

## **ARE YOU A FITBIT ADDICT? : HOW FITBIT, INC. HAS CREATED A MARKET NEED AMONG CONSUMERS**

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### **ABSTRACT**

Fitbit is a teaching case requiring students to analyze Fitbit's current situation using SWOTs and Porter's five forces analyses. Fitbit started with wearable devices that created new consumer markets and also increased its competitors' awareness of the market potential. Challenging questions are: was Fitbit a disruptive innovation, what is Fitbit's brand identity and given the above analyses is Fitbit correctly positioned to survive in the competitive markets some of which it has created?

### **CASE OVERVIEW**

Fitbit was founded in 2000 by James Park and Eric Friedman who combined current technology of motion sensors into simple wearable devices. The company has three types of users: 1) an everyday user who tracks their exercise, 2) active exercisers who track heart beats and intensity, 3) high performance runners and cyclists. The company offers a range of products including two smartphones and five wearable devices including the Aria Wi-Fi connected scale which is FDA approved as a medical device. Included are numerous accessories such as dashboard, mobile applications, real-time feedback, virtual awards, several applications, and other interactive services. The wearable devices track steps, heart rate, stairs, burned calories, and other data. Additional services include a 24/7 personal trainer. Fitbit works with over 70 companies to enhance their corporate wellness programs.

The wearable devices industry is growing rapidly and will draw new entrants. Consequently, Fitbit faces intense competition from numerous large companies such as Garmin, Apple, Jawbone, Misfit, Samsung and BBK (a Chinese firm). While Fitbit has expanded into the smartphone market and fashionable wearable devices, its innovations have not gone unnoticed by its competitors. The authors argue that it will face intense future competition.

Fitbit sells its product through 50,000 retail stores in 63 countries. Products are also sold through e-commerce Amazon.com and through the Fitbit website. It has agreements with Alibaba of China on a strategic partnership.

Fitbit used traditional advertising outlets such as television, print magazines, and cinema along with digital marketing, channel marketing, and celebrity endorsements.

### **The Future**

Fitbit sees its future in its ability to offer new products and features and has increased its R&D. Do the traditional methods of disruptive innovations fit, is its brand identity and marketing sufficient for the future?

## **SUGGESTIONS FOR USING THE CASE**

This case focuses on creating new markets through disruptive innovation that builds new customer uses, brand awareness, and customer interest in the product. The case can be used in Strategic Management, Management, or Marketing classes. Students are challenged to apply theories such as disruptive innovation, branding, and brand positioning in order to develop recommendations for Fitbit's future.

### **Learning Objectives**

1. Analyze company actions by applying the Disruptive Innovation theory.
2. Evaluate Fitbit's success in creating brand awareness and a customer market by analyzing Fitbit's brand identity model.
3. Propose recommendations for future courses of action that the company should take in order for Fitbit to maintain customer interest and its market leadership positioning.

### **Suggested Assignment Questions**

1. Is Fitbit one of Christensen's types of innovation- cost, sustaining, or disruptive, why or why not? Conversely does it fit either of Schmidt's four types or Utterback's?
2. Explain what Fitbit's brand identity model looks like.
3. Has Fitbit successfully created a market that can last by positioning itself correctly?
4. Prepare a SWOT analysis. What are the ramifications of this analysis?
5. Prepare a Porter's Five Forces Analysis. What are your conclusions about the competitive environment?
6. What recommendation would you make to the co-founders of Fitbit? Analyze the recommendation by identifying an issue that it will address and providing pros and cons to the course of action.

## **REFERENCES**

(Available Upon Request)