease the margins of a firm's earning in the market. Powerful suppliers use their positions/negotiating power to obtain higher prices from the firms. This can lower the overall profitability of the firms consequently. Fitbit is managing this through introducing a variety of wearables – from products serving simple needs, to high-end ones with complex applications, each with a need for a different level of supplier, hence a balance of power on its supplier dependency. (Fitbit Supplier Code,2018)



Graph on Porter's Five Forces - Designed by the author

Bargaining Power of Buyer: Generally, buyers want to buy the best available product/service by paying the minimum price. This puts pressure on a firm's profitability. The smaller and more powerful the customer base is, the higher the bargaining power of the customers. Fitbit is managing this through a multi-level structure in the market, where can target different consumers with different purchasing power and needs. (The Statistics Portal,2018)

Threat of Substitution: When a new product or service meets a similar customer needs but in different ways, profitability may suffer. By understanding the core need of the customer, Fitbit is managing this force effectively. Fitbit's focused differentiation, especially in 2015 (before going public), served different levels of demand in the market, hence limited need for substitution. (Deshpande, 2017, Fitbit Strategic Analysis, LinkedIn)

Threat of New Entrants: New entrants may bring innovation, new ways of conduct or add pressure on firms in the industry. This can be through lower pricing strategy, cost reductions, or creating new values to the customers. Fitbit is managing all these challenges through building 'economies of scale' and enlarging its 'capacity', so that it can lower its fixed costs. (Fitbit Annual Report, 2017).

Industry Rivalry: Intense competition among the providers in an industry drives down prices and decrease the overall profitability of the industry in the market. Fitbit operates in a competitive market, which is dynamic. Fitbit's success in 2015 was correlated with key business decisions including partnering with brands like Sketchers and Strava, product upgrades that included multi-sport tracking and heart rate capabilities, and enhanced features of the Fitbit app. (Fitbit Press Releases, 2015). Collaborating with competitors to increase the market size rather than just competing over it, and reaching out to major corporate, other businesses (B-to-B) and banks (among other strategies), helped Fitbit to stay as one of the major players in the market.



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Organizational Analysis and Recommendations for Marketing Strategy, Competitive Positioning and Marketing Mix.

Introduction:

In 2007, Eric Friedman and James Park, the Co-founders of Fitbit realized that sensors and wireless technology had advanced enough to a point where they could bring amazing experiences to fitness and health industry. They set for a journey to create a wearable product that would change the way people move. (www.Fitbit.com)

The Marketing Director of Fitbit has asked to prepare a marketing strategy for Fitbit for the next 18 months; therefore, this report provides:

- A) An analysis of the marketing situation of Fitbit using appropriate tools (going backward 18 months from now).
- B) My proposed marketing strategy, including objectives, strategic focus, competitive positioning, a marketing mix and few recommendations .

A) An analysis of the marketing situation of Fitbit using appropriate tools:

The following analysis structurally uses the marketing strategy process as suggested by Graham Hooley. (Hooley et al., 2008)

BUSINESS PURPOSE:

To examine the business purpose of Fitbit, we can take a quick look at its 'mission', in 'what business it is', and in 'what business it wants to be' (Levitt, 1960).



Marketing Strategy Process (egg chart)
Marketing Strategy & Positioning
Hooley et al., 2008 Pages 33

Fitbit's official website states: " Our mission is to empower and inspire you to live a healthier, more active life. We design products and experiences that fit seamlessly into your life, so you can achieve your health and fitness goals, whatever they may be." (www.Fitbit.com)

The Business of Fitbit: Fitbit is an American digital health and fitness brand, known for its fitness trackers that helped to ignite the wearables trend. While interest in fitness trackers is declining, Fitbit Inc. has been on a search for new areas of growth. In early 2018, Fitbit announced that it would direct its business more toward smart watches, and it has been trying to collaborate within the health sector, to move beyond device sales to consumers. (www.MarketWatch.com)

Where Fitbit Inc. is heading: According to James Park, Fitbit Inc. CEO: "We do want to diversify as a business and that's where our health solutions business comes into play. We're very committed to growing what we call our non-device revenue, and that's going to come from health solutions on the B-to-B side and from services like Fitbit Coach". (www.MarketWatch.com) In my view, despite of changes in the strategy, Fitbit's mission statement still stands. It is clear, concise and up to the point. However new solutions and diversification to B-to-B will bring new and exciting experiences for both, the firm and the prospective customers, Fitbit's core purpose hasn't changed much, and its endeavour is still within the domain of health and fitness.

