



**Faculty of Higher Education**  
**Assignment Cover Sheet**

Complete this and attach as a front cover sheet to every Assignment you submit for marking

<b>Unit Code</b>	HI6006
<b>Unit Name</b>	Competitive Strategy
<b>Your campus and class/tutorial number (e.g. M2)</b>	
<b>Your Lecturer/Tutor</b>	
<b>Assignment Number</b>	
<b>Is this a Group or Individual Assignment?</b>	If Group, state your assignment group number _____
<b>Due Date</b>	

**Declaration**

1. This assignment is my/our own work. We have NOT copied any part of it from any other student's work, neither from our own work in any other subject/unit, whether at Holmes Institute or any other Educational Institution.
2. I/we have cited all sources from which data, ideas, diagrams, facts, or words (whether quoted directly or paraphrased) were taken.

3. This assignment was prepared specifically for this unit *only* and has not, nor will be used for any other unit.
4. The reference list is accurate and in Harvard referencing style and a true statement of the sources I/we have personally read and used.

<b>Student name/s</b>	<b>Student number [must be correct]</b>	<b>Which section(s) did each person work on</b>

## **Executive Summary**

This particular case refers to the **case study of Fitbit** which is one of the manufacturers of a wearable smart device. According to the case study, the organisation has been facing a number of issues and one of them is the challenge of competitiveness in the concerned market. The organisation is one of the pioneers of manufacturing health tracking related information through a wearable device. However, right now they are facing issues like intense competition from their competitors and a lack of proper marketing strategies. This report has helped to identify the strategic issues, analyse the issues with the relevant theories and models and formulate strategies to resolve the issues successfully.

## Table of Contents

Introduction .....	4
A brief summary of case.....	4
Identification of strategic issues .....	5
Relevant theoretical concepts .....	6
Application of strategy model .....	7
Strategy formulation .....	8
Strategy implementation.....	9
Conclusion .....	10
References.....	11

## **Introduction**

Competitive dynamics refer to the set of actions and reactions are considered by organisations competing within a seminar market. In other words, it can be stated that it is a set of forces that stimulate growth as well as changes within the competitive environment of a specific market. The set of competitive actions of reactions taken by the firm for building the competitive advantage and improve the market position has been utilised by many industries to manoeuvre for advantageous market position.

In this particular study, the case study of Fitbit has been taken into consideration. The organisation although has gathered a major market share in the US market, UK market as well as the markets of other developed countries. The organisation has been facing constant challenges in terms of developing its market and achieving a competitive advantage. Here, competitive dynamics have been taken into consideration to find out the solutions the organisation is facing in terms of achieving competitive advantage and expanding its market. The specific theories and models have been implemented to elaborate the concept of competitive dynamics and its usage in terms of the business of Fitbit. The strategic issues faced by Fitbit have been identified and the specific strategies that should be used by the organisation have been recommended here.

### **A brief summary of the case**

The case is about the development of a US-based company feat beat that operates in the fitness wearable industry. The organisation is known for constructing health and activity trackers that can be assembled with smartphones. According to the information taken from the case study, it has been identified that the organisation started operating as a public company in 2015. Although initially the target markets of the organisation by the middle-aged woman, from 2018 the target audience of the organisation is placed and both the men and women from 18 to 45 years old have been targeted by the organisation. Fitbit is a device that can help to monitor the steps and activity, calories burned, track sleep, track female health and the user can also set reminders for multi-sport tracking, heart rate tracking and cardio fitness levels (Farnell and Barkley, 2017 p 1235 (1)). However the organisation has been facing challenges related to the competitive advantage as a number of competitors including Xiaomi, Apple Inc, Garmin and Samsung have already entered into the market of wearable fitness tracking devices. Besides the

organisation has experienced that more than 50% of their customers lost interest to use the Fitbit device after 6 months which is a major challenge for the organisation to enhance their business market. Although according to the organisational objectives, a health-oriented lifestyle is not only trendy and fashionable, rather it would not go out of trend ever (Balbim et al. 2021 p.2 (2)). However, the specific base of long-term users and strong relationship with the customers has been lacking for the organisation which is affected their financial performance as well.

Therefore the organisation requires specific marketing activities and major distribution channels to attract more consumers. In terms of intense competition from Smartwatch makers and increasing the relevance of the Healthcare market, the organisation requires consultation on the competitive dynamics and marketing activities for achieving competitive advantage.

