

Fitbit: Riding the Fitness Wave to Glory It was 2009. And if users stop using a device, they are far less likely to purchase the "new-and-improved" version, much less recommend it to anyone else. But an interesting thing happened as Fitbit got things rolling. The company received a flood of calls and messages from corporate human resource departments. Perplexed as to why businesses would want to buy Fitbit devices in bulk, the company assigned a point person to find out. It turned out that corporate America was going through a push to enrol employees in wellness programs. The reasons for this push extended far beyond concerns about employee health and well-being. Healthy employees provide major benefits for a company. They call in sick less often and are generally more productive. They also cost less in terms of health-care benefits. And although diet and exercise can't erase every poor health condition, they can have a big effect on health factors such as blood pressure, cholesterol levels, and blood sugar levels conditions related to common diseases such as heart disease, stroke, and diabetes. So it's no wonder that companies have an incentive to do whatever they can to motivate employees to take better care of themselves. As Fitbit talked to companies, it discovered that most were struggling to enrol even a small proportion of employees in their workforce wellness programs—many had less than 20 percent compliance. One problem was that even as the latest fitness wearables from Fitbit and its competitors were showing up around offices everywhere—participation in corporate wellness programs often required the use of a bulky corporate-issued tracker, better known as an analogue pedometer. mused Amy McDonough, Fitbit's corporate point person. Fitbit, of course, offered a much more high-tech option, letting individuals easily track more complex data and letting HR departments easily compile and analyze the data as well. Fitbit's bulk sales to corporations started rolling in. Much to Fitbit's pleasant surprise, Fitbit products sold through corporations versus those sold to individuals had noticeably higher retention rates. Fitness trackers in corporate wellness programs were often used in wellness challenges maintain a minimum of 10,000 steps a day and get free vacation days or a discount on health insurance premiums. It might seem logical that people would stop using their devices once a challenge ended. But when IBM gave out 40,000 Fitbits to employees over a two-year period, it found not only that 96 percent of employees routinely logged their health data and eating habits but that 63 percent of employees continued to wear their Fitbits months after the challenge concluded. Other companies noted even greater tangible benefits. Cloud-services start-up Appirio bought Fitbit devices for 400 employees. Armed with data from the wearables, Appirio was able to convince its health insurance provider, Anthem, that the increased health benefits were translating into lower health-care costs. This gave Appirio the leverage to negotiate lower premiums, shaving \$280,000 off its annual bill. Today, Fitbit's well division offers tools specifically designed for employers, such as dashboards, dedicated service support, and webinars. Corporate clients include BP America, Kimberly-Clark, Time Warner, and Barclays. Target offered Fitbit Zip trackers to 335,000 of its employees. Corporate sales currently account for 10 percent of Fitbit revenues. But the corporate share of the sales will increase, as adoption in that sector is growing at a faster rate than in consumer markets. Founder Park claims that the use of Fitbits in employee wellness programs is having an impact not only on health and well-being but on job safety as well. Companies have also experienced improvements in office cultures as a result of the unified effort among co-workers to achieve fitness goals together a factor that is also likely boosting retention

numbers in the corporate setting. Encountering Hurdles With high growth rates and plenty of market potential, it would seem that the sky is the limit for Fitbit. But Fitbit still faces numerous obstacles. For starters, privacy issues have increased as technology creates new ways to gather and share information. In Fitbit's early days, information logged by users was public by default. That meant that as users integrated their information into social networks, their fitness, eating, sleeping, and in some cases sexual activities were being posted for all to see. That was easily remedied by making "private" the default setting. The Apple Watch wowed the public as a wrist-worn extension of the iPhone with practically unlimited app potential. They stuck a piece of foam on the circuit board and called it "good enough." Five thousand customers received shiny new Fitbit Trackers just in time for the holidays. Getting a start-up company off the ground is challenging. Getting a hardware start-up to succeed is near impossible, especially when you're the pioneer. But with so many changes in the marketing environment, Park and Friedman knew they had something special. Pedometers had been selling for years, following personal fitness and wellness trends. But those devices were low-tech and limited in the information they provided consumers. And with the seemingly endless demand for high-tech gadgetry, Park and Friedman saw big potential for using sensors in small, wearable devices. The two entrepreneurs were correct. In just seven years, Fitbit has marketed more than a dozen different products and sold millions of units. Last year alone, the company shipped 21 million devices—almost double the previous year's number—ringing up \$1.86 billion in revenues and \$116 million in profits. Fitbit created what is now a fast-growing segment—wearable tech. Amid its best year to date, Fitbit went public with an initial public offering of \$4.1 billion. How did the company go from a balsa wood box to sitting atop an exploding industry? To hear Park tell it, "It was the right product at the right time at the right price point." From the original Tracker to its current Blaze smartwatch with GPS, heart-rate monitor, and the ability to display smartphone notifications for calls, texts, calendar alerts, Fitbit has stayed ahead in giving consumers what they want. Although the overall benefits of integrating a Fitbit device into wellness programs and the associated challenges seem clear, there are negative outcomes as well. Fitness trackers and the data they generate are not regulated.