The CORE STRATEGY:

The analyses of Fitbit as an 'enterprise', and its 'environment' (including its external environment), can provide us with a clear understanding of its current core strategy.

The wearables business has declined; however, a greater integration into the health care system can revive the industry. From the enterprise point of view, wearables can standalone as a business by generating more recurring revenue through the health system. By selling subsidized devices and software to businesses, Fitbit can facilitate them to manage their employee's wellness program. This brings about an opportunity for a more recurring stream of revenue. Furthermore, moving from fitness to an additional new business environment, i.e. 'health', does not mean Fitbit is leaving its consumer business. In fact, to negotiate its way into health ecosystem, Fitbit needs to maintain its consumer brand.

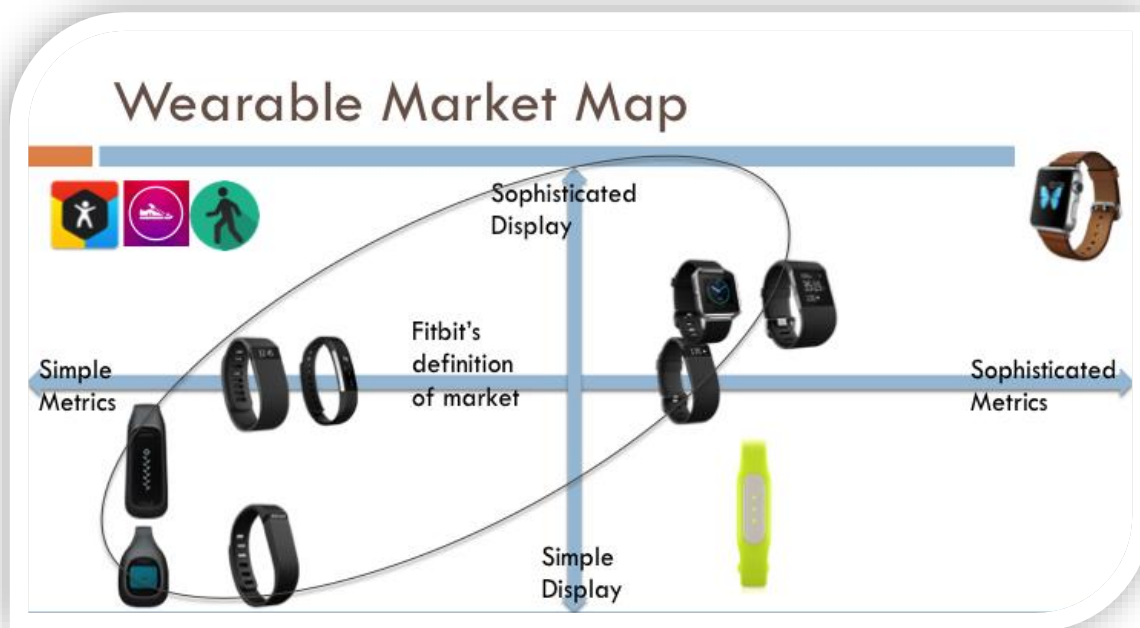
The current environment of health care ecosystem requires engaging consumers and products that consumers want to use; therefore, this is exactly where Fitbit's consumer business and brand come to affect. (www.MarketWatch.com) Speaking of entering a new business environment, begs for addressing a few concerns in relations to Fitbit's external environment, which I will address them later, under the section of 'External Analysis'.

THE MARKET POSITION:

To have a competitive position in the market, a firm must 'define its target' in the market and study its 'competitive advantage'. Thanks to its initiative advantage in fitness tracking industry, Fitbit is still one of the leading brands, standing behind Apple and Xiaomi Corp in the global market share. (IDC, 2018) However, this position may not be sustainable. Fitbit's key resources are either imitable or substitutable, meaning that its position as a leader in the market is at risk.

Therefore, Fitbit should and is currently pursuing a differentiation strategy with a broad market focus, relying on 'premium design and features' to increase customers' willingness to pay, i.e. moving towards production of 'Smart Watches', to create values for the customers by 'differentiating features', as well as diversifying to B-to-B and tapping into the 'health system'.

As for 'wearable market position', Fitbit defines its position as depicted in the chart below:



Fitbit Carving Out Market Share, Rags Srinivasa, Lead Product Strategy

THE COMPETITIVENESS:

“Market competition is at the heart of the capitalist system. It serves as the driving force for creative innovation, the mechanism by which market supplies and demands are brought into coordinated balance for multitudes of goods/services. An institutional setting for individuals, to freely find their own place to best earn a living in society.” (Ebeling, 2017) Therefore, in a free market where forces of demand and supply exist, having competition is inevitable. We can look at Fitbit’s competitive position both ‘internally’ and ‘externally’.