### **Identification of strategic issues**

The strategic issue that has been identified from this particular case is the challenges that Fitbit is facing in the international market and the issues that are affecting the company to expand their business in the global market. Those issues have been mentioned below:

- The organisation is facing intense competition from the other organisations that are dealing in the smartwatch industry. Companies including Xiaomi, Apple, Samsung and Garmin have stepped into the smartwatch making industry. All of these organisations have their specific terms of achieving competitive advantage such as Xiaomi has introduced an inexpensive version of Smartwatch that help the users to track the basic health records and activities whereas Apple users can use the Smartwatch which can be combined with their iPhone and premium related activities are offered to them (Veenstra, 2018, p 23 (2)).
- Other important strategic issues that have been found here indicate that the organisation cannot keep the consumer interested in wearing the tracker for more than six months. It has been found from the customers and analysis and survey that more than 60% of the Fitbit users are losing interest to use the device after 6 months as no new activities or updates are being received by them in terms of features shown in this fitness tracker.

- Although Fitbit has been able to gather a large market share being one of the largest manufacturers of such devices in the competitive market of US, UK and other developed and developing countries, the organisation does not have any specific stored or distribution channel (MacDermott et al. 2019 p 2 (2)). Even no such significant investment has been made by the organisation in their marketing strategy as of early 2018. Such reluctance towards distribution channel and marketing activities has affected the business expansion strategy of the organisation in the global market.

### **Relevant theoretical concepts**

Among the theoretical approaches related to the competitive advantage of any business, the resource-based view has been considered as one of the major approaches that have been emerged during 1980. According to the resource-based view of competitive advantage in it has been found that the organisational authority should look within their company structure for finding the source of competitive advantage rather than looking for it in the competitive environment. The resource-based view of competitive advantage shows that the tangible, as well as the intangible resources, are there in an organisation that is responsible for managing the competitive advantage. The theory also shows that the critical assumptions of the resource-based view depend on the fact that the source must be immobile and heterogeneous. Among the heterogeneous resources, internal characteristics like the skills, capabilities and competitiveness of the employees as well as the customer information are considered and these resources cannot be copied by the other organisations (Varadarajan, 2020, p 2 (1)). Therefore a competitive advantage can be gained. On the other hand, the immobile resources help the organisation to diseased replication of their rival's resources and implement the same in the strategy like their rivals. Therefore, the organisation can achieve a competitive advantage over the other competitors in the same field.

Another theoretical perspective regarding the competitive advantage is the market-based view. According to the market-based view, external factors like orientation in the market, IT-enabled intangibles and industry trends play important characters in achieving competitive advantage (Alqararah et al. 2021 p 54 (2)). Therefore in order to gain competitive dynamics in the business, an organisation must analyse the external factors,

so that the facilities of gaining competitive advantage can be identified beforehand and the organisation can explore those opportunities.

The analysis of information about the theories of competitive advantage shows that the mentioned organisation in the case study, Fitbit is required to analyse the external environment before entering the Asian and African market in order to expand their business. The market-based view as well as the resource-based view of competitive dynamics required to be considered by the organisation for achieving a competitive advantage in the market.

### **Application of strategy model**

Porter's generic strategy can be taken into consideration as a model Framework used for approaching the market for any business. This model also helps the organisation to create a strategy for gaining a competitive advantage. The four strategies according to Michael Porter consisted of cost leadership strategy, differentiation strategy, cost focus strategy and differentiation focus strategy.

**Cost leadership strategy:** According to the cost leadership strategy, a business has to reduce the cost to deliver their product or service so that it can be ensured that more profit can be gained and the stakeholders can be interested to invest in the business. If Fitbit can adopt the cost leadership strategy it will help the organisation to increase their profit margin as well as maintaining the current cost properly. Reducing the price of the products can also be adopted by the organisation to become more competitive and investing in the profit can help the company to diversify the business and increase the cost reduction and shareholder value.

**Differentiation strategy:** apart from the cost leadership strategy, another strategy that can be adopted by the companies in order to increase their competitiveness in the market is to differentiate the product and services from the competitors. Obtaining such a differentiation strategy can be beneficial for the organisation as a wide range of products can be provided to the customers and full product diversity can be obtained through offering unique features to the potential and existing customers. If the differentiation strategy can be adopted, the organisation can enter into a new market with a wide range of product portfolio, existing revenue can be increased when the prices of products

increase as well as a strong customer base can be developed for the organisation for further expansion.