❖ Internal Analysis:

Technically, internal factors are those under the control of the firm’s management. Internal Analysis can be examined through VRIS / VRIO Framework (among others). As Jay Barney and William Hesterly explain: Once a firm realized the state of ‘Value’, ‘Rarity’, ‘Imitability’ and ‘Substitutability’ of its resources and capabilities, the next step will be to organize the firm in a way to exploit these resources strategically. If done successfully, the company can enjoy a period of sustained competitive advantage. (Barney and Hesterly, 2005)

Fitbit has a variety of assets, skills, resources and competencies through which, it can exploit to secure a more sustainable competitive advantage:

- **The Brand:** Due to its pioneer role and initiative advantage, Fitbit is a leading brand for fitness tracking wearables. Its leading position and name are valuable resources that equip Fitbit to reduce the threat of new entrants. However, the brand is substitutable and similar premium brands like Apple, and a new entrant like Kate Spade offer the same high-quality products. Fortunately, Fitbit is utilizing its brand name to dominant the healthcare system and is using its brand image, to develop B-to-B as a trusted name.
- **The Technology:** Fitbit designs both hardware and software technologies for its products. The software platform helps track consumer data and allows consumers to use it in a meaningful and sustainable way. Fitbit’s algorithms brought new and innovative technologies to the market, while its sleekly designs and wireless syncing capabilities appeal to consumers. But competitors could already catch up and this technology is no longer rare. Other products on the market possess similar technology, proving that this is not a costly resource to imitate. There are also many substitutes for it in the market. However, Fitbit’s pioneer technology is now being adapted and used for Fitbit’s new adventure in ‘health’ sector. (United Health, 2018)
- **The Platform:** Fitbit is fully commitment to having an open Applications Program Interface - API. An open API provides third-party developers’ programmatic access to create health and fitness apps to interact with the Fitbit platform. (Fitbit API Doc, 2019)

There are over 20 of such apps like MyFitnessPal and Weight Watchers. This creates a high value, and removes the threats of competition, because their products are linked to platforms that customers actually want to experience sustainably.

This openness also encourages innovation, which allows Fitbit to identify and take advantage of future opportunities. Although open API can be seen in similar fitness tracking wearables, Fitbit's API is already an established ecosystem which includes thousands of third-party apps, making this platform rare and difficult to substitute.

VRIS Analysis in a glance:

Capabilities & Resources	Is It Valuable?	Is It Costly to Imitate?	Is It Rare?	Possible to Substitutable?
The Fitbit's Brand	Yes	Yes	Yes	Yes
Fitbit's Technology	Yes	No	No	Yes
Fitbit's Platform	Yes	Yes	Yes	Yes

VRIS Analysis and Table design is inspired by Fitbit Strategic Analysis by Parag Deshpande 2017

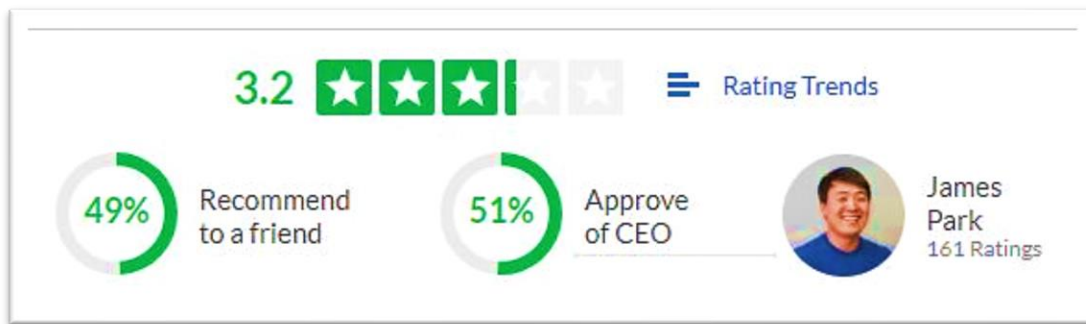
❖ External Analysis:

Technically, external factors are those outside the control of the firm's management. This includes 'Micro' and 'Macro' environments:

Micro-environment:

The micro-environment of a business includes the factors, which are immediate to operations, and directly affects performance and decisions. They include: customers/consumers, employees, shareholders /investors, competitors, suppliers and distribution channels, and the public perception and media. The following data and information show the microenvironment of Fitbit during the last **18 months**:

- **Fitbit's Customers:** 25.4 million active users; 20 million people used Feed in the Fitbit app; Fitbit groups have connected to the app for 4.7 million times; 2.4 million people using female health tracking system. (DMR Business Statistics, 2019)
- **Employees:** Fitbit's employee review shows a 3.5-star rating, with 49% stating that they will recommend working for Fitbit to a friend, and 51% are approving its CEO. (www.ClassDoor.ca)



Fitbit's Employees Review / Rating, 2019 – Source Fitbit Review, Class Door.ca

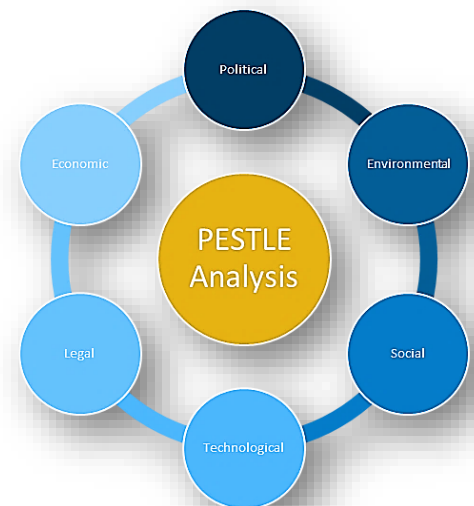
- **Shareholders /investment:** Fitbit's trading is not doing well, and is currently in third place behind Apple and Xiaomi (NYSE, 2019)



- **Distribution:** 39,000 stores in 86 countries carry Fitbit products. (DMR Business Statistics, 2019)
- **Major sales:** 61% of the sales is from USA and the firm could sell over 1 million units of Versa Smart Watch (targeting new demographics) just during its first month launch. (DMR Business Statistics, 2019)

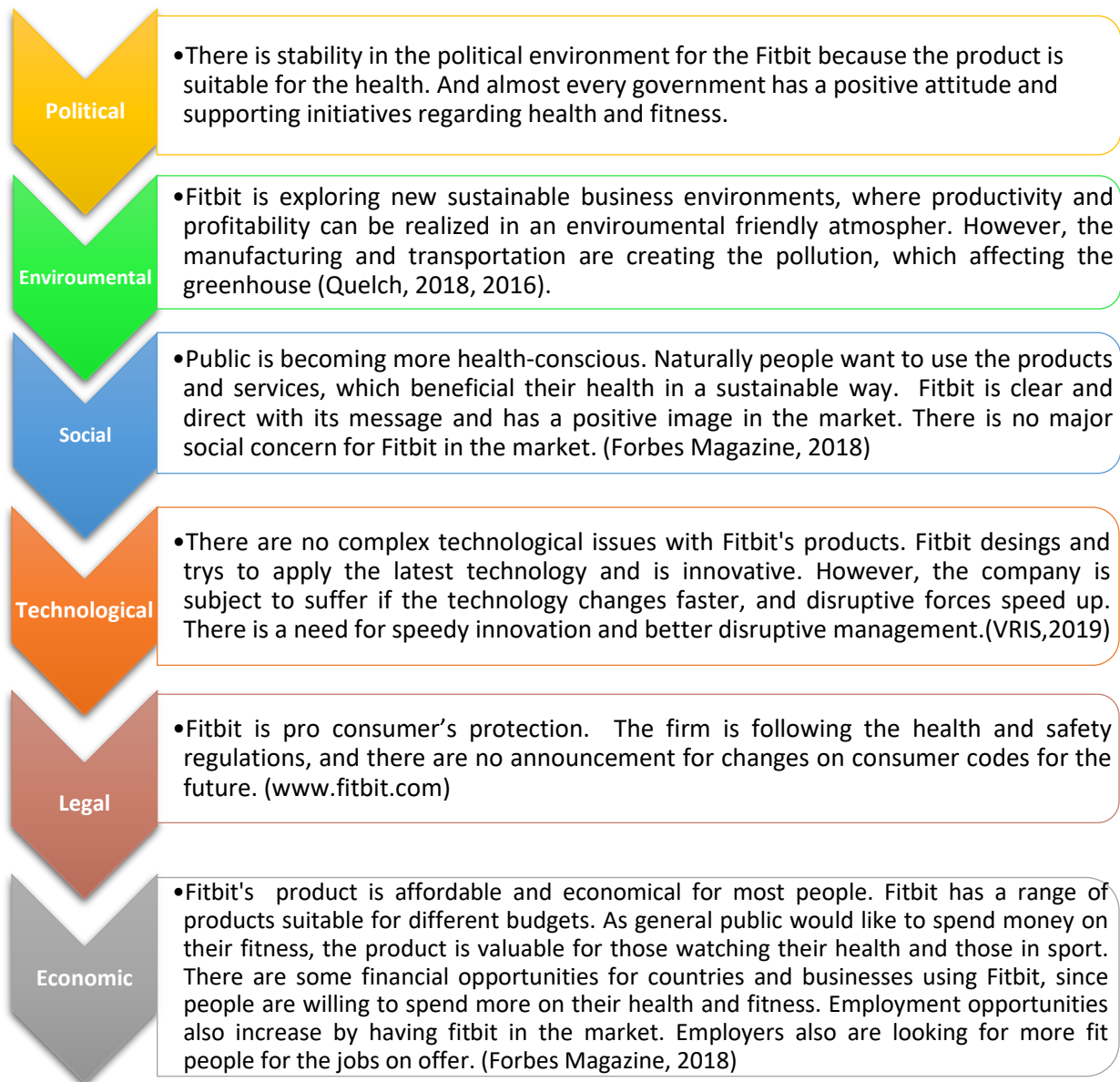
Macro-environment:

The macro-environment is shaped by forces that might affect a firm. These forces can create both opportunities and threats for an enterprise. PESTEL analysis is an effective tool for the study of situation analysis, which helps to identify the key external factors. Therefore, it facilitates us to: Find out the current external factors affecting Fitbit; Identify the external factors that may change in the future; Exploit the changes (opportunities) or defend against them (threats), in a method better than competitors.



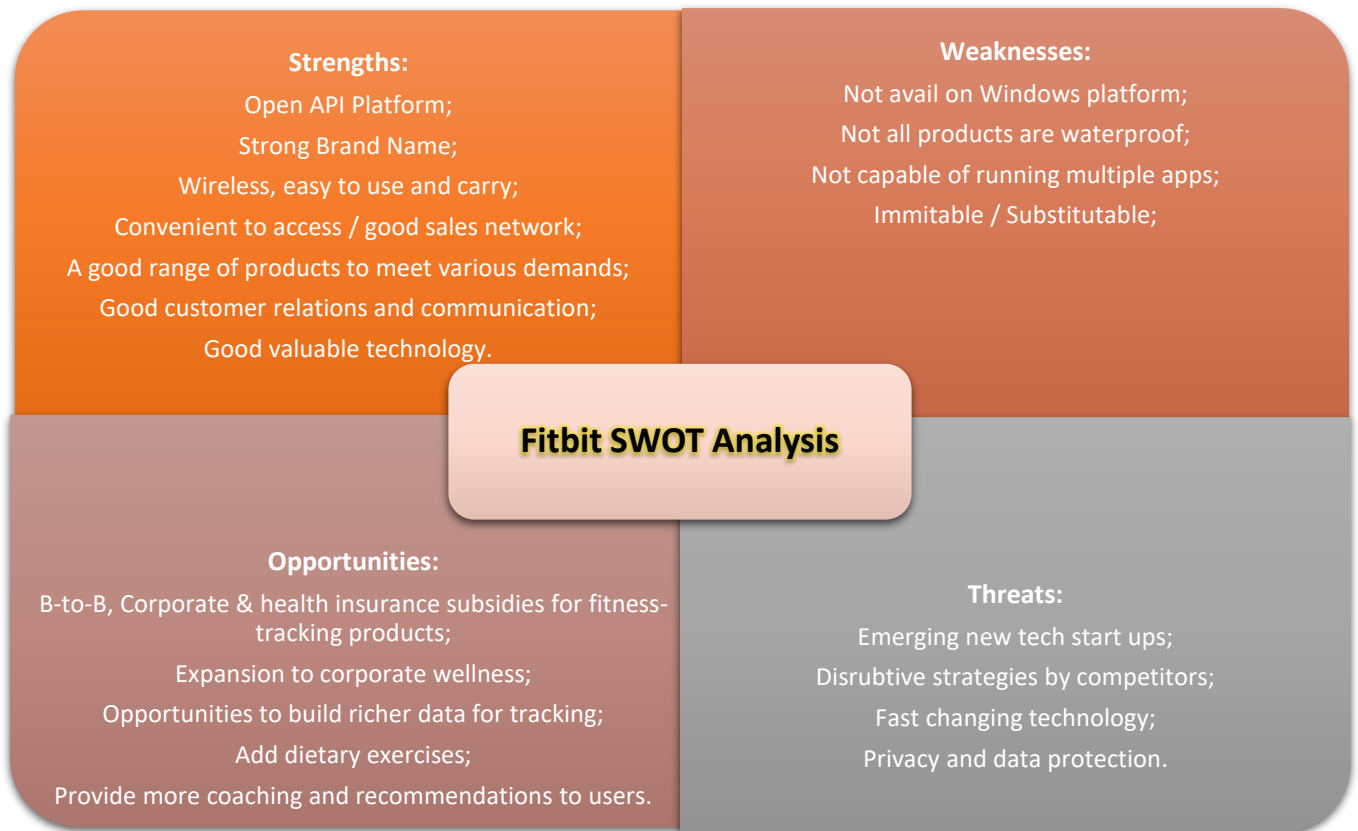
PESTLE Analysis Diagram,
Designed by the author

PESTLE Analysis on Fitbit (Based on the last 18 months):

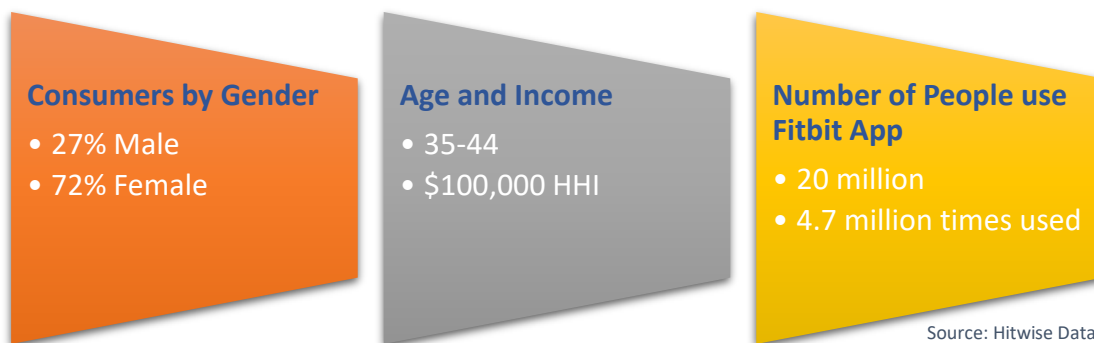


The outcome of PESTEL is an understanding of the situation surrounding the firm.

SWOT Analysis on Fitbit (Based on the last 18 months):



Eventually, this is a marketing strategy, and at its center, we have 'customer and customer behaviour' in mind. The following table provides an overview on Fitbit's type of customer and their behaviour:



Source: Hitwise Data: Understanding Fitbit Digital
Designed by the author

"A closer look at the audience shopping and purchasing Fitbit products provides more insight to Fitbit's success. The primary audience for Fitbit is women, in fact, overwhelmingly so; however, since fitness trackers are often given as gifts, this could point to the reality mothers are the primary gift buyers in a family. An interesting aspect to the Fitbit audience is the web sites and retailers they visit; giving us a glimpse into their mindset. They are 'middle-of-the-road', consumers who are likely to engage with mid-market retailers such as Kohl's and Old Navy. You can find this audience on websites such as All Recipes and Amazon Smile, showing their caring and nurturing side. Fitbit's Lifestyle brand enjoys a greater affinity and loyalty from customers.

Loyalty keeps buyers upgrading and staying on the Fitbit product life-cycle path. A strategy ironically perfected by Apple, who seem can't get their expensive and complex Apple Watch on track with consumers.” (www.Hitwise.com)

B) Proposed marketing strategy, including objectives, strategic focus, competitive positioning, and a marketing mix:

Why Marketing Strategy is Important:

It gives the firm the necessary direction to follow. This is critical for a firm's objectives. We can imagine it as a map to navigate our way to attain greater sales growth, wider brand recognition, and higher and extended market penetration. Benefits of having marketing strategy include (but not limited to):



Table on Benefits of Marketing Strategy,
Designed by the author

Objectives:

Marketing objectives are integral elements of marketing strategy and they are set to achieve the overall organizational goals SMART. With a view to the situation analyses stated before, the following table outlines the main objective proposal:

Business Objectives



- ☐ Empowering and inspiring a healthier life
- ☐ Design products that fit seamlessly into people's life
- ☐ Transitioning from a consumer electronics firm to a digital healthcare company

Marketing Objectives



- ☐ Deeping Penetration into healthcare system
- ☐ Increasing market share
- ☐ Creating new and recurring values

Strategic Focus:

Fitbit's strategic focus is and should stay different from competitors such as Apple. The Fitbit firm aims to encourage users to become healthier and more active, whether this is through Fitbit devices, software or services. The social aspect of the product is the key drive for Fitbit's growth. "A fitness social network that is coupled to hardware" (Parker, 2016, CNBC 2018).