**Cost focus strategy:** the first focus strategy focuses on the niche market and becomes an expert on that specific market. For the mentioned organisation Fitbit, using this strategy of first focus can be effective and efficient for a number of reasons. A level of credibility will be established for the organisation in the entire industry which will help them to attract more customers and generate customer loyalty. On the other hand, when the organisation produces the product for an aggressive cost, a competitive advantage can be gained by them over the other competitors (Islami et al. 2020 p. 3(8)).

**Differentiation focus strategy:** Another major strategy that can be adopted by the organisation is the differentiation focus strategy. Two strategic aspects are combined here; one of them is focusing on the aspect of differentiation whereas the other focuses on the development of the business in a niche marketplace. By adopting this strategy, the cross-selling between the customers in the specific market can be developed by the organisation. Moreover, additional services can be inaugurated by the organisation for attracting more consumers and Fitbit has already developed additional products and services which can be considered as a part of this particular strategy (Ouma and Oloko, 2017, p 1065 (3)).

By analysing all these aspects of Porter's generic strategy, it can be stated that it is the cost focus strategy that can be adopted by the company to increase its market share and enter into a new market.

### **Strategy formulation**

To formulate strategies that can be effective to resolve the strategic issues faced by the mentioned Organisation in the case study, Fitbit, the theories and models related to competitive dynamics have been taken into consideration and implementing on these theories and models in the below-mentioned strategies has been identified. It is expected that the implementation of these strategies will help to resolve the issues and the organisation will be able to gather more market share and competitive advantage in the potential and existing niche market.

One of the major strategies that can be taken into consideration by the organisation is to introduce new updates in the Fitbit devices that can be able to attract more consumers

towards it and competitive advantage can also be gained. Advanced metrics can be provided in the Fitbit devices such as the measurement of oxygen level in the body which has been identified as one of the crucial factors during the pandemic of covid-19. Although the design of the product has been slim in comparison to other products, more attractive designs should be taken into consideration by the organisation for enhancing the competitive advantage.

Another strategy that can be considered by the organisation is to analyse the external environment before entering into a new market. The analysis of the external environment helps the organisation before entering into the market of developing and the underdeveloped country is to identify whether the customers are willing to spend a large amount for a wearable device that will help them only to track refunds metrics. Such information would not only help the organisation to understand the market trend on that specific country or market but also the customer requirement can also be identified and therefore the organisation will be beneficial in terms of competition (Štefko et al. 2019 p 26 (3)).

The trademark issue is required to be resolved by the organisation in order to gain a competitive advantage. Although it has been identified from the history that its competitors have a patent war and trying to get advantage to the technological innovation it is needed that the organisation required to maintain the competitiveness in the technology industry.

Another strategy that should be considered by the organisation is to establish new stores and invest in the development of distribution channels and marketing strategies. It will help the organisation to present their production services in front of the customers and if the customers can visualise the products and services they will definitely be attracted towards the IT and therefore the competitive advantage will be gained (Agung and Darma, 2019, p 744 (7)).

### **Strategy implementation**

In order to implement the new strategies, it is necessary that the organisation must conduct an analysis of the internal and external environment so that in the existing market, the market trends can be identified and the organisation can proceed according to that.

The analysis of the internal and external environment can help the organisation to achieve the business goals and minimise the weaknesses. In order to implement the strategies like establishing new stores and developing new distribution channels, it is necessary to find out whether any external challenges are there to be confronted by the organisation. Moreover, the organisation should increase the investment towards the distribution channel and marketing strategies.

In the contemporary world, it is necessary to invest in marketing strategies for attracting more customers and therefore the organisation must consider the audio-visual as well as the social media channels. Using social media channels can help the organisation to attract more customers and the millennials can also be attracted. As the organisation has targeted the male and female customers of 18 to 45 years age who are attracted towards healthy habits and lifestyle, using the social media channels will be beneficial for segmenting the customers.

### **Conclusion**

To conclude the study, it is necessary to mention that the organisation has faced strong market competition in the current market; however, there are certain points of advantages that are still there to support the business of Fitbit. The organisation requires finding out the opportunity to implement the recommended strategies. The internal and external analysis of a business is required to be considered by the organisation as the organisation is planning to expand their business market in other developed and developing countries. For achieving competitive advantage and competitive dynamics, it is found that the cost focus strategy will be the best strategy to be adopted by the organisation for the further development of the business.