With a view to the outlined objectives, the strategic focus needs to be on: deepening the penetration into the healthcare system, this can be achieved through collaboration with Health, Medicare and Insurance organizations. Based on the situation analyses, this strategic focus shall in turn expand the market share as stated in the objectives, and in doing so, Fitbit can create new values for its customers/clients by offering its products and services to B-to-B/corporations. Of course, this strategic focus will not ignore the consumer products and the new demographic which is crucial to Fitbit valuable brand name.

This brings us to the next part of the report, 'competitive position'.

Competitive Position:

According to Fitbit's latest study, mentioned on CNBC, Money Market: The "big money" in Fitbit is with digital health plans. The study indicates that for employers, the average cost of health care for employees that opted into a Fitbit wellness plan was 25% less. That translated into approximately \$1,300 in savings versus someone who did not opt in. (www.CNBC.com)

The shift to B-to-B and penetrating the healthcare system, is the greatest competitive advantage for Fitbit. Fitbit's trusted brand and name is an added value in healthcare market ecosystem, which is strategically hard for competitors like Apple (with a primary focus on fashion) to survive long in a healthcare system.

Fitbit position, as a neutral player that works with any smart phone makes it desirable to insurance companies, hospitals and firms. Apple Watches only work with iPhone, and if an employer, hospital or insurer wants its clients to use them, it won't be able to reach people who have Android phones.

Additionally, with a view to the 'external' analysis and the stated objectives, Fitbit's brand name and its new product 'Versa Smart Watch' is a threat to Apple. Time Magazine (April. 2018) referred to it as "the biggest threat to the Apple Watch yet". (www.Time.com) And this is exactly where Fitbit can add extra pressure on its competitors in the consumer market segment. What gives Fitbit an advantage over the Apple Watch is that it can be used on most platforms, not to mention less expensive.

Therefore, as we can see above, it is critical for Fitbit to maintain its consumer products and brand name, while expanding to healthcare and B-to-B. In this respect, let us next examine its implementation and Marketing Mix.

IMPLEMENTATION:

Marketing Mix (The 4Ps)

Since maintaining consumer product and brand name are the key factors for realizing our objectives, here I strategically and purposefully focus on 'Versa Smart Watch' by Fitbit – a product which already put our strategic objectives in motion for the past 18 months.

The following table describes the 4Ps for Versa Smart Watch:

Price:

- The Fitbit Versa costs about \$249, while the Apple Watch Series 4 starts at \$559. This competitive pricing is welcomed by healthcare and fitness providers. Through this product and its affordable pricing, Fitbit is impressing the right customer, i.e. insurance. UNH is giving away this Fitbit's product for real time compliance with glucose monitoring. From heart monitoring to women health and sleep tracking, insurance is seeing improved compliance from patients wearing Fitbit's. (www.fiercehealthcare.com) Thanks to its affordability and its coaching app, Humana Wellness with over 4.5 million members, is now working with Fitbit closely. Nearly 70% of Humana members activated Fitbit's, while just 14% used the Apple. (www.fiercehealthcare.com)

Product:

- Versa is not only a smartwatch but also a superior fitness and health tracing device, which makes it appealing to B-to-B and health organizations. It is 24 mm wide and 24 mm tall, making it slightly smaller than the smallest available Apple Watch, which is 38.6 mm wide and 33.3 mm tall. A smaller watch may not be important for everyone, but the Fitbit Versa does fit better on women's wrists. It has SpO2 sensor, which measures blood oxygen levels, a tool that is missing from Appl watch. Versa can get up to four days of battery life, while Apple Watch gets only about 18 hours. (www.businessinsider.com)

Place:

- Versa is conveniently available for purchase online either from Fitbit's website or from other online outlets such as Amazon. It can be also purchased from 39,000 stores in 86 countries. With such vast, yet, affordable distribution channels, Fitbit no need to under take costs of running its own retail stores – especially that the focus is now on B-to-B and healthcare system.

Promotion:

- Fitbit promotion of Versa is predominantly through advertising on TV with short clips or with ads in magazines or newspapers. The other channel for promoting Versa is by conducting Fitbit events for the public and corporates, where people can come try the product. Lunch and learn activities are arranged for corporates, fitness centers and hospitals and there are demonstrations addressing concerns and questions.

Reflection on Organizational Budget:

The above 4Ps, subtly refers us to a few important organizational budgets, R & D specifically.

Fitbit continues to invest on an ever-increasing amount in R&D as it is projected in the following table:

Fitbit - R&D as Percent of Revenue			
Period	Sales	R&D	% of Revenue
Q1 2018	\$248	\$89	36%
2017	\$1,616	\$343	21%
2016	\$2,169	\$320	15%
2015	\$1,858	\$150	8%
2014	\$745	\$54	7%
2013	\$271	\$28	10%
2012	\$76	\$16	21%

Source: Fitbit 1Q 2018 Company Report - Citron Research

The strategic focus and objectives are kept aligned with the Fitbit mission and organizational goal for creating customer value, and the above 4Ps on one of the most strategic products of Fitbit suggests that, this strategy is upholding the Firm's target as stated by its CEO in 2018:

"...Our company strategy moves across devices, software and services, coupled with our integration into the health care ecosystem" (Parker, 2018)

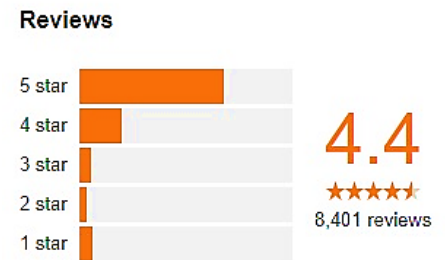
Furthermore, our above strategy also meets the proper integration of **'The 3 Cs'**.

Kenichi Ohmae, the Japanese organizational theorist, developed the 3Cs model, which accounts for: 1. The Company, 2. The customer, and 3. The competitor. Ohmae refers to them as the three Cs of the strategic triangle and believes only by integrating these three, a sustainable competitive advantage can exist. (www.Kohmae.com) 1. Fitbit is in business of wearables and provided health and fitness products and services, 2. Fitbit customers are those in need of motivational and monitoring health and fitness devices and coaching services, 3. Competitors such as Apple, Xiaomi are closely active in the market, however with competitive products such as Versa and software compatible with most devices, Fitbit is still a leader in healthcare system and B-to-B advancement. This brings us next to 'evaluation and control' and that how they can be monitored.

EVALUSTION & CONTROL:

We can evaluate Versa by monitor its performance through customers' level of satisfaction, perceived quality and practicality. And we can establish control by tracking sales and brand recognition. If we just go back to our objectives, we can see that Versa as a product and service could and continues to satisfy our objectives need and those of our customers (both public and B-to-B):

- Versa outsold smart watches from Samsung, Garmin, and Fossil combined in North America in the second quarter of 2018 and it continues to be a threat to Apple Watch. (Fortune Magazine, 2018)
- The product review on Versa on Google by over 8,400 customers, gives this product and its associate services a 4.4 star.
- Google Partnership with Fitbit and its 'cloud support' for Versa establishes that Fitbit tech and approach are here to stay. (Fitbit Press Release, 2018)



Versa Review on Google, 2019

ORGANIZATION RESOURCES:

Technology: Fitbit creates a deeply personal health experience, powered by trackers, smart watches, apps, digital interventions and human health coaching—that shows individuals and corporate, where they are in their health journey and engages them to take the next step. (www.fitbit.com)

Skills: Putting people at the center of their health journey, delivers sustainable behavior change and better outcomes. Fitbit Care, places key tenets of behavioral psychology and learning science at the core of the experience by employing a team of experts in the field of behavioral science, sport science, medicine, IT and customer care. (www.Fitbit.com)

Conclusion:

A shift to healthcare ecosystem and expansion to B-to-B has created a new and recurring values for the customers and enterprises and added streaming revenues for Fitbit. Fitbit's competency and competitive advantage is gradually dominating the healthcare system. The transformation from a consumer product company to a well-known brand in med-tech comes with: 'Reimbursement from Insurance', 'A potential higher margin business', 'Multiple expansion from Wall Street', and 'A potential top up to the current 1,500 enterprise clients '(Citron Research, 2018). Focus on keeping consumers moving and healthy is a successful strategy benefiting all.

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