## References

- Agung, N.F.A. and Darma, G.S., 2019. Opportunities and Challenges of Instagram Algorithm in Improving Competitive Advantage. *International Journal of Innovative Science and Research Technology*, 4(1), pp.743-747. <https://ijisrt.com/wp-content/uploads/2019/03/IJISRT19JA125.pdf>
- Alqarah, E.A. and Daud, W.M.N.B.W., 2021. An Empirical Study of the Effect of IT-enabled Organizational Intangibles on Competitive Advantage and Performance. *International Journal of Information Technology and Language Studies*, 5(1). <https://journals.sfu.ca/ijitls/index.php/ijitls/article/download/209/pdf>
- Balbim, G.M., Marques, I.G., Marquez, D.X., Patel, D., Sharp, L.K., Kitsiou, S. and Nyenhuis, S.M., 2021. Using Fitbit as an mHealth Intervention Tool to Promote Physical Activity: Potential Challenges and Solutions. *JMIR mHealth and uHealth*, 9(3), p.e25289. <https://mhealth.jmir.org/2021/3/e25289/>
- Farnell, G. and Barkley, J., 2017. The effect of a wearable physical activity monitor (Fitbit One) on physical activity behaviour in women: A pilot study. [https://rua.ua.es/dspace/bitstream/10045/71955/1/jhse\\_Vol\\_12\\_N\\_4\\_1230-1237.pdf](https://rua.ua.es/dspace/bitstream/10045/71955/1/jhse_Vol_12_N_4_1230-1237.pdf)
- Islami, X., Mustafa, N. and Latkovikj, M.T., 2020. Linking Porter's generic strategies to firm performance. *Future Business Journal*, 6(1), pp.1-15. <https://link.springer.com/article/10.1186/s43093-020-0009-1>
- MacDermott, Á., Lea, S., Iqbal, F., Idowu, I. and Shah, B., 2019, June. Forensic analysis of wearable devices: Fitbit, Garmin and HETP Watches. In 2019 10th IFIP International Conference on New Technologies, Mobility and Security (NTMS) (pp. 1-6). IEEE. [https://www.researchgate.net/profile/Aine-Macdermott/publication/334482081\\_Forensic\\_Analysis\\_of\\_Wearable\\_Devices\\_Fitbit\\_Garmin\\_and\\_HETP\\_Watches/links/5dcaaf0892851c81804859b1/Forensic-Analysis-of-Wearable-Devices-Fitbit-Garmin-and-HETP-Watches.pdf](https://www.researchgate.net/profile/Aine-Macdermott/publication/334482081_Forensic_Analysis_of_Wearable_Devices_Fitbit_Garmin_and_HETP_Watches/links/5dcaaf0892851c81804859b1/Forensic-Analysis-of-Wearable-Devices-Fitbit-Garmin-and-HETP-Watches.pdf)
- Ouma, G. and Oloko, M., 2017. the relationship between porter's generic strategies and competitive advantage a case study of bus companies plying the kisumu-nairobi route, kenya. <http://ir.jkuat.ac.ke/bitstream/handle/123456789/2622/THE%20RELATIONSHIP%20BETWEEN%20PORTER%E2%80%99S%20GENERIC.pdf?sequence=1&isAllowed=y>

Štefko, R., Bačík, R., Fedorko, R., Oleárová, M. and Rigelský, M., 2019. Analysis of consumer preferences related to the use of digital devices in the e-commerce dimension. *Entrepreneurship and Sustainability Issues*, 7(1), p.25.

[https://jssidoi.org/jesi/uploads/articles/25/Stefko\\_Analysis\\_of\\_consumer\\_preferences\\_related\\_to\\_the\\_use\\_of\\_digital\\_devices\\_in\\_the\\_ecommerce\\_dimension.pdf](https://jssidoi.org/jesi/uploads/articles/25/Stefko_Analysis_of_consumer_preferences_related_to_the_use_of_digital_devices_in_the_ecommerce_dimension.pdf)

Varadarajan, R., 2020. Customer information resources advantage, marketing strategy and business performance: A market resources based view. *Industrial Marketing Management*. <https://fardapaper.ir/mohavaha/uploads/2020/06/Fardapaper-Customer-information-resources-advantage-marketing-strategy-and-business-performance-A-market-resources-based-view.pdf>

Veenstra, C., 2018. Value creation in activity tracker platform-ecosystems: an analysis of Fitbit and Apple Watch (Master's thesis, University of Twente). [http://essay.utwente.nl/76647/1/Veemstra\\_BA\\_BMS.pdf](http://essay.utwente.nl/76647/1/Veemstra_BA_BMS.pdf)